

A Rural Vision **FOR WALES**

Thriving communities for the future

THE EVIDENCE REPORT

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www.rural-urban.eu

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1. Background

- 1.1 The Rural Vision has been commissioned by the WLGA Rural Forum – representing the nine predominantly rural local authorities of Anglesey, Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Monmouthshire, Pembrokeshire and Powys – to develop a strategic framework for future policy impacting on rural Wales and to identify key policy asks for the Welsh and UK Governments.
- 1.2 The Rural Vision reflects the shared challenges faced by the WLGA Rural Forum members and their territories, from lower population densities, distance from major population centres and transport infrastructure, higher costs of delivery for public services, and the impacts of broad social and economic trends on rural communities.
- 1.3 The withdrawal of the United Kingdom from the European Union (Brexit) has reinforced the timeliness of taking a comprehensive overview of the needs of rural communities in Wales and articulating a new holistic vision. Not only will Brexit and the form of any post-Brexit agreement with the EU have significant implications for the rural economy in Wales, but it requires the implementation of new policies and programmes in areas including agricultural support, rural development and regional economic investment that have previously been subject to EU policies and programmes. This presents an opportunity for the adoption of new integrated approach, connecting previously separate policy silos, but also poses a risk that new policies could dilute the coherence and significance of the ‘rural’ as a distinctive object of government intervention.
- 1.4 Further impetus for a renewed policy focus on rural Wales has emerged from the impact of the COVID-19 pandemic in 2020 and associated control measures, which have presented challenges for all economic sectors in rural Wales and affected the incomes and security of households in rural communities across Wales, as well as emphasizing existing inequalities in access to services and infrastructure. The proposals presented in the Rural Vision have consequently assumed additional importance as a roadmap for rural recovery in Wales after the pandemic.
- 1.5 The Rural Vision has been produced through an evidence-based and inclusive process. It presents a consensus perspective outlining priorities and policy proposals that have broad support across the political spectrum represented in the WLGA Rural Forum and amongst a wide array of rural stakeholders engaged in the development process. As such, it is recognized that there may be issues and policy proposals that lie outside the those outlined in the Rural Vision on which there is more divergence of views, and their exclusion is not necessarily an indication that they are inappropriate or impractical.
- 1.6 The Rural Vision is intended to complement the separate development by the Welsh Government of policy frameworks for agricultural and agri-environmental support and land management, outlined in the *Sustainable Farming and Our Land* consultation,¹ and for regional economic development, summarised in the *Framework for Regional Investment in Wales*.² It is envisaged that the proposed actions and support presented in the Rural Vision would not require new delivery structures, but would be primarily implemented through extant structures including the

¹ *Sustainable Farming and Our Land*, Consultation Document, Welsh Government, July 2019, and *Sustainable Farming and Our Land: Our Response*, Welsh Government, June 2020.

² *A Framework for Regional Investment in Wales*, Welsh Government, November 2020.

Welsh Government's Regional Economic Framework and the UK Government's Growth Deals and Shared Prosperity Fund, as well as directly through local authorities.

- 1.7 This Evidence Report presents the evidence supporting the Rural Vision. It outlines evidence on the current socio-economic position of rural Wales, the challenges and opportunities presented by Brexit, and the impact of COVID-19, and considers scenarios for potential pressures on rural communities over the next ten years. The report subsequently summarises the rationale for the specific priorities and proposals presented in the Rural Vision, providing indicative detail on how they might be developed and implemented, and illustrated with case studies of relevant examples of existing good practice.



2. Process

- 2.1 Work to develop the Rural Vision has been undertaken by the WLGA and the Centre for Welsh Politics and Society at Aberystwyth University as part of the ROBUST project, funded by the European Union's Horizon 2020 research programme.³ The work has involved the collation and analysis of evidence from a wide range of sources, scoping discussion and refinement of proposals through a series of workshops and an online survey, and consultation with key stakeholders.
- 2.2 Initial identification of key issues, challenges and opportunities facing rural communities and rural local authorities in Wales was conducted through interviews with officers in the WLGA Rural Forum member authorities in 2018 and 2019. Two workshops, in September 2019 and January 2020 (the latter co-organized with the Rural Network), further brought together participants from local authorities, rural development practitioners, universities and rural civil society to current concerns, fears and aspirations for the future and to reflect on existing policies and programmes and structures for implementation and governance.
- 2.3 The evidence assembled through the interviews and workshops informed the initial identification by the research team of key principles for the Rural Vision, potential scenarios and priority areas for policy development. An online survey in July-September 2020 invited participants to evaluate the identified scenarios, to comment on related challenges and opportunities, and to suggest policy actions and interventions under the priority areas. A total of 60 responses were received from a range of individual and corporate participants from the public, private and third sectors.
- 2.4 The survey responses were employed by the research team to produce a draft vision statement and list of key asks and policy proposals. The draft was discussed in a further online workshop in October 2020 by 27 participants from a range of local authorities and stakeholders. The Rural Vision document was subsequently revised and refined in response to feedback from the workshop and from meetings with the WLGA Rural Forum Officers' Group; expert advisors in the WLGA in areas including education, environment and planning; and key stakeholders.
- 2.5 Additionally, evidence to support the development of the Rural Vision has been collated and analysed from official statistics, previous published and unpublished research and published reports, as well as through meetings of the WLGA Rural Forum Officers' Group and the WLGA Rural Forum External Stakeholders' Reference Group. These groups have in particular contributed to monitoring and analysis of the impact of COVID-19 and associated control measures.
- 2.6 The WLGA Rural Forum members have been regularly briefed on progress with the Rural Vision, and feedback from members has been valuable in steering the direction of the Rural Vision and preparatory work.

³ Rural-Urban Outlooks: Unlocking Synergies (ROBUST), Grant Agreement No 727988. See www.rural-urban.eu

3. Defining Rural Wales

- 3.1 There is no single official definition of rural Wales. At a local authority scale, 'rural Wales' is commonly understood to be constituted by the areas of the nine predominantly rural counties represented in the WLGA Rural Forum, including Anglesey, Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Monmouthshire, Pembrokeshire and Powys (Figure 3.1). Collectively, these nine counties comprise 82 per cent of the land area of Wales and are home to 1,022,000 people, or 32 per cent of the national population.⁴
- 3.2 There are also pockets of rural territory in other local authority areas in Wales. There are 137 wards in local authorities outside the nine predominantly rural counties that qualified as 'rural wards' for support under the EU Rural Development Programme (RDP) 2014-2020 (Figure 3.1), defined largely according to the rural-urban classification by the Office for National Statistics (see Paragraphs 3.4 and 3.5).⁵ These wards have a combined population of 476,000 residents, or a further 15 per cent of the national population.
- 3.3 On either definition, rural Wales is a diverse territory encompassing communities in very different settings. The OECD in their recent report on Rural Wellbeing, divide rural areas into three categories: rural areas within functional urban areas; rural areas outside but in close proximity to functional urban areas; and rural remote areas, which each facing specific challenges (Table 3.1).⁶ Wales includes all three types of rural area, with the coverage of the RDP extending to wards within functional urban areas in south and north east Wales, as well as rural areas adjacent to these, whilst much of the territory covered by member authorities of the WLGA Rural Forum would fall within the rural remote category.
- 3.4 There are correspondences between the OECD three-fold typology of rural areas and the ONS rural-urban classification, used to define eligibility for the RDP, which is constructed on two dimensions. First, small areas are classified by settlement type and population into four groups: conurbations (of which there are none in Wales); large towns with populations over 10,000; small towns with populations under 10,000, and fringes of larger towns; and villages, hamlets and dispersed dwellings. Second, areas are then classified by population density and accessibility into 'sparse' and 'less sparse' regions.⁷
- 3.5 The ONS categorises as 'urban' any settlement with a population of more than 10,000 people, and classifies all other areas, including small towns and fringe areas in both sparse and less sparse settings, as 'rural'. Under this definition, the towns of Aberystwyth, Carmarthen, Holyhead and Newtown are classified as 'urban'. Rural areas in this classification contain 35 per cent of the population of Wales.

⁴ *Mid-Year Population Estimates for 2019*, Office of National Statistics 2020. Total population rounded to nearest thousand.

⁵ *United Kingdom Rural Development Programme (Regional) – Wales*, European Commission 2014, and *Welsh Government Rural Communities – Rural Development Fund 2014-2020: Rural Community Development Fund Guidance Notes*, Welsh Government, 2015.

⁶ *Rural Wellbeing: Geography of Opportunities*, OECD, 2020.

⁷ 'Sparse' areas (Lower Super Output Areas) are in the 20% of areas with lowest population density (persons per square kilometre) in England and Wales within a radius of 10 km, 20 km AND 30 km.

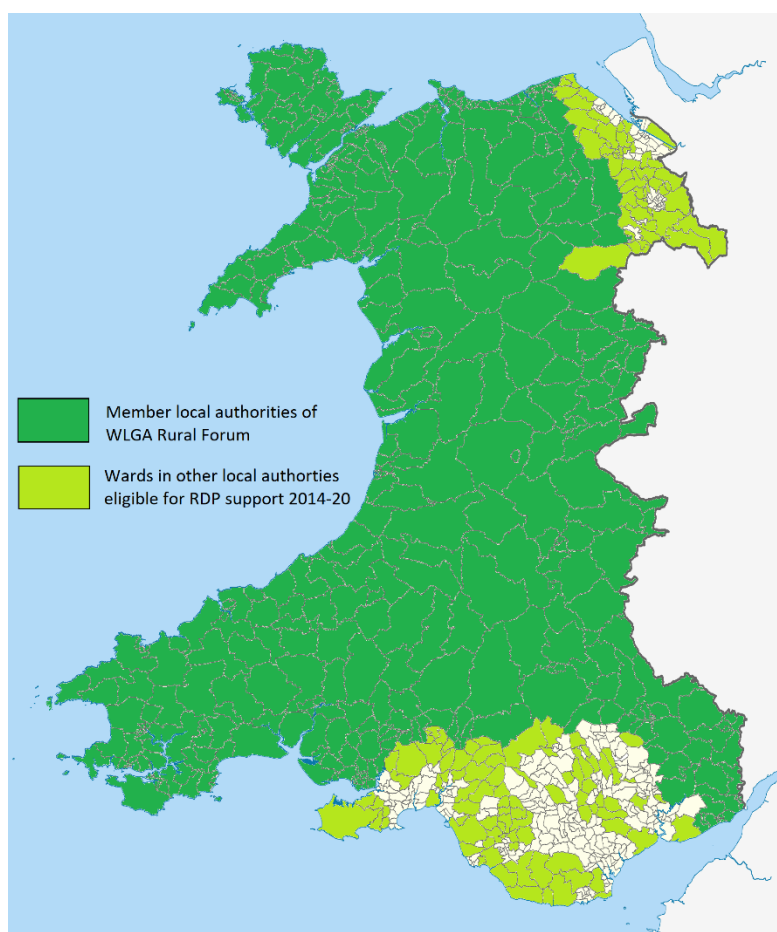


Figure 3.1: Rural Wales – Members of the WLGA Rural Forum and Other Wards Eligible for RDP Support, 2014-20.

Type of region	Challenges	Opportunities
Rural inside a functional urban area (FUA)	<ul style="list-style-type: none"> • Loss of control over future • Activities concentrate in urban core • Managing land value pressures • Matching of skills 	<ul style="list-style-type: none"> • More stable future • Potential to capture urban benefits while avoiding the drawbacks
Rural outside but in close proximity to a FUA	<ul style="list-style-type: none"> • Conflicts between new residents and locals • Avoiding sprawl • Competition for land and landscape preservation 	<ul style="list-style-type: none"> • Potential to attract high income households seeking a better quality of life • Relatively easy access to advanced services and urban culture • Good access to transport
Rural remote area	<ul style="list-style-type: none"> • Highly specialized economies subject to booms and busts • Limited connectivity and large distances between settlements • High per capita costs of services 	<ul style="list-style-type: none"> • Absolute advantage in production of natural resource-based outputs • Attractive to firms that need access to an urban area but not on a daily basis • Can offer unique environments that can be attractive to firms and individuals

Table 3.1: OECD Assessment of Challenges and Opportunities by Rural Typology (Source: Rural Wellbeing: Geography of Opportunity, OECD, 2020).

- 3.6 The Welsh Government in its *Guide to Analysing Deprivation in Rural Areas* proposes a modification to this classification, which it suggests more accurately reflects the distribution of population in Wales.⁸ In this all areas in sparse regions and ‘villages, hamlets and dispersed settlements’ in less sparse regions are classified as rural, and both small and large towns in less sparse regions are categorized as urban. Under this modification, Aberystwyth, Carmarthen, Holyhead and Newtown move from urban to rural, but Beaumaris, Denbigh, Monmouth and Usk are classified as urban.
- 3.7 A further modification that more closely follows the remit of the Rural Vision exercise, might combine the local authority-scale and small-area classifications, identifying ‘Rural Wales’ as all areas in the nine predominantly rural counties (including areas categorised as ‘urban’ in both the ONS and modified classifications including Bangor and the North Wales coastal strip from Llandudno to Rhyl, Haverfordwest and Milford Haven, Llanelli, Abergaveny, Caldicot and Chepstow), plus areas classified as ‘villages, hamlets and dispersed dwellings’ in other local authorities (Figure 3.2).
- 3.8 The Rural Vision primarily addresses the needs of the predominantly rural counties represented by the WLGA Rural Forum, including towns within these counties that service the more rural hinterlands. Some of the challenges and opportunities identified and actions proposed will also apply to rural areas within more urban counties. Equally, some of the issues described and solutions proposed in the Rural Vision are targeted at specific communities within the predominantly rural counties, such as upland areas, coastal communities, small towns, or communities with high proportions of Welsh-speaking residents.
- 3.9 Statistics and other evidence presented in this Evidence Report might refer to different definitions of rural Wales depending on the source. To provide clarification about the territory covered, a distinction is made in the way in which the data are described. Where data is described as relating to *rural counties* it refers to the nine local authority areas that are members of the WLGA Rural Forum. Where data is described as relating to *rural areas* it usually refers to the ONS classification, unless otherwise indicated.

⁸ *Welsh Index of Multiple Deprivation 2014: A Guide to Analysing Deprivation in Rural Areas*, Statistics for Wales Statistical Article, Welsh Government, 2015.

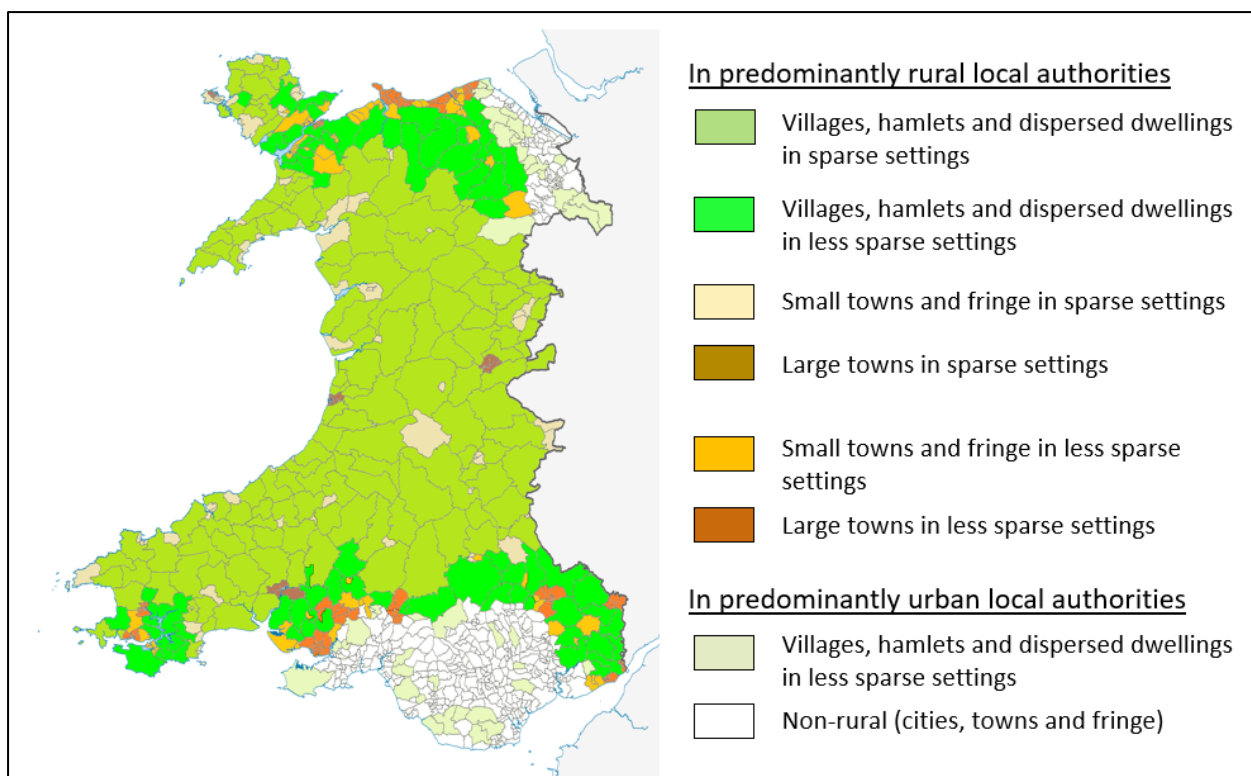


Figure 3.2: Typology of areas within Rural Wales using ONS classifications of settlement type and setting.



4. Rural Wales Today

4.1 The Rural Vision looks forward from the current position of rural Wales in 2020. This section outlines evidence on the baseline for the Rural Vision, describing the present socio-economic and cultural characteristics of rural Wales and the trajectory of recent developments.

Population, Migration and Demography

4.2 The population of rural Wales is increasing, but at a slower rate than earlier in the century. Since 2000, the combined population of the nine predominantly rural counties has increased by 6.8 per cent, however in the last ten years since 2009 the aggregate growth has been 1.7 per cent, although there are indications of an uplift in the last three years since 2016.⁹ The geographical pattern of population change is uneven, with the greatest increases in Monmouthshire, Pembrokeshire and Carmarthenshire, while the estimated population of Ceredigion in 2019 was lower than that in 2000 (Figure 4.1 and Table 4.1). The imbalance in population change has consequently contributed to a small shift in the geographical distribution of the population of rural Wales towards more accessible rural areas in South Wales.

4.3 The differentiated geographical pattern of population change is further evident at ward level (Figure 4.2). A significant number of rural wards have experienced a decreased in population since the 2011 Census, notably along the coasts of Cardigan Bay and Carmarthen Bay, and in central Wales and parts of the Brecon Beacons and Snowdonia. Some of the largest decreases in population have been in coastal communities with relatively high numbers of second homes and holiday lets, including Abersoch (-14%), Aberdyfi (-12%), Tenby South ward (-12%), New Quay (-8%) and Aberaeron (-6%).¹⁰ Wards with significant increases in population since 2011, of 10 per cent or more, tend to be in close proximity to towns, with the largest increases in urban fringe areas with substantial new housing development.¹¹

4.4 The main driver of the increase of population in rural Wales over the last decade has been internal migration from other parts of Wales and the rest of the UK (Figure 4.3). Natural population change (the balance of births and deaths) over this period has been negative and on an intensifying trajectory, with an aggregate net loss of nearly 20,000 people. Net internal migration dipped in the middle of the decade but has recovered strongly since 2016 with a net gain over the decade of over 25,000 people.¹²

4.5 Net international migration to the rural counties exceeded net internal migration in 2012-13, 2014-15 and 2015-16, having been negative at the start of the ten year period in 2009-10. International migration to rural Wales peaked in 2007-08 with 4715 arrivals to the rural counties, driven largely by migration from the new EU member states in central and eastern Europe. It dipped following the recession in 2008, remaining above pre-2004 levels but was counterbalanced by increased outward international migration. Net international migration has increased since

⁹ Population estimates by local authority and year, Stats Wales, 2020.

¹⁰ Note that the largest decreases in population are for wards in Aberystwyth and Bangor with large student populations and reflect changes in student enrolment at the respective universities.

¹¹ Office of National Statistics 2011 Census small area statistics and 2019 Mid-year Population Estimates for Wards in England and Wales.

¹² Components of population change by local authority. Stats Wales, 2020.

2017 and with 3946 new arrivals to rural counties in 2018-19 has returned to close to the levels of the mid 2000s.

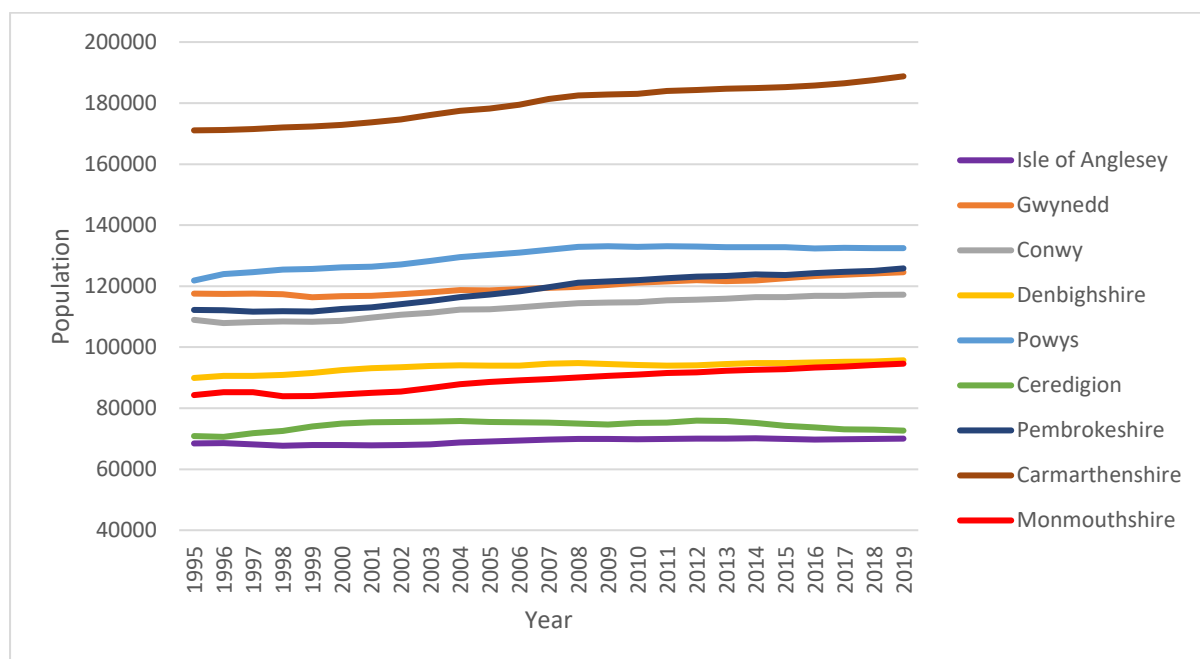


Figure 4.1 : Estimated mid-year population for rural counties in Wales, 1995-2019

Source: Stats Wales

	10-year change 2010-2019	20-year change 2000-2019	25-year change 1995-2019
Isle of Anglesey	+0.3%	+3.2%	+2.4%
Gwynedd	+2.8%	+6.7%	+6.0%
Conwy	+2.1%	+7.9%	+7.6%
Denbighshire	+1.6%	+3.4%	+6.4%
Powys	-0.3%	+5.0%	+8.7%
Ceredigion	-3.4%	-3.0%	+2.7%
Pembrokeshire	+3.2%	+11.8%	+12.1%
Carmarthenshire	+3.2%	+9.2%	+10.4%
Monmouthshire	+3.9%	+12.0%	+12.2%
Rural Wales total	+1.8%	+6.8%	+8.1%

Table 4.1: Change in population for rural counties in Wales over 10-, 20- and 25-year periods

Source: Stats Wales

Population change 2011-19

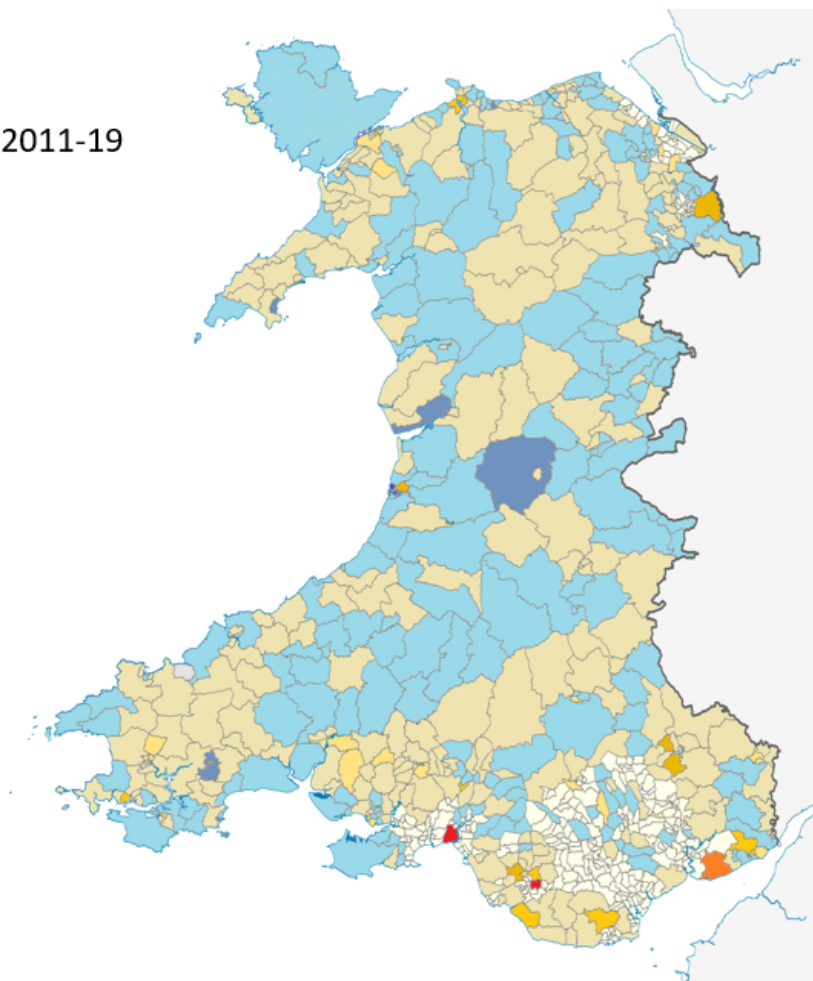
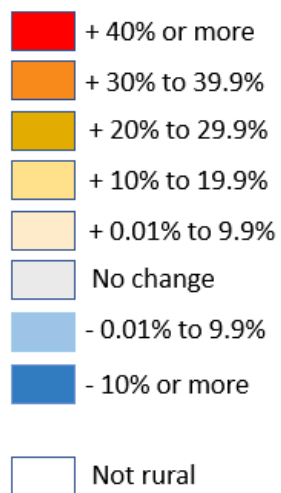


Figure 4.2: Population change in rural wards, 2010-2019

(Rural counties plus 'rural wards' eligible for RDP; Note that amalgamated areas have been used for Isle of Anglesey due to boundary changes. Source: Office for National Statistics)

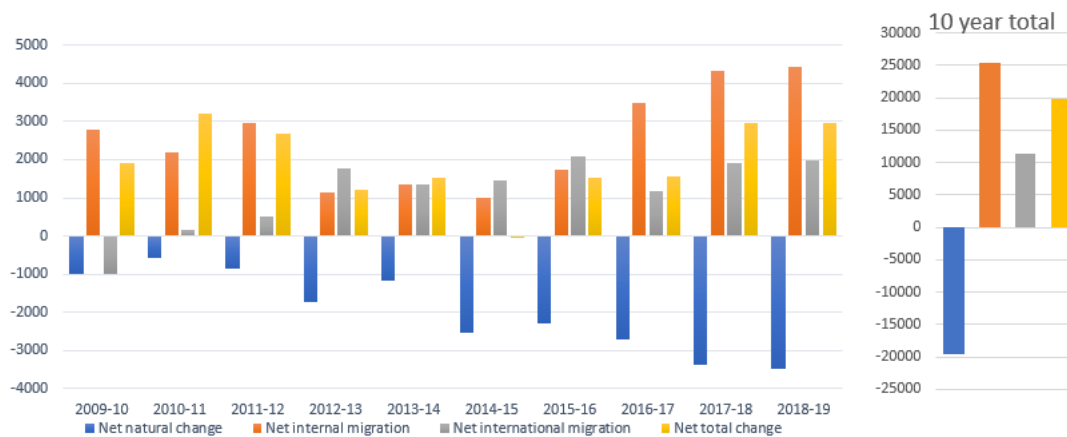


Figure 4.3: Components of population change in rural counties of Wales, 2009-2019
Source: Stats Wales

4.6 The population of rural Wales is substantially more ethnically homogeneous than that of Wales as a whole, but is becoming marginally more diverse (Table 4.2). The non-white population in rural counties increased from 1.03 per cent in 2001 to 2.33 per cent in 2011, and the ethnically white population has also become more diverse by background.¹³ The proportion of residents in rural counties born in Wales decreased from 69.9 per cent in 2001 to 62.6 per cent in 2011. This reflected a small increase in residents born in England, but a more substantial increase in residents born outside the UK and Ireland, from 1.32 per cent in 2001 to 3.96 per cent in 2011 (Table 4.3).¹⁴ Studies have documented the significant contributions of international migrants to rural and small towns communities, including filling key occupational positions, as well as community support for migrants, notably Syrian refugees after 2015.¹⁵ However, research has also highlighted challenges of integration and access to cultural resources for dispersed international migrants in rural parts of Wales.¹⁶

4.7 The population of rural Wales is older in profile than that of urban areas, and is becoming more elderly. In 2019, 25.4 per cent of residents in rural counties were aged 65 or over, up from 19.6 per cent in 2000, and compares with 18.9 per cent of residents in non-rural counties. Residents aged between 16 and 24 constituted 9.5 per cent of residents in rural counties in 2019, but 11.4 per cent of residents in non-rural counties (Figure 4.4). The demographic imbalance towards older generations is especially pronounced in more rural wards, including 117 wards where more than 30 per cent of the population is aged 65 or over, notably in central Wales and along the Cardigan Bay coast (Figure 4.5). In two wards, Disserth and Trecoed in Powys, and Portmadog West in Gwynedd, more than 40 per cent of the population is aged 65 or over. In contrast, in 78 wards less than 10 per cent of the population is aged between 18 and 29, notably in southern Powys and parts of Carmarthenshire, Monmouthshire and Pembrokeshire, compared with 15.3 per cent of the population of Wales as a whole (Figure 4.6).

¹³ Ethnic group by local authority, Census 2001 and Census 2011, source: Nomis.

¹⁴ Country of birth by local authority, Census 2001 and Census 2011, source: Nomis.

¹⁵ “‘It’s that kind of place here’: Solidarity, place-making and civil society response to the 2015 “refugee crisis” in different localities in Wales, UK’ Taulant Guma et al., *Social Inclusion*, vol 7, pp 96-105, 2019.

¹⁶ ‘Migrant workers in rural Wales and the South Wales Valleys’, Wales Rural Observatory, 2014.

	Rural areas	Urban areas
<i>Ethnic group</i>		
White	98.37%	94.23%
Mixed ethnicity	0.61%	1.23%
Asian/Asian British	0.70%	3.07%
Black/African/Caribbean/Black British	0.16%	0.81%
Other ethnic group	0.16%	0.66%
<i>Country of birth</i>		
Wales	67.39%	75.24%
Rest of UK	29.24%	18.25%
Rest of European Union	1.60%	2.50%
Rest of World	1.77%	4.01%

Table 4.2: Characteristics of rural and urban populations in Wales, 2011, by ethnicity and country of birth (ONS rural-urban classification)

Source: Census 2011, NOMIS.

	2001	2011
Wales	64.9%	62.6%
England	30.9%	31.7%
Rest of UK	1.3%	1.3%
Ireland	0.5%	0.5%
Other EU members in 2001	0.8%	0.8%
Other countries	1.6%	3.1%
<i>Including EU new member states 2004 and 2007</i>		0.8%

Table 4.3: Country of birth of residents of rural counties in Wales, 2001 and 2011.

Source: Census 2011, NOMIS

4.8 The demographic ageing of rural Wales is a result of a combination of longer life expectancies, retirement in-migration and out-migration by younger people.¹⁷ In the year preceding the 2011 Census, all rural counties experienced net out-migration by the 16-24 year group and net in-migration by the over-65 age group, with the exception of Ceredigion and Gwynedd where figures are skewed by students at Aberystwyth and Bangor universities (Table 4.4). Out-migration by young people is commonly driven moves for education, training and initial employment, as well as lifestyle aspirations. Research by the Wales Rural Observatory found that many young people in rural areas expressed a preference for moving back to their home area after education or training, but perceived housing costs and availability and limited appropriate employment opportunities as significant obstacles.¹⁸

¹⁷ 'Age-Balanced Communities in Rural Wales: Final Report to the National Assembly for Wales', Newidïem, 2004.

¹⁸ 'The Experiences and Aspirations of Young People in Rural Wales', Wales Rural Observatory, 2013.

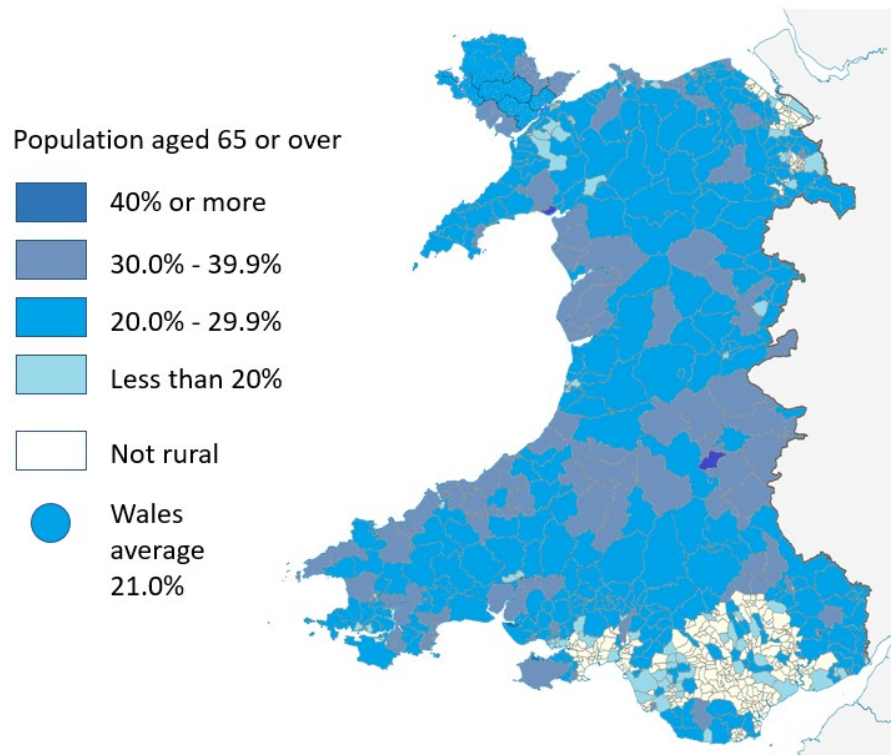


Figure 4.4: Population aged 65 and over in rural wards in Wales, 2019
(Rural counties plus 'rural wards' eligible for RDP. Source: Stats Wales)

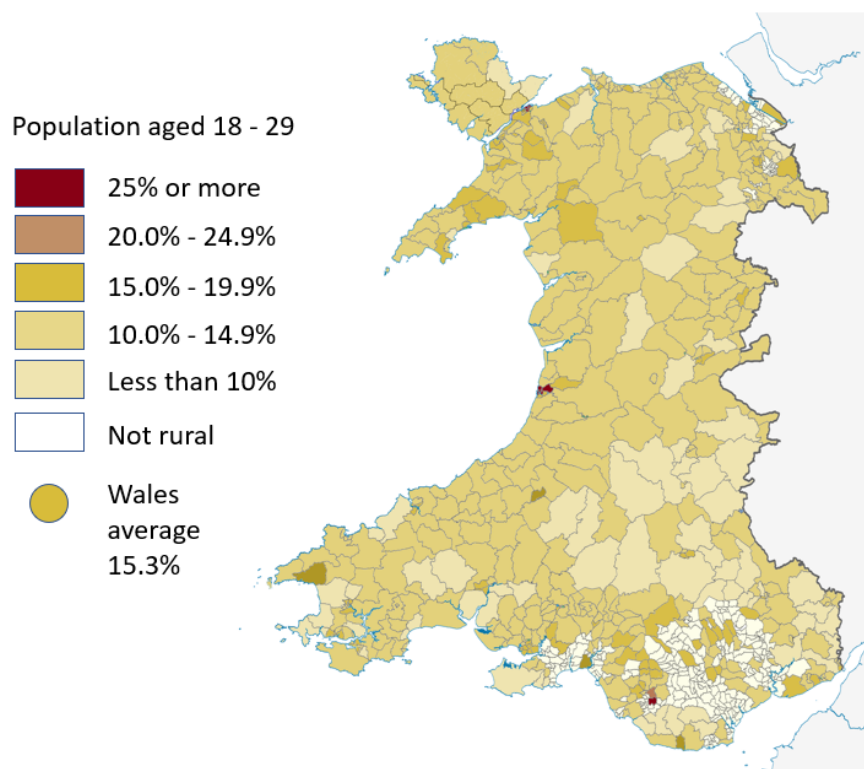


Figure 4.5: Population aged 18 to 29 in rural wards in Wales, 2019
(Rural counties plus 'rural wards' eligible for RDP. Source: Stats Wales)

	16-24 Age Group			65 + Age Group		
	Inflow	Outflow	Net	Inflow	Outflow	Net
Carmarthenshire	1582	1758	-176	434	328	+106
Ceredigion	4209	1947	+2262	318	230	+88
Conwy	867	1222	-355	677	353	+324
Denbighshire	847	1146	-299	352	315	+37
Gwynedd	3112	2079	+1033	636	288	+348
Isle of Anglesey	579	702	-123	297	197	+100
Monmouthshire	717	1361	-644	371	254	+117
Pembrokeshire	821	1285	-464	408	291	+117
Powys	984	1662	-678	632	433	+199

Table 4.4: Migration in and out of rural counties in Wales by 16-24 and 65+ age groups, April 2010-April 2011

Source: NOMIS (2011 Census data)

4.9 Retirement in-migration into rural Wales is an established phenomenon and one which is commonly allied to concerns regarding an increased comparative service burden placed upon Local Authorities and other providers. This is frequently articulated in terms of meeting a growing demand for healthcare services and particularly in more remote and 'deep' rural locations. A growing body of research therefore come to recognise the need to develop nuanced policy responses to the 'greying countryside' phenomenon which include meeting increasingly complex needs of the rural old, but which also recognise and support the array of contributions older people make to rural communities. In this vein, older people and older-in-migrants have been identified as playing a central role in maintaining and developing community-focused institutions in both formal and informal capacities. These contributions depend on factors including time and experience, and here rural in-migrants have been acknowledged as a source of knowledge, expertise and innovation.¹⁹

Economic Structure and Employment

4.10 The economic structure of rural Wales is mixed, with no single dominant industry. Around one fifth of enterprises in rural counties operate in the categories of 'wholesale, retail, transport, hotels, food and communications' and 'financial and business services' respectively, with 16.5 per cent in construction and 14.6 per cent in agriculture (Figure 4.6). These figures are skewed however by the exclusion of the public sector and by the small size of many enterprises in the agricultural, construction and retail sectors. In terms of employment, over three-quarters of the labour force employed in rural counties work in service industries, with less than a tenth each working in agriculture, construction and production (Table 4.5)

¹⁹ 'Practices of participation and voluntarism amongst older people in rural Wales', Laura Jones and Jesse Heley, *Sociologia Ruralis*, 2015; 'Community, rurality and older people: critically comparing older people's experiences across different rural communities', Shane Doheny and Paul Milbourne, *Journal of Rural Studies*, 2017; 'The impact of residential immobility and population turnover on the support networks of old people living in rural areas. Evidence from CFAS Wales', Vanessa Burholt and Alexandra Sardani, *Population, Space and Place*, 2018.

