THE RURAL ECONOMY AND THE PLANNING SYSTEM

FINAL REPORT

Prepared for
The Welsh Assembly Government
by
Land Use Consultants
in collaboration with
The University of the West of England and Atlantic Consultants
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This research has been undertaken by Land Use Consultants with Lyndis Cole acting as research director, the work of the University of the West of England led by James Shorten and that of Atlantic Consultants led by John Forsyth. Translation has been undertaken by Prysg.

EXECUTIVE SUMMARY

PURPOSE

This study has been undertaken by Land Use Consultants in collaboration with the University of the West of England and Atlantic Consultants on behalf of the Welsh Assembly Government. Its primary purpose has been to investigate *"how the planning system can manage positively and encourage business development in rural towns and villages to assist rural diversification and help retain rural communities"*. This forms complementary research to that undertaken for the Assembly Government in 2001 looking at farm diversification and the planning system.

RESEARCH METHOD

The study has focused on an assessment of the economic character of six sample market towns and their associated settlements (surrounding villages and dispersed settlements) representing near urban, accessible rural and remote rural areas within a northern and southern zone:

Northern Zone
St Asaph (Near Urban)
Ruthin (Accessible Rural)
Bala (Remote Rural)

Southern Zone
Ammanford (Near Urban)
Llandeilo (Accessible Rural)
Tregaron (Remote Rural)

The specific tasks completed as part of the research have been:

- A literature review, including a review of national policy, and interviews with national consultees.
- Review of the development plan policies relating to the sample settlements.
- Review of Ward-based statistics to help understand the economic character of the sample settlements.
- Review of planning registers to identify planning applications for economic development within and around the sample settlements for the period May 1998 – May 2001 followed by detailed study of 20 cases studies.
- A postal questionnaire survey of rural businesses that have made planning applications in the last three years.
- The holding of two seminars in each of the sample zones involving local stakeholders, to help characterise the settlements and identify trends for the future.

CONTEXT

Clear themes emerge from commentary and policy concerning the Welsh rural economy. Strengths centre on the high quality of the Welsh rural environment and its links with agricultural produce and tourism and recreation. Strong communities and cultural identity are emphasised. Weaknesses identified are far more numerous, and include an overly-narrow economic base, inaccessibility, lower skills levels and take-up of ICT, out-migration of the young, and low activity rates and income, generating low growth and low innovation. Other important features are the crucial role of SMEs and micro-businesses in the rural economy and the fundamental influence of commuting, which is not well-understood.

Yet the differences between urban and rural economies are not pronounced – the spread of employment by sector is broadly similar to urban Wales, with the service sector dominating the rural economy and with GDP per head in rural Wales only 1% lower than the national average. Unemployment rates are also low in rural areas.

Against this background there is now a raft of policies and initiatives impacting on the Welsh rural economy. These are criticised for being uncoordinated and there is now common agreement on the need for integration of different policies and actions. There is also general agreement on the need to respond to local circumstances, encourage community empowerment, support existing businesses, develop the local skills base, and foster entrepreneurial activity – in other words to work with the grain of local areas. The vital importance of the environment to the rural economy is increasingly recognised and policy stresses the importance of adding value to rural produce and encouraging the green economy.

MAIN FINDINGS

Economic characteristics

Character of market towns: Although all market towns are different and are the product of their history, location, accessibility, size and culture, all the market towns studied exemplify national characteristics. All are dominated by employment in public administration and services, making up over 70% of business units and involving between 44% (near urban) and 93% (remote rural) of employees – a point that is supported by planning applications, with the service sector and public administration, including schools, making up 54% of all economic planning applications. However, the service function of the market towns has been decreasing with increased centralisation of retail activity and administrative functions. Nevertheless, the continuing pivotal role of schools in the service function of market towns is highlighted – both as key employers and in forging links between potential future employees and local businesses.

All of the sample market towns (bar one) continue to have a livestock market and, in accessible and remote rural areas, still provide a service function for surrounding agricultural communities. But in near urban areas there are few remaining agricultural businesses whereas in remote rural market towns over 60% of VAT registered businesses are still associated with agriculture.

As might be anticipated, near urban market towns are characterised by a number of major employers (in manufacturing, construction, distribution and public administration) employing over 100 people, whereas more remote rural areas tend to be characterised by businesses employing under 10 people. At the same time, in near urban areas, major land allocations for employment development are encouraging dispersal of economic activity away from the market towns, a point which is confirmed by planning applications, with the surrounding settlements in near urban situations receiving more planning applications for economic development than the main market towns. This is perhaps surprising given the emphasis of development plan policies on supporting a settlement hierarchy but reflects the release of land for economic development along, and at the end of, major road corridors.

All the market towns studied, especially in more remote rural areas, have a strong sense of community with a high percentage of Welsh speakers (especially in more remote areas) and with great loyalty to their local area and appreciation of the quality of life offered - seen as more than compensating for lower income levels. The success of community groups such as Antur Penllyn has been in taking a realistic and long term view of the future of their market town (Bala) – moving slowly but with certainty. At the same time, a number of market towns, especially those in accessible rural locations, are beginning to reinvent themselves as specialist centres with emerging business clusters.

Character of individual rural businesses: From the 20 case studies and the postal questionnaire of rural businesses, some of the key characteristics of rural businesses appear to be: an emphasis on micro businesses and SMEs; strong entrepreneurship with individual businesses relying on the commitment of one or two people; many having started in the last 10 years and with ambitious expansion plans – 77% of planning applications for economic development relate to the expansion of existing businesses. Other characteristics are a strong sense of optimism, with some rural businesses having captured a national or even international market from isolated locations. Attractions of a rural location include cheap premises, grants, working in Welsh, and working close to family roots. The majority of these businesses employ unskilled local people and offer on the job training (often linked to the attainment of NVQs) and flexibility in working hours to suit local employees.

Planning

National planning policy: *Planning Guidance (Wales) Planning Policy, First Revision* (1999) has now been superseded by *Planning Policy Wales* (2002). The former gave broad support for economic development and rural diversification while the latter is more sophisticated, giving detailed guidance on the pursuit of sustainable development and rural diversification. Specific support is given to the green economy, business and technology clusters, and meeting established social needs through particular kinds of development. It is also suggested that local planning authorities should prepare integrated rural development strategies to facilitate diversification of the rural economy.

Development plan policies: The relative newness of recent national guidance means that it has only influenced some of the more recent development plans. Nevertheless, Plans give general support to rural diversification, focusing most development on larger settlements. A variety of sites of three types are allocated for economic development: strategic sites; sites for local needs; and lower density high quality sites.

Development control decisions: Of the 199 applications for economic development activities made over the last three years across the sample settlements, 87% were approved, 8% refused and 5% withdrawn, which is close to the overall approval rate in the UK. Reasons for refusal usually concern issues common to all types of planning application and rarely question the principle of economic development. Conditions most often address mundane planning issues and where they seek to control aspects of the use, objections are rare. Rural economic development applications also make up only a small part of the workload of local planning authorities, as they are few in number (average 7 planning applications per year in a near urban market town of 8,000 people). There is little to suggest therefore that development control decisions are significantly obstructing economic development. The main issue is the long time taken in determining the majority of these planning applications, which can have very considerable knock on effects for a small business.

CONCLUSIONS

Together the findings suggest that planning policy is generally welcoming of economic development.

But the planning system's role is mostly re-active, principally because, in the absence of significant pressure for economic development in rural areas, it can do little to direct such development.

Importantly the six sample market towns have illustrated that contrary to common view there is an entrepreneurial spirit in rural areas attuned to local circumstances on which new economies can grow. They have also illustrated the varying complexities of the economies and communities of rural settlements. Yet these complexities are currently not understood or addressed through planning. Economic Development Strategies and similar documents only address some of the relevant issues. Planning officers report feeling insufficiently in touch with the local economy. Economic development officers report varying, often weak, links with planning colleagues.

Thus the friction of the planning system on rural economic development, positive or negative, is low.

RECOMMENDATIONS

This study has been concerned with identifying how the planning system might have a more positive role in encouraging rural economic development in rural areas.

In line with other emerging thinking, this study strongly supports the need for co-ordination and integration of the many policies, programmes and activities now impacting on the rural economy. It also strongly supports the development of policy and action based on a clear understanding of local opportunities and needs. That the principles of sustainability should underpin future rural development is widely agreed. Community development and involvement in rural development are seen as essential. The development of integrated rural development strategies, as recommended by *Planning Policy Wales* (2002), is identified as one means of assisting planning in taking a more pro-active approach and working with the grain of local needs and opportunities.

It is in this light that the following recommendations are made.

There should be no change to primary or secondary legislation but it is recommended that:

National guidance

1: *There is a need for early preparation of development plans to link with other plans and strategies* (reflecting current national planning policy).

2: *The Wales Spatial Plan and Technical Advice Notes should address integrated rural development.*

3: *The Assembly Government should consider how local planning authorities should manage the preparation and use of integrated rural development strategies, including resource implications.*

4: *As integrated rural development strategies are developed across Wales, the Assembly Government should (a) monitor the development of the strategies and provide a web-based resource of completed strategies and associated documents; and (b) periodically provide an assessment of the work on integrated rural development strategies and update national policy and guidance accordingly.*

5: *The Assembly Government should encourage all plans and strategies being prepared for rural areas to take account of the need for integrated thinking.*

6: *Further guidance is required on the green economy and business and technology clusters in a revision of TAN 6.*

7: *National representatives of the farming community should indicate the likely development needs for adding value to farm products.*

8: *The RTPI/WLGA should hold a series of regional workshops on integrated rural development for the planning community.*

9: *The RTPI/WLGA should promote the pro-active role of planning in diversification of the rural economy.*

10: *The Assembly Government should highlight Quality of Life as much as GDP as an indicator of the vitality and sustainability of rural communities and economies.*

Local guidance

11: *Local authorities should consider preparing an integrated rural development strategy to guide and coordinate policy, programmes and decisions affecting rural areas.*

12: *Local planning authorities should base policies for their rural areas on a clear understanding of local circumstances.*

13: *Development plan policies for rural diversification should be criteria-based.*

14: *Local policy (and decisions) should see rural diversification involving forestry produce as the same as that involving agricultural produce.*

Local procedures

15: *Local authorities might consider setting up fora to advise on the future of local rural economies.*

16: *Local authorities should ensure that there is regular liaison between the different departments and sections of the authority that are concerned directly and indirectly with diversification of the rural economy.*

17: *Development control officers with a background or training in rural economic development should be designated to deal with economic development applications.*

18: *There should be easily accessible pre-application advice. Pre-application advice should be recorded.*

19: *Local planning authorities should consider production of a checklist for economic development to allow applicants to gain an early impression of the requirements for such development.*

Further research

20: *There should be research into the contemporary and future roles of Welsh market towns.*

21: *There should be research into the nature of commuting in rural Wales.*

22: *There should be research into the impacts of development on allocated rural employment sites.*

23: *The future of home working to the rural economy needs to be better understood.*

24: *There should be research into the relationship between the Welsh language and culture and the planning system in rural Wales.*

Land Use Consultants
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1. INTRODUCTION

1.1. This study of the *Rural Economy and the Planning System* has been undertaken by Land Use Consultants (LUC) in collaboration with the University of the West of England (UWE) and Atlantic Consultants on behalf of the Welsh Assembly Government. This study provides a complementary piece of work to that completed by LUC and UWE for the Assembly Government looking at *Farm Diversification and the Planning System* (published in February 2001).

