Hastoe – written evidence (NER0067)

Response from Hastoe to the Lords NERC Select Committee inquiry

Hastoe is England’s largest specialist rural housing association and is a leading provider of affordable rural homes. We own and manage 7,500 affordable homes in southern England and work in more than 250 villages. We welcome the opportunity to respond to this inquiry and hope that you find our responses helpful.

Rural advocacy and the Commission for Rural Communities

1. Since the closure of the Commission for Rural Communities (CRC), and subsequent winding up of the Defra Rural Communities Policy Unit, how – if at all - are the CRC’s original functions of advocate, adviser and watchdog being fulfilled?

Hastoe response:

17% of England’s population (9.2 million people) live in a rural area. Rural areas have a higher proportion of working age people in employment than their urban counterparts (in 2015 it was 77% in rural settlements, compared to 73% for urban) and the “rural economy” (as measured by its Gross Value Added contribution) contributes around £237 billion to England’s economy each year.

Despite this massive contribution to the nation’s prosperity, we are concerned that there is insufficient specific or informed focus on the rural context and policy consequences across government. The closure of the Commission for Rural Communities and the introduction of a greatly reduced successor, the Rural Communities Policy Unit and its successor (Defra’s Rural Policy team) and the large cuts to Defra’s overall budget (30% from 2010 to 2015 with another 30% cut from 2015 to 2020), have all combined to leave rural businesses, organisations and communities without both a strong government department to advocate for them, and the vital independent policy and research underpinning that is necessary to inform decision-making and achieve real policy change.

The Commission for Rural Communities (CRC) played a key independent role as a rural advocate – its regular “State of the Countryside” reports were data-rich and very helpful for rural organisations. In addition, the CRC’s independence enabled it to provide advice on what is happening in the countryside and sometimes to provide healthy challenge to the government. Its demise was a real concern to rural organisations and the much lower level of investment in its successor (Defra’s Rural Communities Policy Unit) did not allay our fears. That Unit’s subsequent closure and the even lower levels of investment in its successor – the Rural Policy Unit in Defra – has made a difficult situation worse. Some research is done and reports made available, but the lack of data and the lack of a driver for the ONS to consider rural data is concerning. To give two pressing housing-related examples, we cannot see how the sector will be able to monitor the impact of the voluntary Right to Buy on rural
communities (under 3,000 population), or how it will be possible to track and measure changes in the proportion of rural homes that are genuinely affordable for local people.

We would also argue that the CRC’s role as an independent advocate and watchdog for rural issues has not been adequately replicated. When the CRC was abolished, the Government announced that in its place, it would “reinforce Government’s capacity to reflect rural interests in policies and programmes, so in theory, Defra could act as this rural advocate and watchdog. However, as a government department, Defra is restricted in its ability to be openly critical of government policy and to pro-actively raise rural issues – a point acknowledged by the Rural Housing Policy Review in its 2015 report Affordable housing: a fair deal for rural communities.

2. Are sufficient measures being taken to ensure that policies are rural-proofed at national and local levels? Who is taking the lead on policy for rural areas – and who should be taking the lead on such matters?

Hastoe response:
Ensuring that national and local Government policy is rural-proofed in a way that is robust, independent of Government and is binding on Government departments, is vital in ensuring that policy doesn’t result in unintended negative consequences for rural communities. At present – despite Lord Cameron’s 2015 rural proofing review making six clear recommendations - national policy is still not being rural-proofed adequately. This has a knock-on effect on local policies, which cannot be properly rural-proofed, because the national policy that underpins it hadn’t itself been rural proofed. Rural proofing as a routine is no longer carried out by government departments when preparing policy documents and legislation. It would be a useful exercise to map out changes that have been put in place as a consequence of the Cameron Review.

Two examples of the consequences of not rural-proofing policy, are the voluntary agreement reached with the National Housing Federation on extending the Right to Buy to housing association tenants, and the ending of the requirement to provide affordable housing on sites of less than 10 dwellings:

- **Right to Buy**: although voluntary, this agreement (and the proposed sale of high-value council homes to fund it) has had a dire effect on the supply of new affordable homes, particularly on rural exception sites. Homes built on these sites should be affordable in perpetuity, but, once those homes can be bought by their occupants, they can then be sold on the open market and would therefore no longer be affordable. Communities who had worked for the delivery of affordable homes for local people before the voluntary Right to Buy announcement, became concerned about the probable loss of these homes and backed-away from developing schemes. Landowners who had made land available at below market value were angry that others might benefit financially from their generosity and many were withdrawing from new affordable schemes. The
replacements would not have been built in the same community for the reasons just mentioned and other practicalities, and then the discounts would have been funded by the sale of the few remaining council houses in the village. A proper, independent rural-proofing process would have identified this unintended effect on rural communities and could have challenged the Government to require changes to the voluntary agreement – for example, by recommending a clear exemption for rural communities.

- **Affordable housing on small sites:** Small sites are critical to the continued supply of affordable rural homes, with small mixed market and affordable housing sites accounting for 66% of all affordable housing delivery in settlements of less than 3,000 population. The announcement in November 2014 to end the requirement to provide affordable housing on sites of less than 10 dwellings has drastically hit the new supply of rural affordable homes. According to the CLA, only half of the affordable homes that small rural communities need are actually being built. This decision does not encourage SME developers as was hoped but very simply feeds through into increased land prices.