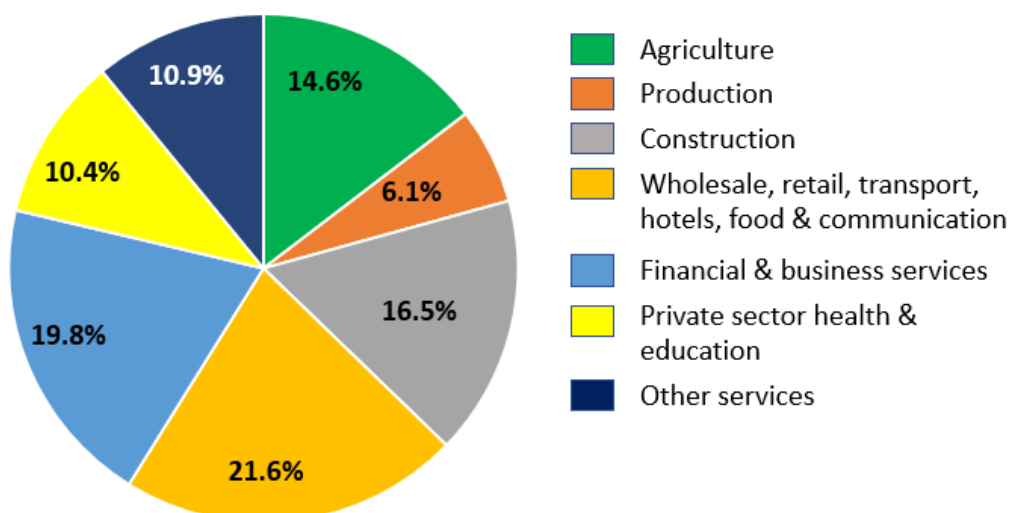


Figure 4.6: Enterprises in rural counties of Wales by industry, 2019.
Source: ONS Inter-departmental Business Register, via Stats Wales.

	Rural counties		All Wales
	Number	Percent	Percent
Agriculture, forestry and fishing	35,000	7.4%	2.8%
Production	41,300	8.75%	11.4%
Construction	37,300	7.9%	7.0%
Wholesale, retail, transport, hotels and food	123,300	26.1%	23.9%
Information and communication	7,100	1.5%	2.2%
Financial and insurance services	4,900	1.0%	2.4%
Real estate services	10,000	2.1%	1.7%
Professional, scientific and technical services; administrative and support service activities	48,700	10.3%	12.9%
Public administration, defence, education and health	138,000	29.2%	29.9%
Other service activities	28,100	6.0%	5.6%

Table 4.5: Industry of employment of workplace population in rural counties of Wales, 2019
Source: ONS Business Register Employment Survey, via Stats Wales.

4.11 The economy of rural Wales is heavily weighted towards microenterprises. More than nine out of ten enterprises operating in rural counties have fewer than 10 employees, and these businesses employ nearly half of workers in rural counties and contribute around a seventh of total business turnover. Although the distribution of enterprise size in rural counties is not dissimilar to that for Wales as a whole, the proportion of employment constituted by microenterprises is significantly higher in rural counties than in urban districts.²⁰ The significance of microenterprises varies between counties in rural Wales, being most marked in Ceredigion and Powys, with employment by large enterprises (with over 250 employees) being relatively higher in Carmarthenshire and large enterprises contributing the majority of business turnover

²⁰ Enterprises by size band, area and year, Stats Wales.

in Pembrokeshire (Table 4.6).²¹ The skew to microenterprises in rural counties reflects a healthy level of entrepreneurship and provides a degree of resilience with less vulnerability to decisions by large corporations, however microenterprises are more limited in their capacity for capital investment, upgrading equipment and processes, growing jobs substantially and providing training opportunities.

- 4.12 Roughly one in six workers in rural counties of Wales are self-employed (17.4 per cent), compared to 14 per cent of the Welsh workforce overall. Self-employment is especially high in Ceredigion (28.1 per cent of the workforce), Powys (25.2 per cent) and Gwynedd (22.0 per cent).²²
- 4.13 The creation of new businesses ('business births') in rural counties of Wales has exceeded business closures ('business deaths') for most of the last decade, with 38,380 active enterprises in 2019 a 3.6 per cent increase on 2010 (Figure 4.7). There are more active enterprises relative to the working age population in rural counties of Wales than in urban districts, with the highest rates in Powys (770 enterprises per 10,000 working age residents), Monmouthshire (765 enterprises per 10,000 working age residents) and Pembrokeshire (697 enterprises per 10,000 working age residents).²³
- 4.14 Productivity in most rural counties of Wales, as measured by Gross Value Added (GVA) per head, is lower than in urban districts, but had been on an upward trajectory through the last decade (Figure 4.8). Relative to the UK average, GVA per head in 2018 ranged from 52.7 per cent of the UK average in Anglesey to 78.0 per cent in Monmouthshire, with only Gwynedd and Monmouthshire above the average for Wales (Figure 4.9). Lower levels of productivity in rural areas of Wales have been attributed to the structure of the economy, with a skew to smaller businesses and greater presence of agriculture, and to peripheral location.²⁴ Analysis for the Welsh Government Economic Research Advisory Panel has indicated there is an average fall in firm productivity of 0.7 per cent for every 10 per cent increase in travel time to major UK conurbations.²⁵

²¹ Note that figures in Table 4.6 are for all enterprises operating within the local authority area. As some enterprises are active in more than one local authority areas, the figures cannot be aggregated directly.

²² Status of employed persons by Welsh local authority and measure, year to June 2020. Stats Wales.

²³ Business demography statistics, Stat Wales.

²⁴ 'Firm productivity in Wales – an analysis of productivity using company accounts', Catherine Robinson et al., WISERD Working Paper Series WISERD/WPS/007, 2012.

²⁵ 'Productivity in Wales: the impacts of peripherality on spatial patterns of productivity', Martin Boddy, Report to the Economic Research Advisory Panel, Welsh Assembly Government, 2010.

	Number of enterprises				Share of employment				Share of business turnover			
	Micro 0-9	Small 10-49	Medium 50-249	Large 250+	Micro 0-9	Small 10-49	Medium 50-249	Large 250+	Micro 0-9	Small 10-49	Medium 50-249	Large 250+
Anglesey	94.2%	3.2%	0.7%	1.9%	45.9%	18.6%	9.1%	26.4%	20.9%	18.1%	11.3%	49.6%
Gwynedd	94.6%	3.1%	0.7%	1.6%	44.1%	16.1%	10.9%	28.8%	20.4%	14.2%	21.1%	44.3%
Conwy	91.0%	4.7%	1.3%	3.0%	39.1%	20.2%	13.0%	27.7%	21.4%	25.4%	11.7%	41.4%
Denbighshire	92.7%	4.2%	1.0%	2.1%	41.6%	20.5%	11.4%	26.8%	21.4%	19.1%	14.1%	45.4%
Ceredigion	94.5%	3.2%	0.6%	1.7%	50.2%	18.1%	8.0%	23.7%	29.2%	21.2%	10.4%	39.3%
Powys	95.5%	2.7%	0.7%	1.1%	53.1%	17.0%	10.6%	19.3%	31.1%	17.4%	14.4%	37.1%
Pembrokeshire	94.1%	3.7%	0.8%	1.4%	48.5%	20.4%	11.5%	19.4%	6.1%	3.6%	10.1%	80.2%
Carmarthenshire	93.2%	3.9%	1.0%	1.9%	40.8%	17.2%	11.8%	30.3%	21.3%	21.3%	13.9%	51.3%
Monmouthshire	95.0%	2.7%	0.8%	1.5%	47.0%	15.1%	11.4%	26.2%	17.3%	12.3%	14.5%	55.8%
<i>All Wales</i>	<i>95.0%</i>	<i>3.6%</i>	<i>0.8%</i>	<i>0.6%</i>	<i>34.9%</i>	<i>15.2%</i>	<i>12.4%</i>	<i>37.6%</i>	<i>13.0%</i>	<i>11.1%</i>	<i>13.7%</i>	<i>62.1%</i>

Table 4.6: Size of enterprises operating in rural counties, 2019, by number, share of employment and share of business turnover.

Source: Stats Wales, Enterprises by Size Band, Area and Year.

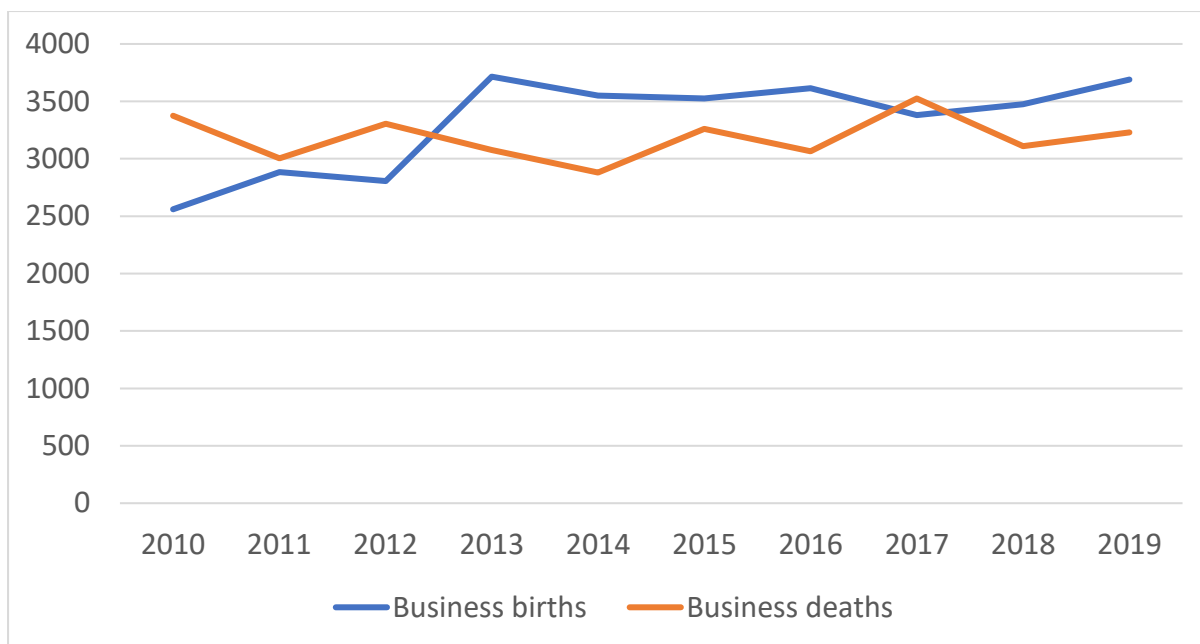


Figure 4.7: Business births and deaths in rural counties of Wales, 2010-2019
Source: Business demography statistics, Stats Wales.

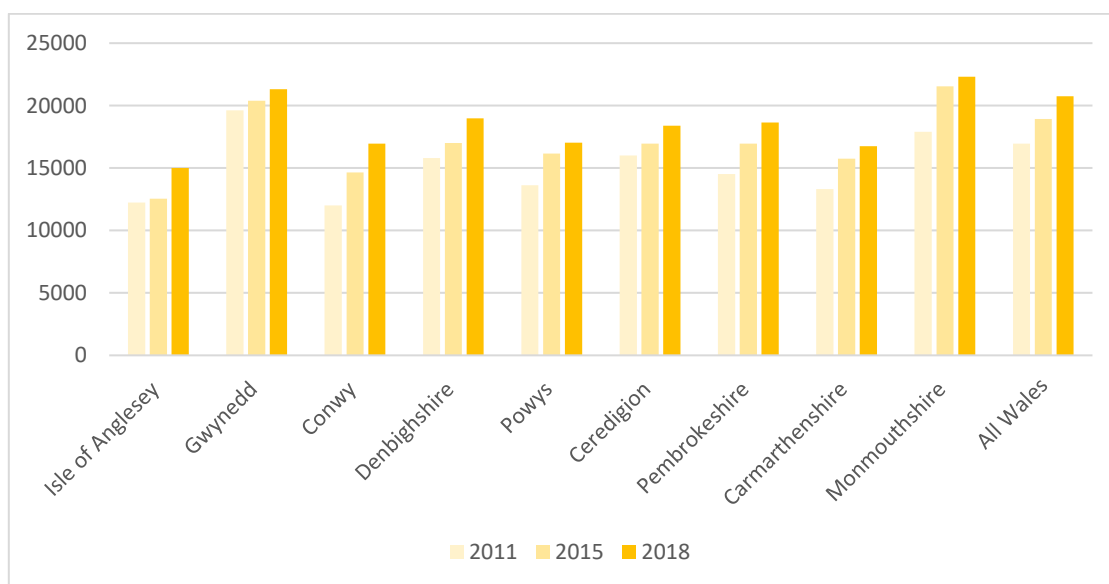


Figure 4.8: Productivity (GVA per head, £) for rural counties in Wales, 2011, 2015 and 2018
Source: ONS Regional Accounts, via Stats Wales.

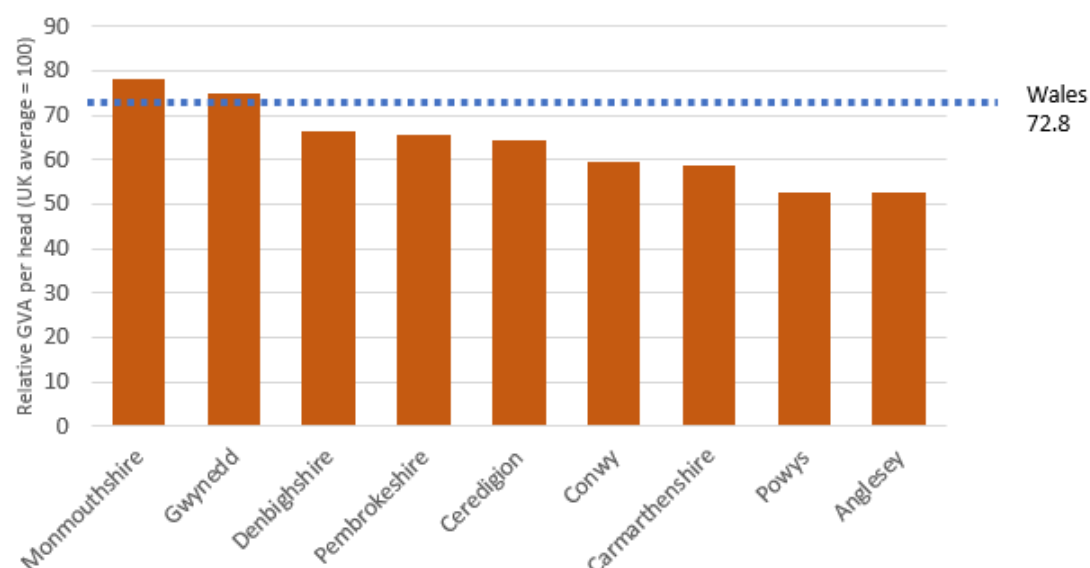


Figure 4.9: Productivity (GVA per head) in rural counties of Wales relative to UK average, 2018
Source: ONS Regional Accounts, via Stats Wales.

4.15 The public sector accounts for 27.2 per cent of employment in the rural counties of Wales, marginally below the average for Wales (27.6 per cent), but significantly above the UK average (22.2 per cent). This includes employment by Welsh Government and other central government agencies, local authorities (including schools) and the National Health Service, as well as military occupations and employment at universities in Aberystwyth, Bangor, Carmarthen and Lampeter. The significance of public sector employment varies between counties, with the highest rates in Carmarthenshire (32.0 per cent), Ceredigion (30.9 per cent), Anglesey (30.7 per cent) and Gwynedd (30.2 per cent).²⁶ A high level of public sector employment can provide stable, skilled and well-paid jobs in rural areas, with less exposure to market pressures, but it can also magnify the impact of reductions in public spending that might impact on rural communities both as cuts to services and loss of employment.²⁷

4.16 Although qualification levels of individuals living in most parts of rural Wales are comparatively high, there are concerns about the match of workforce skills with the requires of businesses, and especially with the needs of emerging industries.²⁸ There is an evident need for a dedicated skills strategy for rural Wales, with provision and evidence-based reporting currently being patchy and incomplete by sector and locality. A survey businesses in rural counties by the Wales Rural Observatory in 2013 found that 53 per cent of respondents agreed that it was difficult to recruit appropriately skilled employees.²⁹ The small average size of rural enterprises and the relative absence of clustering of similar enterprises reduces opportunities for and increases costs of in-work training. Some labour gaps have been filled by international recruitment – both for specialist skilled vacancies and for low-paid jobs with limited local take-up – including from

²⁶ 'Employment in the public and private sectors by Welsh local authority', year to June 2020, Stats Wales.

²⁷ 'The Significance of Public Sector Employment in Rural Wales', Catherine Walkley et al., Wales Rural Observatory, 2006.

²⁸ 'Highest qualification level of working age residents by region and local authority' year to June 2020, Stats Wales.

²⁹ 'Rural Business Survey 2013', Wales Rural Observatory, 2013.

central and eastern Europe after the 2004 EU enlargement, notably in food processing, construction, hospitality, health and social care and some areas of manufacturing.³⁰

- 4.17 New skills needs have also been identified in relation to priority areas for economic development specified in the regional growth deals, including in biotechnology and green technology. Defence industries have also been identified as a growth sector in rural Wales with specific skills requirements, the region being comparatively suited to training and research testing, particularly in terms of secure airspace. Growth in this area will focus on specialised contracting and supply chains, and will likely cluster around existing centres at Parc AberPorth, Ceredigion, and the MODs Sennybridge Training Area and Infantry Battle School in Powys. Scoping analysis has highlighted that in order to fully realise the benefits for local populations from investment in these sectors, there is a need for training in design, engineering and technical skills for the local workforce to reduce reliance on long-distance commuters and job-related in-migrants by hi-tech firms.³¹

Agriculture and the Food Sector

- 4.18 Agriculture has traditionally been at the heart of rural life in Wales and remains important economically, socially and culturally. Direct employment in agriculture has fallen with mechanization and farm consolidation and in 2018 accounted for 7.4 per cent of employment in the rural counties of Wales.³² However, agricultural employment is notably higher in Powys (15.7 per cent) and Ceredigion (12.0 per cent), and there are 14 wards where employment in agriculture, energy and water exceeded 20 per cent of the working population in 2011 (Figure 4.10).³³
- 4.19 Agriculture, forestry and fishing similarly directly contributed 1.1 per cent of Welsh GVA (£693 million) in 2018, and 3.5 per cent of GVA in rural counties, excluding Monmouthshire,³⁴ but is noted by the Welsh Government to be ‘an economically active industry through its expenditure’.³⁵ Intermediate expenditure by Welsh agriculture on inputs and services has been calculated at £1138 million in 2017. This includes feeding stuffs, machinery, fertilisers, contract labour and services, veterinary and medical services and farm maintenance. Welsh farms typically purchase over 80 per cent of inputs and services in their local area,³⁶ with a third of upland farmers surveyed by NFU Cymru in 2020 reporting that they buy from between 21 and 50 businesses.³⁷ The broader contribution of agriculture to the economy of Wales is captured by Type II economic multipliers that have been put at 1.54 for output and 1.21 for employment.³⁸

³⁰ ‘Migrant workers in rural Wales and the South Wales Valleys’, Laura Jones and John Lever, Wales Rural Observatory, 2014

³¹ ‘Growing Mid Wales: Evidence Based Programmes of Intervention Baseline Report.’ AECOM for the Growing Mid Wales Partnership, 2018.

³² Note that the quoted figures are for agriculture, forestry and fishing, though agriculture is the largest component of this category. Source: ‘Workplace employment by Welsh local authority and broad industry’, 2018, Stats Wales.

³³ Census 2011, via NOMIS. Note that the 14 wards include the former ward of Mechell in Isle of Anglesey, where employment at the Wylfa power plant is likely to be the largest component for this category.

³⁴ ‘Gross Value Added by Welsh NUTS3 areas and industry’, 2018, Stats Wales. Monmouthshire is excluded as its data is aggregated with Newport.

³⁵ ‘Agriculture in Wales’, Welsh Government, 2019.

³⁶ ‘An Analysis of the Socio-Economic Impact of CAP Reforms in Rural Wales’, Wales Rural Observatory, 2013.

³⁷ ‘A Vision for Welsh Upland Farming’, NFU Cymru, 2020.

³⁸ Ibid.

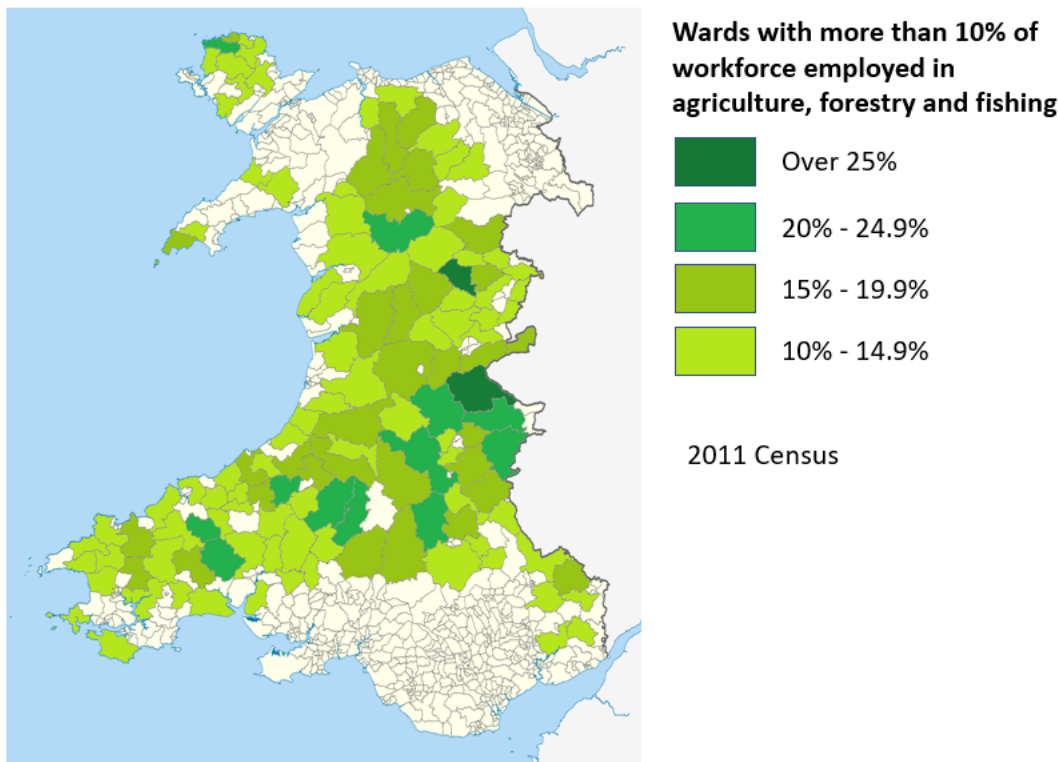


Figure 4.10: Wards in Wales with more than 10% of working population employed in agriculture, forestry or fishing, 2011.

Source: Census 2011, via NOMIS.

4.20 Agriculture in Wales is dominated by livestock farming, with 58 per cent of farm holdings raising beef cattle or sheep and a further 7 per cent operated as dairy farms (Table 4.7). The structure of Welsh agriculture is largely determined by environmental conditions and terrain, however the relatively small number of arable and horticultural holdings limits Wales's self-sufficiency in food production and increases the exposure of the Welsh farming sector to the market implications of projected livestock trends towards reduced meat and dairy consumption.

4.21 The majority of farm holdings in Wales are classified as 'very small', with an annual turnover of less than €25,000. Very small farms constitute 58 per cent of farm holdings in Wales, but only 14 per cent of farmed land, and less than 6 per cent of total farm turnover. The largest element of farmed land, 42 per cent is managed by 'small farms' with between €25,000 and €125,000 turnover, while a third of total farm turnover is contributed by the 500 very large farms (2 per cent of farm holdings) with annual turnovers of more €500,000.³⁹

³⁹ 'Agriculture in Wales', Welsh Government, 2019 (figures from Welsh Agricultural Survey 2016).

Farm Type	Number	% of total farm holdings	% that are 'very small' (< €25k turnover)
Cattle and sheep (LFA and lowland)	14,310	58.3%	46.0%
Dairy	1,703	6.9%	7.2%
Mixed	1,165	4.7%	67.0%
Specialist poultry	1,163	4.7%	88.5%
Horticulture	839	3.4%	77.2%
Cereals	379	1.5%	29.3%
Specialist pig farms	262	1.1%	96.6%
General cropping	152	0.6%	33.6%
Other	4,577	18.6%	96.3%
All farm types	24,550	100.0%	57.6%

Table 4.7: Farm holdings in Wales, 2017, by farm type
Source: Welsh Agricultural Survey 2017, via Stats Wales.

4.22 Average farm business incomes in Wales have fluctuated since the start of the century broadly between £25,000 and £40,000 per annum, at 2017-18 prices.⁴⁰ Average incomes are considerably higher in the dairy sector than for sheep and cattle farms, but have also been more variable year-on-year. In 2018-19, the average farm business income for lowland dairy farms was £52,080 compared to £24,765 hill sheep farms and £18,477 for upland cattle and sheep farms (Figure 4.11). Incomes were down on 2017-18 across all sheep, cattle and dairy farm categories, with the exception of lowland cattle and sheep farms, with a 42 per cent reduction in income for lowland dairy farms.⁴¹

4.23 Farm income is derived from four sources: market-based income on agricultural activities, income from diversified (non-agricultural) activities, payments from agri-environmental schemes, and the Basic Payment Scheme (BPS)/Single Farm Payment Scheme.⁴² Most farmers consider market activities to be their most important source of income,⁴³ however Farm Business Survey data indicates that for a typical farm in Wales the largest proportion of income is from the BPS (with the exception of dairy farms) (Table 4.8). Without BPS receipts, average farm income in 2016-17 was reduced from £24,502 to £5,146. Around 15 per cent of farms reported making an overall loss in 2017-18, but approximately 40 per cent made a loss on agricultural activity alone.⁴⁴ A study by the Wales Rural Observatory in 2013 found that a fifth of farmers indicated that they would leave farming if direct subsidy payments were reduced by 20 per cent or more, and a further 9 per cent of farmers would scale back their agricultural activities.⁴⁵

⁴⁰ Ibid.

⁴¹ Farm Business Survey Wales, 2018-19, Aberystwyth University.

⁴² 'Agriculture in Wales', Welsh Government, 2019.

⁴³ 'A Vision for Welsh Upland Farming', NFU Cymru, 2020.

⁴⁴ 'Agriculture in Wales', Welsh Government, 2019 (data from Farm Business Survey).

⁴⁵ 'An Analysis of the Socio-Economic Impact of CAP Reforms on Rural Wales', Wales Rural Observatory, 2013.

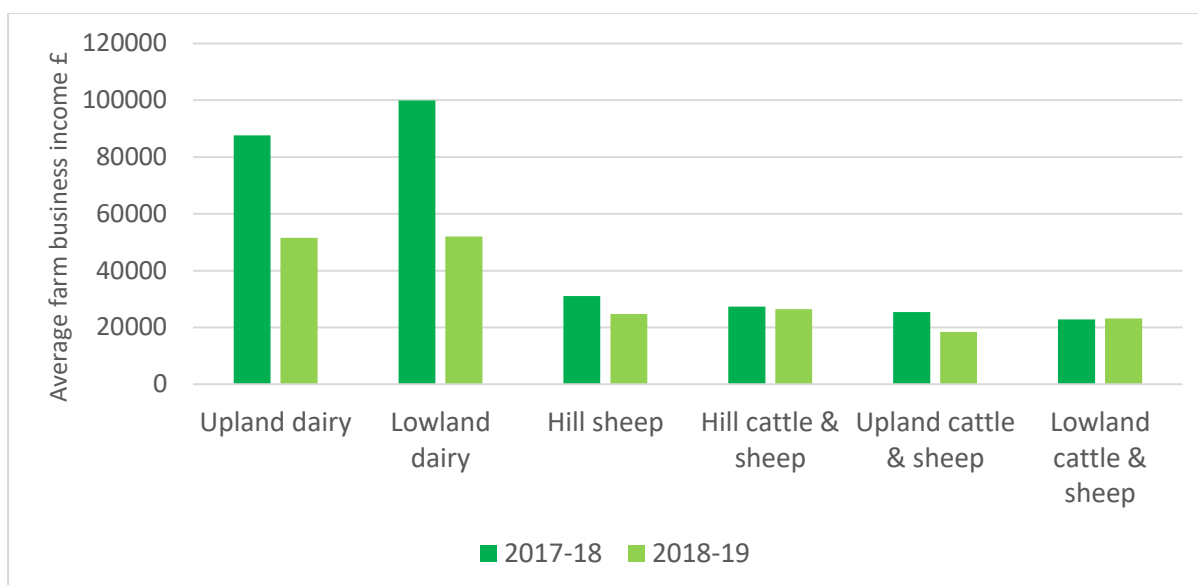


Figure 4.11: Average farm business income in Wales by farm type, 2017-18 and 2018-19
Source: Farm Business Survey 2018-19

Average income from:	All farms	Dairy farms	LFA cattle and sheep
Agricultural activities	£ 5,900	£ 62,400	- £ 5,200
Diversified activities	£ 3,200	£ 1,600	£ 3,100
Agri-environmental schemes	£ 4,900	£ 1,700	£ 6,300
Basic Payment Scheme (BPS)	£ 20,500	£ 16,700	£ 22,700

Table 4.8: Average farm income in Wales from main components, 2017-18, by farm type
Source: 'Agriculture in Wales', Welsh Government 2019

4.24 Food and drink processing and manufacturing employs 24,315 people in rural and urban areas of Wales and had a turnover of £5.2 billion in 2019, contributing £1.6 billion to Welsh GVA in 2017. Within the sector, processing of meat and meat products employed 5,380 people across 65 business units in 2019, with a turnover of £1.2 billion in 2019 and a £355 million contribution to GVA in 2017. Dairy processing employs 1,535 people across 55 business units, with a turnover of £611 million in 2019 and contributed £116 million to GVA in 2017.⁴⁶

4.25 There are 384 licensed sites for food processing, packing and storage in Wales, 238 of which are located in rural counties (62 per cent) (Figure 4.12). These include meat cutting plants and slaughterhouses, processing plants for meat, dairy and fish products, packing plants and cold stores. Around two-thirds of units in the food manufacturing sector are classified as micro-enterprises with 10 or fewer employees, but the majority of employment is concentrated at a number of larger operations.

⁴⁶ 'Economic Appraisal of the Welsh Food and Drink Sector – Update 2019', Food and Drink Wales, 2019.

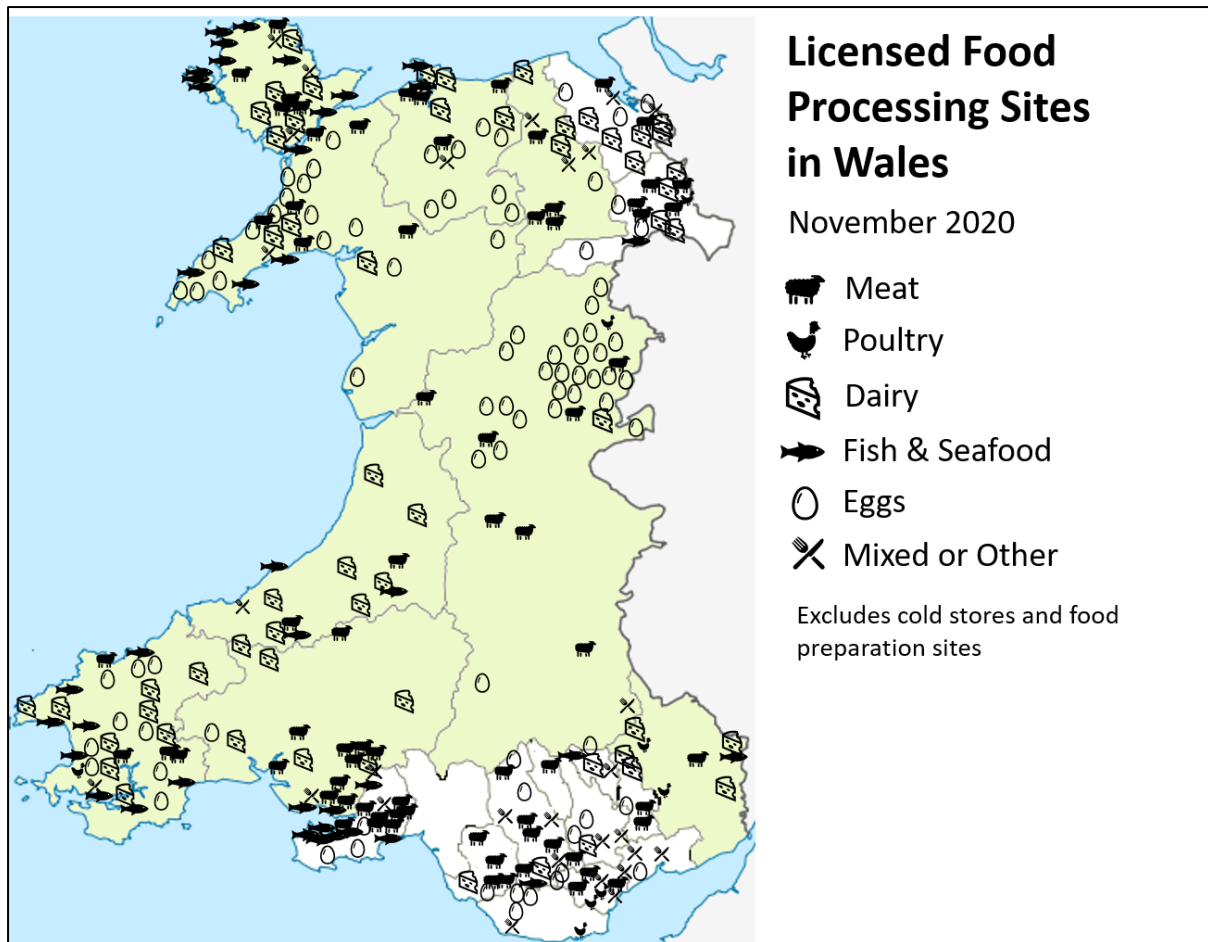


Figure 4.13: Licensed Food Processing Sites in Wales
Source: Food Standards Agency. Data correct at 20 November 2020.