1.2. A key element of the Assembly Government's policy is to assist the development of thriving sustainable rural communities, within a strong rural economy, made up of a diverse range of businesses making full use of local resources and business opportunities.

1.3. The Assembly Government, many local authorities and other organisations are concerned about the impact of declining farm incomes on local communities and the rural economy, highlighted by the Foot and Mouth epidemic, and are seeking to identify appropriate measures to reverse this trend. The Assembly Government recognises that the planning system must provide appropriate planning policies to allow for the development of a broad and strong rural economy while providing for a sustainable countryside.

PURPOSE AND OBJECTIVES

1.4. Against this background, the aims and objectives of this research have been as follows.

1.5. The **purpose** of the research has been to:

- *"identify the scale and nature of planning needs arising from the likely changes to the rural economy as a result of changes to the agricultural industry;*
- *investigate how the planning system can manage positively and encourage business development in rural areas in order to assist in sustaining rural communities."*

1.6. As set out in paragraph 1.8 below, the focus of this study has been on economic development **within rural towns and villages**. Within these defined locations, the **objectives** of the research have been to:

- *"establish how the planning system, planning policies, technical advice, planning conditions and obligations and other devices can be used to accommodate economic development, without detriment to the environment, local culture and other planning objectives. Particular emphasis should be given to rural tourism and the processing of local agricultural and forestry produce but not to the exclusion of other types of development (eg multimedia, biotechnology, environmental products, cultural activities, sport and recreation);*
- *examine the appropriateness in rural areas of different types and scale of economic development and examine the impact of these enterprises on the environment and*

infrastructure, recommending criteria against which sustainable economic development can be assessed;

- *make recommendations on how to enhance the positive effects and ameliorate the negative effects of the planning system on rural economic development;*
- *assess current planning policy for the control of economic development in the countryside;*
- *consider the scope for amending secondary legislation/relaxing planning controls to encourage more sustainable types of diversification project and make recommendations;*
- *consider the different development needs in different parts of rural Wales (eg remote rural, developed rural) and consider whether current planning policies adequately cater for these, and make recommendations;*
- *consider the scope for positive action to encourage sustainable development."*

What is rural Wales?

1.7. To some extent, any investigation of the state of the rural economy in Wales, is hampered by the lack of an agreed definition of 'rural Wales'. Indeed it was a recommendation of the Assembly Government's, Agriculture and Rural Development Committee, that there needed to be agreement on a consistent definition of rural Wales. Through a range of studies, various interpretations have been offered and a recent rough consensus has emerged in national policy documents prepared by the Assembly Government (for example as in *Diversifying the Rural Economy,* 2001). This takes the unitary authorities of Anglesey, Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Monmouthshire, Pembrokeshire and Powys as embodying rural Wales, despite the obvious drawback that they contain significant urban areas and that the remaining unitary authority areas (Blaenau Gwent, Bridgend, Caerphilly, Flintshire, Merthyr, Neath and Port Talbot, Rhondda Cynon Taff, Swansea, Torfaen, Vale of Glamorgan and Wrexham) also contain significant areas of countryside (in this division, the largely urban authorities of Cardiff and Newport have been excluded). Thus this surrogate for rural Wales is helpful but perhaps does not provide a complete picture.

FOCUS OF THIS STUDY

1.8. As set out in the brief for this study, "*rural, as opposed to farm, diversification is concerned with the diversification of the economy of rural towns and villages as they shift away from providing agricultural support services to providing new sources of employment (eg tourism and IT)"*. The focus of this study, therefore, has been on the interaction of economic development and planning within **rural towns and villages**. Specifically, the study focused on a total of six sample areas across rural Wales, subdivided into:

- Two areas characteristic of **near urban** locations
- Two areas characteristic of **accessible rural** areas
- Two areas characteristic of **remote rural** areas

1.9. Within each of these sample areas a hierarchy of settlements was selected:

- A market town
- Two villages
- Two small villages/areas of dispersed settlement

1.10. This gave a total sample of six market towns, 12 villages, and 12 dispersed settlements that formed the basis of this research into planning policies, planning applications and other factors affecting rural diversification.

Selection of the sample settlements

1.11. Without any clear existing classification of rural Wales into the categories of near urban, accessible rural and remote rural, the hierarchies of sample settlements were identified as follows:

a) At the Inception Meeting for the research, based on the knowledge of the client Steering Group, broad areas of search were identified, moving from perceived near urban areas, through accessible rural areas, to remote rural areas.

b) Within each of these areas of search, using economic and other data, three or four market towns lying clearly within each category of rural area were identified. In other words, it was felt more important to identify example rural settlements as characteristic of the different categories of rural area, than to spend a large amount of time trying to define the boundary between different categories of rural area (which in any event would be somewhat arbitrary).

c) The settlement hierarchy (villages and dispersed settlements) serviced by each market town were then identified, again using the above economic data.

d) Finally, the choice of the selected market towns was agreed at an (enlarged) meeting of the Steering Group for this research. This choice was then validated and the final selection of associated settlements made at two workshops, with one held within each of the main areas of search.

1.12. The two main parameters that were agreed to help select the areas of search were that, in combination, they should reflect:

- different geographical areas of Wales

- different forms of environmental designation, covering National Parks, AONBs and potentially Heritage Coasts.

Criteria used to identify different settlement types

1.13. The key criteria that were used to define market towns in Wales were:

- a town with a population of between 3,000 – 5,000. In accessible and remote rural areas the population may be less, although the town should clearly be acting as the service centre for its rural hinterland – see below

- the town should be the site of a current or historic market (livestock and/or Charter market)

- the town should have a clear function as the service centre of the surrounding rural hinterland, as expressed by the presence of:
  - at least one primary school
  - at least one secondary school
  - at least one hotel
  - financial services including at least one bank and potentially a building society
  - medical services as in a doctor's surgery or medical centre
  - professional services (eg solicitor)
  - at least five shops, including comparison shops such as clothing
  - a post office

1.14. In turn, the criteria used to define a **large village** were: the presence of a post office, primary school or pub, while **scattered settlements** were defined as areas with: no services but with a rough grouping of 20 – 40 houses.

The selected sample settlements

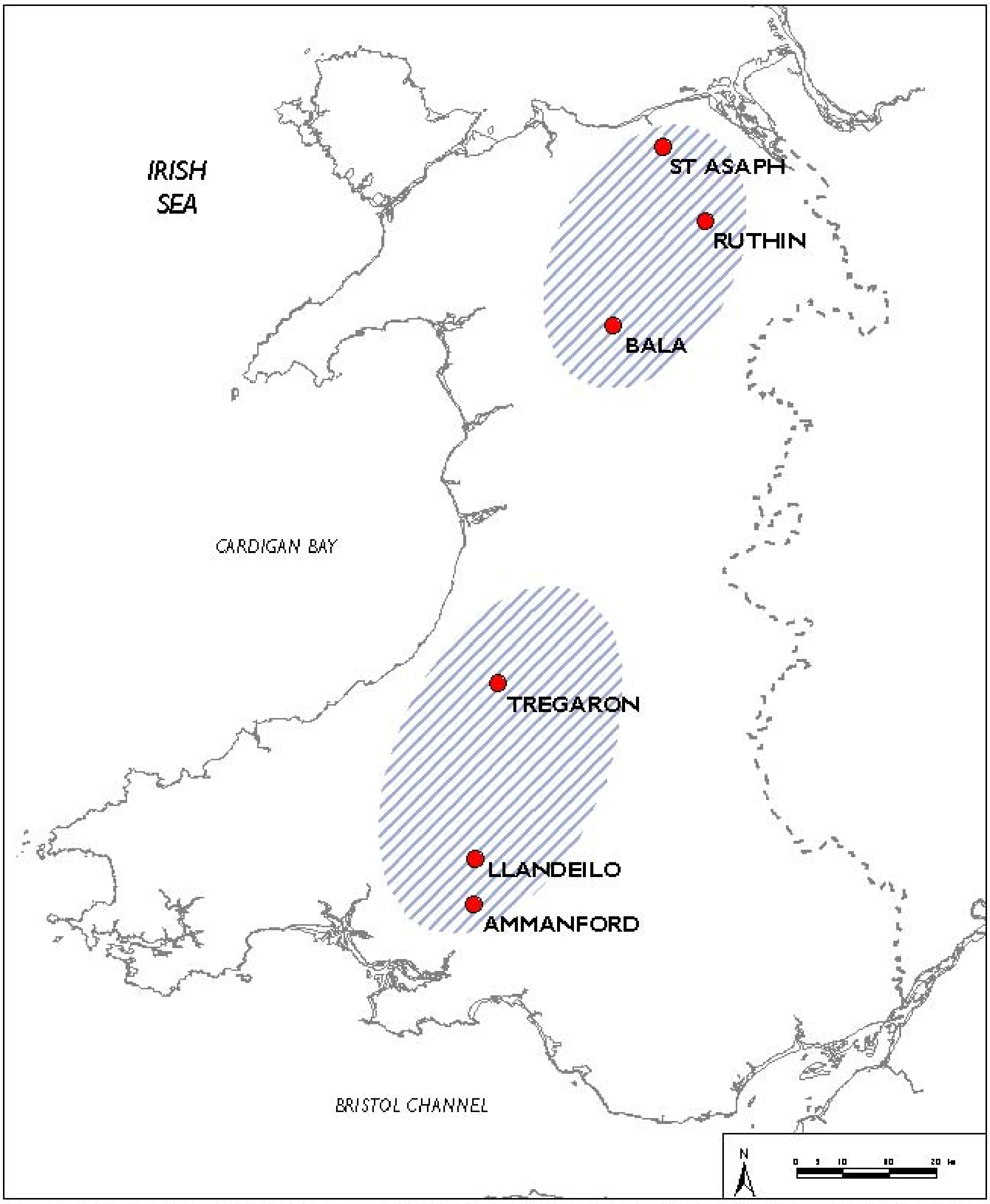
1.15. The results of this exercise were that a northern and a southern zone **(Fig 1.1)** were selected, with the following six market towns forming the basis of this research:

Northern zone (Fig 1.2)

- St Asaph (Near Urban)
- Ruthin (Accessible Rural)
- Bala (Remote Rural)

Southern zone (Fig 1.3)

- Ammanford (Near Urban)
- Llandeilo (Accessible Rural)
- Tregaron (Remote Rural)



Wales

Figure 1.1: Study Zone

Key

- Study Zone
- Market Town
- National border
- Coastline

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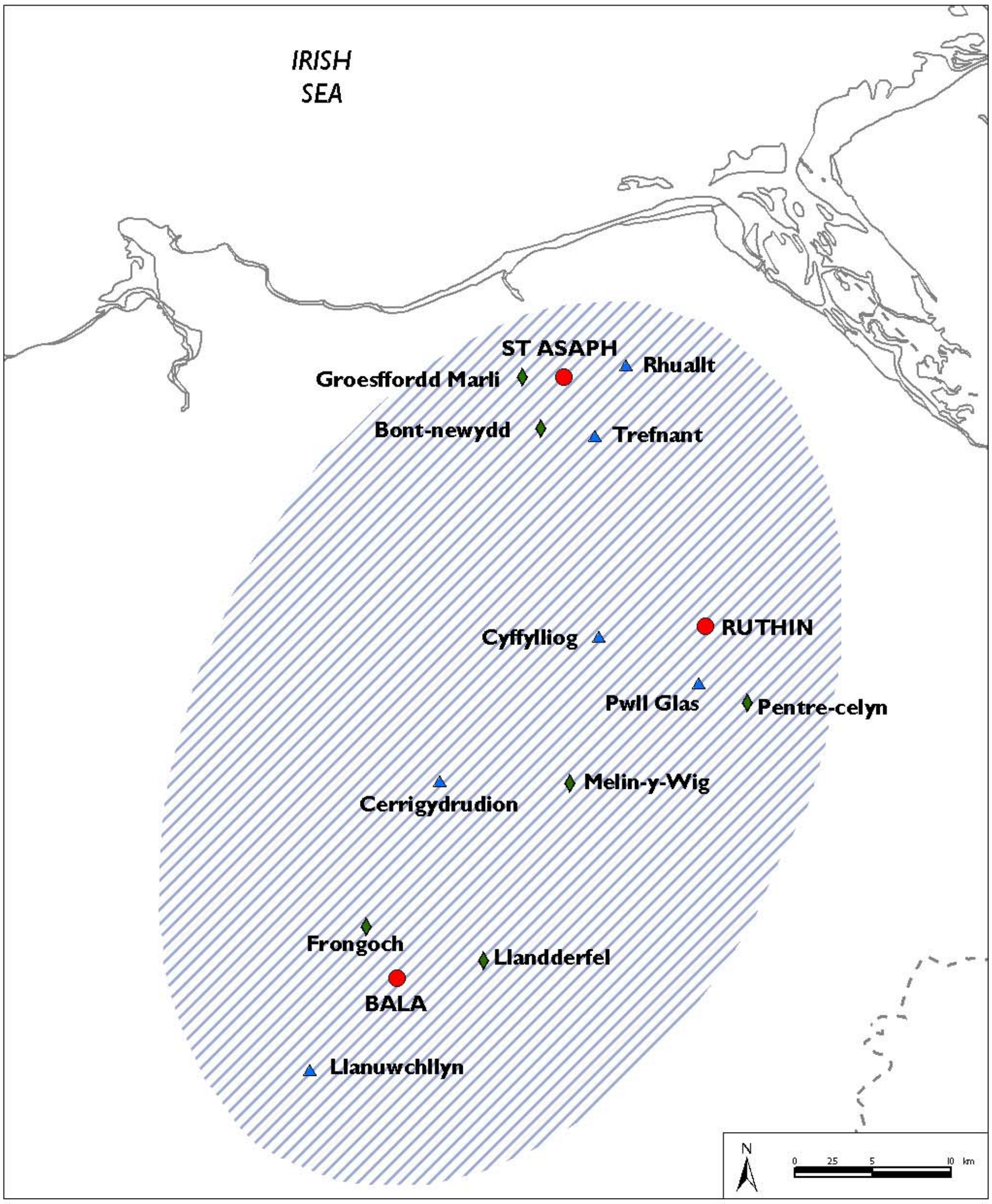

Wales

Figure 1.2:
Northern Zone

Key

- Study Zone
- Market Town
- Large Village
- Dispersed Settlement
- National border
- Coastline

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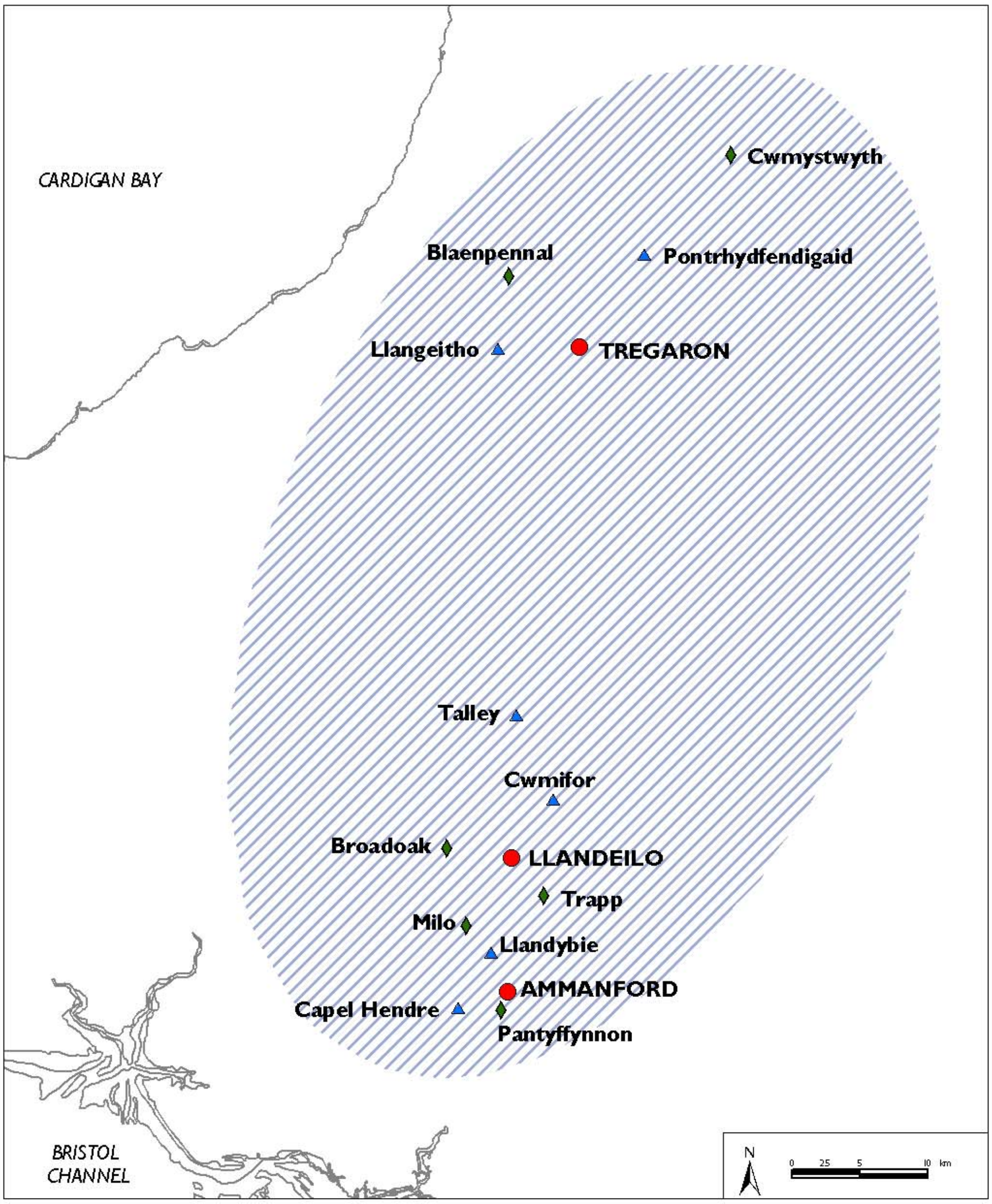

Wales

Figure 1.3: Southern Zone

Key

- Study Zone
- Market Town
- Large Village
- Dispersed Settlement
- National border
- Coastline

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1.16. Thus the agreed final hierarchy of settlements that formed the basis of this research were as set out in **Tables 1.1**and **1.2**.