In a similar vein to our response to question 1, we would argue that the closure of the Countryside Agency, the Commission for Rural Communities and Defra’s Rural Communities Policy Unit, has left the rural sector without any strong or independent voices to advocate for better rural proofing. Various organisations and coalitions of like-minded rural organisations have tried to fill this gap (for example the CLA, Action for Communities in Rural England (ACRE), the Rural Housing Network, the Rural Coalition and the Rural Housing Alliance, etc), but they are all voluntary bodies and limited in what they can do, not the least because there is so little data available now.

Defra’s efforts to provide training and guidance to improve rural awareness among other Government departments are very welcome, but nevertheless, as a result of the disproportionate cuts to its budgets and staffing, Defra currently lacks the capacity to be a powerful advocate for the needs of rural communities and businesses across Government. In addition, as mentioned in our response to question 1, Defra, as a Government department, is also hamstrung in its efforts to argue for rural communities when this conflicts with Government policy.

**Recommendation**

The Rural Housing Policy Review’s 2015 report *Affordable housing: a fair deal for rural communities* recommended that:

“The Department for the Environment, Food and Rural Affairs (Defra), as the champion for rural areas, should “ensure ‘rural proofing’ is continuously and consistently applied to national policies specific to delivery and access to affordable housing. This should be supported by the availability of specialist, rural technical expertise available for all government departments. An annual report on action taken and delivery of rural affordable housing, should be produced jointly by DCLG and Defra.”
Little has changed, on the ground, since this report and it would still seem desirable for there to be a single body capable of advocating for rural communities and ensuring that all prospective Government policies are examined and rural-proofed at an early stage in their development. A beefed-up Defra, with sufficient powers (if not any additional funding), could do this.

3. **What role should Defra – or other Government departments – play in co-ordinating policy for rural areas? How effectively are the interests – including social and economic interests - of rural communities being represented within the current structures of Government, and how could representation and co-ordination be improved?**

**Hastoe response:**
The Rural Policy team in Defra provides advice, guidance and expertise on rural issues for Government departments. However, in her evidence to this Lords Select Committee, Shirley Trundle (Director, Natural Environment Policy at Defra) explained that the Rural Policy team is currently below its full complement of 24 staff – partly because of recruitment being carried out in reflection of the pressures around EU exit. It is likely that Brexit and its impact on farmers’ and landowners’ access to EU funding (£2.4bn per year in direct payments, plus access to £4bn funding for UK rural development projects from 2014-2020) will continue to be Defra’s main priority, which could leave little room for other issues facing rural communities, such as housing or transport. So, although Defra could play the key role as the champion for rural areas and act as a watchdog/ coordinator to ensure that all new policies are rural-proofed, it is clear that they are not currently able to do this fully.

It remains too easy for rural needs and/or rural consequences to be disregarded or sidelined. We argue that only a wholly independent body can properly advocate for rural areas and that one should be set-up to do this.

**Natural England**

4. **How well has Natural England fulfilled the mandate that it currently has? How well do its wide-ranging functions fit together, and does it have the appropriate powers and resources to perform these functions?**

5. **Are any changes to the remit and responsibilities of Natural England required, either as a result of Brexit or of other significant developments in the period since 2006?**

**Hastoe response:**
We have very limited involvement with Natural England, so we have no comments on these questions.
6. Do the arrangements and provisions for enabling and managing access to the countryside remain appropriate? How effective have Natural England – and other partners – been in promoting better access?

Hastoe response:
We were pleased to welcome the amendments to the rules around registering Village Greens in the Growth and Infrastructure Act. This closed an expensive loophole that was allowing abuse of the system but, other than that, we have no issues to raise.

Sustainability and biodiversity

7. Is the duty to ‘have regard’ to biodiversity, which is contained within the Act, well understood by those bodies to whom it applies? Is any further work required to raise awareness of the duty?

8. What has been the practical impact of the 2006 duty? Is any modification to the duty required as a result of developments in our understanding of the value of ecosystems and biodiversity since 2006?

9. How does the English duty to ‘have regard’ to biodiversity compare to the Scottish duty to ‘further’ biodiversity and the enhanced biodiversity duty introduced in Wales in 2016?

Hastoe response:
We have no comments on these questions.

The changing context since 2006

10. Will the structures established by the Act be sufficient to ensure appropriate protection for nature and environmental standards following Brexit? Are any modifications or changes to the structures established by the Act required to address the implications of Brexit?

Hastoe response:
Brexit could change how rural landowners manage their land and some may look to housing development as an additional income stream for their businesses. We feel that rural landowners could – and should – be encouraged to consider responsible small-scale affordable housing development on some of their land for the benefit of people living in their rural communities (for example using the Rural Exception Site policy to deliver this).

We also feel that strong consideration should be given to which incentives could be provided to rural landowners to facilitate this and that Defra should take the lead on this – working with other interested departments as needed. For example, taxation of rural landowners is fearsomely complex and may be acting as a disincentive to affordable rural housing development. Defra with others, could work with the Treasury and DCLG on measures to simplify the tax situation for rural housing development.
11. Are there any further parts of the Act which are currently in force that need to be reconsidered as a result of developments since 2006?

Hastoe response:
We have no comments on this question.

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