4.26 Exports of food, drink and live animals from Wales totaled £537 million in 2018, constituting 3.0 per cent of all exports from Wales by value. This was a 47.5 per cent increase in export value since 2015 for the sector, as well as an increase in the share of total Welsh exports.⁴⁷ Within the sector, exports of meat and meat products from Wales were valued at £121 million in 2019, however this figure is lower than the combined value of exports of 'beef of Welsh origin' and 'lamb of Welsh origin' (£187.5 million), indicate a seepage of value from Wales along the supply chain.⁴⁸ The sheep-farming industry is especially export-oriented. Only 5 per cent of meat from lambs raised in Wales is consumed in Wales, with 55-60 per cent sold in other parts of the UK and 35-40 per cent exported, mostly to the European Union.⁴⁹ The total value of lamb exports from Wales increased from £57 million in 2004 to £124 million in 2017, assisted by added value from PGI designation.⁵⁰ PGI status and the targeting of niche markets has also supported growth in other 'premium' food and drink exports rooted in rural Wales, including bottled water.⁵¹

⁴⁷ 'Value of Welsh exports by quarter and product', Stats Wales, 2020.

⁴⁸ 'Economic Appraisal of the Welsh Food and Drink Sector – Update 2019', Food and Drink Wales, 2019

⁴⁹ 'Agriculture in Wales', Welsh Government, 2019.

⁵⁰ Ibid.

⁵¹ 'Welsh food and drink take centre stage at international trade event', Welsh Country, 2018.

4.27 There has been recent interest in reviving local food networks in Wales, with an expansion of initiatives including farmers' markets, direct sales, milk vending machines, community supported agriculture schemes and community gardens, as well as in small-scale on-farm and off-farm processing and in public sector local food procurement.⁵² However, limitations in processing capacity in Wales present a significant obstacle to the growth of endogenous food markets within Wales, especially for meat and dairy.⁵³ Only half of milk produced in Wales is processed in Wales, with the remainder transported to England.⁵⁴ The balance is likely to have shifted further to processing in England following the closure of Tomlinson's Dairy in Wrexham in October 2019, which has led one supermarket to stop marketing specifically Welsh-origin fresh milk. Transport to England for processing is estimated increase the cost of Welsh milk by one pence per litre.⁵⁵

Tourism

4.28 The tourism sector contributed an estimated £5412.26 million in income in the rural counties of Wales in 2018, largely unchanged from 2017. This represents 58 per cent of the economic impact of tourism in Wales as a whole. A total of 41,853 tourists visited rural counties in Wales in 2018, for a combined total of 101,576 visitor days and spending on average £53.28 per visitor day.⁵⁶

4.29 The most popular destinations for tourism in rural Wales are Gwynedd, Conwy, Pembrokeshire and Powys, which collectively account for nearly two-thirds of all visitor days in rural counties. Average spend per visitor day in 2018 varied significantly from £40.48 in Ceredigion to £78.33 in Powys (Table 4.9).⁵⁷ The pressures and benefits of tourism in rural Wales are thus fairly highly concentrated.

4.30 Tourism supported an estimated 76,109 FTE jobs in rural counties of Wales in 2018, or approximately 16 per cent of total jobs. This included 25 per cent of jobs in Conwy, 23.6 per cent in Gwynedd, 21.4 per cent in Pembrokeshire, and 19.2 per cent in Powys.⁵⁸ Figure 4.13 shows employment in the broad industry category of 'distribution, hotels and restaurants' by ward in rural counties in 2011 as a rough proxy for tourism employment. These data include general retail and wholesale employment not specifically tourism-related and as such Figure 4.13 shows high rates of employment in the sector in urban service centres, but it also indicates the significance of tourism-related employment in coastal areas of rural Wales and some inland areas of Snowdonia and Powys. Some of the highest rates of employment in the 'distribution, hotels and restaurants' sector are in wards covering coastal resorts including Abersoch (39.7 per cent), Tenby South (38.1 per cent), Abermaw/Barmouth (37.7 per cent), New Quay (36.7 per cent), Portmadog-Tremadog (35.2 per cent) and Llandudno (35.0 per cent overall), as well as Betws-y-Coed ward in Snowdonia (38.5 per cent).⁵⁹

⁵² 'How Local is Local? Rethinking Local Food and the Public Plate in Monmouthshire, Wales', ROBUST project 2020; 'A Welsh Food System Fit for Future Generations', Sustainable Places Research Institute for WWF Cymru, 2020; 'Selling places: a community-based model for promoting local food. The case of Rhondda Cynon Taf', Robert Bowen and Sophie Bennett, *Journal of Place Management and Development*, 2019; "Exploring the potential of local food and drink entrepreneurship in rural Wales", Eifiona Thomas Lane et al., *Local Economy*, 2016.

⁵³ 'Exploring the Implications of Brexit for Agriculture and Horticulture in Wales', AHDB Horizon Report, 2018.

⁵⁴ 'Agriculture in Wales', Welsh Government, 2019

⁵⁵ Welsh Government

⁵⁶ STEAM data for Wales 2018, GTS (UK) Ltd.

⁵⁷ Ibid.

⁵⁸ Ibid.

⁵⁹ Industry by sex, Census 2011, via NOMIS.

	Economic impact £m	Visitor numbers 000's	Visitor days 000's	Spend per visitor day £	Total FTE employment
Anglesey	310.65	1703	5787	£53.68	3975
Carmarthenshire	441.80	3279	6336	£69.73	6176
Ceredigion	330.94	2737	8176	£40.48	5384
Conwy	904.37	9389	17487	£51.72	11808
Denbighshire	509.01	5870	11568	£44.00	6108
Gwynedd	1118.65	7371	22527	£49.66	15568
Monmouthshire	218.93	2241	3084	£70.98	2989
Pembrokeshire	713.41	4577	15574	£45.81	12439
Powys	864.50	4686	11037	£78.33	11662
<i>Rural Wales</i>	<i>5412.26</i>	<i>41813</i>	<i>101576</i>	<i>£53.28</i>	<i>76109</i>

Table 4.9: Tourism data for rural counties in 2018, estimated through STEAM methodology.

Source: STEAM data for Wales, 2018, GTS (UK) Ltd

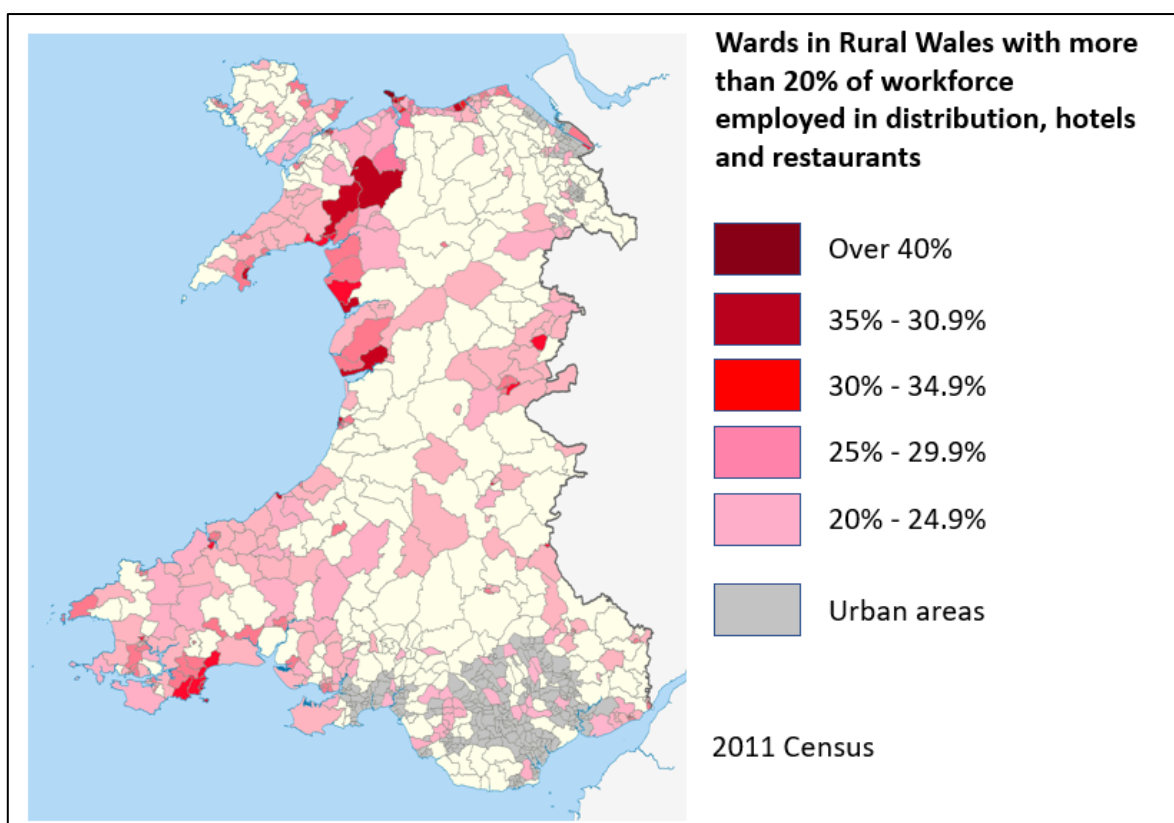


Figure 4.13: Wards in rural Wales with more than 20 per cent of the workforce employed in distribution, hotels or restaurants, 2011.

Source: 2011 Census, via NOMIS. Rural Wales = Rural counties plus other wards eligible for RDP.

4.31 The tourism sector in rural Wales has encountered criticism for attracting relatively low-value tourism that places pressure on services and infrastructure but contributes comparatively little to local businesses. The STEAM data indicates that 63 per cent of visitors to rural counties of Wales in 2019 were day visitors, and that 85 per cent of overnight stays were in non-serviced accommodation (including self-catering apartments, holiday lets, caravans and camping), compared to 41 per cent of overnight stays in urban areas of Wales (Table 4.10).⁶⁰ Accordingly, whereas the economic impact of visitor stays in serviced accommodation (e.g. hotels and guest houses) in urban districts outweighed that in non-serviced accommodation by a ratio of 2.5:1, in rural counties the balance was reversed, with the economic impact of stays in non-serviced accommodation exceeding that from serviced accommodation by a ratio of 3.8:1.

	Rural Wales			Urban Wales		
	Economic impact £m	Visitor numbers 000's	Visitor days 000's	Economic impact £m	Visitor numbers 000's	Visitor days 000's
Serviced	864.43	4060	7357	1166.07	3912	6865
Non-serviced	3305.66	9878	64138	465.58	1581	10306
SFR*	180.47	1569	3735	461.41	3258	7756
Day visitors	1061.69	26346	26346	1796.68	45278	45278

* Staying with friends or relatives

Table 4.10: Comparison of tourist visits and economic impact by type of accommodation, for rural counties and urban districts in Wales, 2018

Source: STEAM data for Wales, 2018, GTS (UK) Ltd

Manufacturing

4.32 The manufacturing sector, which includes food processing, employs less than 10 per cent of the workforce across the rural counties of Wales as whole, but is significant as an employer in several small towns including Welshpool, Newtown, Corwen, Presteigne, Caldicot and Llangefni.⁶¹ Manufacturing employment in the Mid Wales region, covering Ceredigion and Powys, has increased since 2010.⁶² As well as food processing, the manufacturing sector in rural Wales includes the continuation of an historic textiles industry and the legacy of policies enacted by the Development Board for Rural Wales in the 1970s – 1990s that sought to attract inward investment by manufacturing firms. During the early 1980s, Powys had the highest rate of growth in manufacturing employment in Great Britain.⁶³ Current areas of specialism include fabricated metal products, machinery and equipment, basic metals, automation, motion engineering and biotechnology.⁶⁴

⁶⁰ STEAM data for Wales 2018, GTS (UK) Ltd.

⁶¹ Employment by industry, 2011 Census, via NOMIS.

⁶² 'A Vision for Growing Mid Wales: Strategic Economic Plan and Growth Deal Roadmap', Growing Mid Wales, 2020.

⁶³ 'The political economies of place in the emergent global countryside: stories from rural Wales', Michael Woods, in *The Next Rural Economies*, 2010.

⁶⁴ 'A Vision for Growing Mid Wales: Strategic Economic Plan and Growth Deal Roadmap', Growing Mid Wales, 2020.

- 4.33 Manufacturing businesses in rural Wales have faced challenges from globalization, including competition from imports and in some cases the relocation of production by transnational firms to sites in other countries, most famously by Laura Ashley in the 1990s. However, other manufacturers have successfully tapped into global markets from locations in rural Wales, in many cases by diversifying their production to supply specialist niche markets, with examples including Makefast in Newtown.⁶⁵ Rural Wales has also hosted a number of successful start-up enterprises in recent years that are reviving the tradition of textiles manufacturing, including Fashion-Enter in Newtown, Hiut Denim in Cardigan, and Howies in Carmarthen.⁶⁶
- 4.34 Rural Wales also has an expanding cohort of biotechnology and green technology enterprises, in some cases attracted by relatively secluded, quiet, low-pollution or low-vibration environmental conditions. A number of firms in these sectors are spin-out companies from Aberystwyth, Bangor and Glyndwr universities, or have located as part of initiatives aimed at enhancing research-industry connections, such as the Aberystwyth Innovation and Enterprise Campus and the OpTIC Technology Centre at St Asaph.⁶⁷ Other key sites for innovation and advanced manufacturing include the Global Centre of Rail Excellence in Ystradgynlais and a proposed National Spectrum Centre at Aberystwyth that would involve collaboration with established defence technology sites in the region, notably the Qinetiq/Ministry of Defence testing facility at Aberporth.⁶⁸

Natural Capital and Green Economy

- 4.35 Rural Wales has exceptional natural resources that support a range of economic activities, including energy generation and materials for construction, as well as food production and tourism, and which contribute to social, cultural and environmental wellbeing. The value of Wales's natural capital in farmland, woodland and freshwater has been estimated at £30.5 billion, but it has also been noted that the 'true value is expected to be significantly higher than this figure as only 7 of the benefits received from natural capital in Wales are currently measured'.⁶⁹ Benefits not included in this valuation include flood protection, hydropower and tourism. More than three quarters of the estimated value of natural capital relates to 'intangible services' such as recreational activity, pollution mitigation and carbon sequestration that are not captured in traditional measures of GDP.⁷⁰
- 4.36 The rural counties of Wales generate 45.5 per cent of onshore renewable energy electrical output produced in Wales, including 49 per cent of onshore wind power, 50 per cent of solar (PV) power, and 99 per cent of hydro-power (Table 4.11). The four mid and west Wales counties of Carmarthenshire, Ceredigion, Pembrokeshire and Powys contain 72.5 per cent of onshore wind power projects in Wales and 57.7 per cent of solar (PV) projects, while 82.7 per cent of hydro-power projects are located in the four counties of Ceredigion, Conwy, Gwynedd and Powys.⁷¹ A number of large schemes have community benefit funds for community councils and local

⁶⁵ 'From Yosemite to Antarctica via Burundi: manufacturing connections from a small rural town', GLOBAL-RURAL project.

⁶⁶ Howies was initially established in Cardigan and relocated to Carmarthen in 2014 following a management buy-out that returned the company to independent status after a short period of ownership by Timberland.

⁶⁷ Aberystwyth Innovation and Enterprise Campus: <https://aberinnovation.com/>; OpTIC Technology Centre: <https://www.ukspa.org.uk/optic-technology/>

⁶⁸ 'A Vision for Growing Mid Wales: Strategic Economic Plan and Growth Deal Roadmap', Growing Mid Wales, 2020.

⁶⁹ 'ERAMMP Year 1 Report 24: Welsh National Natural Capital Accounts', Welsh Government Environment and Rural Affairs Monitoring and Modelling Programme, CEH/ONS, 2019.

⁷⁰ Ibid.

⁷¹ Low carbon energy generation by local authority and technology, Stats Wales, 2018. www.statswales.gov.uk

organisations provide support for a range of services and infrastructure including community transport and community halls.⁷² However, few large renewable energy facilities in rural Wales are community-owned or locally-owned, such that the proceeds of energy generation are not retained in the region, and after construction facilities create limited local employment. A number of projects, especially for solar and wind power, have been controversial due to landscape impacts.⁷³ The Welsh Government TAN8 planning guidance identified seven Strategic Search Areas for wind power development, with five in the predominantly rural counties, which has contributed to the concentration of Wales's renewable energy generation capacity.

4.37 The forestry industry in Wales employs up to 11,300 people and contributes £499.3 million to Welsh GVA.⁷⁴ Wales contributed 13.7 per cent of UK timber production in 2017. Production has fluctuated, but has increased overall since 2008.⁷⁵ The growth in production has been driven by private forest estates, which produced 51.4 per cent of harvested timber in 2017, up from 27 per cent in 1997.⁷⁶ Around 10 per cent of land in Wales is managed for timber production, which is a little over half of all forest and woodland in Wales.⁷⁷ In addition to commercial forestry plantations, wood cover in rural Wales includes natural woodland and planted farm woodland. The area of farm woodland in Wales increased by 51 per cent from 59.2 thousand hectares in 2008 to 89.2 thousand hectares in 2016, supported by grant funding through the Glastir Woodland Creation Scheme and the Glastir Woodland Restoration Scheme.⁷⁸

4.38 In addition to food production and timber, rural land also provides a number of ecosystem services that contribute to environmental wellbeing including carbon sequestration, pollution removal, flood protection and habitat provision. Carbon sequestration by farmland and woodland in Wales has been calculated at 2.4 million tonnes carbon dioxide equivalent in 2017, with 75 per cent removed by woodland and 24.8 per cent by farmed grassland, and valued at £152.3 million.⁷⁹ Total removal of air pollutants by farmland, woodland and freshwater vegetation in Wales in 2017 has been calculated at 81.4 thousand tonnes, with 64.5 per cent removed by farmland and 33.2 per cent by woodland, with a total value of £43.8 million. Farmland is primarily responsible for the removal of ammonia (NH₃), nitrogen oxide (NO₂), sulphur dioxide (SO₂) and ground-level ozone (O₃), with woodland primarily responsible for the removal of atmospheric particulates (PM₁₀ and PM_{2.5}).⁸⁰

⁷² 'Wind farms in rural areas: How far do community benefits from wind farms represent a local economic development opportunity?' Max Munday et al., *Journal of Rural Studies*, 2011.

⁷³ 'Constructing a 'landscape justice' for windfarm development: The case of Nant Y Moch, Wales', Kelvin Mason and Paul Milbourne, *Geoforum*, 2014.

⁷⁴ 'Forestry statistics, forecasts and surveys', Natural Resources Wales, 2020.

⁷⁵ 'ERAMMP Year 1 Report 24: Welsh National Natural Capital Accounts', Welsh Government Environment and Rural Affairs Monitoring and Modelling Programme, CEH/ONS, 2019.

⁷⁶ Ibid.

⁷⁷ 'Forestry in Wales', Confor, 2017

⁷⁸ 'Area of farm woodland', Forest Research, 2020

⁷⁹ 'ERAMMP Year 1 Report 24: Welsh National Natural Capital Accounts', Welsh Government Environment and Rural Affairs Monitoring and Modelling Programme, CEH/ONS, 2019.

⁸⁰ Ibid.

	Wind power		Solar power (PV)		Hydro-power		Other low carbon*		Total low carbon energy	
	Projects	Electrical generation (Mwhe)	Projects	Electrical generation (Mwhe)	Projects	Electrical generation (Mwhe)	Projects	Electrical generation (Mwhe)	Projects	Electrical generation (Mwhe)
Anglesey	49	93099	1553	34328	0	0	501	14066	2103	141493
Gwynedd	36	16208	2192	33733	141	125071	762	4143	3131	179155
Conwy	39	43867	1349	14524	32	73656	555	15643	1975	147690
Denbighshire	38	170254	1578	8456	19	4763	551	15626	2186	199099
Powys	117	438090	4008	21293	78	16583	2503	32628	6706	508594
Ceredigion	76	200244	2137	28449	28	153717	1221	26375	3462	408385
Pembrokeshire	148	57908	3634	179479	14	1157	1255	6147	5051	244691
Carmarthenshire	113	343134	4212	101885	14	9938	1259	10250	5598	465207
Monmouthshire	10	640	3573	41375	11	498	599	109001	4193	151514
Rural Wales total	626	1363464	24236	463552	337	385383	9206	233262	34405	2445661
<i>Wales onshore</i>	<i>740</i>	<i>2778784</i>	<i>54560</i>	<i>924819</i>	<i>364</i>	<i>388552</i>	<i>13061</i>	<i>1133036</i>	<i>68725</i>	<i>5225191</i>
<i>Offshore</i>	<i>3</i>	<i>2200477</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3</i>	<i>2200477</i>
Wales total	743	4979211	54560	924819	364	388552	13061	1133036	68728	7425668

* Includes anaerobic digestion, biomass, energy from waste, heat pump, landfill gas and sewage gas. Not all low carbon projects generate electricity, some produce heat, not measured in this table.

Table 4.11: Renewable energy generation in rural counties of Wales, 2018.

Source: Stats Wales

- 4.39 Agri-environmental schemes delivered under the RDP have compensated farmer and landowners for land management that supports such regulating services, which have not conventionally generated an income. The potential for market-based schemes, including payments to landowners by interested parties such as insurance firms and water utility companies for flood protection and water purification services, has been explored by the Welsh Government,⁸¹ yet pilot initiatives such as the Pumlumon Project have demonstrated challenges in leveraging private finance.⁸² Farmers' income from payments for ecosystem services remains small in comparison to income from food production and direct payments,⁸³ and opportunities for growth are limited by the downward trend in total carbon sequestration and air pollution removal by rural land in Wales.⁸⁴
- 4.40 The distribution of land use in rural Wales has altered with shifting market demands and conservation priorities and further, more significant, changes have been both advocated and projected, notably by environmental organizations. A number of small projects have successfully implemented habitat restoration and the reintroduction of historic wild species, including beavers and pine martens.⁸⁵ However, proposals for more extensive 're-wilding' schemes have proved controversial, with concerns from local communities and the farming sector over local accountability, external and corporate land ownership, landscape impacts, predation risks and the permanent loss of productive land and, with it, agricultural employment.
- 4.41 The Brecon Beacons, Pembrokeshire Coast and Snowdonia National Parks collectively cover 20 per cent of the land area of Wales, and together with five Areas of Outstanding Natural Beauty (AONBs)⁸⁶ have been designated in reflection of the national significance of their landscapes natural environment. The management of these areas involves restrictions on some aspects of the exploitation of natural capital, such as wind power generation, while promoting opportunities for other forms, notably tourism. The three National Parks attract 12 million visitors each year and contribute half a billion pounds to Welsh GVA.⁸⁷ At the same time, the National Parks are home to 80,000 residents and their popularity together with the regulatory framework can amplify challenges of over-tourism, access to affordable housing, diverse employment opportunities and depopulation. The Independent Review of Designated Landscapes in Wales in 2015 recommended a redefinition of the statutory purposes of National Parks and AONBs with three inter-locking objectives of conserving and enhancing distinctive landscape qualities, promoting physical and mental well-being through enjoyment and understanding of the landscape, and promoting sustainable forms of economic and community development based on the natural resources and cultural heritage of the area.⁸⁸ The Welsh Government has subsequently articulated its priorities for National Parks and AONBs around four

⁸¹ 'Assessing the Potential for Payments for Ecosystem Services Market Mechanisms', Report by Cascade for the Welsh Government, 2014.

⁸² 'Assembling Payments for Ecosystem Services in Wales', Sophie Wynne-Jones and Thomas Vetter, in *Agri-Environmental Governance as Assemblage*, 2018.

⁸³ 'Agriculture in Wales', Welsh Government, 2019

⁸⁴ 'ERAMMP Year 1 Report 24: Welsh National Natural Capital Accounts', Welsh Government Environment and Rural Affairs Monitoring and Modelling Programme, CEH/ONS, 2019.

⁸⁵ 'Abandoning or Reimagining a Cultural Heartland? Understanding and Responding to Rewilding Conflicts in Wales - the case of the Cambrian Wildwood', Sophie Wynne-Jones et al., *Environmental Values*, 2019.

⁸⁶ Anglesey AONB, Clwydian Range and Dee Valley AONB, Gower AONB, Llŷn AONB and Wye Valley AONB.

⁸⁷ 'National Parks', WLGA website, www.wlga.wales

⁸⁸ 'National Landscapes: Realising their Potential – The Review of Designated Landscapes in Wales', Final Report to the Welsh Government, 2015.

goals of recognizing the designated areas as valued places, resilient environments and resilient communities, managed through resilient ways of working.⁸⁹

Poverty and Deprivation

4.42 Six of the twenty most deprived local areas (Lower Super Output Areas (LSOAs)) in Wales are located in rural counties, albeit in urban areas within these counties in Rhyl, Llanelli and Colwyn Bay.⁹⁰ A further two of the twenty most deprived LSOAs are in rural wards within the predominantly urban district of Caerphilly. Overall, rural areas tend to be ranked lower for deprivation levels in the Welsh Index of Multiple Deprivation (WIMD) than urban areas, however there are a significant number of rural LSOAs with above average deprivation, notably around the Cambrian Mountains and the Teifi and Towy valleys, and in parts of Anglesey and Llŷn (Figure 4.14).

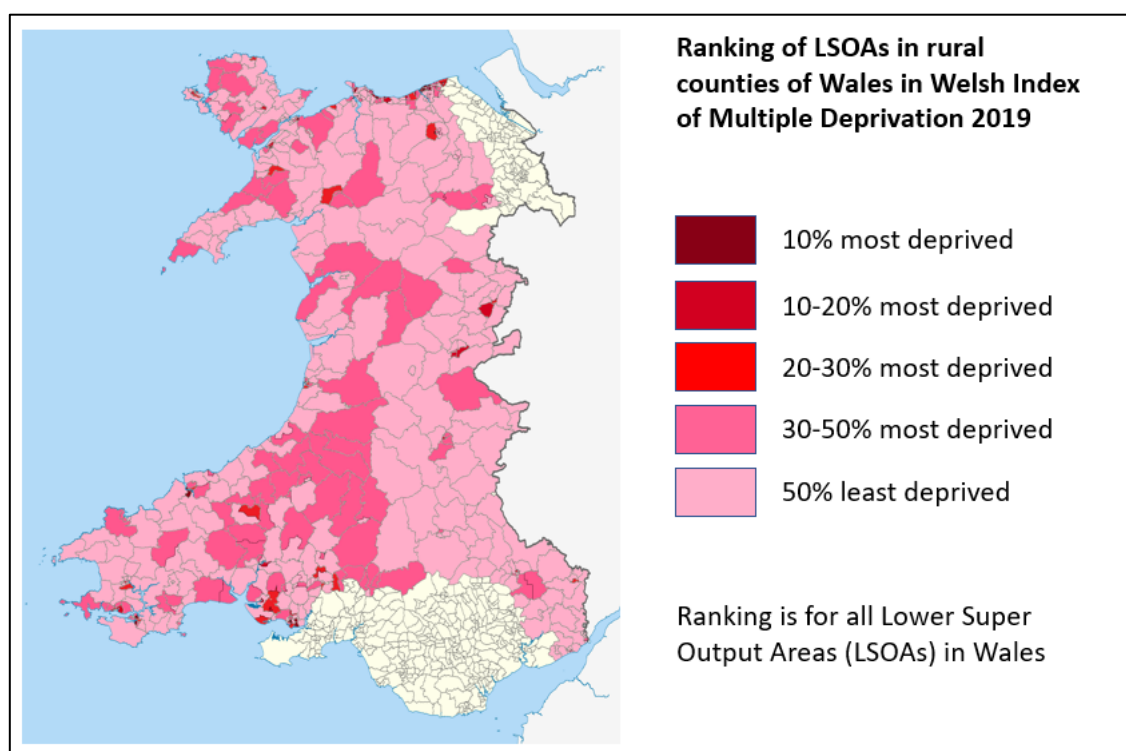


Figure 4.14: Position of Lower Super Output Areas (LSOAs) in rural counties of Wales in overall ranking of Welsh Index of Multiple Deprivation 2019

Source: Stats Wales

4.43 Rural poverty has been described as ‘hidden’ in comparison with urban poverty.⁹¹ Territorial measures of inequality, including the Welsh Index of Multiple Deprivation, can miss evidence of rural poverty because the geographical units used in rural areas are more extensive and less effective at capturing pockets of deprivation, and because there is greater residential mixing of different income groups in rural areas than in urban areas. Accordingly, as Table 4.12 shows, rural

⁸⁹ ‘Valued and Resilient: The Welsh Government’s Priorities for Areas of Outstanding Natural Beauty and National Parks’, Welsh Government, 2018.

⁹⁰ Welsh Index of Multiple Deprivation 2019, Stats Wales, www.statswales.gov.wales

⁹¹ ‘Poverty in Rural Wales: material hardship and social inclusion’, Paul Milbourne, in *Rural Wales in the Twenty-First Century*, 2011.

LSOAs tend to be clustered in the middle of the WIMD ranking whereas the distribution of LSOAs in predominantly urban areas (including rural pockets in these districts) has two poles at either end of the ranking. The hidden character of rural poverty and proximity of households with different income levels can also deepen the qualitative experience of disadvantage for deprived households in rural communities.⁹²

		Large towns in rural counties		Small towns, villages and countryside in rural counties		Villages and countryside in urban districts		Cities and towns in urban districts	
10% most deprived (1-191)		19	(9%)	6	(1%)	15	(5%)	151	(15%)
10-20% most deprived (192-382)		21	(10%)	10	(2%)	24	(9%)	136	(13%)
20-30% most deprived (383-573)		25	(12%)	16	(4%)	37	(13%)	113	(11%)
30-40% most deprived (574-764)		27	(13%)	31	(7%)	28	(10%)	105	(10%)
40-50% most deprived (765-955)		23	(11%)	62	(15%)	18	(7%)	88	(9%)
40-50% least deprived (956-1146)		23	(11%)	79	(19%)	21	(8%)	68	(7%)
30-40% least deprived (1147-1337)		19	(9%)	92	(22%)	20	(7%)	60	(6%)
20-30% least deprived (1338-1528)		17	(8%)	71	(17%)	31	(11%)	72	(7%)
10-20% least deprived (1529-1719)		17	(8%)	38	(9%)	41	(15%)	95	(9%)
10% least deprived (1719-1910)		14	(7%)	9	(2%)	40	(15%)	128	(13%)
Total		205	(100%)	414	(100%)	275	(100%)	1016	(100%)

Table 4.12: Distribution of LSOAs by decile in the Welsh Index of Multiple Deprivation 2019, by setting. Source: Stats Wales

⁹² Ibid.

4.44 The drivers and manifestations of rural deprivation also differ from those for urban deprivation. Analysis of the WIMD shows that levels of both employment deprivation and income deprivation decrease with increasing rurality, however the gap is smaller for income deprivation (Table 4.13). This reflects the greater significance of in-work poverty in rural deprivation, with lower average wages and out-migration a common response to loss of employment or lack of job opportunities in rural areas. Median gross weekly earnings in rural counties of Wales range from £451.50 in Ceredigion to £574.90 in Monmouthshire, with five of the nine counties recording median earnings below the all Wales average of £537.80.⁹³ However, relative wage levels in rural areas have increased since 2010, when only one county (Pembrokeshire) recorded median weekly earnings above the Wales average (Figure 4.15).

	People in income deprivation	Working-age people in employment deprivation
Large towns – less sparse	17%	11%
Small towns and fringe – less sparse	15%	11%
Villages, hamlets and isolated dwellings – less sparse	9%	7%
Large towns – sparse	16%	10%
Small towns and fringe – sparse	19%	9%
Villages, hamlets and isolated dwellings – sparse	10%	6%
All Wales	16%	10%

Table 4.13: Proportion of people in income deprivation and employment deprivation by ONS rural-urban classification, Welsh Index of Multiple Deprivation 2019.

Source: Stats Wales

4.45 The Wales Rural Observatory survey of households in rural wards in 2013 found that 47 per cent had an annual household income of less than £21,000, with 17 per cent reporting an annual income of less than £10,000.⁹⁴ Thirteen per cent of respondents reported an annual household income of more than £52,000. More than two-thirds of households (69 per cent) were in receipt of at least one form of state benefit, most commonly winter fuel payments (33 per cent) and council tax benefit (18 per cent). Nearly half of households (44 per cent) had less than £1,000 in savings and only a third considered that they were living comfortably on their present income (Table 4.14). One in twenty households stated that it would be impossible to find £100 to pay for an unexpected expense, with a further 26 per cent indicating that it would be difficult to find this amount.

⁹³ Average (median) gross weekly earnings by Welsh local authority area and year, Stats Wales, 2020.

⁹⁴ 'Rural Household Survey', Wales Rural Observatory, 2013. Note that the WRO survey interviewed a sample of 4002 households across wards eligible for the RDP, 70% of which were in the nine rural counties.

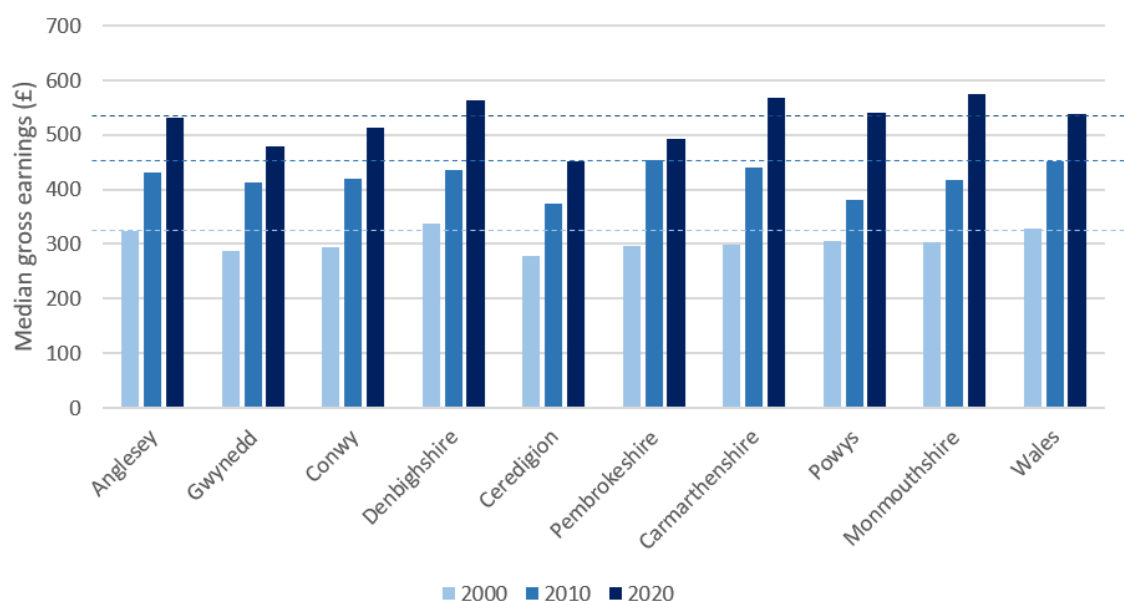


Figure 4.15: Median gross weekly earnings by rural county in Wales.
Source: Stats Wales

	Proportion of respondents
Living comfortably on present income	33%
Coping on present income	47%
Finding it difficult on present income	13%
Finding it very difficult on present income	5%
Don't know / refused	1%

Table 4.14: Adequacy of present income indicated by respondents to WRO Survey of Rural Households 2013. Source: Wales Rural Observatory

Access to Services and Infrastructures

4.46 The lower population density of rural area reduces the potential pool of users or customers for public and commercial services and increases the costs of delivery. As such, many services are not considered to be viable in smaller rural communities and the number and distribution of several key services has decreased over time. A survey of rural communities in Wales in 2013 found that 63 per cent did not have a specialist food shop, 49 per cent did not have a general store, 43 per cent did not have a post office, 16 per cent did not have a public house and 71 per cent did not have a petrol station.⁹⁵

4.47 The provision of public services in rural communities has been affected by reductions in public spending. Revenue Support Grant (RSG) payments to the nine rural local authorities fell by an average of 3.3 per cent between 2010-11 and 2019-20, compared with an average 2.25 per cent

⁹⁵ 'Rural Services Survey', Wales Rural Observatory, 2013.

increase in RSG payments to other local authorities in Wales.⁹⁶ Funding pressures have presented rural local authorities with difficult decisions on service provision frequently impacting on access to services in small towns and rural communities, including in education, library services, and leisure facilities. The combination of fiscal pressures, pedagogic strategy and the need to address out-dated buildings has contributed to a 21 per cent reduction in the number of primary schools in the rural counties of Wales since 2009-10, with many school closures in smaller rural communities with limited pupil enrolments.⁹⁷ In several cases, school rationalization has involved the construction of new area schools, including ten new all-age schools across the rural counties.