Table 1.1: THE SAMPLE SETTLEMENTS: NORTHERN ZONE

St Asaph (Near Fringe)

Settlement type	**Settlement**	**Settlement population**	**Ward population***
Market Town	**St Asaph**	3,384 (1)	3,399
Village	Rhuallt	607 (2)	1,454
Village	Trefnant	1,243 (1)	1,722
Dispersed Settlement	Bont-newydd	<100 (2)	1,930
Dispersed Settlement	Groesffordd Marli	382 (2)	1,720

Ruthin (Accessible Rural)

Settlement type	**Settlement**	**Settlement population**	**Ward population***
Market Town	Ruthin	5,299 (1)	5,029
Village	Cyffylliog	473 (1)	1,075
Village	Pwll Glas	497 (2)	2,059
Dispersed Settlement	Melin-y-Wig	120 (2)	2,361
Dispersed Settlement	Pentre-Celyn	655 (2)	1,351

Bala (Remote Rural)

Settlement type	**Settlement**	**Settlement population**	**Ward population**
Market Town	**Bala**	1,922 (4)	1,922
Village	Cerrigydrudion	790 (5)	1,470
Village	Llanuwchllyn	275 (4)	926
Dispersed Settlement	Llandderfel	347 (4)	1,552
Dispersed Settlement	Frongoch	78 (4)	1,552

Settlement populations are based on a number of sources, with the most up to-date selected where possible:

(1) Estimated Community Populations, 1999 Denbighshire County Council
(2) Settlement Populations 1991 census data held by Denbighshire County Council Information Services. Note that in the case of some settlements, population statistics are for combined settlements as follows:
- Groesffordd Marli & Cefnmeiriadog – 382
- Pwll Glas & Efenechtyd – 497
- Pentre-Celyn & Craig Fechan - 655

(3) Community Council Estimates 2000, Conwy County Borough Council
(4) Settlement Populations 1991 census, Gwynedd County Council

Table 1.2: THE SAMPLE SETTLEMENTS: SOUTHERN ZONE

Ammanford (Near Urban)

Settlement type	**Settlement**	**Settlement population**	**Ward population**
Market Town	Ammanford	8,100 (5)	5,153
Village	Capel Hendre	1,000 (5)	3,200
Village	Llandybie	2,900 (5)	3,537
Dispersed Settlement	Milo	<100 (5)	2,200
Dispersed Settlement	Pantyffynnon	1,200 (5)	1,215

Llandeilo (Accessible Rural)

Settlement type	Settlement	Settlement population	Ward population
Market Town	Llandeilo	1,645 (5)	1,708
Village	Cwmifor	<100 (5)	1,666
Village	Talley	400 (5)	968
Dispersed Settlement	Broadoak	<100 (5)	1,740
Dispersed Settlement	Trapp	<100 (5)	1,155

Tregaron (Remote Rural)

Settlement type	Settlement	Settlement population	Ward population
Market Town	Tregaron	940 (6)	1,177
Village	Llangeitho	130 (6)	1,460
Village	Pontrhydfendigaid	430 (6)	2,052
Dispersed Settlement	Blaenpennal	20 (6)	1,460
Dispersed Settlement	Cwmystwyth	40 (6)	1,837

Settlement populations are based on a number of sources, with the most up to-date selected where possible:

(5) Settlement Populations 1991 census data held by Carmarthenshire County Council Information Services. Note: the figure for Ammanford includes Pantyffynnon

(6) Ceredigion Small Area Population Estimates 1996

The Ward populations are taken from the 1991 Census. This is still the most recent comprehensive population survey available. Data from the 2001 Census will not be available until 2003. However, Ward statistics are not an accurate indication of settlement size – large settlements are made up of a number of Wards which do not necessarily follow the settlement boundaries. Equally, in rural areas, a single Ward may cover a significant area including a number of settlements. The estimated populations for the individual settlements highlight the limitations of Ward data. For example, in Blaenpennal and Cwmystwyth, whose settlement populations are estimated at 20 and 40 people respectively, the equivalent Ward data show populations of over 1,000 each.

1.17. It must be stressed that this is a national study looking at the planning implications of rural diversification. Sample settlements (as described above) have been used to inform the research and to ensure that the conclusions reached are rooted in reality. However, it is certainly not claimed that the information presented on the individual settlements provides a thorough analysis of all aspects of their local economy. This would require a separate and more detailed study.

RESEARCH METHODOLOGY

1.18. The specific tasks that were undertaken as part of this research were as follows:

1. **Context setting: *literature review and national consultations:*** To provide context to the study, face to face and telephone conversations were held with a range of national organisations (set out in **Appendix 1**). This was supported by an extensive literature review (a **bibliography** is provided at the end of this report).

2. **Choice of sample settlements:** As described above.

3. **First workshops:** An initial workshop of regional and local stakeholders was held within both the Northern (at Ruthin) and Southern (at Llandeilo) Zones to:
   - identify the sample settlements
   - explore the current character of these settlements
   - identify constraints and opportunities for diversification and development of the local economy.

   For each workshop over 40 people were invited to attend including representatives of the local authorities, and local representatives of: WDA, Enterprise Agencies, Food and Farming Development Division of the Assembly, Business Connect, Farming Connect, Wales Tourist Board, Regional Tourism Partnerships, Federation of Small Businesses, Economic Fora, Town and Community Councils, Chambers of Commerce, CLA, FUW, NFU Wales, National Trust, Forestry Commission, Wales Council for Voluntary Action, Menter a Busnes, Menter Môn, LEADER Groups, Coed Cymru and other local groups as advised. The first workshop in Ruthin was poorly attended (10 people) as it collided with the pre-Christmas rush. The second workshop in Llandeilo held just after Christmas attracted just under 40 people. In both cases the discussions helped develop a better local understanding of the areas under investigation.

4. **Review of development plan policies:** National planning policy and the development plans of those local authorities covering the Northern and Southern Zones were reviewed.

5. **Review of ward-based statistics:** To help understand the economic character of the chosen settlements a range of comparable economic data sets were analysed including the *New Earnings Survey 2001; The Welsh Index of Multiple Deprivation 2000;* the structure of employment by industrial sector base on the *Annual Business Inquiry (ABI),* the *Inter Departmental Business Register* used by the Office for National Statistics (ONS), the *Annual Labour Force Survey*, information on unemployment from the ONS; travel to work patterns based on the 1991 Census from NOMIS and County Council Local Transport Plans; property values based on Land Registry Records of property sales and property yields from the Valuation Office Agency (VOA). The Wards on which the data was based are set out in **Table 1.3.**

6. **Review of planning registers:** The planning registers of all the relevant local planning authorities (lpa) were reviewed to pick out all planning applications for economic activities within the three-year period May 1998 – May 2001 relating to the sample settlements. Relevant applications were identified as those falling within the settlements or within one mile of the settlements. This was achieved with the very considerable assistance of the lpas concerned. For each identified application a pre-prepared pro-forma linked to a database was completed at the offices of each lpa. This data was subsequently analysed.

7. **20 Case Studies:** From the above sample of planning applications, a total of 20 case studies were selected for more detailed review. These were selected against the criteria set out in **Box 1.1**. For each case study a site visit and interview with the applicant were undertaken backed by review of the planning case files and discussions with the development control officer, where relevant. The focus of these case studies was on (a) understanding the nature of the rural business, its employees and the benefits and disbenefits of the rural location chosen, and (b) following the planning history of the business and the influence that planning has had on it. The case studies have been produced as a separate Annex to this report.

Choice of case studies **Box 1.1**

Criteria for selection

- At least one example from each market town
- At least one example of development in a near urban village and an accessible /remote rural village (ie rural settlements other than market towns)
- A gradation across different scales of development from small to large
- A one third/two thirds split between new businesses and expansion of existing businesses
- A focus on 'new' economic activities which are encouraged by policy eg food processing
- At least one example of each of the main sectors –retail; pubs/hotels/catering, light industry, tourism; offices; workshops.
- At least two refusals.

8. **Questionnaire survey of rural businesses**: In addition to the case studies, a postal questionnaire survey was sent to all applicants that had been identified from the planning registers. This questionnaire covered similar points to the Case Studies but inevitably at a more superficial level. Out of 199 questionnaires posted 24 were returned, a response rate of 12%. This is lower than had been hoped but nonetheless has afforded greater understanding of the businesses and their experience of the planning system.

9. **Interviews with local plans officers, development control officers and economic development officers**: With the benefit of all the information that had been collected through the study, meetings or telephone discussions were held with the above officers in the local authorities relating to the sample settlements. These discussions centred on improving the information base relating to the individual settlements, understanding the factors that guided individual policies and decisions, and views on how planning policies and procedures might need to be changed in the future to stimulate sustainable rural diversification.

10 **Second workshops:** Finally, two further workshops were held at the very beginning of May 2002 in Ruthin and Llandeilo respectively. Invitations were sent to those invited to the first round of workshops plus others who had been recommended in the intervening period. Roughly 12 people attended each workshop. Although numbers were low, the discussions were very helpful in developing thinking. The purpose of these workshops was to get comment on the information collected through the study and to discuss the most important requirements of the planning system to achieve sustainable rural diversification.

