

Date: 14 September 2000
Time: 2.00pm to 4.20pm
Venue: National Assembly Building, Cardiff Bay

**Policy Review of Rural Economic Diversification
(October - December)
Specification of the Issues: Terry Marsden**

1. Purpose

1.1 To outline a proposed timetable for the Committee's review of rural economic diversification in the five meetings to be held between October and the end of the year.

2. Background

2.1 The policy review, after wide consultation, has identified six key areas to explore (see ARD 07-00 (p2)). One of these has been largely completed (Planning) leaving a further five to be the subject of more detailed consideration and evidence taking. These are:

- support and advice services
- access to capital
- education and training
- marketing and increasing added value
- community development

2.2 It will not be possible to address all of these fully in the five meetings between October and Christmas. The draft timetable in this paper proposes consideration of the first three themes by the end of the year. Further work on marketing/adding value and community development will be required in the New Year before completing the review.

3. Focussing the Committee's work

3.1 It is worth reiterating the overall aim of the review:

*To review the policies and programmes that would support greater economic diversity in rural Wales.
And to consider proposals to create:*

- *a broader representation of economic activities*

- *a greater choice of economic opportunities, particularly for young people; and*
- *more sustainable family farms*

3.2 Given the limited time available to the Committee, it is important to focus work on these overall objectives. That is, *we need to consider how improvements in each of the themes in para 2.1 can contribute to the three main aims.* The following key questions should, therefore, be at the forefront of the Committee's questioning and the requests for evidence:

- How can existing innovative initiatives be better fostered and disseminated?
- What types of policies would most effectively contribute to this?
- How can a climate of creative new initiatives be established (through a combination of private, public and community based means)?
- What effective targets or benchmarks can be set to monitor policy performance in rural economic development.

3.3 The work should contribute to the development of a viable rural economic development strategy for Wales that places emphasis upon building up the capacity of rural people and areas to compete and participate in the wider economy.

3.4 The overall product of the next five meetings should therefore form the basis for answering the questions above, gaining a detailed picture of the five remaining priority areas and applying all of this to the overall review objectives.

4. Proposed timetable

4.1 The main areas for discussion at the first three meetings will be the themes of **access to capital** and **support and advice** services. Evidence will be invited from those with practical experience of establishing or assisting businesses in rural areas (Oct 8th), existing enterprise agencies (Oct 25th) and the larger public bodies (Nov 8th).

4.2 Of particular relevance to this stage of the Committee's review will be the work already done by the Economic Development Committee in its review of business support and the progress being made towards a development fund - *Finance Wales*.

October 11th

LEADER network

PRYA Enterprise - business incubation initiative

Individual entrepreneurs

Federation of Small Businesses

CBI

4.3 The emphasis will be on gaining evidence from some key players in the private sector, and their representative organisations, in terms of the barriers and opportunities in access to capital, business support and advice. The priority will be to assess how rural business development can be more effectively supported, encouraged and created.

October 25th

Local enterprise agencies
Training and Enterprise Councils
Menter a busnes
WLGA - local government business development officers

4.4 This session will explore the same themes in relation to the existing local and regionally-based enterprise agencies. It will explore current practices, their problems, and how they may be improved.

November 8th

WDA
Business Connect
WEFO
Finance Wales

4.5 This session will target the wider national bodies, and in the context of the wider reviews being undertaken in the area of business support specifically look at the ways these agencies can enhance support for rural businesses. This will involve aspects of the provision and demand for capital, support and advice.

November 22nd and December 6th

4.6 On November 22nd it might be useful for the Committee to review its progress to date - to identify gaps and to discuss any emerging recommendations.

4.7 When the Committee is content with its work on the first two themes, attention can be turned to the provision and demand for education and training. It is envisaged that one session would involve all of the major state providers, while the other would concentrate more on the users (including the farmer representative organisations). These sessions would also involve some examples of good practice and innovation in rural ICT.

4.8 In all of the sessions it will be necessary to provide respondents with a broad set of key questions to address in the preparation of their evidence. Annex A provides a draft of some key areas of concern.

5. Action for the Committee

5.1 The Committee is invited to comment on and agree the timetable for the five meetings to the end of the year.

Annex A

Access to capital

How can public and private funding be best used to stimulate and support business development in rural areas?

The non-agricultural private sector: what are the distinctive needs of rural based businesses?

Is there a difference in this regard between home-grown SMEs and those that have come in from outside?

How can the development of business clusters be stimulated?

What sorts of financial provisions are needed for these (start-up and small firms)?

How has the existing business grant structure assisted (or otherwise) business development?

How are, and how can, businesses make best use of existing information technologies?

What is the level of cooperation/collaboration between firms? How relevant is this for business development?

How can aspects of EU structures funding and rural development funding be best applied to the problems of business development?

What evidence of financial assistance for new product development is there? Is this in need of improvement?

Is there financial provision for effective market research for small businesses?

How can financial support for more effective R&D be developed and targeted?

How important is the private sector involvement in initiating and developing community regeneration

projects?

How can grant structures already available be better targeted and made more informative?

What are the key sectors for investment and development?

Can policies associated with the land market begin to raise capital for rural diversification schemes?

What opportunities are there for land development projects which contribute to rural diversification? (e. g. the National Botanic Garden?)

What specific types of financial assistance will best help farm-based businesses to diversify?

Support and advice services

What are the current problems with the provision of advice and support?

How do these relate specifically to the ‘young businesses’ and those wishing to diversify?

What is needed and who should provide it?

Are ‘first stop shops’ a good idea? Are they viable?

How involved should the local rural community be in supporting businesses?

How can ICT be applied more effectively to these problems? What sort of strategy should we develop relating to the ICT support?

How can ‘young-successors’ to businesses be identified, trained and encouraged?

What types of incentive and support are needed for those who wish to set up new businesses in the countryside from elsewhere?

It is often reported that farmers fail to diversify because they are ‘locked in’ to the existing agriculturally-based types of support. How can the new rural development regulation help unlock this potential over the next five years?

What is the potential role of the training agencies and the development agencies in this regard?

Education and Training

What are the current problems in the provision of training and guidance in the areas of business planning, marketing and management etc

How much provision is applied to the rural economic sectors (both in the further and higher sectors)?

What can the education and training providers do concerning the development of a stronger innovative and entrepreneurial culture in rural Wales?

What are the linkages between the rural employers and training agencies? Is there need for improvement in this regard?

Is there a need for the better information systems associated with rural skills?

What are the main problems with the rural labour supply; how can they be alleviated?

What links exist between rural communities, employers and LEAs? How can they be improved?

What types (and functions thereof) of centres of excellence are needed?

Are more extensive bursary schemes needed?

What new types of training needs are required (e.g. in the new sectors, organics, IT etc)?

How do the training and labour needs of inward investors differ from indigenous businesses?

What is the balance between part-time and full-time training?

How can a better link be developed between community-based training initiatives and those provided by the formal agencies?

What sorts of training are required to increase the potential for farm-based value added products and services?

How can the market towns be used as centres of training activity?

Are there specific sectors (such as rural tourism, energy, etc) which suffer particular problems in labour supply?

Can the agricultural college network act as a focus for diversified rural training needs? Is it doing this?

What are the specific training and education needs associated with the new 'value-added' markets

developing?

How can the young be encouraged to work and develop careers in rural locations? What evidence is there of this happening?

How far do LEAs have rural economic policies and briefs?

What fairly immediate changes could be made to existing education policies to progress and stimulate rural diversification?