4.48 The presence or absence of schools and other facilities for children and young people can affect the attractiveness of rural communities to young families and contribute to demographic ageing. The Wales Rural Observatory services survey in 2013 indicated that nursery provision was one of the few service areas to have increased in rural communities over the preceding decade, but found that they were still only present in half of the responding communities.⁹⁸ Additionally, 39 per cent of rural communities did not have a parent and toddler group or playgroup, 27 per cent did not have a children's playground, and around two-thirds did not have an active youth group or club (e.g. scouts, brownies, youth group). Equally, in spite of the age profile of many rural communities, 82 per cent of communities in rural Wales did not have any formal day-care provision for elderly residents, including over a third of communities with populations of more than 4,000 people.⁹⁹

4.49 Healthcare provision in rural Wales is influenced not only by financial planning and clinical priorities but also by challenges of the recruitment and retention of appropriate personnel. Issues of recruitment have been flagged in a number of reports, especially for junior hospital doctors, GPs and dentists.¹⁰⁰ Difficulties of succession planning for GP surgeries have been reported in a number of small towns and rural communities. Overall, average return travel time to a GP surgery for residents of villages, hamlets and isolated dwellings in 'sparse' parts of Wales is 17 minutes, and 18 minutes to a pharmacy.¹⁰¹ However, travel time increase significantly for the most remote 'deep rural' locations and for individuals dependent on public transport. In 2013, 16 per cent of rural residents surveyed by the Wales Rural Observatory reported difficulty accessing hospital services, increasing to 42 per cent of respondents in Powys, 28 per cent of respondents in Gwynedd, and 20 per cent in Ceredigion.¹⁰² Around a fifth of respondents with low incomes, below £21,000 per year, said that they found it difficult to get to hospitals, GP surgeries and dental practices.¹⁰³

4.50 Commercially-operated services have also decreased in many small towns and rural communities, notably banking services. Over 200 bank branches have closed in Wales since 2015, more than half in rural counties.¹⁰⁴ There are 43 towns and villages in the rural counties of Wales that had at least branch of a High Street bank (Barclays, HSBC, Lloyds, NatWest or TSB) in 2009

⁹⁶ Financing of gross revenue expenditure by authority, Stats Wales, 2020.

⁹⁷ Schools by local authority, region and type of school, Stats Wales, 2020.

⁹⁸ 'Rural Services Survey', Wales Rural Observatory, 2013.

⁹⁹ Ibid.

¹⁰⁰ 'Medical Recruitment', National Assembly for Wales Health, Social Care and Sport Committee, 2017; 'Rural Health and Care Services in Wales', The Welsh NHS Confederation, 2018.

¹⁰¹ Welsh Index of Multiple Deprivation 2019

¹⁰² 'Rural Household Survey', Wales Rural Observatory, 2013

¹⁰³ Ibid.

¹⁰⁴ 'Bank closures: More than 200 branches close in four years', BBC Wales website, 13 June 2019; 'Local Government Services to Rural Communities', Auditor General for Wales, 2018.

that have no operational branches in 2020 (Figure 4.16).¹⁰⁵ The loss of banking facilities in small towns and rural communities has a knock-on impact on the operating costs and logistics of small businesses located in these communities and reduces foot-fall and consequently potential customer numbers for other businesses in the communities.

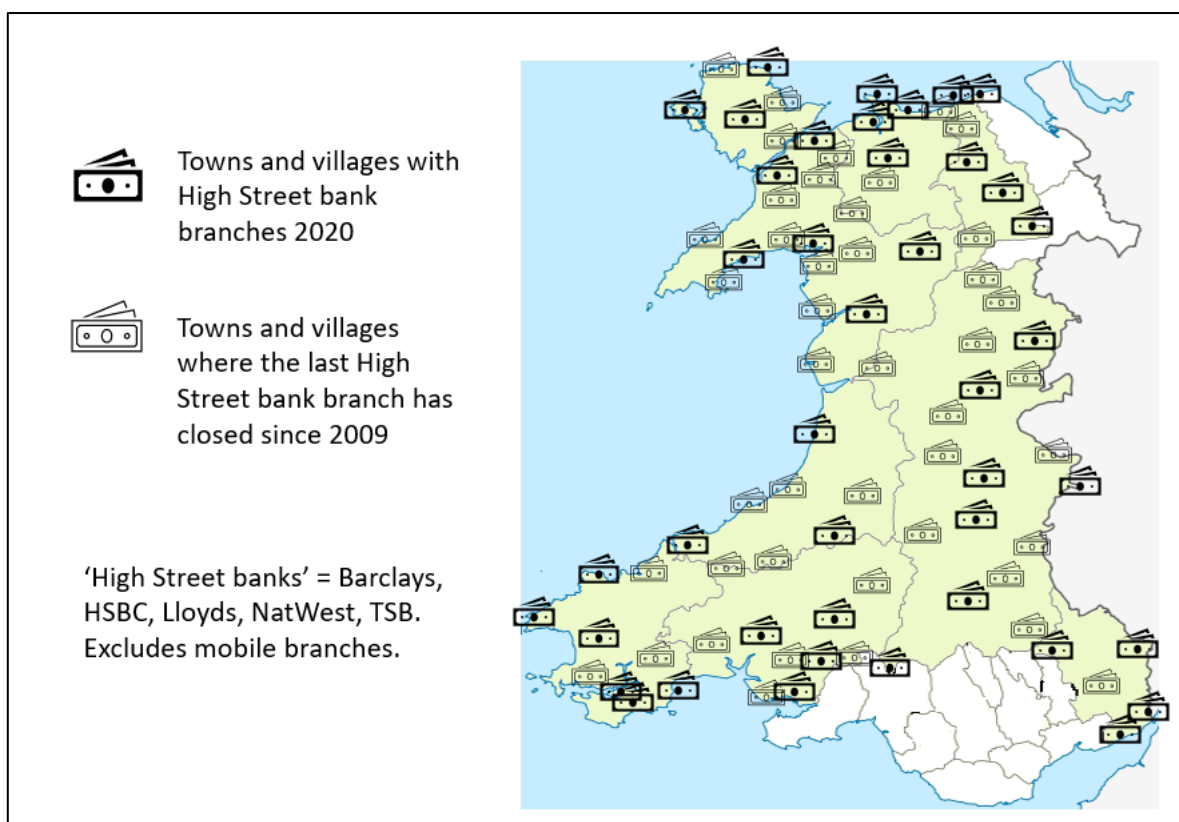


Figure 4.16: Closure of High Street Bank branches in rural counties of Wales, 2009-2020
Source: National Assembly for Wales; Which?; news reports; bank websites.

4.51 The necessity for residents in many rural communities to travel in order to access key services is reflected in higher than average car ownership, which in turn increases living costs for households. Residents without access to private transport are reliant on public transport, which substantially increases travel times (Table 4.15). Coverage of public transport services in rural areas is also patchy. The Wales Rural Observatory rural services survey in 2013 found that only 39 per cent of rural communities had a daily bus service and 17 per cent of communities did not have a bus service at all.¹⁰⁶ Half of town and community councils responding to a survey by the Auditor General for Wales in 2018 indicated that bus services had decreased in their community.¹⁰⁷ Community transport schemes, including dial-a-ride services and community minibuses, have developed to address network gaps, but still had limited coverage at the time of the 2013 WRO survey.¹⁰⁸

¹⁰⁵ 'Access to Banking', National Assembly for Wales Economy, Infrastructure and Skills Committee, 2019; plus additional research.

¹⁰⁶ 'Rural Services Survey', Wales Rural Observatory, 2013.

¹⁰⁷ 'Local Government Services to Rural Communities', Auditor General for Wales, 2018.

¹⁰⁸ 'Rural Services Survey', Wales Rural Observatory, 2013.

	By private car	By public transport
Pharmacy	18 minutes	1 hour 47 minutes
Food shop	9 minutes	1 hour 29 minutes
GP surgery	17 minutes	1 hour 46 minutes
Post office	10 minutes	1 hour 32 minutes
Primary school	8 minutes	1 hour 21 minutes
Secondary school	21 minutes	1 hour 59 minutes
Public library	19 minutes	1 hour 52 minutes
Sports facility	21 minutes	2 hours 10 minutes
Petrol station	13 minutes	n/a

Table 4.15: Average travel time to key services for residents of villages, hamlets and isolated dwellings in sparse areas of Wales, by private car and public transport, 2019.

Source: Welsh Index of Multiple Deprivation, Stats Wales.

4.52 A contributing factor in the decrease of public and commercial service outlets in rural areas of Wales has been the increasing use of online services and shopping. However, access to online services is also limited for rural residents in areas of ‘digital deprivation’, with dated, slow or unreliable broadband or digital mobile phone infrastructure. More than a quarter of households (28.3 per cent) in villages, hamlets and isolated dwellings in sparse areas of Wales do not access to broadband at speeds of 30Mbit/second or above, as do more than a fifth of households (23.6 per cent) in equivalent settings in less sparse areas.¹⁰⁹ Overall, 21 per cent of households in Powys and 19 per cent in Ceredigion do not have access to broadband at 30Mbit/second or above.¹¹⁰ An estimated 15,500 households in rural Wales could not access broadband with at download speeds of 10Mbit/second, the threshold defined by the UK as ‘decent broadband provision’.¹¹¹ This number was projected to decrease in 2020 due to the expansion of wireless broadband services. Access to full fibre broadband networks is slightly higher for rural properties in Wales (17 per cent) than urban properties (10 per cent).¹¹² Mobile phone network coverage is also variable, with 11 per cent of the land area of Wales not able to receive a reliable 4G signal, predominantly in rural areas. Only three-quarters of premises in rural Wales have outdoor access to all mobile phone operators, compared with 97 per cent of premises in urban areas.¹¹³

Housing

4.53 Median house prices in the rural counties of Wales are between 5.46 and 8.74 times median annual earnings, with the highest ratio in Monmouthshire and the lowest in Carmarthenshire (Figure 4.17).¹¹⁴ This compares with a ratio of 5.82 for Wales as a whole, and of between 3.19

¹⁰⁹ Welsh Index of Multiple Deprivation 2019, via Stats Wales

¹¹⁰ Ibid

¹¹¹ ‘Connected Nations Report – Wales 2019’, Ofcom 2019,

¹¹² Ibid

¹¹³ Ibid

¹¹⁴ ‘Housing affordability in England and Wales 2019’, Office of National Statistics, 2020, <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2019#:~:text=In%20both%20England%20and%20Wales%2C%20earnings%20increased%20proportionally%20more%20than,2019%2C%20making%20housing%20more%20affordable.&text=In%20Wales%2C%20house%20prices%20increased,while%20earnings%20increased%20by%204.4%25.>

and 5.51 in other authorities in Wales excluding Cardiff and the Vale of Glamorgan.¹¹⁵ These figures are calculated for median earnings for individuals employed at workplaces in the local authority areas. When mean earnings for residents in an area are used instead, the ratio for rural counties in Wales falls slightly to between 5.15 and 7.37, reflecting the higher earnings of residents working in urban areas outside the county.¹¹⁶

- 4.54 The ratio between annual earnings and house prices is marginally reduced in seven out of the nine rural counties when lower quartile house prices are compared with lower quartile earnings (i.e. comparing the cost of the lowest price housing with the earnings of residents with the lowest incomes), but increases in Denbighshire and Monmouthshire. The lowest ratio, of 5.11 in Carmarthenshire, still in effect puts home ownership beyond the reach of low paid residents in the county.¹¹⁷ New-build housing is generally 15 to 40 per cent more expensive than existing stock across the rural counties, increasing affordability ratios, most notably in Denbighshire. The exception in Ceredigion, where in 2019 the median price of new build housing was 16 per cent below that for existing stock and marginally more affordable (see also Figure 4.17).¹¹⁸
- 4.55 The ratio of median house prices to median annual earnings in rural counties of Wales increased sharply during the 1990s and 2000s, but has remained relatively consistent since around 2005, with some fluctuation (Figure 4.18). In four counties (Conwy, Powys, Ceredigion and Carmarthenshire), the ratio was slightly lower in 2019 than it was in 2010. The greatest inequality between house prices and earnings was experienced in all of the counties between 2006 and 2011. The narrowing of the gap is a combination of slowing house price inflation following the financial crisis of 2008 and increases in average earnings.¹¹⁹
- 4.56 Components of the housing system in rural Wales contain elements of supply and demand, including the relative spending power of local residents and in-migrants, supply to the market of existing stock, and new house building, but also the type of housing coming to market and its location. Between April 2015 and December 2019, construction of 8626 new dwellings was started in the rural counties of Wales, or 29 per cent of new house-build starts in Wales – below the relative proportion of the population.¹²⁰ Over half of the new house-build starts in rural Wales were in the three southern counties of Carmarthenshire, Pembrokeshire and Monmouthshire (Figure 4.19). Just 13 per cent of new builds in rural counties were flats, rather than houses, compared with 22 per cent of new builds in urban districts of Wales over the same period.

¹¹⁵ The ratio in Cardiff for median house prices is 7.10 times median annual earnings and in Vale of Glamorgan it is 7.86.

¹¹⁶ 'Housing affordability in England and Wales 2019', Office of National Statistics, 2020

¹¹⁷ Ibid.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ New dwellings started by local authority and dwelling type, Stats Wales, 2020,

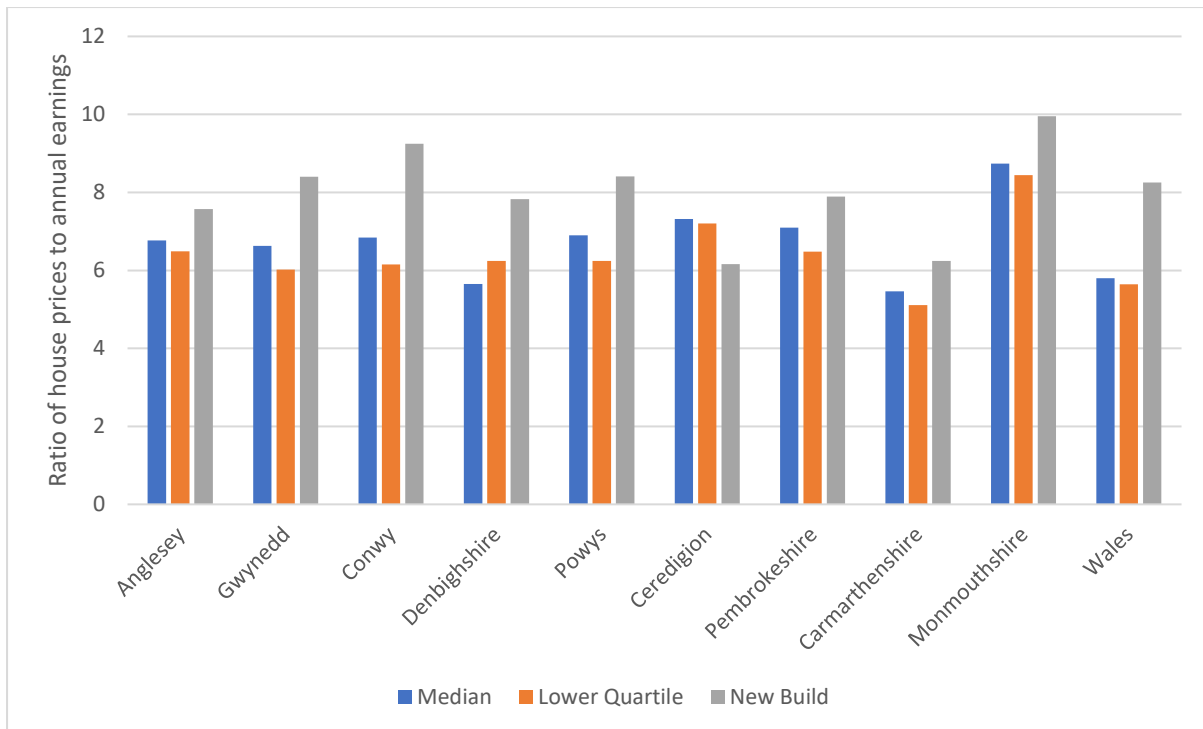


Figure 4.17: Housing affordability in rural counties of Wales, 2019. Source: ONS.
 Median = Median house prices relative to median annual workplace earnings; Lower Quartile = Lower quartile house prices relative to lower quartile earnings by residence; New build = Median prices for new build housing relative to median annual workplace earnings.

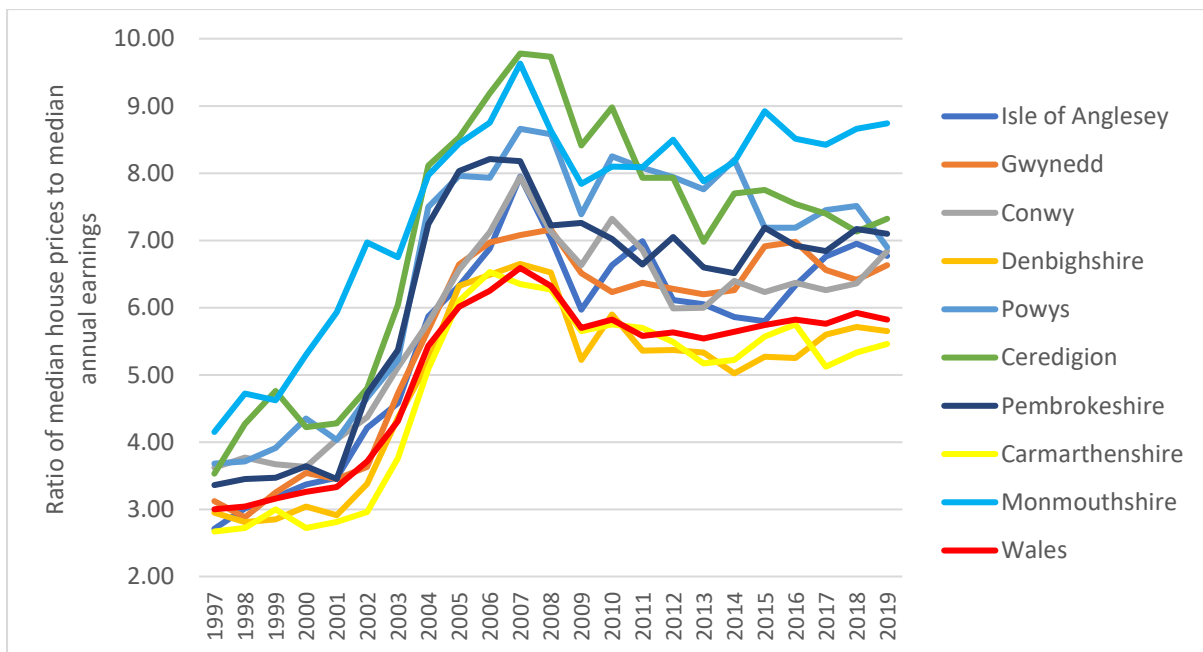


Figure 4.18: Housing affordability in rural counties of Wales, 1997-2019. Source: ONS.

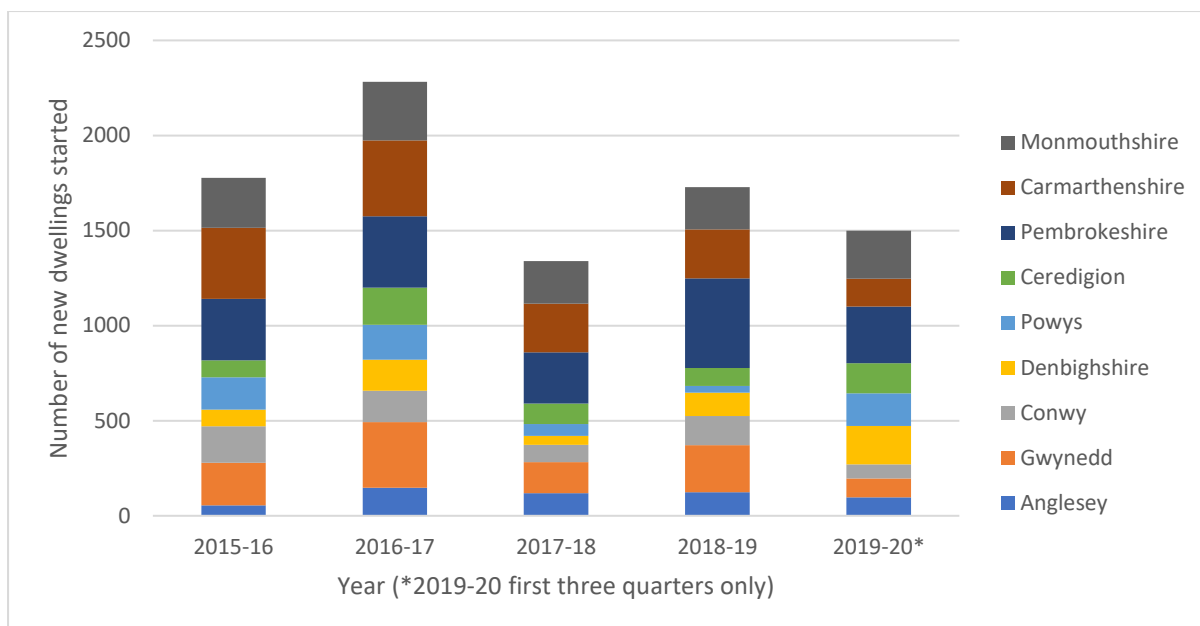


Figure 4.19: New house-building starts in rural counties of Wales, 2015-2019

Source: Stats Wales

4.57 Between 2015 and 2019, 3622 additional affordable housing units were provided in the rural counties of Wales, by local authorities, registered social landlords, and other providers. These include 957 new affordable housing units delivered through planning obligations attached to new private housing developments.¹²¹

4.55 New house-building has also tended to be concentrated in towns and town-fringes within the rural counties of Wales. New building in smaller villages is restricted by planning policies that reflect infrastructure constraints and preservation of the character of settlements. However, restrictions on new housing construction in small villages impacts of housing availability and affordability in these communities, and can introduce additional blockages into the housing system. For example, a shortage of suitable smaller properties for retirement downsizing can mean that older residents wishing to remain in a village stay in larger houses, in turn limiting the availability of these properties to younger families.¹²² This can be a contributing factor in the demographic ageing of communities (and in late life migration from villages to small towns).¹²³

4.56 Issues of housing type and location also contribute to the character of homelessness in rural areas of Wales. Although rough-sleeping is visible in some rural towns, rural homelessness more broadly tends to take less visible forms, including individuals and families living with relatives or friends, in temporary accommodation, or in inadequate or substandard housing, as well as in accommodation distant from their preferred place of residence.¹²⁴

4.57 Social housing provision totaled 64,182 units in the rural counties of Wales in 2019, which represented 27.7 per cent of the total social housing stock in Wales. Around a fifth of this are

¹²¹ Affordable housing provision, Stats Wales, 2020.

¹²² 'Montgomeryshire Villages Project', Report from Aberystwyth University to MCRA, 2015.

¹²³ 'Connecting rural and urban places: enduring migration between small areas in England and Wales', Nigel Walford, in *The Next Rural Economies*, 2010.

¹²⁴ 'Homelessness in Rural Wales', Wales Rural Observatory, 2006; 'Rural homelessness: prevention practices in Wales', Andrea Gibbons et al., *Social Policy and Society*, 2020.

sheltered housing units or other supported accommodation, with the remainder available for general needs. Registered social landlords provide 57 per cent of social housing units in the rural counties and local authorities 43 per cent.¹²⁵

- 4.58 Second home ownership is a contributing factor to issues of housing supply and affordability in rural Wales. In March 2020 there were 17,061 chargeable second homes in the rural counties of Wales, or 70 per cent of second homes in Wales (this figure excludes second properties that are let for holiday stays that have been registered for business rates and are exempt from council tax).¹²⁶ Over half are located in the counties of Gwynedd and Pembrokeshire, which also have the highest proportions of housing stock formed by second homes (Table 4.16). Within rural counties, second homes are especially concentrated in coastal communities including Abersoch, Aberdyfi, Aberaeron and New Quay. These same communities are also disproportionately affected by the conversion of housing to holiday lets, with a 915 per cent increase in whole property lets in Gwynedd listed on AirBnb between 2017 and 2019.¹²⁷
- 4.59 The composition of second homes is complex and includes long-term properties of residents working away and inherited properties as well as properties purchased for weekend or seasonal use or as investment properties. Studies have shown that second homes are a symptom of inequalities created by rural socio-economic decline as much as a causal factor, with second home markets initially emerging as a response to the prevalence of vacant and derelict properties in depopulating rural communities.¹²⁸ However, more recently second home numbers have been driven by external purchases, frequently in competition with local buyers. Figures for Land Transaction Tax charges indicate that just over a quarter of residential property sales in rural counties of Wales between April 2019 and March 2020 were as second homes, rising to 36 per cent in Anglesey and 37.5 per cent in Gwynedd (Table 4.17).¹²⁹
- 4.60 Local authorities are permitted to charge a premium on council tax for second homes as mitigation for the impacts on local communities. In 2019-20, all rural local authorities in Wales levied a premium on second homes with the exception of Carmarthenshire and Monmouthshire. Premiums charged ranged from 25 per cent in Ceredigion and Conwy, to 35 per cent in Anglesey, to 50 per cent in Gwynedd, Denbighshire, Pembrokeshire and Powys. Certain second homes are exempt from premium charges, such that overall 80 per cent of chargeable second homes in rural counties of Wales pay a council tax premium (88 per cent excluding Carmarthenshire and Monmouthshire).
- 4.61 In March 2020, there were 10,247 empty residential properties in rural counties of Wales, representing around 2 per cent of the total housing stock. These include empty and unsold houses, and vacant residential premises linked to commercial properties. The highest proportions of empty properties are in Carmarthenshire, Pembrokeshire and Ceredigion.¹³⁰

¹²⁵ Social housing stock data, Stats Wales, 2020.

¹²⁶ Chargeable empty and second homes, by local authority, Stats Wales, 2020.

¹²⁷ AirDNA survey 2020.

¹²⁸ 'Multilocality', ROBUST Short Report, 2020; see also 'Dispelling a myth? Second homes in rural Wales', Nick Gallent at el., *Area*, 2003; 'Archives and interviews: Perspectives on population change in the Black Mountains, 1840-1983', Rob Gant, *Brycheiniog*, 2020.

¹²⁹ Land Transaction Tax statistics by local authority and transaction type, Stats Wales, 2020. Note that Land Transactions Tax is charged at a higher rate for purchases of a residential property worth £40,000 more where the purchaser already owns one or more properties, which can be interpreted as a proxy for second home purchases.

¹³⁰ Chargeable empty and second homes, by local authority, Stats Wales, 2020.

	Number of chargeable second homes	% of total housing stock	% of chargeable second homes paying a council tax premium
Anglesey	2112	6.0%	97%
Gwynedd	4900	7.8%	81%
Conwy	1182	2.0%	98%
Denbighshire	422	1.0%	90%
Powys	1313	2.0%	70%
Ceredigion	1735	4.9%	95%
Pembrokeshire	4072	6.4%	90%
Carmarthenshire	1125	1.3%	0%
Monmouthshire	200	0.4%	0%
<i>Rural Wales total</i>	<i>17061</i>	<i>3.5%</i>	<i>80%</i>

Table 4.16: Second homes in rural counties of Wales, 2020. Source: Stats Wales.

	Transactions charged Land Transaction Tax at higher rate	% of all residential property transactions
Anglesey	480	36.2%
Gwynedd	830	37.5%
Conwy	680	28.3%
Denbighshire	370	22.2%
Powys	450	21.7%
Ceredigion	300	24.8%
Pembrokeshire	690	29.2%
Carmarthenshire	780	23.2%
Monmouthshire	300	9.0%
<i>Rural Wales total</i>	<i>4880</i>	<i>26.8%</i>

Table 4.17: Higher rate Land Transaction Tax charges (proxy for second home purchases) in rural counties of Wales, April 2019-March 2020. Source: Stats Wales.

Welsh Language

4.62 Rural communities in the north and west of Wales are commonly regarded as the heartlands of the Welsh language, identified as *Y Fro Gymraeg*. One in two Welsh speakers lives in the rural counties of Wales. Across the rural counties as a whole, 43.9 per cent of the population aged 3 and above are able to speak Welsh, including 75.1 per cent in Gwynedd, 66.0 per cent in Anglesey and 61.4 per cent in Ceredigion.¹³¹ In these counties and most other parts of rural Wales, the numbers of Welsh speakers are greater in rural areas than in urban areas of the counties, underscoring the significance of rural communities (Table 4.18). At the 2011 Census, there were 154 wards in rural Wales where more than half of residents stated that they could speak Welsh, including 15 with over 80 per of residents able to speak Welsh (Figure 4.20).¹³²

¹³¹ Annual Population Survey – Ability to speak Welsh by local authority and year, Stats Wales, 2020.

¹³² Welsh language profile, Census 2011, via NOMIS.

	% of residents aged over 3 able to speak Welsh		
	Total	Urban areas	Rural areas
Gwynedd	65.4%	38.5%	70.1%
Isle of Anglesey	57.2%	42.2%	60.1%
Ceredigion	47.3%	30.9%	52.8%
Carmarthenshire	43.9%	37.7%	49.8%
Conwy	27.4%	19.8%	44.3%
Denbighshire	24.6%	14.9%	33.9%
Pembrokeshire	19.2%	12.0%	21.4%
Powys	18.6%	25.2%	17.6%
Neath Port Talbot	15.3%	13.0%	22.6%
Flintshire	13.2%	12.0%	15.7%
Wrexham	12.9%	13.0%	12.7%
Rhondda Cynon Taf	12.3%	12.4%	12.0%
Swansea	11.4%	10.4%	18.7%
Caerphilly	11.2%	11.2%	11.2%
Cardiff	11.1%	10.9%	19.2%
Vale of Glamorgan	10.8%	10.6%	11.6%
Monmouthshire	9.9%	9.7%	10.1%
Torfaen	9.8%	9.8%	10.2%
Bridgend	9.7%	9.9%	9.4%
Newport	9.3%	9.3%	9.5%
Merthyr Tydfil	8.9%	8.8%	9.3%
Blaenau Gwent	7.8%	7.8%	8.4%

Table 4.18: Welsh speakers in rural and urban areas by local authority, 2011.

Source: 2011 Census, via NOMIS. Rural and urban areas defined by ONS classification.

4.63 The proportion of residents able to speak Welsh decreased in over 80 per cent of wards across rural counties of Wales between 2001 and 2011 (Figure 4.21).¹³³ The decrease in Welsh speaking capacity in these areas commonly resulted from a combination of out-migration by Welsh-speakers, for education, employment or to find affordable housing, and in-migration by non-speakers. A minimum of 70 per cent of a population able to speak Welsh is considered to be required in order for Welsh to function as the everyday language of a community, and ten wards in rural Wales dropped beneath this threshold between 2001 and 2011.¹³⁴ Overall, in 2020, 65 per cent of people in Gwynedd, 52 per cent in Anglesey, 40 per cent in Ceredigion and 31 per cent in Carmarthenshire claimed to use Welsh on a daily basis.¹³⁵

¹³³ Welsh language skills, Census 2001 and Census 2011, via NOMIS

¹³⁴ *New Geographies of Language: Language, Culture and Politics in Wales*, Rhys Jones and Huw Lewis, 2019.

¹³⁵ Annual Population Survey – frequency of speaking Welsh by local authority and year, Stats Wales, 2020.

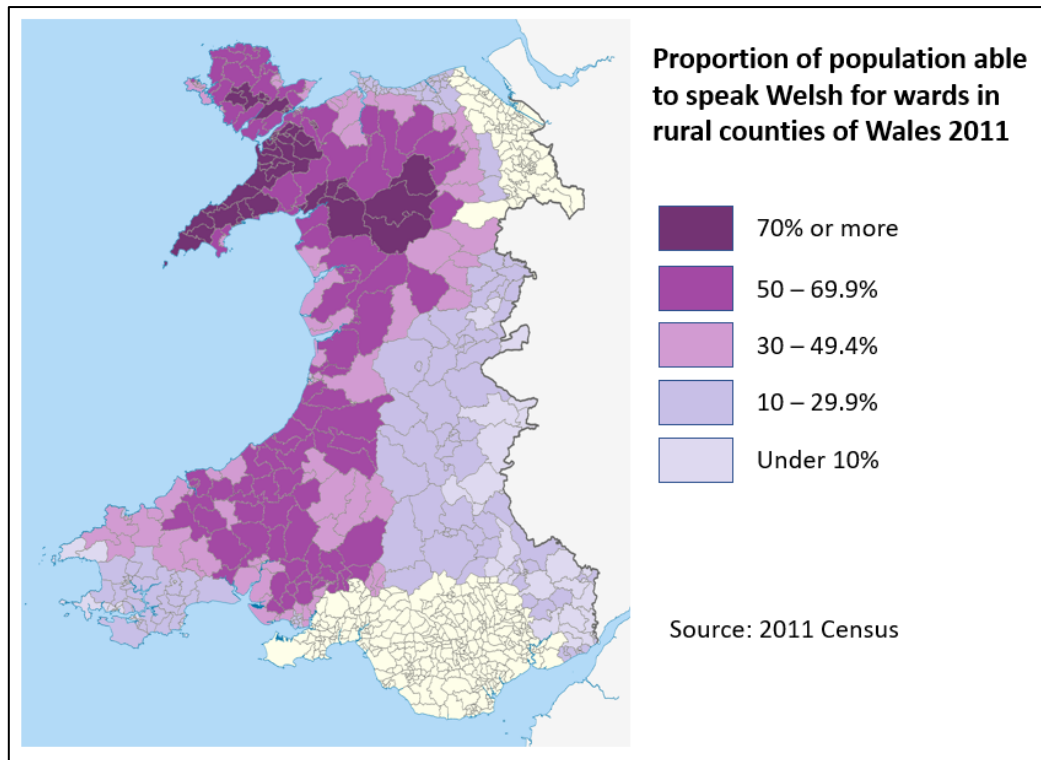


Figure 4.20: Proportion of population (aged 3 above) able to speak Welsh for wards in rural counties of Wales, 2011. Source: 2011 Census, via NOMIS.