Table 1.3: Wards representing individual settlements

St Asaph (Near Urban)

Settlement Type	Settlement	LPA	1991 Wards
Market Town	St Asaph	Denbighshire	St Asaph East & St Asaph West
Village	Rhuallt		Tremeirchion
Village	Trefnant		Trefnant
Dispersed Settlement	Bont-newydd	Conwy	Llansannan
Dispersed Settlement	Groesffordd Marli	Denbighshire	Trefnant

Ruthin (Accessible Rural)

Settlement Type	Settlement	LPA	1991 Wards
Market Town	Ruthin	Denbighshire	Ruthin
Village	Cyffylliog		Llanynys
Village	Pwll Glas		Efenechtyd
Dispersed Settlement	Melin-y-Wig		Corwen
Dispersed Settlement	Pentre-celyn		Llanfair Dyffryn Clwyd

Bala (Remote Rural)

Settlement Type	Settlement	LPA	1991 Wards
Market Town	Bala	Gwynedd	Bala
Village	Cerrigydrudion	Conwy	Uwchaled
Village	Llanuwchllyn	Gwynedd	Llanuwchllyn
Dispersed Settlement	Llandderfel		Llandderfel
Dispersed Settlement	Frongoch		Llandderfel

Ammanford (Near Urban)

Settlement Type	Settlement	LPA	1991 Wards
Market Town	Ammanford	Carmarthenshire	Ammanford Myddynfych Pantyffynnon Pontamman
Village	Capel Hendre		Saron
Village	Llandybie		Llandybie
Dispersed Settlement	Milo		Llanfihangel Aberbythych
Dispersed Settlement	Pantyffynnon		Pantyffynnon

Llandeilo (Accessible Rural)

Settlement Type	Settlement	LPA	1991 Wards
Market Town	Llandeilo	Carmarthenshire	Llandeilo Castle
Village	Cwmifor		Castle
Village	Talley		Talley
Dispersed Settlement	Broadoak		Llanegwad
Dispersed Settlement	Trapp		Ffairfach

Tregaron (Remote Rural)

Settlement Type	Settlement	LPA	1991 Wards
Market Town	Tregaron	Ceredigion	Tregaron
Village	Llangeitho		Llangeitho
Village	Pontrhydfendigaid		Lledrod
Dispersed Settlement	Blaenpennal		Llangeitho
Dispersed Settlement	Cwmystwyth		Melindŵr

REPORT STRUCTURE

1.19. This report has the following structure:

- The following two Chapters set the general context to the study: **Chapter 2: Background and Context** reviews the performance of the rural economy at the national level and the relevant policies, strategies and initiatives operating at the national level, informed by an extensive literature review. This is compared with the main comments made during national consultations. **Chapter 3** then looks at the national planning context for rural diversification and the planning polices for rural diversification within the statutory development plans for the sample settlements covered by this study.

- **Chapters 4** and **5** focus on the sample settlements to try and understand trends and patterns in rural economic diversification activity. **Chapter 4: Characterisation of the Market Towns and Their Associated Settlements** outlines the economic character of the sample settlements based on nationally comparable statistics, more local studies where available, and the results of the 20 case studies, while **Chapter 5: Planning Applications** analyses the economic performance of the Market Towns with reference to relevant planning applications; the postal questionnaire to applicants and the case studies. The views of Development Control officers are also analysed.

- **Chapter 6** then stands back from all the data collected to discuss the **Key Findings** of the study and to consider these in the light of other literature and national policy objectives.

- Based on the findings set out in Chapter 6, **Chapter 7** sets out a series of **Recommendations.**

2. BACKGROUND AND CONTEXT

OVERVIEW OF THE WELSH RURAL ECONOMY

2.1. Three recent reports of the Assembly Government have examined the state of the Welsh rural economy: The *Rural Development Plan for Wales 2000-2006 (*2000), the report of the Agriculture and Rural Development Committee *Diversifying the Rural Economy* (2001), and *A Winning Wales: Economic Analysis* (2001).

2.2. In the foreword to *Diversifying the Rural Economy*, the Chair of the Agriculture and Rural Development Committee, summarised: "*The rural economy of Wales presents challenges and opportunities. It has many strengths - the quality of its environment, its sense of community and cultural identity, an adaptable workforce and the ability to produce high quality agricultural produce - but weaknesses too – a dependence on traditional, often low value-added industries, a declining farm sector reliant on subsidy, a narrow and vulnerable economic base and poor transport and service infrastructure."*

2.3. *A Winning Wales: Economic Analysis* also notes the scale of the economic difficulties facing rural Wales: *"The Welsh economy is constantly renewing and reinventing itself. It is undergoing a lengthy period of structural change."* (2.1) and that *"More recently, parts of Wales have been hit by a number of large blows… the rural economy is facing enormous challenges."* (2.2) and notes that overall the Welsh economy performs relatively poorly when compared to other UK regions on most economic indicators.

2.4. *A Winning Wales* shows that Wales as a whole performs less well than the UK average in terms of GDP, and that in more rural areas performance is variable but generally below the average for Wales as a whole. Remoter rural areas fare worst, with the lowest GDP per head in Anglesey and South West Wales, whilst areas in the east of the country perform noticeably better (**Table 2.1**).

Table 2.1: Wales GDP per head

Area	GDP per head of pop (UK average = £100)		
	1994	**1996**	**1998**
Wales as a whole	**82.5**	**82.6**	**80.2**
West Wales and the Valleys	**71.5**	**72.3**	**70.2**
Av West Wales more rural authorities*	71.1	70.55	68.67
Av West Wales more urban authorities	72.75	74.0	72.65
East Wales	**102.6**	**101.1**	**97.8**
Av East Wales more rural authorities*	89.4	88.85	89.9
Av East Wales more urban authorities	105.8	105.0	100.1

Source: *A Winning Wales: Economic Analysis* (based on NUTS areas[1]).

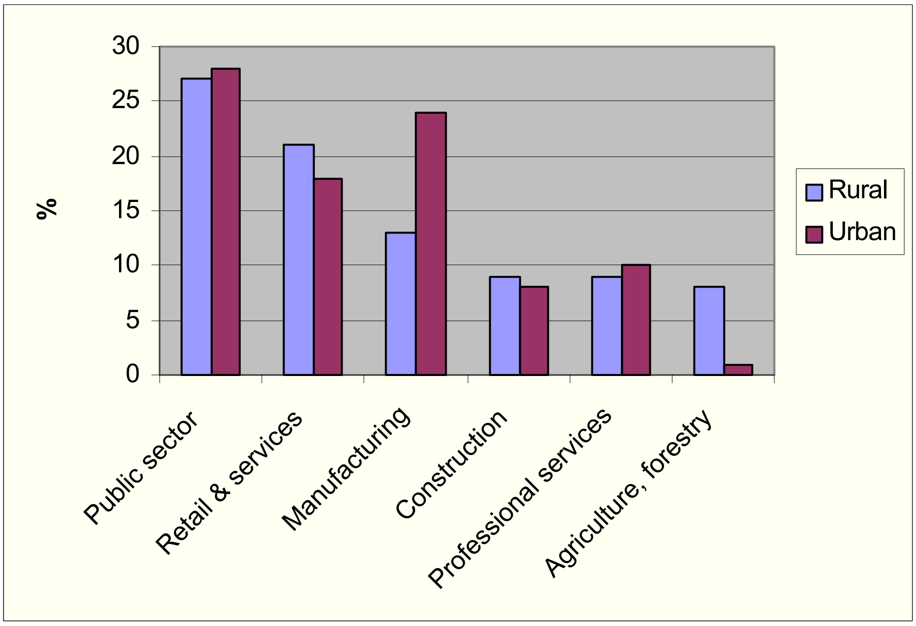
* These are not precisely the same authorities as the 'rural' authorities listed in para 1.7.

[1] NUTS is a hierarchical classification of spatial units, created by the European Office of Statistics for statistical analysis across the European Union

2.5. Analysis of the labour market by the nine (rural) unitary authority areas in Wales[2] provides a different picture. In all but two of the rural authorities both economic activity and the employment rate are higher than the Welsh average. Thus there are more people working in rural Wales than the national average, but for lower returns as productivity is 8% lower than the national average (*A Winning Wales,* 2001) and 12.4% below the national average in central Wales. This is also reflected in lower average earnings in rural Wales (*Diversifying the Rural Economy,* 2001) with areas such as central Wales dominated by an occupational mix of manual and low skill jobs with a prevalence of flexible working practices, particularly part-time working and self-employment. But hidden within these statistics is very considerable variation, from an employment rate of 64% in Gwynedd compared to 81% in Powys (74% for Wales as a whole). This suggests that the economies in different parts of rural Wales are functioning in different ways. Furthermore, it has been suggested that in rural Wales the hidden unemployment rate is approximately three times higher than the official unemployment rate (Huggins, 2001).

2.6. Sectoral analysis of the employment of people living in the nine rural unitary authorities, compared to the remainder of Wales, shows that the jobs of rural and urban residents are quite similar. The public sector is the largest employer in both cases, but retail and services are the second largest employer in rural areas as opposed to manufacturing in the urban areas. The other marked difference is agricultural and forestry employment, which comprises 8% of rural employees but only 1% of urban employees. Food processing and related activities add a further 2% of employees for the whole of Wales (*Rural Development Plan for Wales 2000-2006,* 2000).

Fig 2.1: Employment by sector



Source: *Diversifying the Rural Economy* (2001)

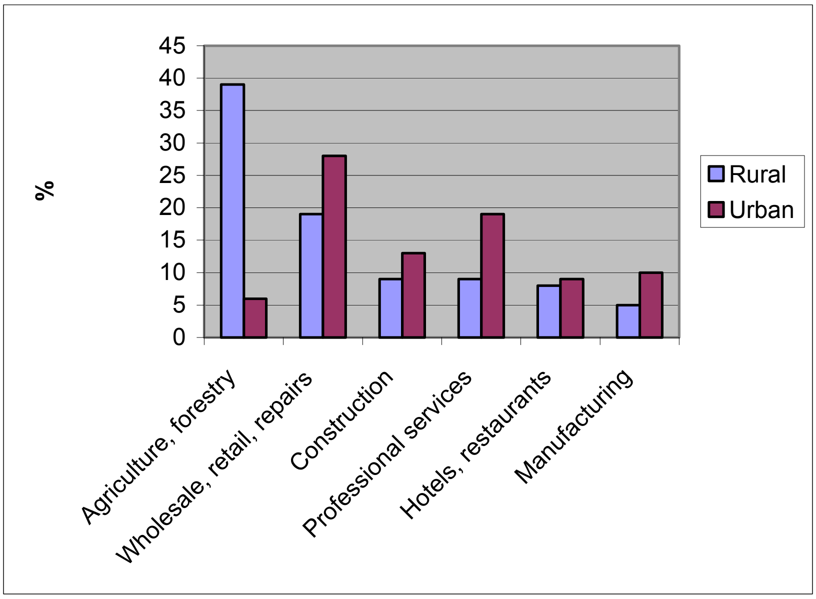
[2] Ref para 1.7

2.7. When the profile of rural enterprises is examined though (**Fig 2.2**), a different pattern emerges. Agricultural and forestry businesses are the most numerous in rural areas, followed by retail and other services. Nevertheless, it should be remembered, that as statistics are only available for VAT registered businesses, the largest employer, the public sector, is not represented, nor are some smaller businesses. But when these two analyses are taken together it is clear that there is a mismatch between the numbers of employees in the various sectors, particularly in agriculture and forestry, and the number of businesses.