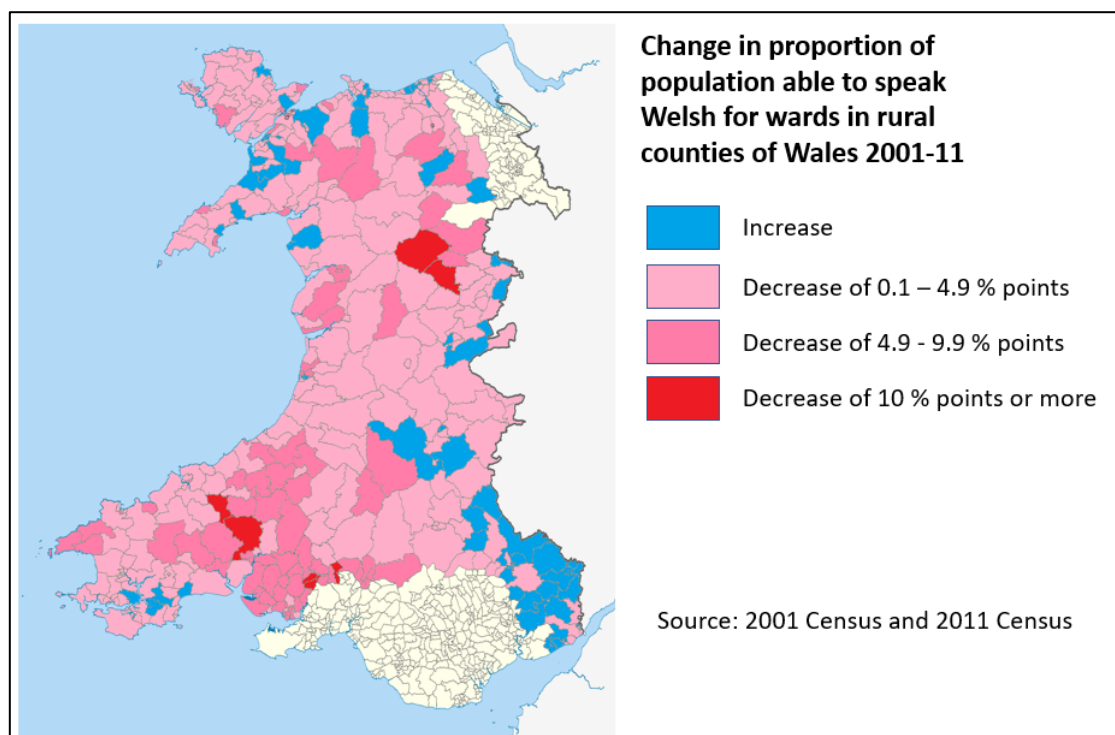


Figure 4.21: Change in proportion of population (aged 3 above) able to speak Welsh for wards in rural counties of Wales, 2001 - 2011. Source: 2001 and 2011 Census, via NOMIS.

4.64 There is a strong association between the Welsh language and farming in many parts of rural Wales, with 43 per cent of people employed in the Agriculture, Forestry and Fishing sector in 2011 able to speak Welsh – a higher proportion than for any other significant occupational group.¹³⁶ This is particularly the case in upland areas of mid and north Wales, with a NFU Cymru survey of upland farmers finding that 53 per cent of respondents spoke Welsh fluently.¹³⁷ Decreases in the number of farmers in Wales and the closure or rationalization of sites at which farmers meet and interact, such as livestock marts, therefore contribute to a decrease in everyday use of Welsh in rural Wales. The NFU Cymru upland farm survey similarly documented the significant involvement of farming households in rural community activities, including in predominantly Welsh-speaking areas, with 83 per cent of respondents participating in at least voluntary activity in their local community, 35 per cent belonging to a local chapel or church, and 22 per cent involved with the community council.¹³⁸

Rural – Urban Interactions

4.65 There are strong linkages and interactions between rural areas of Wales and towns and cities in Wales and England. The rural population is reliant on urban centres for specialist healthcare and professional services, most comparison shopping, and a share of employment.

4.66 Around 25,000 residents of rural counties in Wales are estimated to commute to work in predominantly urban districts in Wales, including 10,900 in Swansea, 4,000 in Newport, 2,100 in Cardiff and 2,100 in Wrexham (Figure 4.22). A further 25,000 residents are estimated to cross the border to work in England, including around 5,400 in Bristol, 4,800 in the North West of England, and 3,700 and 2,900 in the adjacent rural counties of Shropshire and Herefordshire respectively. A similar number of around 23,000 people are estimated to commute into rural counties to work from other parts of Wales, including 6,700 from Swansea, 2,400 from Newport and 8,300 from the South Wales Valleys. At least 7,500 people are estimated to commute to work in rural counties of Wales from England. As such, the net dependency of rural counties of Wales on cities and towns outside the region for employment is relatively small.¹³⁹

4.67 There is also a hierarchy of urban-rural relations with rural counties of Wales between towns and neighbouring rural areas. Analysis by the Wales Rural Observatory of 2001 Census data indicated that larger towns including Aberystwyth, Bangor, Carmarthen and Haverfordwest are significant employment centres for surrounding rural areas with more than 6,000 inward commuters each.¹⁴⁰ A number of smaller towns were also identified as having a high proportion of workplace jobs to the working age population and substantial volumes of inward commuting, including Llangefni, Caernarfon, Newtown, Welshpool, Llandrindod Wells, Brecon, Pembroke Dock and Abergavenny. In contrast, small towns closer to larger settlements including Llanrwst, Crickhowell, Pembroke and Caldicot had net outward commuting flows. These towns also tend to have more limited functions as service centres for neighbouring rural populations.

4.68 The combination of commuting and lower day-time populations and inward flows of second home owners, tourists and visitors at weekends and during holiday periods means that the actual

¹³⁶ 'Agriculture in Wales', Welsh Government, 2019.

¹³⁷ 'A Vision for Welsh Upland Farming', NFU Cymru, 2020.

¹³⁸ Ibid.

¹³⁹ Detailed commuting patterns in Wales by Welsh local authority, Stats Wales, 2020.

¹⁴⁰ 'Small and Market Towns in Rural Wales and their Hinterlands', Wales Rural Observatory, 2007.

number of people present in rural areas of Wales fluctuates substantially, presenting challenges for service and infrastructure planning.¹⁴¹

- 4.69 Economic and employment flows between rural and urban areas have prompted models of economic development that project that investment and growth in urban centres will produce trickle-out benefits to surrounding rural areas. This is a key assumption of the city-region model of economic development, as adopted in the Cardiff Capital Region and Swansea Bay growth deals. However, the assumption has been questioned by some commentators in the regional studies literature, several of whom have critiqued city-region models for marginalizing the interests and potential of rural areas within the region.¹⁴²

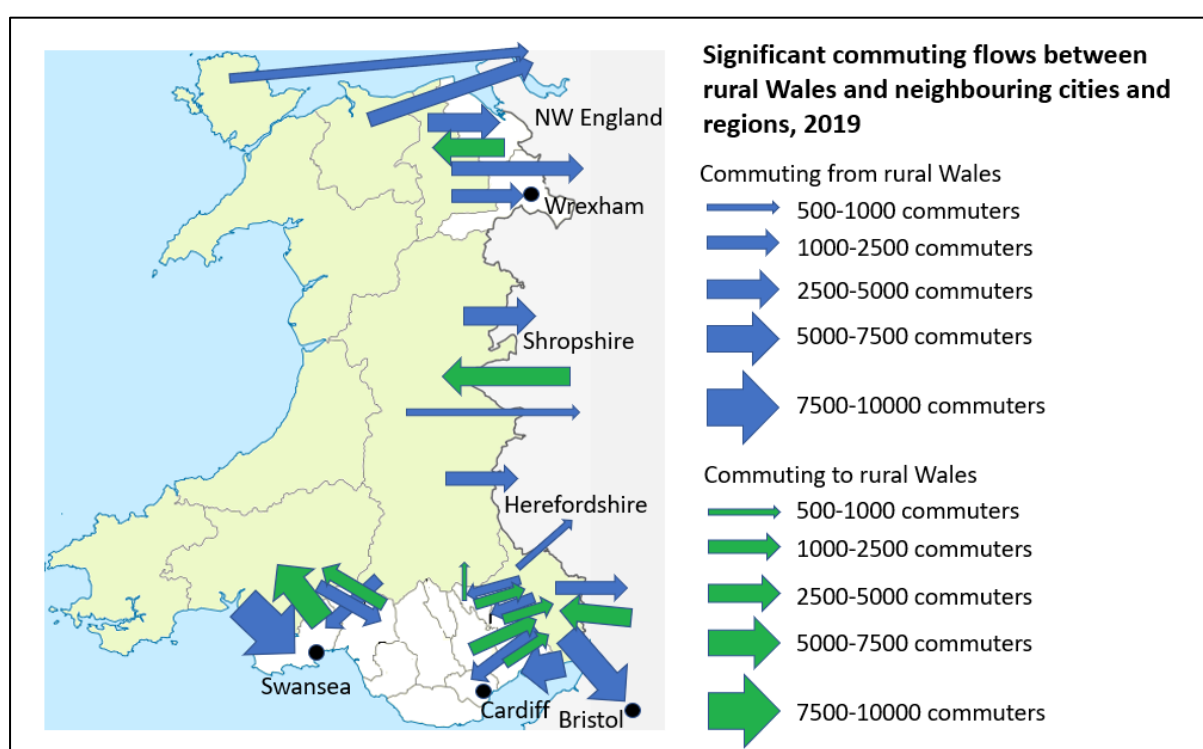


Figure 4.22: Commuting flows between rural counties of Wales and cities and regions outside rural Wales, 2019 (estimated numbers)

Source: Stats Wales

UK Withdrawal from the European Union (Brexit)

- 4.70 The end of the transition period for the UK's withdrawal from the European Union on 31st December 2020 introduced a changed trading relationship between Britain and the EU which has substantial implications for the rural economy of Wales. The late agreement between the two sides created significant uncertainty that impacted on the capacity of businesses in rural Wales to plan appropriately, and whilst the scenario of trading on WTO and the introduction of tariffs

¹⁴¹ 'Multilocality', ROBUST Short Report, 2020.

¹⁴² 'Conceptualisation of Rural-Urban Relations and Synergies', ROBUST Deliverable 1.1, 2017; also 'Governing beyond the metropolis: placing the rural in city-region development', John Harrison and Jesse Heley, *Urban Studies*, 2015; 'Rural development and the economies of rural areas', Neil Ward, in *A New Rural Agenda*, 2006.

was avoided, the terms of the UK-EU Trade and Cooperation Agreement will have a number of implications for businesses and producers in rural Wales that will be experienced unevenly between sectors.¹⁴³

- 4.71 Nearly three-quarters of international exports of food and drink from Wales are to the EU and the farming and food sector is consequently vulnerable to changes in market access and costs of trade.¹⁴⁴ The sheep farming industry is among the most exposed, with over a third of Welsh lamb meat production exported to the EU.¹⁴⁵ European markets, particularly in Italy and Spain, are especially important for 'light lamb' associated with hill farming in Wales.¹⁴⁶ Foresight analysis had projected that the prospective introduction of tariffs on UK lamb exports to the EU could have undermined the viability of many sheep farms in rural Wales.¹⁴⁷ However, substantial decreases in farm business income have also been projected for sheep and beef cattle farms in Wales under scenarios close to the terms of UK-EU Trade and Cooperation Agreement, reflecting in part the potential inflationary effect on prices of costs associated with new customs requirements.¹⁴⁸
- 4.72 The dairy sector in Wales has greater prospects of benefiting from Brexit, through substitution of imported milk and dairy products in UK markets. Early moves in this direction contributed to an increase in milk prices and dairy farm incomes after 2016, but incomes fell again in 2019.¹⁴⁹ Some projections anticipate a substantial expansion of the area of dairy farming in Wales, however, the ability of Wales to fully capture the value generated by increased milk production is currently constrained by limited dairy processing capacity in Wales.¹⁵⁰
- 4.73 The fisheries sector in Wales remains highly exposed to the impact of Brexit due to its orientation towards shellfish, 90 per cent of which are exported to the EU with limited opportunities for redirection to domestic markets. Exports of fresh shellfish to the EU are dependent on swift and seamless transport, with delays at ports from new customs procedures presenting challenges for seafood businesses in rural Wales from increased costs and the risk of spoilage.¹⁵¹ Total employment in the fisheries sector in rural Wales is limited, but it is concentrated in a small number of ports where the impact could be significant, including Holyhead, Saundersfoot, Fishguard, Amlwch, Aberystwyth and Morfa Nefyn.¹⁵² Milford Haven might also be affected by reduced landings by EU-registered trawlers. As shellfish are non-quota species there is little direct benefit to be gained from the repatriation of fishing regulation. There will be opportunities to increase fishing for quota-species in Welsh waters, however the existing fishing fleet in Wales has limited capacity to take advantage and substantial investment would be required to enable the industry to refocus, such that the benefits are more likely to be realised by vessels from other UK nations.

¹⁴³ 'UK-EU Trade and Cooperation Agreement: Summary', 2020.

¹⁴⁴ 'Exploring the Implications of Brexit for Agriculture and Horticulture in Wales', AHDB Horizon Report, 2018.

¹⁴⁵ 'Agriculture in Wales 2019', Welsh Government, 2020.

¹⁴⁶ 'Exploring the Implications of Brexit for Agriculture and Horticulture in Wales', AHDB Horizon Report, 2018

¹⁴⁷ Ibid.

¹⁴⁸ Ibid.

¹⁴⁹ Farm Business Survey 2019

¹⁵⁰ 'Exploring the Implications of Brexit for Agriculture and Horticulture in Wales', AHDB Horizon Report, 2018

¹⁵¹ 'Brexit: Welsh seafood in "grave state" over port delays', BBC News Wales, 16 January 2021; 'Family-run business risks losing £50,000 of shellfish after Brexit delays at French border', Wales Online, 14 January 2021.

¹⁵² 'Implications of Brexit for Fishing Opportunities in Wales', Public Policy Institute for Wales, 2018.

- 4.74 The forestry and wood processing sectors in Wales may benefit from increased demand for domestically produced timber and wood products in response to increased costs or supply-chain difficulties for imports from the EU. Long term benefits are tied to expansion of forestry production, which involves a time-lag, and the most optimistic projections assume that forest cover in Wales will increase as land is released from sheep farming, which is controversial.
- 4.75 The longer-term prospects for Welsh rural industries will be shaped by trade deals negotiated by the UK with other countries, in addition to the trading relationship with the EU. Welsh products are exported to a number of states beyond Europe, with Welsh lamb for example sold as a premium product in Canada, Switzerland, the United Arab Emirates and Hong Kong, and there may be potential to extend these markets with new trade deals.¹⁵³ These are however unlikely to be sufficient to compensate for reduced exports to the EU. Prospective trade deals with Australia and New Zealand have additionally been projected to have a net negative impact for Welsh agriculture through increased competition for UK markets and downward pressure on prices, though the extent of the impacts may be influenced by the terms of trade and the wider global trade situation.¹⁵⁴
- 4.76 The terms of the UK-EU Trade and Cooperation Agreement and changed border regimes are likely to have substantial consequences for the ferry ports at Holyhead, Fishguard and Pembroke Dock. Forecasts that congestion and disruption to local areas could result from a lack of sufficient preparation at ports have not been realised during the first weeks of 2021, in part due to a much lower volume of traffic because of COVID-19 restrictions, but are still a potential risk when traffic levels recover.¹⁵⁵ However, there is also emerging evidence that traffic through Welsh ports may be permanently reduced as vehicles in transit between the Republic of Ireland and continental Europe switch to direct sailings between Ireland and France.¹⁵⁶ A permanent reduction in transit traffic would decrease overall custom for the ports and have potential impacts for service businesses in the port towns of Fishguard, Holyhead and Pembroke Dock and along the A55 and M4 corridors.
- 4.77 The end of freedom of movement with the European Union and introduction of a new UK immigration system could potentially present challenges for labour recruitment in some sectors of the economy of rural Wales. These include health and social care, with EEA nationals making up 7 per cent of doctors in Wales and 2.4 per cent of employees in social care. Obstacles to future recruitment from the EEA may produce shortages in certain areas that could have greatest impact for smaller practices and institutions in more rural locations.¹⁵⁷ Animal health is also a particularly exposed sector with EEA nationals comprising 25 per cent of veterinary professionals in Wales, including 80 per cent of vets at abattoirs, and requirements for veterinary services likely to increase as a consequence of new trade regulations.¹⁵⁸ Recruitment challenges for veterinary

¹⁵³ 'Exploring the Implications of Brexit for Agriculture and Horticulture in Wales', AHDB Horizon Report, 2018

¹⁵⁴ Welsh Government forecasting

¹⁵⁵ 'UK is not doing enough to get Irish-facing ports ready for Brexit', Jonathan Evershed and Rhys Jones, The Conversation, 15 October 2020.

¹⁵⁶ 'Brexit: Irish hauliers "bypassing Welsh ports", say bosses', BBC News Wales, 18 January 2021.

¹⁵⁷ 'How changes in the rural economy post-Brexit might impact on healthcare / health inequalities in rural Wales', National Assembly for Wales Research Briefing, 2019. Figures for the current workforce are from 'Brexit and the Health and Social Care Workforce in the UK', National Institute of Economic and Social Research, 2018.

¹⁵⁸ 'Exploring the Implications of Brexit for Agriculture and Horticulture in Wales', AHDB Horizon Report, 2018

professionals could restrict the capacity of the food processing sector in Wales to adapt to new regulations and respond to new opportunities.

- 4.78 Labour from EU member states has also been important in the food processing, manufacturing and hospitality sectors in rural Wales, with the majority of EU workers employed on wages well below the earnings threshold introduced in new UK immigration legislation.¹⁵⁹ The curtailing of recruitment from the EU may have the effect of raising wages as employers compete for local labour, but risks have also been identified that some businesses may relocate from rural Wales to sites closer to larger labour markets.¹⁶⁰
- 4.79 The consequences of Brexit for rural Wales also include implications from changes in the policies and programmes that deliver support for agriculture and rural development. In the 2014-20 programming period, Wales received approximately €320 million per year under Pillar 1 of the Common Agricultural Policy, of which €260 million has been distributed to around 17,000 farm businesses through the Basic Payment Scheme.¹⁶¹ Around 87 per cent of basic payments have been made to farm businesses in the rural counties of Wales, with Powys (€60m), Gwynedd (€28m) and Carmarthenshire (€28m) the largest beneficiaries (Figure 4.23).
- 4.80 The Rural Development Programme for Wales, supported under Pillar 2 of the Common Agricultural Programme, has provided a total of €292.4 million in EU funds plus an additional €655.8 million in matched funding during the 2014 – 2020 programming period. From the combined total of approximately €950 million, 62.2 per cent was budgeted for restoration of ecosystems through agri-environment payments, 14.4 per cent for supporting farm viability, 14.3 per cent on low carbon resilience, 6 per cent on rural community development, 2.4 per cent on diversification and small enterprises, and 0.5 per cent for access to quality IT.¹⁶² In the 2019 financial year, rural development payments of €102 million were made, with Powys (€24m), Ceredigion (€21m) and Gwynedd (€15m) the largest beneficiaries (Figure 4.24). The RDP has included €56.6 million in funding for LEADER initiatives to support rural community development, delivered through local action groups led by councils as the administering authorities. Since its inception in 1991, the LEADER programme has played an important role in building community capacity and supporting the 'soft infrastructure' of rural communities in Wales, with Box 4.1 providing an illustration of projects supported by one local action group in the 2014-2020 programming period.¹⁶³

¹⁵⁹ 'Migrant workers in rural Wales and the South Wales Valleys', Wales Rural Observatory, 2014.

¹⁶⁰ 'After Brexit: 10 Key Questions for Rural Policy in Wales', Centre for Rural Economy and Centre for Welsh Politics and Society, 2018.

¹⁶¹ 'Exploring the Implications of Brexit for Agriculture and Horticulture in Wales', AHDB Horizon Report, 2018

¹⁶² 'Factsheet on the 2014-2020 Rural Development Programme for Wales (United Kingdom)', European Commission.

¹⁶³ UK CAP Payments 2019, UK Coordinating Body.

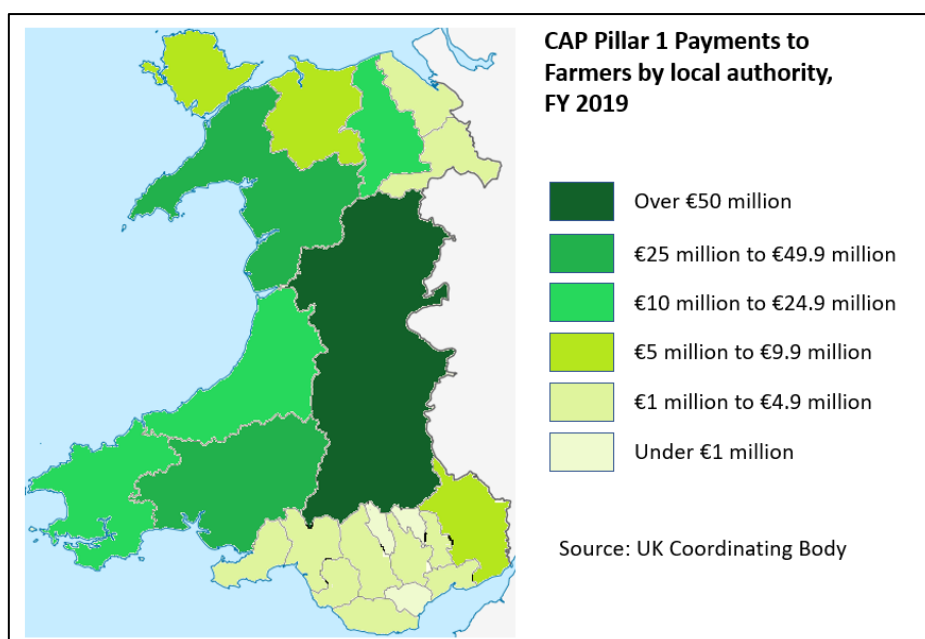


Figure 4.23: Payments to farmers in Wales under Pillar 1 of the Common Agricultural Policy, by local authority, FY 2019 (16 October 2018 – 15 October 2019). Source: UK Coordinating Body

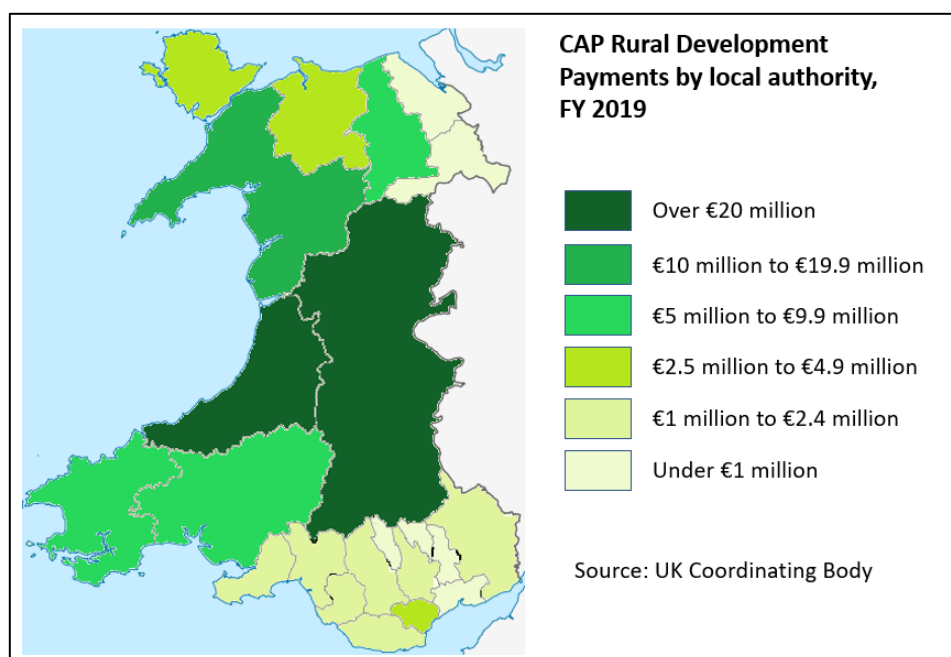


Figure 4.24: Rural development payments under the Common Agricultural Policy, by local authority, FY 2019 (16 October 2018 – 15 October 2019). (NB: Grants to organizations mapped by registered office; Ceredigion figures exclude €10.8m payments to Welsh Government). Source: UK Coordinating Body

Box 4.1: Examples of Projects Supported by Cynnal y Cardi LEADER LAG in Ceredigion, 2014-2020

- Play and recreation schemes in rural Ceredigion
- Dyffryn Aeron Cycle Path
- Intergenerational Rural Resilience Project (Cardigan and Tregaron)
- Amethyst and 'Here for You' mental health projects
- Pen Dinas Hill Fort
- Coed y Bont Community Engagement Project
- Community Leadership Academy

4.81 Rural areas of Wales have additionally received funding through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), delivered through regional programmes for West Wales and the Valleys (including Anglesey, Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd and Pembrokeshire) and East Wales (including Monmouthshire and Powys). In the 2014-2020 programming period, the West Wales and the Valleys programme has delivered £1604.6 million of EU funds and £3078.63 million in matched funds across urban and rural areas, and the East Wales programme has delivered £325.3 million of EU funds and £987.8 million in matched funds across urban and rural areas. In the previous 2007-2013 period, the West Wales and the Valleys convergence region programme was credited with creating 10,945 jobs and 3,155 new businesses in rural counties, and supported a number of large projects including the Anglesey Marine Energy Scheme, Bodnant Welsh Food Centre, the redevelopment of Cardigan Castle, the Nant Gwetheyrn Heritage Centre, the Ceredigion Coastal Path and improvements to the A40 in Monmouthshire.¹⁶⁴

4.82 The Welsh Government has proposed a replacement system for agricultural support replacing Pillar 1 of the CAP through a single Sustainable Farm Payment that is focused on the key principle of sustainable land management and incorporates support for food production and the delivery of wider public goods, including environmental benefits and social benefits including for the Welsh language culture.¹⁶⁵ However, criticisms have been directed at the proposals for their emphasis on environmental measures as the basis for rural development interventions and for not specifically identifying the contribution of Welsh agriculture to food security as a public good, as well as for omitting social and cultural dimensions of rural development.

4.83 The Welsh Government has similarly outlined a Framework for Regional Investment in Wales. This replaces the previous framework for EU Structural Funds that was organized through the two NUTS 2 regions of East Wales and West Wales and the Valleys (designed to maximise eligibility for EU cohesion funding) with a structure delivered through Regional Economic Frameworks that integrate rural and urban areas. The proposed approach replaces both EU ERDF and Rural Development funding and the framework document states that it:

will ensure that the needs of the rural economy are addressed. Activities led by and with the active involvement of rural communities will be key in delivering priorities within the Regional Economic Frameworks to facilitate place-based planning and delivery in response to locally identified needs and opportunities across rural areas. Provision will also be made available to facilitate the realisation of

¹⁶⁴ 'Brexit and Rural Wales', Michael Woods, Presentation to Welsh Government 2018.

¹⁶⁵ 'Sustainable Farming and Our Land: Consultation Document', Welsh Government, 2019.

innovative responses to the particular needs and opportunities of the rural economy and Communities, along with funding to mainstream and scale-up successful ideas¹⁶⁶

However, in contrast with the previous RDP, the proposed framework does not involve a distinctive and separate rural development stream and does not ring-fence funding specifically for rural development. The framework proposes a de facto continuation of the LEADER programme through the extension of Community Led Local Development to all parts of Wales, but does not elaborate on delivery mechanisms and implies that rural areas will compete with urban areas for funding within priorities and principles established at regional level in the Regional Economic Frameworks.

4.84 The implementation of the proposals outlined by the Welsh Government in *Sustainable Farming and Our Land* and the *Framework for Regional Investment* are contingent on UK legislation concerning the new UK Shared Prosperity Fund (UKSPF), which will replace Structural Funds previously provided by the EU. The division of competences and responsibilities between the UK Government and the Welsh Government are not fully clear at the time of writing. In the Comprehensive Spending Review in November 2020, the UK Government indicated that the UKSPF would be implemented on a UK-wide basis, but the precise implications of this statement have not been confirmed. The position of rural development funding, including the LEADER programme, within a UK-wide UKSPF scheme has also not been elaborated. A further implication for rural Wales will follow from provisions in the UKSPF for the UK Government to fund infrastructure projects in Wales, including in areas of devolved competence, through the New Deal for Britain.¹⁶⁷

4.84 The United Kingdom Internal Market Act 2020 will have further implications for agriculture and other economic sectors in rural Wales.¹⁶⁸ These include the setting of common standards, as well as a UK-wide approach to state aid determined by the UK Government. These provisions include limitations on the adoption of local-first procurement policies by public authorities. There are also uncertainties around the level of funding that will be available, in spite of assurances that funding for agricultural support and economic development would be maintained at pre-Brexit levels. The UK Government Spending Review in November 2020 set a limited budget of £220 million across the UK for the Shared Prosperity Fund in 2021-2022, which is significantly below the value anticipated. Funding for agricultural support payments in Wales was set to £270 million for 2021-22, which is a £95 million reduction on the pre-Brexit CAP Pillar 1 budget.¹⁶⁹

Impact of COVID-19

4.85 The COVID-19 pandemic in 2020 has had a significant impact on the social and economic situation of rural Wales, both directly and as a consequence of control measures, in some aspects accentuating or accelerating existing trends and in others presenting new challenges. Medically, incidence of COVID-19 has been on average lower in rural counties than in urban parts of Wales, but with some notable localized clusters and outbreaks. The relatively low population density of rural areas slowed transmission of the virus, to some degree mitigating for risk factors including the older population profile and more limited healthcare capacity.¹⁷⁰ Analysis by the ONS has indicated that the rate of deaths from COVID-19 per 10,000 residents in 'sparse' regions of Wales

¹⁶⁶ 'A Framework for Regional Investment in Wales', Welsh Government, 2020, page 8.

¹⁶⁷ 'PM: A New Deal for Britain', UK Government Press Release, 20 June 2020.

¹⁶⁸ 'United Kingdom Internal Market Act 2020', UK Government, 2020.

¹⁶⁹ 'Spending Review: Row over post-EU Welsh farming cash', BBC News Wales, 25 November 2020.

¹⁷⁰ 'COVID-19 Where Next?', Dr Mike Simmons, Public Health and Wellbeing blog, 26 April 2020.

and village and countryside areas within less regions was substantially lower than that in urban areas in the period up to 31st July 2020 (Figure 4.25).¹⁷¹

4.86 During the initial lockdown of March to June 2020, just over 100,000 employees in the rural counties of Wales were furloughed, constituting between a quarter and a third of the workforce.¹⁷² The highest rates were in Conwy, where 31.0 per cent of the workforce was put on furlough, Pembrokeshire and Powys (both 29.2 per cent), all well above the average for Wales of 25 per cent (Table 4.19). Additionally, 44,400 self-employed workers in rural counties applied to the Self Employed Income Support Scheme (SEISS), representing 43 per cent of all applications from Wales. Powys submitted the largest volume of applications to the SEISS in Wales after Cardiff.¹⁷³ Unemployment in rural Wales increased sharply after the start of the first lockdown, with an 88 per cent jump in the number of Job Seekers' Allowance claimants in the rural counties between March and April 2020.¹⁷⁴ The unemployment rate in October 2020 was at least twice its level in October 2019 in most of the rural counties, with the largest proportional increases in Powys (170 per cent increase on October 2019) and Ceredigion (133 per cent increase on October 2019) (Figure 4.26). Conwy (6.5 per cent), Denbighshire (6.2 per cent) and Anglesey (6.0 per cent) all recorded unemployment rates above the Wales average in October 2020, with unemployment rates in other rural counties below both the Wales and UK averages.

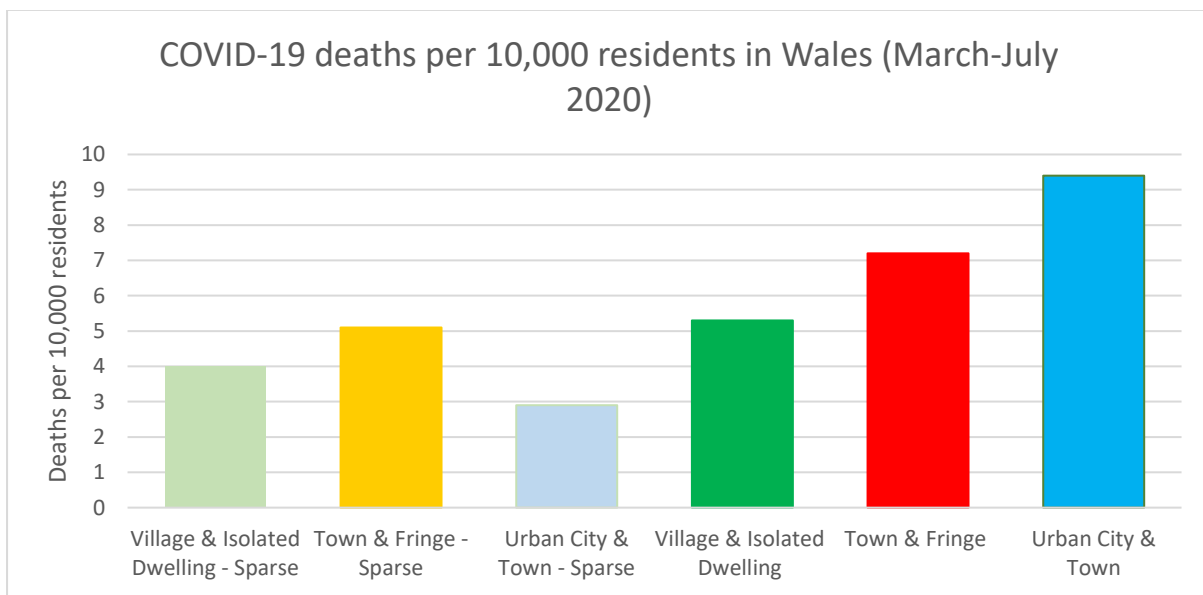


Figure 4.25: Mortalities in Wales with cause of death attributed to COVID-19 per 10,000 residents, by rural-urban classification, March-July 2020. Source: Office of National Statistics.

¹⁷¹ 'Deaths involving COVID-19 by local area and deprivation', Office of National Statistics, 28 August 2020.

¹⁷² 'Coronavirus: Wales has 316,000 workers on furlough', BBC News website, 11 June 2020, based on data from UK Treasury.

¹⁷³ Ibid.

¹⁷⁴ 'Claimant count by Welsh local area, variable and month (not seasonally adjusted)', Stats Wales, 2020.

	Furloughed employees	% of workforce	SEISS claims
Conwy	13200	31.0%	4600
Powys	13100	29.2%	8100
Pembrokeshire	12900	29.2%	5700
Ceredigion	6500	28.9%	3800
Gwynedd	13300	28.6%	5700
Denbighshire	9800	28.0%	3400
Carmarthenshire	18000	27.4%	7000
Monmouthshire	9100	25.7%	3400
Isle of Anglesey	6400	24.6%	2700

Table 4.19: Employees on furlough and applications to Self Employed Income Support Scheme in rural counties in Wales, March-June 2020. Source: BBC Wales.

4.87 The exposure of the business sector in rural Wales to the impact of the COVID-19 lockdown and other control measures was heightened by the predominance of small businesses and microenterprises. A survey by the Federation of Small Businesses in April 2020 found that 44 per cent of SMEs in Wales had closed premises with the introduction of the lockdown and that a third of these were concerned that they may not be able to reopen. Over three-quarters of SMEs had furloughed staff and up to half envisaged that they could struggle to pay bills if closures continued to the summer.¹⁷⁵ Business closures and lockdown restrictions severely affected footfall and transactions in small towns in rural Wales, with credit card transactions for non-grocery spend down by around 70 per cent in April on the previous year in several towns including Dolgellau, Porthmadog, Pwllheli and Tenby.¹⁷⁶

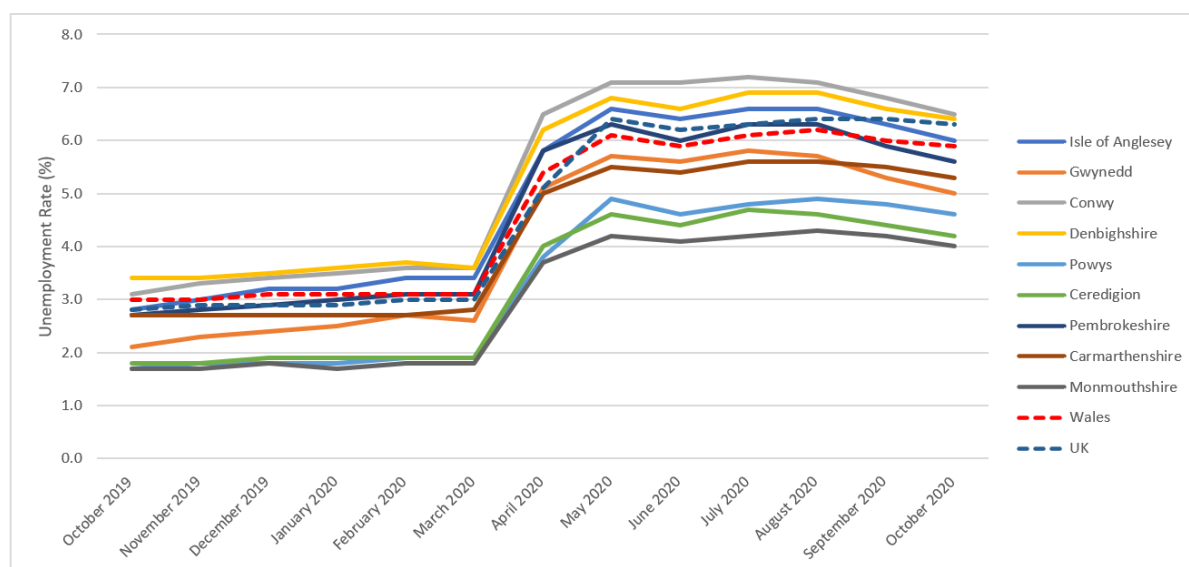


Figure 4.26: Unemployment rate (Job Seeker's Allowance claimants) in rural counties of Wales, October 2019 – October 2020. Source: Stats Wales.

¹⁷⁵ 'FSB Coronavirus Survey', Federation of Small Businesses, April 2020.

¹⁷⁶ Corona Shock Tracker, Tortoise media, 2020.

- 4.88 The tourism sector in rural Wales has faced especially volatile conditions in 2020. The initial lockdown from March to July largely closed down the sector, with up to 70 per cent of businesses furloughing staff.¹⁷⁷ The easing of domestic restrictions and uncertainties over foreign travel combined to form a compressed but intensive holiday season in July and August. An estimated 10 per cent of holidays taken in the UK in July and August were in Wales, with most holidaymakers in Wales coming from other parts of Wales and a further fifth from North West England. Visitors particularly targeted countryside, mountain and rural coastal destinations, with Snowdonia, Pembrokeshire and Mid Wales the most popular areas (Table 4.20).¹⁷⁸
- 4.89 Nearly a third of tourism businesses in Wales (29 per cent) reported higher-than-normal trade in summer 2020, but this effect was more pronounced in south west Wales (including Pembrokeshire and Carmarthenshire) than in north or mid Wales (Figure 4.27).¹⁷⁹ There were also significant variations between business types, with gains focused on camping sites and self-catering properties, and hotels, restaurants and visitor attractions experiencing net reductions in business (Figure 4.28). The geographical concentration and form of tourism in rural Wales in summer 2020 further combined to produce problems of over-crowding, obstructive parking and illegal camping and generated tensions in rural communities over fears that visitors could contribute to spreading the coronavirus in localities with relatively low incidence.¹⁸⁰

	All overnight trips	Holiday visits
Countryside or village	42%	35%
Traditional coastal resort / seaside town	22%	27%
Rural coastline	19%	22%
Mountains or hills	15%	17%
City or large town	9%	10%
Snowdonia	28%	24%
Pembrokeshire	11%	14%
Mid Wales and the Brecon Beacons	9%	10%
Cardigan Bay / Ceredigion	8%	9%
Isle of Anglesey	5%	7%
Llandudno and Colwyn Bay	11%	5%
Carmarthenshire	3%	5%
Wye Valley and Vale of Usk	5%	4%
Cardiff	10%	10%
Other regions	4-5%	0-4%

Table 4.20: Destination of overnight visits in Wales between 13 July and 14 August 2020.

Source: COVID-19 UK Tourism Consumer Tracker. (NB: Figures add to more than 100%)

¹⁷⁷ 'Wales Tourism Business Barometer 2020: Covid-19 Impact Wave 3 Report', Welsh Government.

¹⁷⁸ 'COVID-19 UK Tourism Consumer Tracker Survey: Wales Profile Report 2020 (Weeks 9-13)', Welsh Government.

¹⁷⁹ 'Wales Tourism Business Barometer 2020: Covid-19 Impact Wave 5 Report', Welsh Government.

¹⁸⁰ 'Coronavirus: Tourism tensions "could put industry at risk"', BBC News Wales, 19 August 2020.

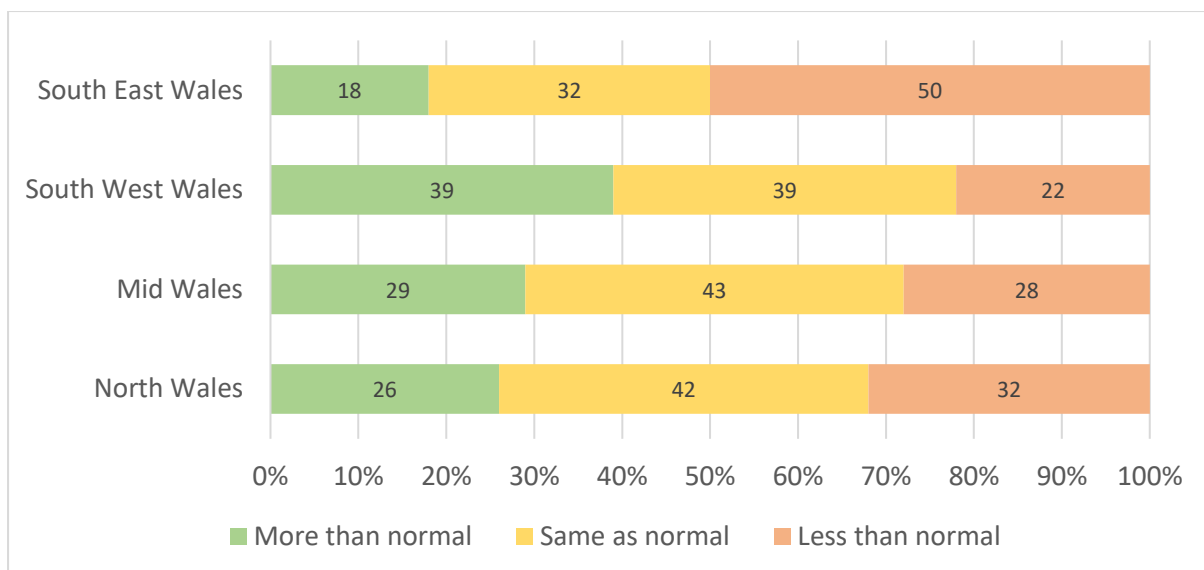


Figure 4.27: Number of customers in summer 2020 compared with previous years for tourism businesses in Wales, by region (% of businesses).

Source: Wales Tourism Business Barometer 2020: COVID-19 Impact Wave 5 Report (Oct 2020)

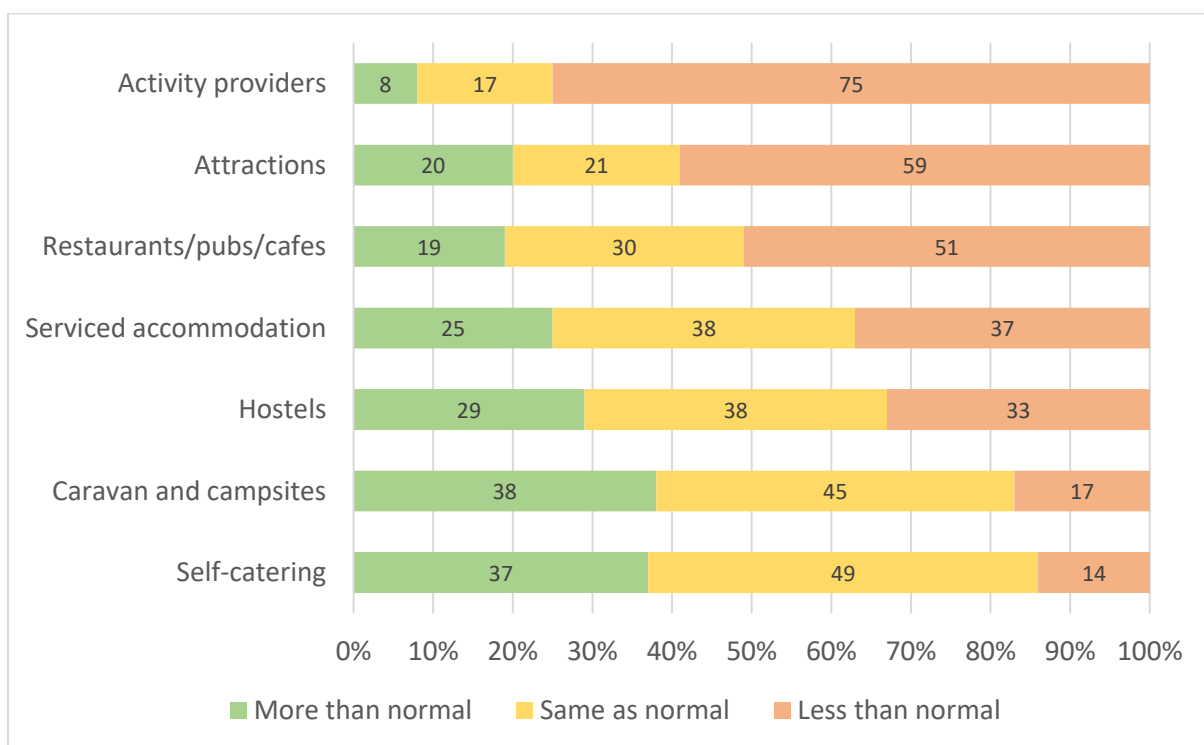


Figure 4.28: Number of customers in summer 2020 compared with previous years for tourism businesses in Wales, by business type (% of businesses).

Source: Wales Tourism Business Barometer 2020: COVID-19 Impact Wave 5 Report (Oct 2020)

- 4.90 Overall, tourism businesses in Wales reported a median loss in turnover of between 41 and 50 per cent for the 2020 season compared with the previous year, with a fifth reporting a reduction in turnover of over 70 per cent. However, only 5 per cent of businesses surveyed in October 2020 indicated that they did not expect to survive for more than six months, and only 4 per cent of businesses had made redundancies.¹⁸¹
- 4.91 The agriculture and food sector, including fisheries, experienced disruption in the COVID-19 pandemic from severe drop in demand from the food service industry and from exports. Supply chains adjusted to increased demand from supermarkets, but prices were depressed for many items affecting farm incomes. Loss of revenue from farm tourism and other diversified activities have also impacted on overall farm business incomes. Additionally farmers have experienced challenges with adapting to online systems, delays in Glastir payments, and issues of trespass, littering and stock disturbance from pressures of increased visitor numbers in the countryside. The forestry and wood processing sector has been less significantly affected, with reduced demand for construction materials compensated by increased demand for packaging and for the DIY market.¹⁸²
- 4.92 Conservation projects and environmental management have disrupted by restricted access to sites, limitations on volunteer engagement, and loss of fundraising income, as well as in some cases by the increased incidence of trespass, littering and fly-tipping. Local authorities in rural Wales have faced considerable challenges in redirecting staff and resources to the COVID-19 response and adapting to restrictions on the operation of schools, care homes and other council-operated facilities, which have disrupted the continuity of public services, as well as from financial cost of the response combined with the loss of revenue from car parks, leisure centres and other operations, which may have an impact for the future provision of public services in rural areas.¹⁸³
- 4.93 The rise in working from home during the pandemic increased the day-time population of many rural communities. Figures from the National Survey for Wales indicate that around 40 to 45 per cent of working employees in Wales were wholly or mostly working from home during the initial lockdown, reducing to around 30 to 35 per cent in the autumn.¹⁸⁴ This compares with around 2 per cent of employees resident in rural counties of Wales who reported that they worked mainly from home in the 2011 Census.¹⁸⁵ The Federation of Small Businesses similarly found that 41 per cent of SMEs in the UK still operating in May 2020 had switched to home working.¹⁸⁶ The Welsh Government has outlined an aspiration for 30 per cent of Welsh workers working from home or close to home in the long-term, potentially increasing the residential mobility of large segment of the population with possible implications for migration and demand from property in rural Wales.¹⁸⁷ Initial evidence however suggests that the impact could be highly geographically differentiated, with average property prices increasing by 6.7 per cent between November 2019 and September 2020 in Pembrokeshire and 3.4 per cent in Carmarthenshire, but by only around

¹⁸¹ 'Wales Tourism Business Barometer 2020: Covid-19 Impact Wave 5 Report', Welsh Government

¹⁸² Information from FUW, NFU Cymru and Welsh Government

¹⁸³ Information from Welsh Government and WLGA

¹⁸⁴ National Survey for Wales, Welsh Government.

¹⁸⁵ 'Method of Travel to Work', Census 2011, via NOMIS.

¹⁸⁶ 'New Horizons: How Small Firms are Navigating the COVID-19 Crisis', Federation of Small Businesses, 2020.

¹⁸⁷ 'Remote working', Welsh Government, 14 September 2020.

2 per cent in Ceredigion, Conwy, Gwynedd, Monmouthshire and Powys, remaining largely static in Anglesey, and falling by 2 per cent in Denbighshire.¹⁸⁸

4.94 The COVID-19 pandemic additionally highlighted existing inequalities in services and infrastructure in rural Wales, notably in the accessibility and capacity of healthcare, and in digital infrastructure, including the coverage, strength and reliability of internet connections and mobile phone signals, which have impacted on the ability of some rural residents to work effectively from home and to access online services.¹⁸⁹

4.95 Responses to the COVID-19 pandemic and control measures by businesses, institutions and communities in rural Wales have included a number of innovations that could have a lasting significance. These include the provision of digital services, including online schooling and GP consultations, which could contribute to future models for service delivery in remoter rural areas; the development of online sales and delivery services by shops and small businesses that could help to supplement physical trade and improve resilience; click-and-collect, box schemes and other initiatives introduced by farmers' markets that may provide opportunities to diversity and grow local food sales; temporary pedestrianization and out-door service area schemes implemented by local authorities in rural towns to create 'safe zones', elements of which may be retained as part of the enhancement of small town environments to attract patrons and visitors; and local procurement of personal protective equipment and of food and drink for inclusion in supply parcels for shielding and vulnerable households, for example in the Neges scheme operated by Menter Môn.



¹⁸⁸ 'UK House Price Index', Land Registry, 2020.

¹⁸⁹ 'Coronavirus: the great magnifier?', Michael Woods, *The Welsh Agenda*, 2020.

5. Looking Ahead: Forming the Vision

- 5.1 The development of social and economic circumstances in rural Wales over the next decade will be shaped by both internal external factors, including broader societal trends, the dynamics of the global economy, technological advances and the policies of Welsh and UK Governments. The articulation of a vision for rural Wales in 2030 and identification of policy interventions and measures that can support this vision have consequently involved foresight work in considering scenarios that might impact on rural Wales and their associated challenges and opportunities.
- 5.2 Academic work projecting the future development of rural areas in the UK and elsewhere has tended to emphasize the three key drivers of urbanization, globalisation and climate change.¹⁹⁰ However, there are variations in the forecasted implications of these factors for rural regions, especially in relation to climate change. Some studies have projected increased urbanization and the accelerated depopulation of rural areas as a response to climate change, including the conversion of significant areas of grazed pasture to forestry, the cultivation of energy crops, or rewilding. Other forecasts in contrast predict an increase in rural populations as people seek to move closer to sources of food and renewable energy and as rural areas are perceived to be safer than cities.¹⁹¹ At a secondary line, foresight work across several countries and projects to support the European Union's Long Term Vision for Rural Areas is identifying common concerns with depopulation, demographic ageing, access to services and digital deprivation, and shared objectives focused on resilience, equity and sustainability (Box 5.1).

Box 5.1: SHERPA Project Vision for Rural Areas of Europe in 2040

- The **recognition** of rural areas as vital for society as a whole, with rural communities that are empowered, connected and resilient to climate change;
- Rural communities that enjoy a **high-quality of life** and offer equal opportunities regardless of where people live;
- Rural areas with a **diversified rural economy** that offer access to high-quality jobs and services;
- Rural communities that live in harmony with **nature** to provide food and fair private and public goods and services, while respecting the **environment**.

Source: SHERPA project, <https://rural-interfaces.eu/>

- 5.3 In Wales, regional vision statements have been articulated by the four Growth Deal partnerships and will be influential in guiding economic investment and development in rural and urban areas of Wales through the next decade. These tend to emphasize economic growth, innovation and connectivity in their ambitions and proposed programmes of work (Box 5.2). Other organizations have outlined visions and proposals advocating a green economic recovery or a more sustainable

¹⁹⁰ For summaries see: 'The future of rural places', Michael Woods in *The Routledge Companion to Rural Planning*, 2019; 'Rural futures and the future of rural geography', Michael Woods, *Progress in Human Geography*, 2012.

¹⁹¹ 'Scenario sketches for IMAJINE – future visions for European spatial justice', IMAJINE project; see also 'Rural-urban linkages', Michael Woods, in *Routledge Handbook of Sustainable and Regenerative Food Systems*, 2020.

food system for Wales, each with implications for economic activity, supply chains and land use in rural areas.¹⁹²

Box 5.2: Growth Deal Vision Statements

Growing Mid Wales: *“By 2035, Mid Wales will be an enterprising and distinctive region delivering economic growth driven by innovation, skills, connectivity and more productive jobs supporting prosperous and bilingual communities”* (A Vision for Growing Mid Wales, 2020)

North Wales Economic Ambition Board: *“A confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and its connection to the economies of the Northern Powerhouse and Ireland.”* (A Growth Vision for the Economy of North Wales, 2016)

Cardiff Capital Region: *“A globally-connected, great place to live and work — powering the Welsh economy.”* (Powering the Welsh Economy, 2015)

Swansea Bay City Deal: *“A super smart innovation region which will inform and advance solutions to some of the most pressing challenges of modern times in the areas of economic acceleration, smart manufacturing, energy, life sciences and well-being.”* (Swansea Bay City Deal Implementation Plan, 2020)

- 5.4 In developing the Rural Vision, the project team identified 14 scenarios for wider societal, economic or policy trajectories that could potentially impact on rural Wales in the next decade (Box 5.3). These concern not only the implications of Brexit and COVID-19, but also possible lifestyle trends, technological innovations and responses to climate change, and were informed by analysis of evidence on the current situation presented in the previous section, interviews with local authority members and officers, two workshops with stakeholders, and engagement with other foresight work on rural regions.
- 5.5 Respondents to the Rural Vision online survey run in summer 2020 were asked to score each of the 14 scenarios in relation to their envisaged likelihood and the significance of their anticipated impact on rural Wales. The aggregated results identified the UK entering a severe recession as a consequence of the COVID-19 outbreak and control measures as the most likely scenario to happen, followed by disruption from COVID-19 and related restrictions continuing over a prolonged period; the attraction of rural living increasing with changed priorities and more working from home; post-COVID budget constraints leading to cuts in funding for public services; and a new immigration system restricting overseas recruitment for lower-wage jobs. The scenario with the potential greatest impact on rural Wales was considered to be post-COVID budget constraints leading to cuts in funding for public services, followed by the UK entering a severe recession; tariffs and restrictions introduced on UK-EU trade following Brexit; policies to cut carbon emissions accelerating renewable energy developments; and prolonged disruption from COVID-19 and control measures. Plotted together these responses indicated the key

¹⁹² ‘Planning for a Prosperous, Equal and Green Recovery from the Coronavirus Pandemic’, Wales Centre for Public Policy, 2020; ‘A Welsh Food System Fit for Future Generations’, Report by Sustainable Places Research Institute for WWF Cymru, 2020.

challenges anticipated to be both highly likely and highly significant in terms of impact for rural Wales (Figure 5.1)

Box 5.3 Scenarios with potential to affect rural Wales in next decade

Scenario 1: Disruption from COVID-19 and related restrictions continue over a prolonged period

Scenario 2: The UK enters a severe recession as a consequence of the COVID-19 outbreak and control measures

Scenario 3: International tourism decreases as a result of fears of COVID-19 and travel restrictions

Scenario 4: The attraction of rural living increases with changed priorities and more working from home

Scenario 5: There is an increased emphasis on sourcing local food

Scenario 6: There is a move towards plant-based diets and laboratory-grown alternatives to meat and dairy products

Scenario 7: Tariffs and restrictions are introduced on UK-EU trade following Brexit

Scenario 8: New trade deals negotiated by the UK increase trade in agricultural products with countries outside the EU

Scenario 9: A new immigration system restricts overseas recruitment for lower-wage jobs.

Scenario 10: Post-COVID budget constraints lead to cuts in funding for public services.

Scenario 11: Policies to cut carbon emissions accelerate renewable energy developments.

Scenario 12: New automated technologies including driverless cars and delivery drones become widely available.

Scenario 13: Advances in biotechnology produce new solutions for food security and addressing climate change.

Scenario 14: Changes in working practices increase leisure time and demand for rural recreation.

5.6 Survey respondents were also asked to score scenarios on whether their impacts on rural Wales would be mostly positive or mostly negative. As Figure 5.2 shows, overall respondents considered most of the scenarios to be negative on balance for rural Wales, with only an increased emphasis on sourcing local food, advances in biotechnology producing new solutions for food security and addressing climate change, changes in working practices increasing leisure time and demand for rural recreation, and policies to cut carbon emissions accelerating renewable energy developments clearly viewed as positive. The scenarios relating to an increased attraction of rural living following changed priorities and more working from home, new trade deals increasing agricultural trade with countries outside the EU, and automated technologies such as driverless cars and delivery drones becoming widely available prompted mixed responses, with marginally more respondents considering their likely impact to be negative on balance than positive.

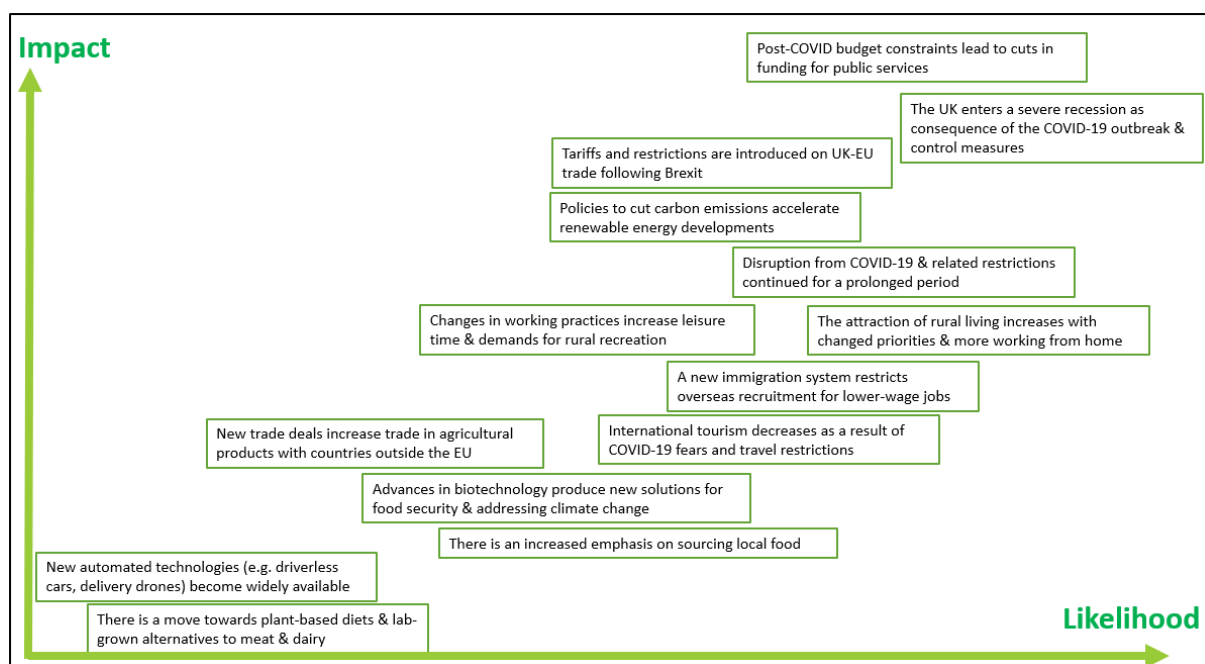


Figure 5.1: Likelihood and potential impact of scenarios for rural Wales as scored by survey respondents.

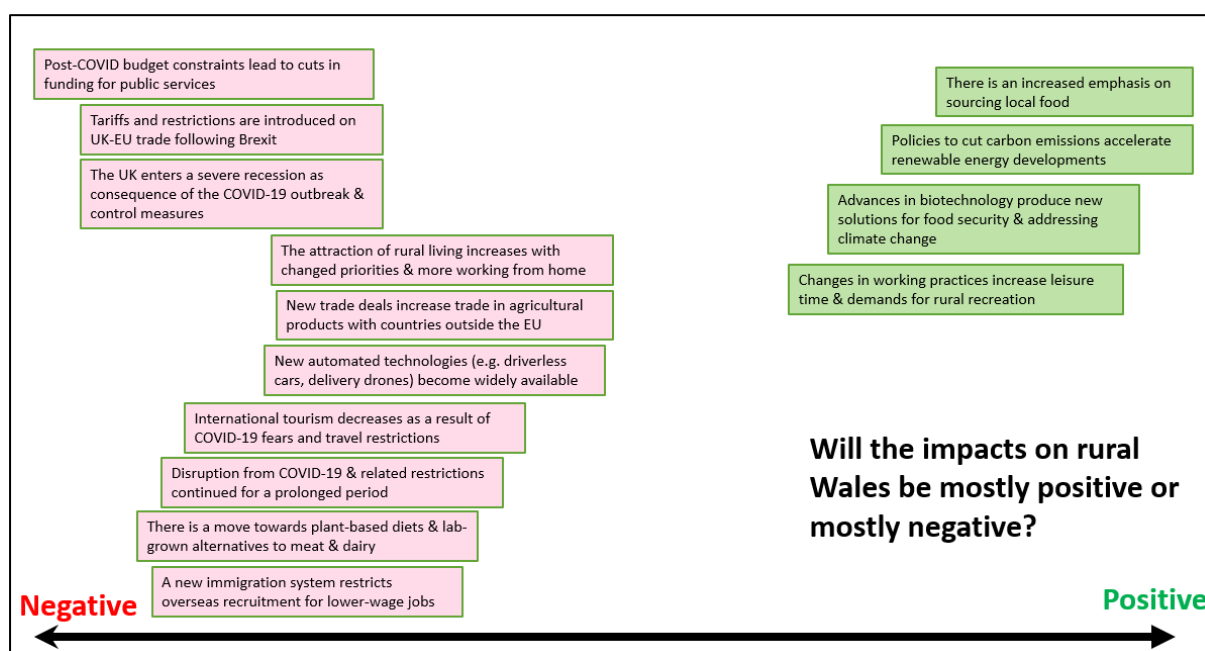


Figure 5.2: Assessment by survey respondents of whether the impact of scenarios for rural Wales will be mostly negative or positive.

5.7 The five key scenarios emerging through the survey exercise were discussed by participants in an online workshop in October 2020 to identify resulting challenges and opportunities from each for rural Wales. These are summarised in Table 5.1

Scenario	Challenges	Opportunities
<i>The UK enters a severe recession as a consequence of the COVID-19 outbreak and control measures</i>	Youth unemployment/migration Skills gap increases Lack of seasonal employment More in-work poverty Further hollowing out of rural areas as services become unviable Farm business closures Mental health problems Housing affordability / those with money buying up properties (including for second homes) Loss of business rates income for local authorities Limited funding opportunities Loss of on-the-ground face-to-face support Gap in funding from current RDP Smaller rural areas with miss out	Convert empty premises into community hubs Increased community cohesion Opportunities for innovation New opportunities to work together 'Staycations' more popular due to cost Chance to hit the re-set button Space becoming available for housing, previously offices/ businesses Chance to highlight existing rural problems New cooperative business models Rebalance economy and green growth
<i>Post-COVID budget constraints lead to cuts in funding for public services</i>	Increased areas of severe deprivation Issues with care for elderly Reduction in public transport subsidies and services Lack of opportunities for children and young people Reliance on public sector employment Loss of experienced rural regeneration practitioners Funding focused on areas of critical mass, i.e. towns Loss of healthcare services creating two-tier system More people feeling isolated	Opportunity to review and improve delivery of public services No EU boundaries allows targeting of most in need areas Increase Welsh focus More co-working and regional cooperation Enhanced role and status for voluntary sector New opportunities to deliver services digitally Savings can be made from office and travel costs with more working from home in public sector Empowering communities to build resilience, respond to housing crisis, etc.
<i>The attraction of rural living increases with changed priorities and more working from home</i>	Increase in property prices out-ricing locals More AirBnb/empty properties Poor internet provision Increased isolation – mental health problems Less support for market towns as less reason to visit when working from home Local/incomer tensions Reduced demand for public transport Demand for land for new housing Inadequate planning system Provision of childcare services	Green recovery – less need to travel Better work/life balance – improved mental health Reinvigorated communities – new sense of purpose for market towns Attract new talent who would not previously consider living in rural area Inward investment by relocating companies Opportunities for businesses to support home workers Retain young people / new flexible way of living for young people

		<p>Re-envisioning what sort of communities and infrastructure we want</p> <p>New sustainable housing using local resources</p> <p>More time for voluntary / community activity</p> <p>Increased footfall in small towns, more spending in rural economy</p>
<i>Tariffs and restrictions are introduced on UK-EU trade following Brexit</i>	<p>Farming communities damaged – especially sale of lamb</p> <p>Businesses become uncompetitive and fail</p> <p>Increased cost of food – less affordability for the majority</p> <p>Timescale – having to change customers etc with little or no notice</p> <p>Wasted food at border checks leading to loss of income</p> <p>Impact on timber exports</p> <p>WTO tariffs in a No Deal would devastate rural Wales</p> <p>Uncertainty means less investment in environmental projects</p>	<p>Opportunities to focus on local supply chains</p> <p>Local procurement for hospitals, schools, residential homes etc</p> <p>Change how communities relate to land</p> <p>‘Made in Wales’</p> <p>Forced to innovate</p> <p>New businesses created to meet new opportunities</p> <p>Farmers understanding where their produce ends up</p> <p>May increase traffic from Ireland to Welsh ports</p>
<i>Policies to cut carbon emissions accelerate renewable energy developments</i>	<p>Large amount of funding required to achieve this</p> <p>Limitations of electricity grid and local supply networks</p> <p>Keeping profits in local area</p> <p>Public transport less viable with increased costs; more dependency on cars</p> <p>Poor digital connectivity means new businesses will local near urban hubs, opportunities for rural areas lost</p> <p>Increased fuel poverty from higher fuel taxes</p>	<p>Opportunity to fight climate change and move closer to zero carbon</p> <p>Potential for new business innovation</p> <p>Opportunities for hydro-power and wave energy</p> <p>Cutting agricultural carbon footprint – more home-grown fertilizers</p> <p>Community-owned energy schemes generating income for rural communities</p> <p>Tie to housing policies, e.g. encourage district heating schemes</p> <p>Car share schemes for people working from home</p> <p>Green tourism</p>

Table 5.1: Challenges and opportunities for rural Wales related to key scenarios, identified by workshop participants

5.8 Drawing together the evidence of the current situation of rural Wales and the conclusions of the foresight, the Rural Vision documents specifies a number of challenges, opportunities and immediate threats for rural Wales that form the basis for the key asks and proposals that it outlines. The strategic **challenges** facing rural areas in Wales remain unchanged since the development of the current RDP programme. However, the cumulative impact of an agglomeration approach to economic development, a rural economy at risk of an EU Exit without a trade deal, and the effects of Covid-19 on businesses has brought sharp relief to the issues highlighted:

- Low productivity, low incomes and a low skills base
- An economy dominated by microbusinesses and challenges to growth caused by access to finance and skilled labour
- Poor connectivity and transport links to urban markets, with the movement of goods and people heavily dependent on poor road infrastructure.
- Demographic issues with an ageing population and the outward migration of young people
- Social and economic threats to areas that are strongholds of the welsh language
- Access to services, and the higher cost per capita of local service delivery
- Infrequent, inaccessible and expensive public transport
- Limited healthcare services, compounded by difficulty in recruiting specialist medical staff
- Lack of affordable housing and a high number of households off the mains-gas grid and experiencing fuel poverty
- Heavy reliance on agriculture, tourism and the public sector
- Food producers and processors reliant on European exports, at risk from No-Trade Deal Brexit
- Poor digital connectivity, with many rural areas experiencing ‘not-spots’ in terms of broadband and mobile phone signal

5.9 Political uncertainties around the end of the Brexit Transition Period and related domestic legislation, combined with the impact on the rural economy of the COVID-19 pandemic, have accentuated the strategic challenges facing rural Wales. At the time of writing in late 2020 a number of **immediate threats** could be identified, as outlined in the Rural Vision document:

- The UK Internal Market Bill is a vast and complicated piece of legislation that threatens to undermine devolution. It could lead to divergent agricultural and rural support mechanisms and a potential race to the bottom as the principle of mutual recognition can undermine the high value food production from welsh producers.
- Sufficient safeguards are needed for the Agricultural Food Sector in ensuring that any imports from future trade deals do not undermine the high standards of animal welfare and environmental measures adopted by welsh farming practices.
- The Welsh Government’s Sustainable Farming and Our Land consultation fails to recognise the importance of food security as a public good, with a skew to environmental measures as the basis of rural development interventions. Failure to recognise the need to support wider social, economic and cultural measures threatens the financial levers needed to steer the rural economy towards a vibrant future.
- There remains uncertainty around the Shared Prosperity Fund and a replacement mechanism for the £3bn (EU & Match Funding) allocated to Wales as part of the current

European Structural Funding cycle. These funds provide much needed investment in skills, business support and capital infrastructure in rural Wales.

- The move towards regionalisation and establishing Corporate Joint Committees could lead to rural issues being overshadowed by urban based growth agendas..

5.10 Equally, the process of developing the Rural Vision has identified a series of **opportunities** for rural Wales arising from the inherent strengths and assets of the region and changes in wider societal and economic structures and attitudes. Activities in rural Wales help to fuel growth in urban areas, acting as primary sources of energy, food and water. Rural areas also provide breathing spaces for urban populations to enjoy leisure activities, who in turn consume the services and infrastructure provided by rural authorities. As a predominately rural country, urban growth in Wales draws heavily on goods and services provided from rural areas, and thus rural development should be recognised as a critical component of Welsh economic development and well-being. The opportunities include:

- Growth across the economic regions and City Deals relies on the inter-relatedness between rural and urban areas, with strong economic connections to larger urban conurbations across the A55 in North Wales and the M4 in South Wales that drive growth and development.
- With an abundance of natural resources, and a rural workforce skilled in agriculture and land management, Rural Wales provides the opportunities to invest in a green economic recovery, by developing renewable energy projects and green infrastructure to address decarbonisation and the climate emergency.
- Rural Wales and agricultural communities are the strongholds of the Welsh language and retaining a strong economic base within these areas supports Welsh Government's aspirations for reaching 1 million Welsh speakers by 2050.
- The Welsh Food and Drink sector is to be celebrated as the fastest growing food and drink sector in the UK. Recognised internationally for quality and provenance, Rural Wales provides the primary base for future growth opportunities in the sector.
- Based on the success of the Food and Drink strategy, with coordination and investment there are opportunities to develop circular economy growth in Welsh grown construction materials from sustainable timber and fibres derived from livestock agriculture, such as Welsh wool.
- The coastal regions of Rural Wales host multiple opportunities for the marine industries, including renewable energy, seafood, and unique opportunities for added value tourism linked to marine wildlife and the seascape.
- Rural Wales has a strong manufacturing base, with skilled local labour that is in short supply across the UK. There are opportunities to develop place-based sector specific clusters to learn and grow from companies such as Hiut denim in Cardigan and Fashion-Enter in Newtown, who have recognised the opportunities and developed new markets.
- The natural beauty of Wales' coast and countryside form the basis of its growing tourism industry, worth an estimated £6.3bn a year to the Welsh economy. Though vulnerable to the impacts of the Covid-19 pandemic, improvements in quality and service can create opportunities to improve the performance of the sector by increasing the value of visits and stays in Wales.
- As increased home-working becomes part of the 'new normal', there are opportunities to capitalise on the influx of people with different skillsets and the ability to invest in developing and growing businesses in rural Wales.

5.11 The resulting vision for rural Wales anticipates a strategy for public policy and economic development over the next ten years that mitigates and overcomes the identified challenges and threats and seizes the highlighted opportunities. It describes a Wales with sustainable rural communities at its heart, where even the most remote areas thrive and are valued by the nation (Box 5.4), and encompasses a set of aspirations that reflect the attributes of life in rural Wales that participants in workshops stated they value and their ambitions for the future:

- We want a Rural Wales with thriving age-balanced rural communities.
- We want a Rural Wales of vibrant villages and market towns, where smart technologies help businesses and organisations to become better connected.
- We want a Rural Wales where the welsh language is enabled to thrive and prosper.
- We want a Rural Wales where people are employed in good quality, well paid jobs.
- We want a Rural Wales where people live in communities throughout the year, redundant buildings are brought back into use, and young people can afford their own homes.
- We want a Rural Wales with a rich local food culture.
- We want a Rural Wales with modern infrastructure that meets the needs for connectivity and a zero carbon energy future.
- We want a Rural Wales that is powered by renewable energy, with safe, active travel routes and well-connected public transport services.
- We want a Rural Wales with a sustainable tourism industry, supporting independent family owned businesses, who are invested in their local communities.
- We want a Rural Wales in which a new generation of farmers are practising sustainable agriculture, balancing modern technology and traditional cultural practices.