2.8. This will partly be explained by agricultural businesses being relatively small. In the nine rural authorities, 40% of businesses have a turnover of less than £50,000 compared to only 20% in the rest of Wales (*Diversifying the Rural Economy,* 2001) and only 3% over £1M, compared to 9% in the rest of Wales.

2.9. Another important explanation, however, is the role of commuting in rural economies. Commuting from rural to urban areas is a strong and growing trend in much of rural Britain and means that an increasing number of people, although they live in a rural area, do not work there. These relationships also vary considerably across rural Wales but up to date and accurate data on commuting is not available. The 1991 census-based Travel to Work Areas, are now out of date and at too broad a scale to pick up the detail of rural commuting. This is a very significant gap in knowledge about the performance of the rural economy.

Fig 2.2: Businesses registered for VAT by sector



Source: *Diversifying the rural economy* (2001)

Agriculture and the land-based industries

2.10. Agriculture has suffered considerably since the mid 1990s. The strength of the pound, the decline in agricultural subsidies, falling world commodity prices, the impacts of BSE and finally the Foot and Mouth epidemic have hit Welsh agriculture particularly hard with its high dependency on milk, beef and sheep. The 2000/01 forecasts for net farm income were 80% lower in real terms than the average for the three years to 1991/2 and the predicted average farm income for the year was only £4,100. In the ten years to 1998 the agricultural workforce fell by 6%. Between 1998 and 2000 it fell by a further 10% (*Diversifying the Rural Economy*, 2001). As a consequence the structure of family farms is eroding and the trend is moving towards larger units as well as more smaller, often part-time farms.

2.11. The Foot and Mouth epidemic has magnified these trends, with reductions in total agricultural income of £62 million, in tourism of £120 million, and in other sectors of £19 million (Midmore, 2002 &2002).

2.12. Even before Foot and Mouth, including subsidies, agriculture contributed only 1.4% to Welsh GDP in 2000. Critically, if subsidies are removed, it contributed only 0.6% and near 0% if the indirect support of the Common Agricultural Policy is taken into account (*Diversifying the Rural Economy,* 2001).

2.13. Against this background, great faith has been placed in farm diversification as a means of helping farmers break out of the decline in farm incomes. But review of recent farm diversification activities in England and Wales (McNally, 2001) has indicated that the rate of exit is very close to the rate of entry for most types of diversification enterprise and that most diversification activities only make a relatively small contribution to average farm income. Nevertheless, an earlier study into pluriactivity in Welsh farm households (Bateman & Ray, 2000) suggested that pluriactivity is long established in many cases and not a reaction to the current pressure on farm incomes.

2.14. In terms of forestry, research undertaken for the Forestry Commission, the Timber Growers Association and the Welsh Development Agency (WDA) (Munday & Roberts, 2001) indicates that the Welsh forestry industry provides nearly 4000 full-time job equivalents, over £400 million of gross output and generates £80 million on non-wage spending in the Welsh economy.

Tourism

2.15. Tourism is a key industry of rural areas, its vital contribution to the rural economy having been highlighted by the Foot and Mouth epidemic. Tourism spending from overnight and day visitors contributes more than £2.0 billion directly to the Welsh economy, which is equivalent to 7% of GDP (considerably more than agriculture). Wales attracts an 8% share of all UK tourism spend but is highly seasonal in character with 60% of all holiday spending occurring during June, July and August. In addition, Wales serves largely a home market, attracting only a 1.4% share of all overseas visitor spend in the UK (*Achieving our Potential,* 2000).

Small and medium sized enterprises (SMEs)

2.16. Over 90% of all businesses in Wales are SMEs (under 250 employees). For example, in Mid Wales 80% of businesses employ less than 10 people. Importantly, research undertaken for the WDA (*Small and Medium-sized Enterprises in Wales,* 2001) indicates that these smaller companies have much better established local linkages than their larger counterparts: over four-fifths of the SME workforce lives within 30 minutes drive of their workplace; over half of their customers, competitors and service providers are located locally; and a third of materials are sourced locally, with these characteristics being particularly characteristic of the agricultural sector.

Population structure and education

2.17. The population of the nine rural authorities in Wales (para 1.7) is growing, increasing 2% between 1991 and 1999, in line with the rest of Wales. Over the same period, however, the population aged 15-29 years old declined by 9%, although for the rest of Wales the decline was greater at 12%. In rural Wales the population over retirement age was 23% in 1999 compared with 19% for the rest of Wales, with remoter areas of rural Wales likely to have a higher percentage of retired people (*Diversifying the Rural Economy,* 2001).

2.18. The Rural Development Plan for Wales 2000-2006 (2000) notes that "*Many young people and adults in rural areas - particularly the more peripheral parts of West Wales - do not fulfil their true potential.*" (p.57). Yet school-leaver qualifications in rural Wales are better than the national average and Gwynedd, Anglesey and Pembrokeshire all show levels of adults without qualifications below the national average of 22%. But as the Future Skills Wales project has discovered there is an out-migration of young and qualified people, resulting in skills shortages.

2.19. These trends are highlighted by a more detailed study of demographic change in North West Wales (Jones et al, 2001). This indicates that Anglesey expects to loose around 10% of its population by 2016, with the population of the remainder of the region expected to remain approximately stable, but with a net loss of the young. The main reasons cited by those leaving are limited employment opportunities, low wages, social adjustment (in those returning to their origins), and poor access to key services. School and college students' aspirations for higher education and employment will often take them away, although they may return to have their own children. Also, several employers claimed difficulty in employing suitably qualified staff.

Welsh language

2.20. In terms of Welsh speakers, approximately 19% of the population of Wales speak Welsh (500,000). However, the percentage of Welsh speakers is notably higher in rural areas. Anglesey, Gwynedd, Ceredigion, Carmarthenshire, and Conwy are the top five Welsh speaking unitary authorities, with the first four of these having over 50% of the population (aged 3+) able to either speak, read or write Welsh (*Welsh Tourism Business Monitor,* Feb 2002).

Roads and accessibility

2.21. Roads are a vital element of rural infrastructure. The review of the Welsh trunk road programme Driving Wales Forward (1998) concluded that "*there is no case on either traffic or environmental grounds for major road-building through the heart of Wales. The Assembly's strategy is to bring forward significant improvements in north-south public transport services and for these to be complemented by steady and relatively small-scale improvements to the trunk road network*". Rail services are poor in much of rural

Wales. **Thus the geography of rural Wales defines its relative inaccessibility as an immovable parameter for economic development.**

Information and communication technologies (ICT)

2.22. Wales as a whole lags behind in the usage of most information and communication technologies and applications such as mobile telephones, e-mail and business and domestic use of the Internet and demand for higher bandwidth services is currently lower in Wales than the UK as a whole (*Ubiquitous Broadband for Wales, 2001*). It ranks only higher than Northern Ireland within the United Kingdom in the use of ICT. This is partly because it is uneconomic for commercial providers to serve much of rural Wales. The *Rural Development Plan for Wales 2000-2006* (2000) reported *"a strong divide between ICT 'haves' and 'have-nots.' Many companies have not embraced ICT, but those that have the technology appear to be using it.. Local Area Network penetration in businesses is low but those with LANs and e-mail systems are using them in advanced ways."* (p.57).

High environmental quality

2.23. Much of the economy of rural Wales depends either directly or indirectly on the high environmental quality of the area. The environment of rural Wales is a fundamental cornerstone of its economy. This environment has been shaped by agricultural practices. Yet over the last fifty years, with increased numbers of sheep and a switch from hay to silage, aspects of environmental diversity have diminished, potentially to the long-term detriment of the economy.

2.24. According to the National Trust (*Valuing our Environment,* 2001), between 40% and 70% of employment in tourism depends directly on a high value environment. Perhaps less well recognised has been the direct economic contribution made by agri-environment schemes (the pilot Tir Cymen scheme and now the national Tir Gofal scheme) aimed at improving the environmental performance of farming. For example, studies indicate that the pilot Tir Cymen agri-environment scheme led to farms within the scheme employing twice as much casual labour and supporting the local economy by providing work for contractors, and encouraging diversification enterprises such as the production of wooden gates and styles (Banks & Marsden, 2000). This is exemplified in the Snowdonia National Park where Tir Cymen, involving some 344 farms, injected over £3 million into the local economy. (Association of National Park Authorities, 2000), demonstrating the economic as well as the environmental and social benefits of such approaches.

Summary of key issues

2.25. In summary, therefore, from the wide range of reports that have been produced on the economy of rural Wales, a number of common issues are identified. These include:

- Poor-intra-regional communications
- Poor accessibility and transport infrastructure, increasing the costs of distribution
- Over-dependence on a declining agricultural sector and other natural resource-based industries

- Heavy reliance on the public sector for employment
- High employment in tourism but based on low paid seasonal jobs
- Low start up rates of new businesses
- Low productivity levels acting as a disincentive to innovation, entrepreneuralism and technological up-dating
- Low use of IT facilities and the internet by businesses generally
- An uneven spread of wealth across the country
- An imbalance in age structure through the outward migration of young people
- Skill shortages exacerbated by out migration
- Low expenditure on research and development
- Much of the population living in dispersed settlements
- Lack of basic services
- The high quality environment as a cornerstone of the area's economic potential.

POLICY FOR THE WELSH RURAL ECONOMY

2.26. The Assembly Government's strategic plan *Better Wales* (1999), sets sustainable development as the over-arching framework for all policies, strategies, programmes and grant schemes prepared by the Assembly Government. Within this overall context, over the last two years, a wide range of policy and funding documents have been produced covering rural Wales. National planning policy is considered separately in Chapter 3 but below other key policies, strategies and initiatives relevant to rural Wales are outlined.