Box 5.4: A Vision for Rural Wales

We want a Wales with sustainable rural communities at its heart, where even the most remote areas thrive and are valued by the nation. We envision a balanced society rooted in vibrant, well-connected villages and towns that are appealing to young families, where homes and good jobs are attainable and wealth is generated and retained locally. We see innovative, enterprising farming communities safeguarding our environment whilst sustainably producing food as part of an industry integrated within the broader economy. We picture dynamic places where those who live there and visit them value their culture and are powerhouses of a Welsh language revival.



6. The Way Forward: Behind the Proposals

- 6.1 This section describes the rationale behind the key asks and proposals outlined in the Rural Vision document and discusses how they might be implemented, with case studies illustrating examples from current good practice. The proposals have been developed from analysis of the challenges and opportunities facing rural Wales, crowdsourcing of ideas through workshops and the online survey, and consultation on provisional suggestions with key stakeholders. The proposals further follow a series of principles as summarised below.
- 6.2 First, the proposals are aimed at balancing economic, social, cultural and environmental well-being, reflecting the well-being goals introduced by the Well-being of Future Generations Act (Figure 6.1). This means, for example, that planning for economic growth should take account of the social, cultural and environmental implications for communities, landscapes and ecosystems in rural Wales, but equally that environmental policies and designations should recognize the economic, social and cultural dimensions of rural Wales as a place of life and work.

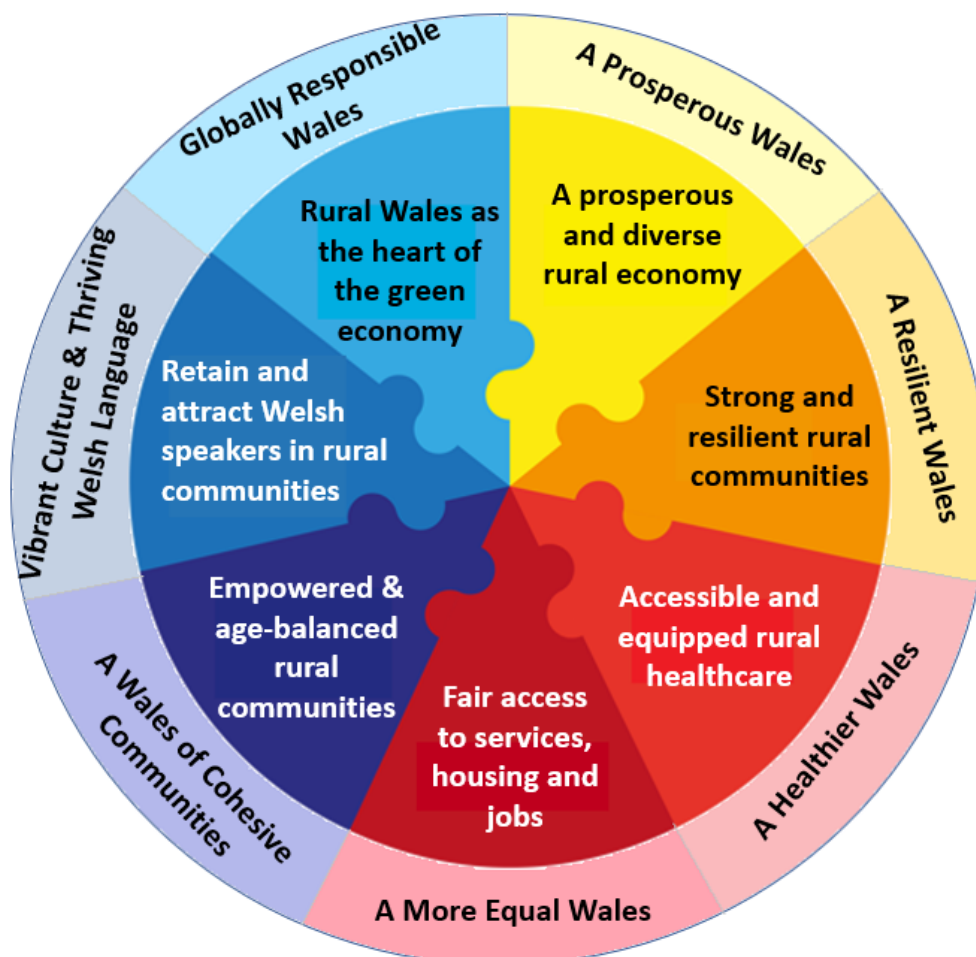


Figure 6.1: Mapping the seven well-being goals on to aspirations for rural Wales

- 6.3 Second, the proposals seek to develop a diverse and stable rural economy, adding value to the assets and resources of rural Wales. The approach adopted recognizes the centrality of the foundational economy – food production, energy supply and the delivery of education, care and other public services – and emphasizes the protection and capture of value from these activities in rural areas. Further added value can be generated by focusing on four economic domains that exploit the assets and resources of rural Wales in pursuing opportunities for new market development: the eco-economy based on green technology; the knowledge economy drawing on the region’s universities, industrial R&D and cultural institutions, including through biotechnology and creative industries; the lifestyle economy responding to demands for rural tourism and recreation, quality of life and cultural experiences; and the export economy selling high-value products from rural Wales to niche markets globally (Figure 6.2).
- 6.4 Third, the proposals follow a place-based approach, recognizing that the diversity of rural Wales requires different solutions in different localities and that these are best developed from within communities. A place-based approach emphasizes the integration of social, economic, cultural and environmental dimensions of life in rural Wales across multiple policy domains, and enables local accountability, including through local authorities. It can also acknowledge the inter-connectivity of individual places and the inter-dependencies between rural and urban areas. The place-based approach is consistent with the proposed Regional Investment Framework.¹⁹³

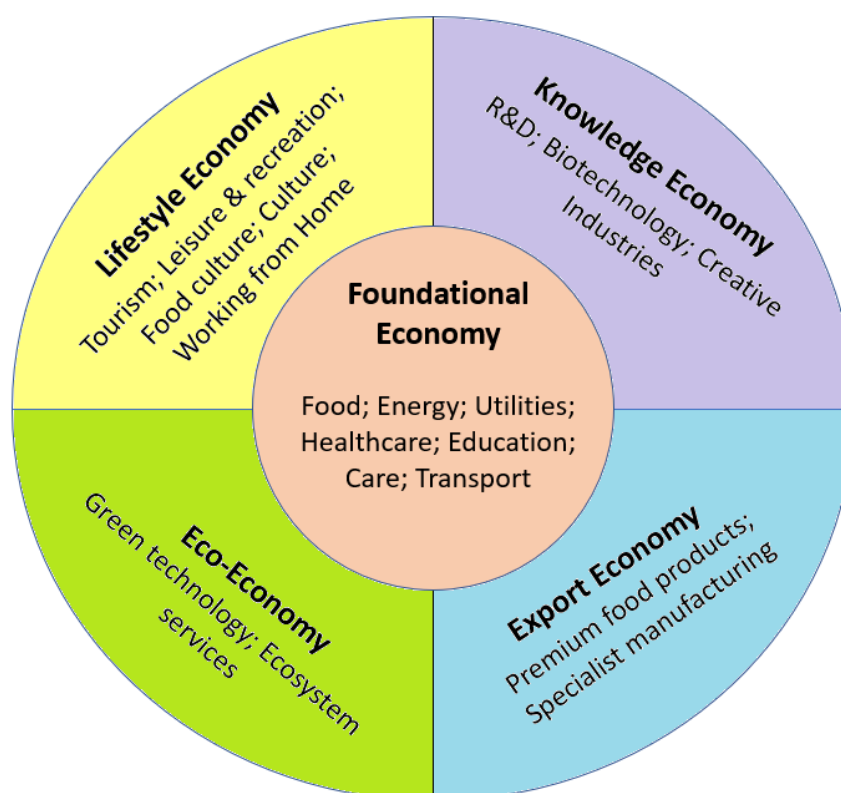


Figure 6.2: Building blocks of the rural economy

¹⁹³ 'A Framework for Regional Investment in Wales', Welsh Government, 2020.

- 6.5 Fourth, the proposals are practicable and deliverable within the next decade. The foresight work in the preparation of the Rural Vision identified a number of emerging technologies that could potentially have significant implications for communities, businesses and services in rural Wales, including automated vehicles, delivery drones, laboratory-grown meat and hydrogen fuels. However, it is not evident that these technologies will become sufficiently widespread during the next ten years to either be employed as solutions for challenges confronting rural Wales, or to be seriously addressed as threats to current social and economic interests.
- 6.6 Fifth, the proposals complement the Welsh Government's proposed approaches to agricultural support, land management and regional economic development, as well as the strategies and action plans adopted by the Growth Deal partnerships in Wales and other ongoing policy and planning processes such as the preparation of local well-being plans. As components in a Rural Vision, the 'key asks' and proposals outlined are intended to join the dots and fill the gaps between existing policies and programmes to ensure the fair and coherent treatment of rural communities.

Diversifying the economic base with a circular economy approach

- 6.7 The economy of rural Wales is multi-faceted, but at a local scale many communities are heavily dependent on a narrow range of industries or sectors, including tourism, agriculture and food processing, and the public sector, making them vulnerable to changing market conditions or policies. Additionally, there is considerable leakage of value from rural Wales, as primary products are processed outside the region and as resources and assets are under-utilised. A circular economy approach aims to maximise the value of resources by minimizing waste and recovering and regenerating materials at the end of the service life. Combined with the adoption of new technologies that can promote economic and environmental sustainability, the circular economy approach can help to improve the productivity of rural areas and provide high quality employment opportunities that can assist with retaining young people in rural communities and safeguarding the Welsh language. There are seven key actions identified under this theme.
- 6.8 *Identify new markets and products to add value to the entire product base:* Current markets do not fully realise the full potential value of livestock, crops and fishery resources from rural Wales, with frequently only partial use of the product, and the problem of waste may be accentuated by the narrowing of markets after Brexit. For instance, over 40 per cent of lamb meat sales in the UK retail market are of leg roasting joints, which form just 20 per cent of the lamb carcass, and complementary markets for loin and shoulder cuts in Europe face challenges under the new UK-EU trade relationship.¹⁹⁴ In order to mitigate the possible contraction of EU markets and to retain greater value in rural Wales, new products and domestic and export markets need to be developed for diverse products from livestock, crops, timber and the marine sector, including in specialist ethnic cuisine, animal feed, pharmaceuticals and construction. Welsh Government and industry bodies could assist with strategic support for product development and market scoping.
- 6.9 *Explore opportunities for innovative approaches such as digital agriculture and vertical farming:* Digital agriculture, including the use of data generated by digital monitoring of land, environmental conditions, livestock and crops together with precision and computerized equipment and machinery, has potential to enhance the productivity of farms in rural Wales, increasing turnover and profit margins, supporting sustainable land management and reducing environmental impacts. The promotion of digital agriculture may improve the attractiveness of

¹⁹⁴ 'Exploring the Implications of Brexit for Agriculture and Horticulture in Wales', AHDB Horizon Report, 2018.

farming to new entrants and create opportunities for new digital agriculture services businesses to be established in rural Wales. Vertical farming, employing digital agriculture techniques and hydroponic technologies to grow crops on a limited footprint, has potential to expand the horticulture sector – address a weakness in Wales’s food security – with projects on sites with limited land in small towns and urban fringes. Agroecology and other methods of sustainable and regenerative agriculture similarly present opportunities for the modification of farming practices to reduce environmental and animal welfare impacts whilst enabling farmers to increase incomes by targeting premium markets.¹⁹⁵ These various forms of agricultural innovation might be promoted through the new Sustainable Farming Scheme.

6.10 Recognise the strategic value of rural Wales as a test-bed for new renewable energy technologies:

Rural Wales is already a major producer of renewable energy and has potential to be at the heart of a new green energy economy. However, little value from renewable energy generation is retained in rural Wales and new developments can face capacity limitations and opposition over perceived landscape impacts (para 4.36). An emphasis on rural Wales as a test-bed for new technologies could help to address each of these issues, trialing designs that are more sensitive to landscape contexts and local ecological impacts, experimenting with new technological approaches to enhancing capacity, and creating jobs and income in rural areas by working with major energy companies and regional universities to locate R&D activities in Wales and to invest in business start-ups producing components and recycling spent parts from renewable energy installments.

6.11 Invest in high-tech production techniques to augment value from protein chains, building on circular economy and zero waste principles.

The development of new products and markets to expand the value extracted from Welsh agricultural and environmental resources can be complemented by a focus on technological innovation to develop products and reduce waste. Recent work led by Hybu Cig Cymru to extend the shelf-life of Welsh PGI lamb from 21-28 days to 33 days through improved supply-chain practices represents one example.¹⁹⁶ Opportunities also exist for business growth and job creation in firms involved in developing new products and targeting new markets, but also in researching and producing the technologies that can produce these benefits, for example in recycling and reuse of resources as part of a broader emphasis on green economic recovery. Support for research and development, new business start-ups and investment in processing facilities could be targeted through the UK Shared Prosperity Fund.

6.12 Address market opportunities in the health and nutrition sectors for products that can be derived from Welsh farming and fishery practices:

As part of the diversification of agricultural markets and the adoption of circular economy principles to minimize waste, there are opportunities to be explored in the health and nutrition sectors. These include domestic and export markets for primary agricultural and fishery products for use in supplements and ‘nutriceuticals’, such as bone broth and collagen supplements; as well as intangible goods such as ‘care-farming’ initiatives that generate income from the therapeutical benefits of rural environments and engaging with farm animals.

6.13 Recognise the value of Welsh language skills in the workplace and explore links between the language and economic development:

A major driver of out-migration of young and skilled Welsh-speaking residents from rural communities is the perceived lack of appropriate

¹⁹⁵ ‘A Welsh Food System Fit for Future Generations’, Report by Sustainable Places Research Institute for WWF Cymru, 2020

¹⁹⁶ ‘Welsh lamb industry achieves shelf-life improvements’, Hybu Cig Cymru, 2020.

employment opportunities (para 4.8), contributing to the decline in the number of Welsh-speakers in parts of the language's traditional heartlands (para 4.63). As part of the Welsh Government's broader *Cymraeg 2050* strategy for a million Welsh speakers,¹⁹⁷ action should be focused on recognizing the value of Welsh language skills in the workplace, promoting more opportunities for the use of Welsh at work, and creating more skilled and professional Welsh language employment opportunities in rural Wales. This may involve encouraging more widespread remote and home-working in the public sector and other professional occupations, as well as support for entrepreneurship and business growth in Welsh speaking communities, building on existing initiatives such as the Arfor project (Box 6.1).

6.14 Realise the economic potential from world-leading R&D to add-value to rural products, particularly in sectors such as biotechnology, green technology and advanced manufacturing: Rural Wales has considerable knowledge assets, including three universities located within rural counties and more in adjacent districts, as well as an established cohort of companies engaged in research and development and scientific work (para 4.34) (Box 6.2). In addition to knowledge resources, research, new technology and advanced manufacturing companies are attracted to rural Wales by the quality of environmental conditions offered by secluded, low noise, low pollution and low vibrant sites. The expansion of these sectors is a priority for all the Growth Deal partnerships covering rural areas of Wales, with projects including the proposed National Spectrum Centre in Ceredigion (Box 6.3), as well as building on knowledge-interface developments such as the Aberystwyth Innovation and Enterprise Campus, Glyndwr University's OpTIC Centre at St Asaph and the Life Sciences Hub Wales in Cardiff. Investment in green technology and advanced manufacturing industries can contribute towards the objectives of the circular economy by focusing on developing more sustainable technologies, waste minimization and the recovery, regeneration and reuse of materials from expired products.

Box 6.1: Case Study – Arfor

Arfor is an economic development project working across Anglesey, Gwynedd, Ceredigion and Carmarthenshire. Arfor is targeted at developing pilot projects aimed at interventions in the local economy, that will have a positive impact on the number of Welsh speakers and the resilience of the language in these regions of Wales. A budget of £2m was ring-fenced for this project from 2019-2021, that consists of developing pilot initiatives in the four regions, as well as developing a strategic approach to improving the Welsh language through economic development, which is being developed by Wavehill consultants. Pilot interventions have involved business grant schemes, providing start-up and business growth support, asking businesses to demonstrate how their business idea or product will support the Welsh language. Gwynedd and Anglesey also delivered the 'Llwyddo'n Lleol' project, which is discussed in more detail in Box 6.4.

<https://www.rhaglenarfor.cymru/index.en.html>

¹⁹⁷ 'Cymraeg 2020: A Million Welsh Speakers. Action Plan 2019-20', Welsh Government, 2019.

Box 6.2: Case Study – Riversimple Movement Ltd

Riversimple is an innovative green engineering firm based in Llandrindod Wells working on a prototype hydrogen-fueled car. The company relocated to mid Wales in 2015 attracted by larger workshop premises and support from local authorities for testing prototypes, including on private roads at the Royal Welsh Showground, as well as £3.5 million funding from the Welsh Government. Riversimple is developing a light-weight carbon-fibre car powered by non-carbon-emitting a hydrogen fuel cell. The company's eco coupe Rasa model is currently being trialed with ambitions for a commercial launch in 2023. In October 2020, the firm launched an investment round to raise £150 million to establish manufacturing plants in mid and south Wales – one producing the Rasa and the other a light goods vehicle – with potential creation of 180 to 220 skilled jobs.

<https://www.riversimple.com/>

Box 6.3: Case Study – National Spectrum Centre

The proposed National Spectrum Centre is a collaboration between Aberystwyth University and Qinetiq that aims to future proof applications using the finite resource of the radio spectrum through research and experimentation. Spectrum applications are essential for mobile communications, radar, telemetry, sensors, broadcasting and navigation systems and are employed in manufacturing, healthcare and a range of consumer services. Safeguarding spectrum capacity through the development of new technologies, policies and spectrum sharing protocols are vital to national economic interests. The National Spectrum Centre will combine the expertise of Aberystwyth University and Qinetiq and utilise the opportunities provided by the Welsh rural environment for remote but accessible natural environments for repeatable experiments and testing. An economic impact assessment has projected that the National Spectrum Centre could directly create between 42 and 66.6 permanent jobs.

<https://tradeandinvest.wales/national-spectrum-centre-0>

STEMM the tide

6.15 The skills mismatch in rural Wales creates a vicious circle (para 4.16). Young people commonly leave rural communities to pursue higher education or training and are often constrained in their ability to return by the limited availability of appropriate jobs that match their qualifications. At the same time, companies and organizations able to provide high-quality employment are deterred from investment by the absence of a significant pool of appropriately skilled labour. Young people who elect to remain in, or return to, rural areas may in turn find that their opportunities for training and career advancement are restricted, whilst the relatively small scale of most businesses in rural Wales presents obstacles for in-house training, up-skilling and succession planning (para 4.11). Equally, there are notable issues of recruitment for certain skilled positions, notably in healthcare (para 4.49). Strategic interventions are required to address these problems and build a workforce in rural Wales that is equipped for the Twenty-first century economy. Four specific actions are proposed.

6.16 *STEMM Centres of Excellence*: This proposal is focused on the related challenges of retaining young people in rural areas and building a skilled rural labour force that can attract investment in high quality jobs in emerging economic sectors. It envisages the establishment of a series of

STEMM (Science, Technology, Engineering, Maths and Money) Centres for Excellence across rural Wales, hosted by existing post-16 education providers but introducing additional resources and opportunities for post-16 vocational study and adult up-skilling and retraining. The centres would target the skills requirements of key and emerging sectors in the rural economy, including advanced manufacturing, bioeconomy, circular economy, creative industries, digital technology and electronics, food science, healthcare, low carbon infrastructure and Twenty-first century agriculture. STEMM Centres of Excellence would involve physical facilities for practical training, but also include online provision that could be followed by students at home or at schools, sixth forms, public libraries or community hubs to mitigate issues of travel and accessibility in rural areas. Workplace training would be another prominent feature, and STEMM Centres of Excellence would involve strategic participation by anchor companies and entrepreneurs to provide links to the local employment market, as well as partnerships with universities. Training may lead to professional and vocational qualifications, including Degree Apprenticeships.¹⁹⁸

6.17 *Develop entrepreneurial skills and position self-employment as an aspirational career path:* Self-employment and microenterprises are significant features of the economy of rural Wales and entrepreneurship can be an important strategy to enable young people to remain in or return to rural communities and small towns. However, individuals frequently lack the confidence or know-how to establish their own business successfully. Targeted initiatives could help to support entrepreneurial activity by young people in rural areas through mentoring, training and advice covering aspects such as finance, legal requirements, marketing and management, building on examples such as Menter Môn's Llwyddo'n Lleol 2050 project (Box 6.4). Enhancing advice on entrepreneurship available through school careers advisory services, and blended employment schemes in which anchor institutions offered part-time jobs that would provide a stable income alongside flexibility for individuals to develop a business idea might also be considered.

6.18 *Train and recruit health professionals to work in Rural Wales:* Challenges have been noted with the recruitment of healthcare professionals in many parts of rural Wales, and the problem is likely to be intensified by more restricted access to European labour markets after Brexit (para 4.77). Employee recruitment can be a factor in decisions to rationalize healthcare services in rural areas and presents particular problems for the continuation of GP and dental practices in rural towns where current practitioners are approaching retirement. As the Health, Social Care and Sport Committee of the Senedd has observed, medical and healthcare students from rural areas and those who undertake at least part of their training in rural locations are more open to taking up posts in rural areas on qualification.¹⁹⁹ The Committee's recommendation that the Welsh Government should work with medical schools and health authorities to produce a joint action plan for rural medical training and education represents an important initiative that could encompass current projects such as the Rural and Remote Health in Medical Education programme at Swansea University and the Community and Rural Education route at Cardiff School of Medicine, as well as proposals for a Nursing School at Aberystwyth University and a North Wales Medical School. Additional incentives, such as full or partial cancellation of student loan debt for medical graduate agreeing to a minimum period working in rural Wales, might also be considered, especially as stop-gap measures.

6.19 *Upskill small businesses and traders to take advantage of new technological opportunities and support succession planning by improving opportunities for sole traders, microenterprises and*

¹⁹⁸ 'Degree Apprenticeships', HEFCW.

¹⁹⁹ 'Medical Recruitment', National Assembly for Wales Health, Social Care and Sport Committee, 2017.

small organizations to participate in apprenticeship schemes. The predominance of microenterprises and small businesses in the economy of rural Wales (para 4.11) can inhibit modernization and up-skilling. Employees in the rural counties of Wales are less likely to have completed in-work training over the preceding year than their urban counterparts, reflecting the more limited capacity of microenterprises and small businesses to provide such opportunities. Targeted schemes could deliver training for sole traders and employees of micro- and small-enterprises, for example to support upskilling to use new technologies such as online marketing, paired with small grants to help businesses upgrade equipment. Small businesses and organizations can also encounter challenges participating in apprenticeship schemes, which can obstruct succession planning. Development agencies and others could encourage multi-partner apprenticeships across more than one microenterprise or between paired large and small organizations, as practiced for example by Ceredigion Museum and the National Library of Wales, as well as providing centralized administrative support.

Box 6.4: Case Study – Llwyddo’n Lleol 2050

Llwyddo’n Lleol 2050 is a scheme operated by Menter Môn working with Welsh-speaking young prospective entrepreneurs in Gwynedd and Anglesey to help them develop business ideas and counter perceptions that young people need to leave the region in order to succeed. Over ten weeks in 2020, fourteen young entrepreneurs participated in the scheme to develop a business plan, with guidance and mentoring from experts and a £1,000 start-up grant. Business plans produced by the participants include freelance design, childcare, an open air pizza kitchen, embroidery, festival clothing, and making smoothies and milkshakes. In the next stage, the scheme will fund participants for one day a week for six months to continue their business development. Llwyddo’n Lleol is funded by the Welsh Government through the Arfor Innovation Fund and operated on behalf of Anglesey and Gwynedd councils.

<https://www.mentermon.com/en/priosectau/llwyddon-lleol-2050/>

Adding value to rural infrastructure

6.20 The quality and coverage of infrastructure in rural Wales is a major constraint on social and economic development and a key factor in spatial inequalities that militate against the well-being goal of achieving a more equal Wales. Limitations affect both conventional infrastructure, including utility grids and transport networks, and new digital infrastructure for broadband and mobile phones. Investing in improvements to infrastructure in rural Wales will not only address social inequalities and improve the quality of life for many rural residents, but also unlock the potential for green economic growth. The Rural Vision outlines eight specific actions.

6.21 *Delivering universal provision of broadband and digital mobile infrastructure:* Digital deprivation is a critical issue for between a fifth and a quarter of rural residents in Wales who have limited or no access to broadband, and those living in the tenth of Wales’s land area covered by 4G ‘not-spots’ (para 4.52). The COVID-19 pandemic has emphasized the consequences of poor digital connectivity, impacting not only on the capacity of affected rural residents to work effectively from home, but also on equity of access to education, healthcare and banking services that have moved online. Under the universal service obligation, all households have the right to request broadband connections of at least 10 Mbt/s, however household are charged for excess

installation costs above £3,400. As installation costs in the most remote rural locations considerable exceed this threshold, the condition prohibits effective delivery of the universal service obligation in several parts of rural Wales. A new strategy is required to deliver universal broadband, building on the UK Government's commitment to a Shared Rural Network, and could include actions such as further public subsidies for broadband installation costs of above £3,400; supporting upgrading of connections to farms as part of funding available under the Sustainable Farming Scheme; shifting emphasis from 'fibre to the home' (FTTH) to 4G and 5G network coverage able to support mobile broadband, as recommended by the National Infrastructure Commission;²⁰⁰ developing Long Range Wide Area Networks (LoRaWAN) using long-range wireless connections; and local authorities or community organizations acting as internet service providers for local area networks based on broadband hubs at schools, community halls or other key sites. Equipping community halls as digital hubs to provide access to high-speed broadband and digital services for residents in areas with poor connectivity may be an appropriate stop-gap measure, building on a pilot in Monmouthshire (Box 6.5).²⁰¹

6.22 *Improvements to rural road infrastructure:* Many residents and businesses in rural Wales that do not have close access to alternatives such as rail are dependent on a road network that is deteriorating through disinvestment and deprioritisation. Poor road infrastructure increases costs for rural businesses, extends journey times to access services and can exacerbate problems of depopulation in remote rural communities. A targeted programme of improvements to the road network in rural Wales would support economic growth and ease socio-spatial inequalities, with an emphasis on upgrading strategic routes, enhancing road safety, alleviating congestion and localized air pollution, and assisting accessibility for the most peripheral communities. The programme should additionally prepare rural Wales for the transition to post-carbon transport, including installation of charging stations for electric vehicles (and identification of potential sites for future hydrogen fuel services), which may be combined with respite facilities.

6.23 *Develop innovative demand-led public transport and community car-share schemes:* Public bus services are limited in many rural areas of Wales (para 4.51) and face further contraction through the anticipated effects of COVID-19, changes in commuting patterns, possible reductions in subsidies, and higher fuel taxes. The loss of bus services impacts especially on marginalized residents of rural communities who do not have access to a private car, including many young people and elderly residents, presenting additional obstacles for access to education, healthcare, employment and services. Community transport schemes and some commercial operators are developing alternative demand-led models of public transport, such as the Bwcabus scheme in west Wales (Box 6.6) or the Grass Routes network in Monmouthshire, with scope for further growth offered by new app-based digital technologies that could provide for more responsive services.²⁰² Targeted grants could support the establishment of more demand-led transport schemes, introduction of digital booking services, and conversion to electric or hydrogen powered vehicles. Community car pools might similarly present flexible transport options for residents of rural communities requiring occasional use of a car, for instance with reduced commuting due to a move to working from home, supported by digital booking, key and tracking tools. Significant initial start-up costs, including purchase of electric vehicles, might be grant-aided through the UK Shared Prosperity Scheme, with schemes becoming self-financing through membership fees or hire charges.

²⁰⁰ 'Digital Communications Infrastructure in Wales', National Infrastructure Commission for Wales, 2020.

²⁰¹ 'Village Halls as Digital Hubs', ROBUST Good Practice Report, 2020.

²⁰² 'Demand Responsive Transport in Rural Areas', ROBUST Good Practice Report, 2020.

- 6.24 *Promote active travel in rural areas with investment in safe routes for cycling and walking:* Improvements in the range of e-bikes have opened up new opportunities for routine use of cycling as a commuting and travel means in rural areas. However, a lack of appropriate supporting infrastructure and the necessity of cycling on busy roads continue to be deterrents to widespread adoption. A rural active travel scheme could facilitate a change in travel behaviour by installing secure cycle parks with charging facilities in small towns, and by supporting the creation of separate safe cycling paths connecting small towns and villages. Safe paths may additionally promote increased walking between communities, as may the clearer signing and maintenance of strategic footpaths building on the network identified in volunteer work by the Slow Ways project.²⁰³
- 6.25 *Invest in grid capacity in rural areas:* Rural Wales is a major producer of renewable energy, but its capacity for further expansion is constrained by the capacity of electricity grid connecting rural areas of Wales with other parts of the country. The geography of energy production in the UK is shifting and the grid needs to be reoriented to reflect this. Improvements to grid capacity in rural areas are also required in anticipated of increased demand for electricity from rural households, notably for charging electric vehicles and to replace oil central heating, and to support the development of green technology, biotechnology and creative industries. Proposals for new overhead cable lines have faced opposition in some parts of rural Wales for their landscape impacts, and whilst overhead cables will be necessary in some instances, investment in more expensive underground cables should be prioritized where possible. The substantial cost of this project will need to be recognized as a UK strategic national infrastructure priority in the transition to a zero carbon society.
- 6.26 *Identify ways to develop zero carbon heating for off-grid properties, invest in hydrogen fueled pilot projects for both new build and retrofit rural homes:* Over 90,000 households in rural counties of Wales rely on oil central heating, including some properties that are not connected to mains gas or electricity grids.²⁰⁴ A strategy is required to transition these properties to non-carbon fuel sources. While many will be connected to the electricity grid and able to switch to electric heating, there may be issues of capacity or cost and some properties may be off-grid. Small-scale solar or wind power generation may be appropriate in some cases, learning from elective off-grid sustainable low impact housing projects, in other cases district heating systems, combined heat and power, and pilots with hydrogen fueled heating may be explored.
- 6.27 *Support ambitions for a Zero Carbon Future:* The renewable resources of rural Wales position it at the centre of green economic growth and the transition to a zero carbon society. However, currently very little of the value generated by renewable energy production in rural Wales remains in the region or contributes directly to local economic development (para 4.36). Policies for any future expansion of renewable energy in rural Wales should include actions to secure and enhance the benefits to local communities. Community-owned and managed energy schemes should be encouraged and supported, both for self-sufficiency and to supply the national grid, generating income for communities (Box 6.7). Additionally, planning for new developments should emphasise the co-location or proximate location of energy infrastructure such as windfarms, solar farms and hydro-electric schemes with small-scale units for low-impact manufacturing and technology firms as a catalyst for economic development and employment creation in rural areas.

²⁰³ Slow Ways – A Network of Walking Routes Connecting Great Britain, <https://slowways.uk/>

²⁰⁴ Census 2011, via NOMIS

6.28 *Ensure Welsh infrastructure investment from the 'New Deal for Britain' to invest in 21st century facilities for health care, education and transport for rural communities:* The New Deal for Britain was announced by the UK Government in June 2020 as an umbrella strategy for investment to stimulate economic development and address regional inequalities.²⁰⁵ The New Deal for Britain is a UK wide approach and it is anticipated that it will be the major source of investment in infrastructure. The proposal presents opportunities for rural Wales, however there is a need for proactive planning to secure investment for the region. The New Deal for Britain could potentially provide funds for the investment in digital, transport and energy infrastructure outlined above, as well as for upgrading hospitals and health facilities, and improving rail, air and sea connections and infrastructure.

Box 6.6: Case Study – Monmouthshire Digital Hubs Project

The Monmouthshire village halls as digital hubs project is a trial initiated through the rural development and digital inclusion work of Monmouthshire County Council in partnership with Llanover Community Council. The project aims to improve broadband provision, raise digital awareness and expand residents' digital skills, engage with local communities and improve the viability of village halls. Superfast broadband connections and wi-fi equipment were installed in four village halls in Llanover, Llandewi Rhydderch, Llanfair Kilgeddin and the Bryn. The facilities are available to local residents to use, both individually and through organized activities, and are employed in an activity and training programme to help residents learn more about digital technology. Additionally, as part of the project the halls have been equipped with high definition projectors, screens and surround sound systems, enabling events such as film and concert screenings, as well as the simulcasting of events between the venues. These initiatives have opened up the halls to new audiences and all age groups.

http://www.rural-urban.eu/sites/default/files/MW_Good-practice_Village-Halls_end.pdf

Box 6.7: Case Study – Bwcabus

Bwcabus is a demand-led public transport service run as a partnership between Carmarthenshire, Ceredigion and Pembrokeshire councils and the Welsh Government. The service was introduced in 2009 and has received funding from the European Regional Development Fund and various other sources. The service operates a fleet of mobility-accessible buses in specific travel zones in the three counties. Each day's route and stops are dynamically planned according to users' needs, using mapping, routing and GPS technologies. To book a place on the bus, users call a helpline number before 7pm for travel the next morning and before 11.30am for travel the same afternoon. Free advance registration is required and the cost of a journey is calculated according to the distance traveled. Most passengers are picked up at their local bus stop, but passengers with reduced mobility or living in very isolated locations may be collected at their door. An evaluation has shown that Bwcabus has reduced calls for home visits by doctors and cut average journey times to the nearest employment centre from 52 minutes to 27 minutes. Bwcabus can also connect to interchanges for long-distance TrawsCambria bus routes, providing links to larger towns and cities.

<https://www.bwcabus.traveline-cymru.info/>

²⁰⁵ 'PM: A New Deal for Britain', UK Government, June 2020.

Box 6.8: Case Study – Llangattock Green Valleys

Llangattock Green Valleys is a community initiative formed in 2009 and registered as a Community Interest Company in 2010 that aims to harness local resources in the Brecon Beacons to generate renewable energy from water, solar and wood fuel, with the aim of making the village of Llangattock carbon neutral. Over the last ten years, Llangattock Green Valleys has obtained funding from a range of sources for a series of energy generation and energy efficiency projects. These have included the construction of five micro-hydro energy schemes, installation of a solar PV scheme for the village primary school and an air source heat pump for the community hall, energy efficiency improvements in local homes, and experimentation with anaerobic digestion.

<http://www.llangattockgreenvalleys.org/>

Sustainable tourism supporting local communities, businesses and people

6.29 Tourism is a major economic sector in rural Wales and a major factor in driving social and cultural change (paras 4.28 – 4.31). Visitor numbers and with them the economic benefits of tourism are not evenly distributed, with concentrations in Pembrokeshire and Snowdonia (paras 4.29-4.30). Equally, the COVID-19 lockdown and subsequent intensive summer of season of 2020 has emphasized the challenges arising this concentration, highlighting issues with both over-dependence of communities on tourism for employment and business income, and the social, cultural and environmental impacts of over-tourism (para 4.88-4.90). There are nonetheless for COVID-19 to act as a catalyst for resetting the tourist economy in rural Wales. Work commissioned by the North Wales Economic Ambition Board has for example outlined a strategy for growing the tourism economy by increasing value not visitor numbers by extending the season, tapping into new market demands for experience-based and sustainable tourism, and engaging with digital tools.²⁰⁶ A broader approach for rural Wales as a whole might similarly aim to rebalance and add value to tourism, as well addressing specific pressures arising from the growth of short-term holiday property lets and holiday homes. There are four specific actions proposed.

6.30 *Counter the effects of COVID-19 restrictions on the tourism and hospitality sector with a marketing campaign to welcome back visitors to Wales, taking the opportunity to redefine and rebalance tourism:* A marketing campaign offers the opportunity not only to announce that the Wales tourism sector is open for business in 2021, but to redefine the offer presented with a greater emphasis on high quality, high value experiences and showcasing less visited areas of rural Wales. The development of new tourism venues and activities and upgrading of accommodation can contribute to extending the season and adding value in established tourism areas as well as building custom in new areas. Digital tools can also assist with dynamic visitor management, such as an app using real-time traffic data to direct visitors away from crowded sites,²⁰⁷ online booking systems, and virtual activities and tours that promote new experiences and destinations to tourists.

²⁰⁶ 'Reset, Reignite, Reimagine – Tourism Beyond COVID-19: Discussion Paper for the North Wales Economic Ambition Board', The Morgan-Pritchard Partnership, 2020.