- **The national economic development strategy: *A Winning Wales* (2001)**, This builds on a *New Economic Agenda for Wales* (1998) and aims "*To achieve a prosperous Welsh economy that is dynamic, inclusive and sustainable, based on successful, innovative businesses with highly skilled, well-motivated people….We want Wales to be a country that has a distinctive and creative culture with bilingualism a growing reality. This culture will thrive where the relationship between people, their schools and colleges, their workplace and their environment is strong…Local initiatives combined together can achieve national impact, for example through joint marketing and development of our cultural industries and high quality tourism".*

- **The corporate plan of the Welsh Development Agency: *A New Economy for Wales* (2001).** This focuses on wide-ranging support for rural businesses while noting that "*Neither governments nor development agencies generate economic prosperity - only businesses can do that*" [para. 5.1]. The Agency's wide ranging services permeate all aspects of the rural economy and under its corporate plan it is a lead body on a number of Regional Action Plans under Objective 1 proposals, as well as participating in other Sub-regional and Local Action Plans. Particularly important WDA initiatives within the context of rural areas include: **Enterprise in the Community** supporting community projects; **Business Connect** with a network of one stop shop business advice centres providing a range of support services; the **Food Directorate** which is promoting Taste of Wales; and **Menter a Busnes** promoting enterprise as part of Welsh language and culture.

- **The national strategy for agriculture: *Farming for the Future: A new direction for farming in Wales* (2001)**. This sets out the place of agriculture in modern rural Wales. It supports family farming and seeks to maintain viable and balanced rural communities through a process of adaptation. The desired outputs are: safe, healthy food and non-food products; a visually attractive countryside rich in biodiversity, archaeology, history and culture; distinctive local food products which help the promotion of tourism; and the contribution of all these factors to a positive image for Wales in the world. The strategy is underpinned by 50 action points that clearly integrate farming into the broader rural economy and provide the framework for the future of Welsh farming.

- ***The Rural Development Plan for Wales 2000-2006* (2000).** This provides the framework for the delivery of support to farmers (other than the direct production subsidy payments under the CAP). The plan continues support for Less Favoured Areas (LFAs), but under a reformed system of LFA compensatory allowances, and provides significant support for agri-environment schemes with funding also available for the afforestation of agricultural land. These are accompanied by the *Non-accompanying measures* operating outside Objective 1 areas, which favour other forms of farm diversification by providing for training, and support for processing and marketing amongst others. These link and complement funding available for similar activities under Objective 1 in West Wales and the Valleys.

- ***Faming Connect.*** This is a specific initiative of the Assembly Government that delivers free advice, new technologies and production techniques to farmers on a one to one basis linked to demonstration farms and groups, to aid diversification, improve business viability and help farmers access new markets for their products and services. It is an important delivery mechanism for the national agriculture strategy and the Rural Development Plan.

- **The Wales Tourist Board (WTB) ten year strategy: *Achieving Our Potential* (2000).** This has four key themes: sustainability, quality, competitiveness and partnership which link to a series of action points. In addition there are a number of other important WTB strategies including the **Cultural Tourism Strategy** which acknowledges that tourists are "*now looking for an experience not a destination…vital to this is the need for authenticity*".

- **Education and Learning Wales (ELWa) *2002-2005 Corporate Plan*.** ELWa is the joint name for the National Council for Education and Training for Wales and the Higher Education Funding Council for Wales. Its education and training arm has the goals of building essential skills in the Welsh population, encouraging lifelong learning, improving use of the Welsh knowledge-base, providing skills for business, and encouraging learning communities. In the Corporate Plan the economy is identified as the first of three priorities. A variety of measures such as funding Modern Apprenticeships, retraining workers to meet skills needs, and helping to develop a single gateway for business support are identified. Programmes are tailored to the needs of each of the four Welsh regions.

- **Wales Woodland Strategy: *Woodlands for Wales* (2001).** As set out in this document, the national mission for woodlands is to protect and expand forests and woodlands in Wales and to increase their value to society and the environment. Actions are then grouped into five broad areas: *Woodlands for People; A New Emphasis on Woodland Management; Wales as the Location for a World Class Forest Industry; A Diverse and Healthy Environment;* and *Tourism, Recreation and Health.* Important actions identified in support of the woodland economy are: "*to provide Welsh forest industries with effective business support; to develop the wood supply chain, product development and marketing; to provide support for farm woodlands and the wider rural economy; and to foster the development of renewable energy based on wood".*

- **The Wales Rural Forum: *Rural Wales 2000: The Way Forward:*** This strategy stresses three principles to guide the future development of rural Wales: Integration (sectoral, institutional and geographic); sustainability (a long term view of the countryside and rural society); participation (increasing the capacity and involvement of communities).

- ***The Rural Recovery Plan* (2001)**. This was produced by the Assembly Government in response to the Foot and Mouth Disease (FMD) outbreak with £65 million available to tackle issues on a thematic basis. Under this, Farming Connect is offering business and technical advice, while there are separate strategies for marketing and tourism. The **Rural Marketing Initiative** and **Rural Development Fund** have co-ordinated activities to promote rural tourism while the **Community Regeneration Scheme/Toolkit** is helping tackle areas of particular need.

2.27. In addition to the above, although now three years old, *Rural Wales: A Statement by the Rural Partnership*[3] (1999) provided a coherent set of policy recommendations for rural Wales with the aim of assisting in the development of the Rural Development Plan for Wales. The statement identified the broad span of economic, social and environmental and cultural factors which, together, are responsible for shaping the prospects for rural Wales, providing economic and social cohesion and sustainable rural development.

2.28. All of the above strategy and policy documents link with the European funding programmes, primarily:

- The *Welsh European Funding Office Programme for West Wales and the Valleys Objective 1 Programme for 2000-2006* (2000). This sets out the programme for the delivery of Objective 1 in West Wales and the Valleys, reflecting the particular economic difficulties faced by these areas, with the primary aim of

[3] The Rural Partnership for Wales was established in November 1988 as an advisory body that brings together a wide range of organisations to contribute to the future development of rural policies and programmes. These organisations are CPRW, ELWa, CLA, CCW, Environment Agency, FUW, Federation of Small Businesses, Fforwm, Forestry Commission, Institute of Rural Health, Mid Wales Partnership, NFU, National Parks Authority, North Wales Economic Forum, South East Wales Economic Forum, Wales Council for Voluntary Action, Wales Enterprise, Wales LEADER Network, WLGA, Wales Rural Forum, WTB, Wales Wildlife and Countryside Link, Wales Development Agency, WDA.

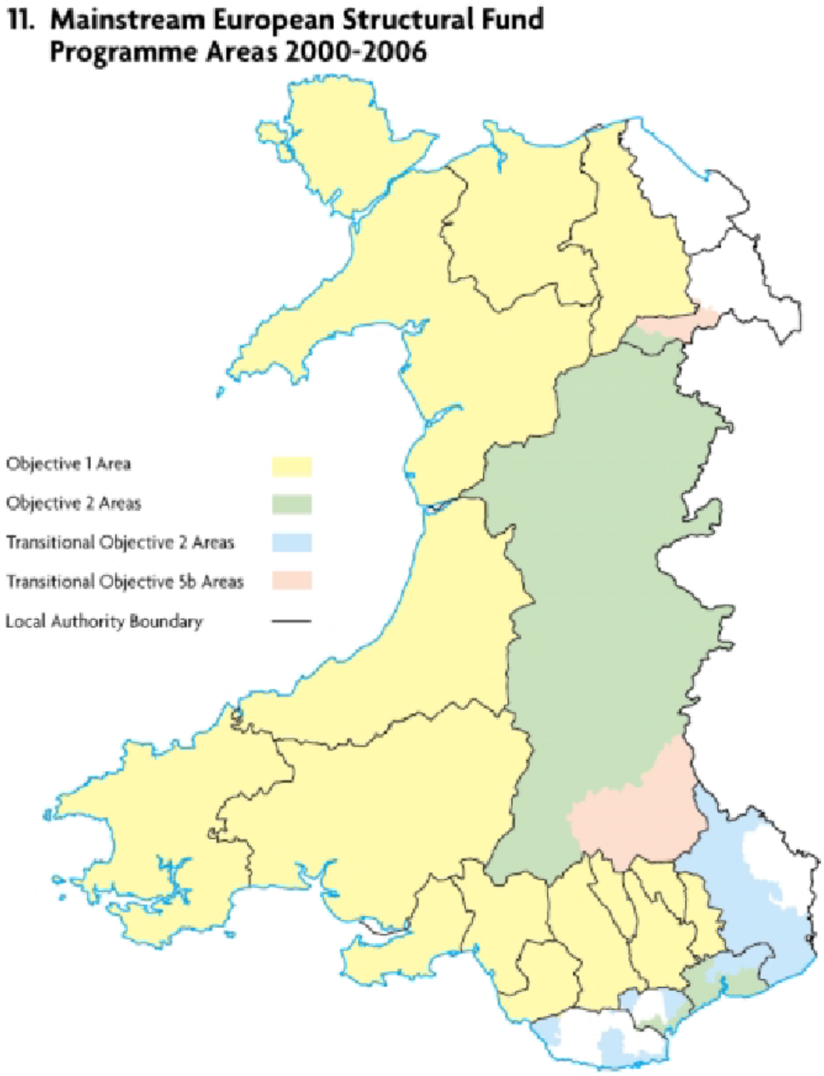
promoting the development and structural adjustment of regions whose development is lagging behind.

- *East Wales Objective 2 and Transitional Programme (2000-2006).* This aims to help regions seriously affected by structural problems, such as industrial, rural, urban and socio-economic decline.

- *LEADER + Single Programming Document for Wales 2000-2006* (2001). This sets the framework for delivery of LEADER + in areas of Wales with a population less than 120 inhabitants per square kilometre.

- *The INTERREG IIIa Ireland/Wales Community Initiative Programme 2000-2006* (2001). This again sets the framework for the delivery of this European programme within the eligible areas covering the EU NUTS III regions of Wales (including Gwynedd, Anglesey, Carmarthenshire, Ceredigion, Pembrokeshire and part of Conwy).

Fig 2.3: Objective 1,2 and transitional areas



2.29. In addition, other relevant community initiatives include: the *People in Communities* initiative (Assembly Government) supporting neighbourhood renewal including projects in Gwynedd and Conwy; *The Market Towns Initiative*[4] run by WDA between 1996 and 2000 covering ten town in mid-Wales (including Tregaron) which encouraged local communities to come together to address local regeneration; and the *Community Regeneration Toolkit* which replaced the *Market Towns Initiative* in mid-Wales and has been followed by the similar *Small Towns and Villages Initiative* in North Wales, with parallel initiatives now starting in South West and South East Wales.