²⁰⁷ See for example the Beach Check App developed by Bournemouth, Christchurch and Poole Council to manage visitor numbers in summer 2020, <https://www.bbha.co.uk/bcp-beach-check-application>

- 6.31 *Support for community-centred and locally-owned tourism ventures and projects:* Addressing the negative impacts of tourism in high-volume areas requires a new community-centred destination stewardship approach that involves local communities in shaping the tourist offer and setting priorities, encourages the development of community-owned visitor attractions and provides opportunities for local businesses (for example, local box schemes to replace supermarket deliveries to self-catering lets), and enhances visitor engagement with local culture and heritage. Possibilities might include immersive cultural experiences, courses teaching traditional rural crafts and skills, and the prominent use of the Welsh language to promote local food, drink, crafts and other products.
- 6.32 *Planning regulation for short-term property lets:* The purchase of housing in rural and coastal communities for holiday lets has inflated property prices and reduced housing supply in popular locations contributing to problems of housing affordability for local young people and low-income households, while the viability of shops and services in the community is undercut by the smaller out-of-season population (paras 4.58-4.59). Although the use of planning legislation to address challenges of second homes and holiday lets is complex, the introduction of a provision for planning permission to be required for the change of use of a residential property to short-term commercial lets (including through AirBnB) is a viable measure that enables impacts on housing supply, infrastructure and community vitality to be assessed. Measures such as this have been successfully implemented in Scotland, and was passed by Gwynedd County Council in December 2020.²⁰⁸
- 6.33 *Review the eligibility of ‘residential’ premises to receive 100% business rate relief and avoid paying any council tax:* The efficacy of measures to discourage second home ownership through the charging of premium on council tax has been weakened by the registration of properties as business premises where these are let commercially at least part of the year, or are otherwise used for business purposes. As businesses, such properties are exempt from council tax and most qualify as microbusinesses for small business rate relief, leading to a loss of receipts for local authority. The regulations covering property tax liability for second homes and holiday lets might be reviewed, alongside consideration of other fiscal measures to address housing supply and affordability including the increase in the second home levy in the Land Transaction Tax introduced by the Welsh Government in December 2020,²⁰⁹ as well as raising or extending the coverage of the council tax premium.²¹⁰ In addition to deterring the conversion of housing to second homes or holiday lets, revenue raised through the council tax premium can be invested in affordable housing project, as implemented by local authorities including Gwynedd and Pembrokeshire.

Housing to reflect local community needs

- 6.34 The supply and affordability of housing is a major challenge for rural Wales and a key driver of youth out-migration and the weakening of Welsh speaking communities (paras 4.8,4.63). The rural housing system is shaped by a number of supply and demand factors, including rates of new house-building, ratio of property prices to local earnings, competition from external buyers and planning constraints. The housing problems is not solely one of overall volume, but also of the

²⁰⁸ ‘Gwynedd Council’s “three pronged attack” on lack of action over housing crisis’, North Wales Chronicle, 14 December 2020.

²⁰⁹ Land Transaction Tax, Welsh Government, 2020

²¹⁰ ‘Council Tax Premium on Second Homes and Long-Term Empty Properties’, Gwynedd Council, 2020. Cabinet Paper, 15 December 2020.

availability of appropriate properties that reflect demand within specific communities. Addressing the housing question is important for achieving thriving and age-balanced rural communities, strengthening the Welsh language, and building a more equal Wales. The Rural Vision presents six specific actions towards this goal.

- 6.35 Introduce more flexible housing policies that better reflect the needs and capacities of rural communities to stimulate local economies and help to retain younger residents:* Current planning policies can contribute to problems of housing availability in rural areas, especially prohibitive restrictions on new build in many smaller villages (para 4.55). Planning policy guidance should be revisited with the objective of rebalancing social, cultural, economic and environmental well-being. Consideration might be given to allowing local planning authorities to make exceptions for single-dwelling construction for occupation by existing community residents or their family members where the lack of availability of appropriate housing in the community through the housing market can be demonstrated (and subject to infrastructure constraints). Other actions could include provisions for planning authorities to set aside development land specifically to meet local housing needs.
- 6.36 Lobby for sufficient funds for capital subsidies to build affordable homes across a range of tenures:* The supply of new affordable housing is a contributing factor to issues of housing availability in rural areas and policies are required to stimulate appropriate developments. Unlocking capital subsidies and modifying provisions to support investment in new social and affordable housing developments by local authorities, housing associations, community land trusts and private developers could help to increase the provision of affordable housing for both sale and rent, with funding availability potentially regulated by a locally-agreed assessment of needs for types and locations of housing.
- 6.37 Options to explore cooperative housing in empty community properties to provide affordable accommodation for young people to live independently:* Cooperative housing schemes have potential to provide options for young people and others to find affordable accommodation in rural communities with limited housing supply, and might present new uses for large properties in villages such as former schools or pubs as an alternative to conversion to single dwellings or holiday lets. Policies to support rural housing cooperatives could include promotion of cooperative housing models to community councils and other community groups, provision of guidance and advice for new housing cooperatives, arrangements with banks and building societies to ease mortgage lending, and proactive planning policies favouring conversions for cooperative housing.
- 6.38 Utilise the availability of local timber products and fibres such as Welsh wool to develop low-cost modular housing based on modern methods of constructions:* Modular housing provision offers a means of reducing costs and timescales for new builds, whilst also ensuring high standards of energy efficiency and sustainability. A focus on using resources from rural Wales, including Welsh wool and locally-sourced timber, would additionally adhere to circular economy principles, contributing to the diversification of uses for Welsh rural resources (para 6.8) and providing employment opportunities with businesses processing materials and manufacturing modular units.
- 6.39 Introduce measures to protect Welsh place and property-names:* Changes to Welsh language place and property names by external investors and in-migrants have prompted concerns about the dilution of Welsh language culture and heritage in parts of rural Wales. Whilst a blanket regulation of property names is likely to be impractical, more targeted interventions might be

considered, including for example ‘cultural preservation orders’ (similar to tree preservation orders) that could be assigned to culturally significant or at-risk properties requiring planning permission for a change of name.

6.40 Raise awareness of the Welsh language amongst those purchasing homes in communities with a high percentage of Welsh speakers: The decrease in the proportion of Welsh-speaking residents in many rural communities, reducing the capacity of Welsh to be used as the language of everyday community life, results both from the out-migration of Welsh-speakers and in-migration by non-Welsh-speakers (para 4.63). Initiatives to raise awareness of the Welsh language by in-migrants and encourage them to learn Welsh could help to address this trend. Potential actions might include requiring information about Welsh language in the community to be included in Home Information Packs for properties purchased in majority Welsh-language communities, including information on Welsh classes. Material could be prepared by town and community councils for inclusion in HIPs by vendors and estate agents.

Smart and thriving rural towns

6.41 The traditional role of market towns in rural Wales has been diminished by the closure of markets, marts and large employers and the loss of shops and public services. Although some towns continue to act as significant employment and service poles, others have become net exporters of commuters and are by-passed by rural residents travelling to larger centres for shopping and services (para 4.67). Small towns can also be caught between rural development policies aimed at villages and the Welsh Government’s Transforming Towns regeneration initiative with an emphasis on ‘town centres’ that is inappropriate for smaller towns where the centre is indistinct.²¹¹ However, a renewed emphasis on the foundational economy and behavioural changes that might follow from increased home-working present opportunities for small towns to recover their historic function as the linchpins of the rural economy and society. The Rural Vision outlines four specific actions.

6.42 A Smart Towns Initiative: Digital tools offer opportunities to develop new business models in small towns and support more flexible and responsive planning, service provision and marketing using digital data (Box 6.8). A Smart Towns Initiative would provide funding for rural small towns to install and operate public wifi systems and training in making effective use of the data generated, as well as support for projects that could include online booking systems; e-commerce platforms to increase sales and income for local shops; apps for placing orders at cafes, restaurants and pubs; digital marketing to attract tourists; and digital booking and tracking systems for e-bike hire schemes; with space for local innovation. Funding might also be directed towards the creation of shared office hubs providing sole traders, microenterprises and home-workers with access to advanced digital tools as well as facilities such as laser printing and photocopying, meeting spaces and hot desks. Co-location of shared office hubs with public libraries could help to secure the viability of the latter in small towns.

6.43 Capital investment in suitable and modern employment sites to support business development and growth: Strategic emphasis on expanding the biotechnology, green technology, advanced manufacturing and food processing sectors in rural Wales presents opportunities for small towns to attract new businesses. Actions might include development of advance factory units in small towns that are specifically designed to cater for the needs of these sectors, including fast and

²¹¹ ‘Transforming Towns’, ROBUST Good Practice Report, 2020.

high-quality broadband connections (or upgrading existing premises), and starter-units for new businesses and local entrepreneurs.

6.44 *Establish creative hubs in locations in rural Wales:* The creative economy is an increasingly important sector in rural Wales with potential for growth, however market development, access to infrastructure and support networks can be challenges, especially for microenterprises and sole operators.²¹² The strategic development of creative hubs at small town locations in rural Wales, following the model of Yr Egin in Carmarthen (Box 6.9), could stimulate growth in the creative sector and support business development. Each hub might focus on a specific industry, including film, music, design and computer games, with an anchor company or organization (similar to S4C in Yr Egin) but also providing workshops, networking space, e-commerce sales and dispatch services and access to specialist technology and infrastructure for clusters of small enterprises and freelancers in the local area.

6.45 *Support for the Banc Cambria initiative and local credit units to provide banking facilities in communities where commercial bank branches have been closed:* The widespread closure of ‘high street’ bank branches in small towns in rural Wales over the last decade (para 4.50) has eroded the service function of towns and increased costs and logistical challenges for small businesses. Access to appropriate banking facilities is important for attracting and retaining businesses in small towns, especially in areas where the utility of online banking in rural communities may be restricted by inadequate broadband connections. Policy responses should seek to support the development of alternative provision, including potentially the Banc Cambria initiative to establish community-based banking networks,²¹³ local credit unions, mobile banking units, provision of banking services through post offices or other outlets, and ATM installation in public- or community-owned buildings.

Box 6.8: Case Study – 4CG and Rhwyd Teifi Cardigan

4CG is a community-owned social enterprise in Cardigan established to promote the development of the town and to enhance community wealth building by retaining value locally. Working with others, including as part of a Town Centre Partnership, 4CG has implemented a number of projects, several a emphasis on using digital tools. These have included installing a public pay-as-you-go wifi network through the town, Rhwyd Teifi, based on a superfast broadband connection, and the development of a town app for tablets and smartphones. The app provides information about Cardigan, its history, shops, restaurants and services, and is interactive with ibeacons around the town that send alerts with historical information or offers enticing users into local businesses. The wifi network and app both generate analytical data that allows monitoring of visitor numbers, origins, seasonal and daily patterns of footfall, and movement around the town. These data are used by 4CG, the town council and other community groups to inform planning of events, management of services and facilities, and to support bids for funding. Local businesses equally use the data in decision-making on stock, opening times and marketing. The app and data also support dynamic visitor management. For example, visiting parties from cruise ships docked at Fishguard are encouraged to download the app on disembarking and businesses in Cardigan are able to use app data to anticipate numbers, tailor stock and advertising and attract custom through ibeacon alerts. The Rhwyd Teifi wifi network also supports an optional online newsletter that provides subscribers with events information and online offers for local businesses.

<https://www.4cg.cymru/>

²¹² ‘Artists as workers in the rural’, Marie Mahon et al., *Journal of Rural Studies*, 2018.

²¹³ Banc Cambria, <https://www.cooperatives-wales.coop/banc-cambria/>

Box 6.9: Case Study – Yr Egin

Yr Egin is a creative and digital centre located on the campus of University of Wales Trinity St David in Carmarthen and opened in 2018. Anchored by the headquarters of the Welsh language broadcaster S4C, which relocated from Cardiff, Yr Egin also hosts a number of smaller enterprises in the creative industries, many working primarily through the medium of Welsh. These including television content or production companies Boom Cymru, Captain Jac and Lens 360, post-production facility Gorilla Group, digital services providers Big Learning Company, Moilin and Optimwm, creative brand agency Highly and translation firm Trywydd. Yr Egin additionally provides studio, meeting and post-production facilities for hire, as well as an enterprise hub offer services and incubation space for local entrepreneurs. Funding was provided for Yr Egin through the Carmarthenshire LEADER local development fund in the RDP, with additional support for the enterprise hub from Welsh Government and the ERDF.

[Homhttps://yregin.cymru/](https://yregin.cymru/)

Community wealth building and addressing the missing middle

6.46 There is significant leakage of wealth from rural Wales from the under-realisation of value from agricultural products and natural resources, processing of products outside the region, transfer of profits to non-local owners, and export of labour to work in neighbouring cities and districts. At the same, rural and small town communities have been affected by decisions to cut or scale-back public and commercial services made outside the locality with little or no consultation, and are constrained in their capacity to strengthen resilience by lack of local ownership and accountability. The concept of ‘community wealth building’ can offer a framework for improving the retention of wealth and value in rural Wales, focusing on the five principles of plural ownership of the economy, making financial power work for local places, fair employment and just labour markets, progressive procurement of goods and services, and socially productive use of land and property.²¹⁴ The Rural Vision outlines five actions that reflect community wealth building objectives.

6.47 *Recognise the role of the public sector as anchor institutions in the rural economy and adopt dynamic procurement policies that support rural businesses:* Large employers and organizations, referred to as anchor institutions, can have a significant impact on local economies through their purchasing practices for goods and services. In rural Wales the anchor institutions are primarily public sector bodies, including local authorities, hospitals, universities and FE colleges, which are subject to public procurement regulations but also have specific responsibilities to communities. Although discriminatory local first procurement policies are prohibited by provisions in the UK Internal Market Act, there are a number of actions that can be taken to develop dynamic procurement systems, including practices already piloted by authorities in Wales and elsewhere and supported by Welsh Government work on a new procurement landscape for Wales.²¹⁵ These include breaking down contracts into smaller components that are more feasible for local businesses to bid for, incorporating social and environmental considerations into award criteria,

²¹⁴ ‘The principles of community wealth building’, CLES.

²¹⁵ ‘Progress towards the development of a new procurement landscape in Wales’, Welsh Government, March 2020.

and information events for local suppliers to enhance understanding of purchaser needs and procurement processes.

- 6.48 *Support for the Welsh food industry, including food processing and local food networks:* Strengthening local food networks and the self-sufficiency of the Welsh food system offer ways of increasing and retaining the value generated in rural Wales, as well as contributing to sustainability goals.²¹⁶ There are many successful local food projects currently operating in rural Wales, with opportunities for further expansion by building on innovations adopted during the COVID-19 crisis such as ‘click-and-collect’ farmers’ market schemes (para 4.95), as well as other recent innovations such as introduction of vending machines selling fresh milk and other local produce (Box 6.10). Further potential policy actions that could help support local food networks include introducing certification schemes for shops, restaurants and hospitality venues sourcing over 50 per cent of their produce from local growers and suppliers. The potential for growing local food networks and retaining value is currently constrained by food processing capacity in Wales (para 4.27). Supportive policies might include targeted business support for small-scale food processors and initiatives to promote entrepreneurship and deliver relevant training in food science (paras 6.13 and 6.17), as well as encouraging investment in high-value processing plants for products such as milk as a strategic priority for the Welsh Government.
- 6.49 *Develop action plans to enhance childcare and other care-giving in rural communities:* The availability of childcare in rural communities is a significant issue that has implications for ability of villages to attract and retain young families, with demand likely to increase with a rise in working from home. Action plans could be developed by local authorities to identify ways of expanding childcare provision, including through blending of commercial, institutional and voluntary sector provision and informal community networks, as appropriate for specific community needs.
- 6.50 *The foundational economy and business growth:* An emphasis on the foundational economy can support community wealth building by adding value to core services that are embedded in the everyday life of communities. In particular, as recognized in the Welsh Government’s foundational economy, it can help to grow the ‘missing middle’ of medium-sized firms that are grounded in rural Wales, with decision-making rooted in local communities.²¹⁷ The delivery of this objective has potential to address the skew of business structures in rural Wales towards micro- and small enterprises, increase employment in small towns and rural communities, and enhance the generation of wealth in rural areas. To maximise the impact of this approach, the foundational economy approach should operate in tandem with the Regional Investment Framework and inform programmes for business support, training and place-based development, including focusing small town regeneration around their foundational economy functions as providers of health, education, care and other core services and food retailing.
- 6.51 *Develop a local investment scheme:* Making finance work for local communities is a key principle of community wealth building and can help to address problems of access to credit and finance faced by businesses in rural areas. Current low interest rates provide an opportunity to develop a local investment scheme to support business growth through peer-to-peer lending with government underwriting of loans. A local investment scheme could unlock investment for

²¹⁶ ‘A Welsh Food System Fit for Future Generations’, Report by Sustainable Places Research Institute for WWF Cymru, 2020

²¹⁷ ‘The foundational economy’, Welsh Government, 2019.

businesses, while also offering favourable returns for local people who are looking to save or to enhance their retirement earnings.

6.52 In addition to the priorities outlined in the Rural Vision, communities can be empowered to develop resilience by supporting community enterprises and projects. A number of communities across rural Wales have successfully mobilized internal resources including capital, volunteer time and labour, and professional know-how in community enterprises that have taken over key local facilities and services such as shops, pubs, post offices and petrol stations (Box 6.11). Such initiatives help to regain community control over essential assets, build community coherence and resilience, and retain wealth within the community, and may have an increasing role to play if government spending constraints place further pressures on public services. Support for community enterprises that may be delivered through the Regional Investment Framework and CLLD projects include business start-up advice and mentoring, grant aid for property and equipment purchases and training. Other community-focused initiatives that aim to make socially productive use of land such as community growing and farming projects may additionally benefit from allocation of public-owned land. Further options for empowering rural communities that might be considered could include legislation to introduce a ‘community right to buy’ registered key assets if they come to market, which might include properties and facilities of strategic importance to Welsh language and culture, in order to maintain local ownership and utility to the community.

Box 6.10: Case Study – Abergavenny Agri-Urban Integrated Action Plan

‘Thought for Food’, the Abergavenny Agri-Urban Integrated Action Plan is a shared vision for local food produced by a local user group as part of Monmouthshire County Council’s participation in the European URBACT project in 2016-18. The plan aims to make Abergavenny and its surrounding area “a place where Culture, Cuisine and Community are intrinsically linked [and] where local produce is the purchase of choice for residents”. A core objective is the development of Monmouthshire as a ‘food hub’ involving a coordinated approach to connecting producers, processors and consumers, marketing and distribution. Other proposed actions include a youth training academy, improving access to land including for new entrants to farming, and incubator units for food processing enterprises.

https://urbact.eu/sites/default/files/agri-urban_iap_abergavenny_en_full.pdf

Box 6.11: Case Study – Cletwr

Cletwr shop and café opened in 2013 in the village of Tre'r Ddôl in northern Ceredigion. Cletwr was developed as a non-profit social enterprise by a group of residents following the closure of the village garage, which also served as a shop. Following successful funding bids, the original garage premises was replaced by a purpose-designed and environmentally sustainable building in 2017. Cletwr also provides important local services including free WiFi, cash withdrawal, an oil-buying syndicate, parcel drop-off point, mobile library visits, and police and council advisory sessions. Staff include a paid community coordinator. The aims of Cletwr include: 1) creating a focal point for the local community; 2) providing volunteering and socialising opportunities for older residents; 3) helping young people gain work experience and new skills; 4) generating economic opportunities, including for local producers.

<https://cletwr.com/>

7. Delivering the Vision

- 7.1 As a holistic overview, the key asks and proposals outlined in the Rural Vision extend across multiple policy areas and competences and are variously directed at the Welsh Government, the UK Government and a number of other agencies and institutions. The primary audience is the Welsh Government, with the Regional Investment Framework envisaged as the main vehicle for implementation but with several proposals also relating to other policy domains within the Welsh Government including agriculture, environment, planning, housing, health, education, transport and culture. Moreover, the implications of the UK Internal Market Act 2020 afford a greater role in the delivery of the Rural Vision objectives and key asks to the UK Government, including through the Shared Prosperity Fund as well as the existing Growth Deals.
- 7.2 Stakeholders consulted in the development of the Rural Vision expressed the importance of place-based approaches and local input into programmes, as well as preferences for simplified and integrated modes of delivery avoiding the creation of new structures. These preferences resonate with the recommendations of the recent OECD report on ‘The Future of Regional Development and Public Investment in Wales’, which emphasizes the need for an approach that draws on an integrated strategy and policies; supports the delivery of policy and services by a wide variety of actors at national, regional and local scales; optimizes its resources – finance, human resources and infrastructure – in a constrained fiscal context; and balances top-down and bottom-up approaches, favouring partnerships that ideally meet half-way.²¹⁸
- 7.3 Local authorities have an essential and central role to play in the implementation of the Rural Vision, through facilitating and leading place-based development, enabling integrated perspectives that connect economic development with services such as education and housing, and providing accountability to local communities in rural Wales. The capacity of local authorities can be extended by working in partnership with other local authorities in joint committees; with other public agencies, businesses, third sector organizations and community groups; and where appropriate with town and community councils. Town and community councils have their own specific roles to play in facilitating and coordinating community-led initiatives in response to several of the proposals outlined in the Rural Vision.
- 7.4 Consultation with stakeholders also underlined the importance of the Community Led Local Development (CLLD) approach in rural Wales. The affirmation of the CLLD approach in the Framework for Regional Investment was welcomed by stakeholders, including the recognition that ‘activities led by and with the active involvement of rural communities will be key in delivering priorities within the Regional Economic Frameworks to facilitate place-based planning and delivery in response to locally identified needs and opportunities across rural areas’, as well as commitments to facilitating innovative responses and to fund the mainstreaming and up-scaling of successful ideas.²¹⁹ However, the absence of specific ring-fencing of resource for CLLD in rural areas was noted with concerns expressed that the scale of the current ‘LEADER’ programme could be diminished through competition for funding with urban bids with potential consequences for the continuity of supported projects and the expertise of participants. CLLD is

²¹⁸ ‘The Future of Regional Development and Public Investment in Wales, United Kingdom’, OECD Multi-level Governance Studies, 2020.

²¹⁹ ‘Framework for Regional Investment’, Welsh Government, 2020, page 8.

an ideal delivery mechanism for several of the proposals outlined in the Rural Vision and a commitment should be made to its continue comprehensive coverage of rural areas of Wales.

- 7.5 The interconnection of rural and urban areas and the need for strategic planning and coordination across both areas was additionally emphasized by several stakeholders. The Regional Investment Framework and the regional Growth Deals provide forums for rural-urban integration, but should preclude the development of other networks that extend beyond these regional boundaries, including engagement with adjacent cities and regions in England where appropriate. Furthermore, the working practices, objectives and policies of regional partnerships need to be balanced, recognize the mutual inter-dependency of urban and rural areas, and fairly represent rural interests if they are to secure legitimacy and support in rural populations.
- 7.6 A recurrent issue raised by stakeholders consulted in the development of the Rural Vision was the perceived lack of understanding of impacts on rural communities of policy decisions. The Rural Vision accordingly recommends the reprisal of 'rural proofing' as a mandatory requirement in the development of new policies and programmes across all areas of Welsh Government policy and within the Regional Investment Framework and Growth Deals. Rural proofing should extend to policy areas including agricultural support and environmental management as a mechanism for assessing the social and cultural impacts of proposed policies and programmes for rural communities.
- 7.7 A final challenge for the delivery of the Rural Vision raised by stakeholders is that of coordination actions to addressed shared or generic rural problems across a regional structure and ensuring equity of outcomes for rural communities in different regions of Wales. A number of suggestions for coordinating rural interventions and monitoring the delivery of policies in rural areas were put forward by participants, including:
- A dedicated rural stream in the Regional Investment Framework, cross-cutting the regional structure, to focus on and address common but distinctive rural challenges.
 - A new rural agency that is owned by rural local authorities as a partnership, with representation on its boards from other rural stakeholders, to coordinate the planning and implementation of programmes and schemes for rural development.
 - A new post of Rural Commissioner to monitor the coordination of rural development policies and actions across programmes, the fair incorporation of rural priorities in regional frameworks, and the implementation of rural proofing of Welsh Government policies.

Whilst here was no consensus among WLGA Rural Forum members or wider stakeholders consulted on these specific ideas and as such the Rural Vision does not recommend any for adoption, Members are of the view that they require further consideration and exploring as part of the wider discussions with key partners and stakeholders, including the Welsh Government, in the new year.

Glossary of Key Terms

Age-balanced Communities – Communities with a broadly even mix of different generations, including young people and working-age families, that are not disproportionately skewed towards older age groups.

Chargeable Second Home – Second homes that are liable for council tax. Second homes are residential properties that are not the owner's primary place of residence. Some may be used for weekend or seasonal residence, and/or may be let for part of the time as holiday accommodation; others may be inherited properties or investment properties. Council tax must normally be paid on such properties but there are exemptions for long-term empty dwellings. Properties that are used for commercial purposes, such as holiday lets, may however be registered as business premises and become subject to business rates rather than council tax. These are not included in the definition of 'chargeable second homes'. Local authorities in Wales are able to charge a premium on council tax on chargeable second homes.

Circular Economy – The circular economy model aims to minimise or eliminate waste by keeping products in use as long as possible, maximising the value extracted, and recycling or repurposing products or materials at the end of each 'service life' of a product (i.e. when its use in its current form has been completed). The circular economy is an alternative to the traditional linear model of making, using and disposing products.

Common Agricultural Policy (CAP) – The policy framework for agricultural support and rural development in the European Union, with funding delivered through the **European Agricultural Guidance and Guarantee Fund (EAGGF)**. The CAP has several elements. **Pillar 1** of the CAP provides direct support (or subsidies) to farmers as direct farm payments (previously known as the single farm payment), implemented in Wales through the **Basic Payment Scheme**. Pillar 1 payments cover both core funding (in Wales calculated according a formula reflecting historical receipts) and discretionary funding for agri-environmental measures. Pillar 2 of the CAP supports wider rural development and the diversification of the rural economy, delivered through the **Rural Development Programme**. From 1st January 2021, Wales is no longer part of the Common Agricultural Policy, and support to farmers will be provided under the Welsh Government's **Sustainable Farming Scheme**.

Community Led Local Development (CLLD) – A methodology for economic development that is managed and implemented by local action groups comprised by representatives of public, private and community sectors in sub-regional areas, with an emphasis on integrated multi-sectoral place-based strategies that reflect local needs and potential and involve networking and innovation. CLLD has been employed in EU-funded programmes, most notably the **LEADER programme** for rural development. The Welsh Government proposes to extend the CLLD methodology to all parts of Wales in the post-Brexit Regional Investment Framework.

Community Wealth-Building – A people-centred approach to local development that aims to retain wealth generated by economic activity within a community and to give communities more control over the local economy. It is based on five key principles: plural ownership of the economy; making financial power work for local places; fair employment and just labour markets; progressive procurement of goods and services; and socially productive use of land and property.

Creative Economy – Areas of the economy that are based on cultural and creative activities including, for example, the work of artists and craftspeople, music, film and television production, design, writing and publishing, computer game design and cultural festivals.

Dynamic Procurement System – A electronic procurement tool used by local authorities and other public sector bodies and large organizations to manage the purchase of goods and services. A DPS can provide the technical capacity to support progressive procurement (in which purchasing decisions may be informed by social and environmental considerations such as supporting local suppliers) by enabling contracts to be disaggregated and suppliers to join the procurement framework at any time.

Ecosystem Services – Functions performed by the natural environment and landscape that provide wider social, environmental, health and wellbeing benefits. Examples include the removal (sequestration) of carbon dioxide from the atmosphere and storage of carbon in vegetation and soils; removal of pollutants from the air and water; provision of habitats for wildlife; regulation of water-flow in upland catchments that can alleviate flood risks downstream; and attractive landscapes and environments for leisure and recreation. Ecosystem services have conventionally not been commodified for sale and income-generation, but recent emphasis has been placed on estimating the value of ecosystem services to the economy and on developing mechanisms to reward landowners for these benefits through payments for ecosystem services (also referred to as payments for environmental services).

Foundational Economy – The areas of the economy that are concerned with meeting the basic routine needs of the population. It includes food production and provision; supply of water and energy; housing and construction; health and other care services; education; transport; and essential retail. These sectors have not conventionally been the focus of economic development strategies, but academics have recently argued that investing in and supporting the foundational economy is the key future resilience and sustainable growth.

Green Recovery – Strategies for economic recovery from the impacts of the COVID-19 pandemic that combine goals of economic growth with environmental sustainability and which emphasis sectors such as the development of post-carbon technologies, renewable energy and low-carbon transport. It is linked to ideas of the ‘Green New Deal’, which have more political connotations.

Gross Value Added (GVA) – A measure of productivity that measures the value of goods and services produced in a specified geographical area or by a specified sector of the economy. It is calculated from the total of all revenues received by businesses from sales and subsidies, minus the costs of production and taxes.

Growth Deals – Programmes for integrated regional economic development in Wales that have been co-funded by the UK Government and the Welsh Government and which are led by partnerships of local authorities. The first Growth Deals were introduced for city-regions focused on Cardiff (Cardiff Capital Region) and Swansea (Swansea Bay Growth Deal) and including neighbouring rural authorities, and have subsequently been complemented by Growth Deals for Mid Wales (Growing Mid Wales) and North Wales (North Wales Economic Ambition Board).

Internal Market Act – The UK Internal Market Act was passed in December 2020 and provides the legislative framework for the operation of a single market within the UK replacing the framework of the European Single Market. The Act aims to ensure a ‘level playing field’ for businesses trading across the UK after Brexit, with common regulations between the UK nations and territories. However the Act is controversial for legislating in areas of responsibility devolved to administrations in Wales, Scotland and Northern Ireland, constraining the autonomy of devolved administrations in areas such

as public procurement, and increasing the role of the UK Government in economic development and infrastructure outside England.

Land Transaction Tax – A tax on property purchases that replaced the stamp duty in Wales in 2018. The Land Transaction Tax is payable on property transactions of £250,000 and over for residential properties and on £225,000 and over on non-residential properties and land. A premium is normally charged when a buyer already owns one or more residential properties and is acquiring an additional property (the ‘higher residential rate’).

LEADER programme – A community-led rural development initiative funded by the European Union as part of the Rural Development Programme (RDP) and delivered through local action groups. There have been several iterations of funding, including LEADER I (1991-1993), LEADER II (1994-1999) and LEADER + (2000-2006), which were competitive and supported a limited number of local action groups with partial coverage of rural Wales. From 2007 to 2020, LEADER was mainstreamed in the RDP in Wales, with local action groups covering all areas of Wales eligible for the RDP and administered by local authorities. Participation in LEADER has ended with the UK’s withdrawal from the EU.

Lower Super Output Areas (LSOAs) and Middle Super Output Areas (MSOAs) – Territorial units used for statistical analysis that are built from Census Output Areas. Census data is organized by output areas (which replaced previous enumeration districts) of around 125 households each that reflect postcode and local authority ward boundaries. Lower Super Output Areas (LSOAs) are combinations of several output areas with between 400 and 1200 households (1000 – 3000 people) and in rural areas are typically composed of one or more villages as a sub-division of a ward. Middle Super Output Areas (MSOAs) are amalgamations of LSOAs into units of between 2000 and 6000 households (5000 – 15000 people) and in rural areas are commonly groups of wards. There are 1909 LSOAs and 410 MSOAs across Wales as a whole.

Microbusiness – A small business employing fewer than 10 people.

Missing Middle – The idea that the economy of Wales has a bipolar skew towards large (often transnational) companies and small microbusinesses, and has a disproportionately small cohort of medium-sized firms that are owned and managed in Wales but have the capacity to trade internationally.

Natural Capital – The potential economic value of the natural environment as realised through the production of crops and livestock, energy generation, supply of minerals, timber and other natural resources, provision of ecosystem services, and use for leisure and recreation.

NUTS 2 Regions – Territories for statistical analysis as part of a Europe-wide statistical geography of hierarchical regions classified according to a common Nomenclature of Territorial Units for Statistics (NUTS). NUTS 2 regions are the scale that are used for measuring eligibility for different levels of funding under the EU Structural Funds. Wales forms a single NUTS 1 region, but since 1999 has been divided into two NUTS 2 regions – East Wales (Cardiff, Vale of Glamorgan, Newport, Monmouthshire, Powys, Flintshire and Wrexham) and West Wales and the Valleys (Isle of Anglesey, Gwynedd, Conwy, Denbighshire, Ceredigion, Carmarthenshire, Pembrokeshire, Swansea, Neath Port Talbot, Bridgend, Rhondda Cynon Taf, Merthyr Tydfil, Caerphilly, Blaenau Gwent and Torfaen). This geographical organization enabled West Wales and the Valleys to qualify for the highest level of EU Structural Funds between 2000 and 2020, with GDP per head at less than 75 per cent of the EU average.

Protected Geographical Indication (PGI) – A designation awarded to specified regional food and drink products that reputation or noted characteristic specific to a geographical area. PGI labelling is restricted to products made within the specified region and compliant with other defined requirements (for example processing methods), and act as a trade mark protecting producers from competition from inferior imitations and misrepresentation of place of origin. PGI status can also help to promote products and can attract premium prices. Products from Wales with PGI status include Welsh Beef and Welsh Lamb, Cambrian Mountains Lamb, West Wales Coracle Caught Sewin and Salmon, Welsh Cider and Perry, Carmarthen Ham, Traditional Welsh Caerphilly Cheese and Pembrokeshire Early Potatoes. PGI products must be traditionally and at least partly manufactured or processed in the designated region. A second category of **Protected Designation of Origin (PDO)** is more tightly defined as products traditionally and entirely manufactured or processed within the designated region. Products from Wales with PDO status include Gower Salt Marsh Lamb, Welsh Laverbread, Vale of Clwyd Denbighshire Plums, Anglesey Sea Salt and Conwy Mussels. PGI and PDO status for products from the UK has been protected under the UK-EU Trade and Cooperation Agreement.

Regional Investment Framework – Framework for regional economic development in Wales, including rural development, following the UK withdrawal from the EU. It replaces economic development programmes, including the EU Structural Funds and the Rural Development Programme.

Rural Development Programme (RDP) – Programme for economic and social development in rural areas funded as part of the European Union’s Common Agricultural Policy. Priorities and actions for the RDP were defined in a rural development plan written and implemented for Wales as a whole, and included delivery of the LEADER programme to support rural community development through CLLD principles. Areas eligible for support from the RDP were defined at ward level based on the ONS rural-urban classification. Following Brexit, the RDP has been replaced by the elements in the Welsh Government Regional Investment Framework and the UK Shared Prosperity Fund.

Shared Prosperity Fund – The UK Government’s replacement for the EU Structural Funds aimed at addressing social and geographical inequalities within the UK, including targeted funding for economic development in disadvantaged regions. Full details of the operation of the Shared Prosperity Fund and the distribution of funding are to be confirmed.

Smart Development – An approach to economic development that emphasizes the three principles of connectivity (building networks and markets across space and focusing on transport and communications infrastructure), embeddedness (making use of endogenous local strengths and resources), and relatedness (striking a balance between local economic diversity and specialization, with clustering of related businesses). Smart development prioritises regional adaptability and bottom-up modes of development and is commonly also associated with the use and promotion of new technologies and digital infrastructure.

Structural Funds – Measures implemented by the European Union to address inequalities and promote social, economic and territorial cohesion through multiple funding mechanisms, the most notable of which include the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The objective of territorial cohesion is reflected in differential distribution of funds between regions according to economic performance and the targeting of resources at the most disadvantaged regions with regional GDP per head of less than 75 per cent of the EU average. The Structural Funds are implemented in programming periods of 7 years each, and the structure, criteria and terminology has shifted between periods. Prior to 2007, the most disadvantaged regions were referred to as Objective 1 regions (i.e. receiving support under Objective 1 of the Structural Funds;

other objectives included Objective 5b targeted at restructuring rural regions), and from 1999 included West Wales and the Valleys. Between 2007 and 2013 they were referred to as Convergence Regions and again included West Wales and the Valleys. Following Brexit, the EU Structural Funds are to be replaced in Wales by the UK Shared Prosperity Fund.

Wellbeing of Future Generations Act – The Wellbeing of Future Generations Act 2015 aims to improve social, economic, cultural and environmental wellbeing of Wales and introduced requirements on public bodies to engage with communities and consider the long-term impacts of policies and decisions and to plan for sustainability. The WFGA is framed around seven wellbeing goals focused on a prosperous Wales; a resilient Wales; a healthier Wales; a more equal Wales; a Wales of cohesive communities; a Wales of vibrant culture and thriving Welsh language; and a globally-responsible Wales.



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