2.30. While other relevant strategies covering the broader rural economy and farmed landscape include: *Task Force for the Hills* (2001) which examined the crisis in hill farming (prior to Foot and Mouth disease) and the need for urgent measures to address these problems; the National Trust's strategy *Valuing the Environment* (2001); and the Country Land and Business Association's policy for the rural economy *Towards a Sustainable Economy: A strategy for agriculture and rural business* (2000) and *Rural Regeneration: CLA's policy framework for business diversification* (2001).

2.31. Through these policy and strategy documents and through the range of initiatives identified above and the commentaries on them, there are a number of frequently repeated themes, which in part seek to address the issues set out in para 2.26:

- **Promoting sustainable diversification of the rural economy:** All strategy documents now hold this as the central tenet for the future of rural areas. As encapsulated by the Wales Rural Forum "*Efforts must continue to encourage diversification of employment and to avoid over dependence on a narrow economic base such as has given such serious problems in the past".* The themes identified by the Statement of the Rural Partnership (1999) to achieve a sustainable future for rural Wales were: Promoting Business Development; Spreading Economic Prosperity; Developing Skills to Match Business Needs; Strengthening Communities; Improving Access to Rural Services; Investing in Rural Infrastructure; Enhancing the Rural Environment; and Developing a Rural Strategy for Wales.

- **A plethora of uncoordinated approaches and initiatives** for economic development in rural Wales. Wales contains a particularly large number of agencies responsible for promoting economic development. This has led to calls for a clarification of the rural responsibilities of different organisations such as WDA and ELWa and improved evaluation of the performance of agencies and policies *(Diversifying the Rural Economy,* 2000*).* Similarly, one of the perceived weaknesses of both LEADER 1 and LEADER 11 was that the programmes were developed in isolation from other initiatives and programmes. In addition, a range of commentators have pointed to the need for more streamlined and co-ordinated application procedures for different funding streams. These points have led Midmore (2001 & 2002) to conclude that the proliferation of strategies to tackle rural policy problems has led to increased fragmentation and a lack of integration to tackle the complex issues faced by rural areas.

[4] Towns set up a committee and typically employed a development officer, funded by the Initiative, who in turn pursued the project and sought further capital funding. Projects generated by the Initiative included cultural and sporting events, environmental improvements, attempts to revitalise retail and other commercial enterprises and new facilities for business, recreation and culture.

- **Need for integration:** Following the above theme, there is a call to recognise the interdependence between the economy, life-long learning, communities, the environment, and other policy areas such as health and transport. Linked to this is a call for improved understanding of the links between urban and rural areas (*A Winning Wales*, 2001 and *Diversifying the Rural Economy,* 2000*)*. As noted by the Wales Rural Forum "*Separation between economic, community and environmental interests is artificial and must be minimised. There are no neat divisions between the environmental, social, economic, cultural and political dimensions in rural life. Changes in the rural economy are closely connected to social and cultural developments; they also help shape the natural ecology and environment. There is a need for an integrated approach which pays attention to the linkages between all these elements and seeks to ensure that they can be made to work together".* (Wales Rural Forum Llangollen Declaration, 1998).

- **Working with the local grain – building a future based on an understanding of local needs:** As early as 1995, national guidance *Planning for Rural Diversification* had identified that planning policies for rural diversification should be built on an understanding of the specific needs of local areas. Equally the Statement by the Rural Partnership recognised that action was needed at both the regional and local level to address the particular circumstances of different rural communities and to ensure local ownership and control. In *A Winning Wales* (2001) it is recognised that an-all Wales strategy cannot reflect *"the diversity of ideas and opportunities that arise at both the regional and local levels in Wales".* As a consequence, the WDA is producing a series of themed Strategic Action Plans (SAPs) to reflect the different areas of Wales and their distinct characteristics. And as emphasised by Midmore (2002) *"an unvarying rural policy is too crude to provide the local, flexible solutions needed to take these issues* [the problems facing rural areas] *into account".* In a number of the strategies emphasis is placed on identifying and targeting local needs be they for infrastructure, support for micro-businesses or community development.

- **Working with local communities – bottom-up approaches:** Partly in response to the need to reflect local circumstances, increasing emphasis is being placed on community empowerment and the development of local long term visions and strategies facilitated by a project co-ordinator, as under the *Small Towns and Villages Enterprise Initiative*. Indeed, it was a conclusion of the Tavistock Institute's (2000) evaluation of the *Market Town's Initiative* that community development is not an 'optional extra' to economic development but an essential ingredient of it. Thus, *Diversifying the Rural Economy* (2001) places emphasis on coherent national policies for rural areas "*delivered by local communities and authorities with sustainability at their heart"* and focuses on community economic development through capacity building, multi-agency working and community-led action, while the WDA Strategy recommends that local authorities should work as community leaders to achieve local action. This emphasis on community regeneration is highlighted in Rural Recovery Action Plans such as the *North Wales Economic Forum Rural Recovery Action Plan* (2002) and the work of the Wales Rural Forum.

- **Support for local home-grown businesses:** The need to increase the number of home-grown successful businesses rather than being reliant on inward investment is emphasised (*A Winning Wales,* 2001 and *Rural Development Plan for Wales, 2000*). Thus the WDA Strategy now has as one of its four strategic priorities *Increasing Participation* which emphasises that new work opportunities will be dependent on both attracting new business to Wales **and** supporting the growth of existing businesses. Although not solely aimed at home-grown business, *Diversifying the Rural Economy* (2001) recommends improving the provision of advice and finance for rural businesses, pro-active targeting of businesses in rural Wales, more small loans for rural businesses, and simpler guides to financial support. It also emphasises the need to foster local initiatives and improve the provision of workspace and business incubation development as ways of nurturing fledgling businesses.

- **Encouraging innovation and entrepreneurship:** Linked to the above, both the *Rural Development Plan for Wales* (2000) and *A Winning Wales* (2001) encourage innovation and entrepreneurship and under the Wales Woodland Strategy the Forestry Commission is working with other partners to expand woodland products. The need for innovation and entrepreneurship is picked up by WDA as another of its strategic priorities - *Enterprise*

- **Moving up the value chain:** Adding value to local products is a re-occurring theme through nearly all national policies and strategies. It is central to the *Rural Development Plan* (2000), *Objective 1, LEADER +, INTERREG 111a, Diversifying the Rural Economy* (2001) and forms the central focus of *Farming for the Future* (2001). This latter strategy presents a choice between continuing to compete in markets for basic agricultural and food commodities where the competition is on price, or moving towards a focus on high quality, value added branded products aimed at more specialist markets. This will require greater collaboration between farmers, utilisation of ICT and broadening of the existing agricultural base to create a more diverse land-based economy including horticulture, biomass and farm woodlands, agri-tourism and fisheries. As emphasised by Midmore (2002) *"Enhanced income growth in rural Wales can only come about, mainly, from an improvement of the quality of the product (this is especially the case for agriculture and tourism, since low-cost markets are saturated and unlikely to yield potential future growth prospects)".*

- **Encouraging the young to stay or return to rural Wales**: This is an area that is constantly returned to by the 'bottom-up' initiatives and , arising from the actions identified in *A Winning Wales* (2001), research has been undertaken over 2002 for the Welsh Assembly Government with support from the Wales Rural Partnership on *Age Balanced Communities in Rural Wales.* This has explored both the factors which lead to the outward migration of young people from rural areas and those that act as barriers to them returning. It will also contain an action plan proposing a range of measures to increase the opportunities for young people to stay in or return to rural areas.

- **Developing skills and encouraging a learning culture:** A comprehensive improvement in skills is emphasised in *Diversifying the Rural Economy* (2001) and the *Rural Development Plan for Wales* (2000), as is an emphasis on developing business-education links and spreading good practice. ELWa, has promised to make an innovated and integrated response to the learning needs of individuals, businesses and communities and work such as the ELWa-led North Wales Town Development Projects has shown that people-based measures are essential if the value of capital investment is to be realised.

- **Developing the knowledge-based economy:** The development of a knowledge-based economy is seen as an important means of transforming the economic and social well-being of the country (*Diversifying the Rural Economy*, 2001, *A Winning Wales,* 2001). It is also seen as an essential part of any strategy to enhance the value of land-based products - providing an essential marketing tool. It is argued that higher bandwidth telecommunications would allow for greater convergence in broadcasting, publishing and the internet (*Ubiquitous Broadband for Wales,* 2001). Under the strategic priority *Information Technology* the WDA has the lead role in this field. Targets for 2003 include a network of ICT centres as well as Innovation Centres in each of the WDA regions.

- **Strengthening tourism:** Tourism is identified as a central industry for the future of the rural economy in most recent policy documents, with the essential link between tourism and a high quality environment underlined. The uniqueness of Welsh history, its language, culture and way of life are all considered distinctive assets for the tourism industry, as emphasised by the WTB *Cultural Tourism Strategy* and *INTERREG 3a*. Emphasis is also placed on the link with rural sports such as angling (*A Winning Wales,* 2001 and *Farming for the Future,* 2001).

- **Linking to the environment and encouraging the green economy:** A clean, green environment is seen as an essential backdrop to a healthy rural economy. It is also a vital selling point in adding value to local products, in encouraging tourism, as well as providing a catalyst for new sustainable developments and technologies such as the capturing of waste energy (*A Winning Wales,* 2001). Critically the environment and the cultural heritage of rural Wales are seen as an essential element in the quality of life of rural communities *"The experience of the Market Towns initiative re-emphasises that in rural areas quality of life and of the environment are critical to where and how people wish to live, work and visit and where businesses wish to locate. Social development is economic development"* (Tavistock Institute, 2000), a theme that is reiterated in the National Trust's strategy *Valuing the Environment* (2001).

2.32. Many of these themes were picked up in the national consultations forming part of this study.

NATIONAL CONSULTATIONS

2.33. The full list of national consultees contacted through this study is set out in **Appendix 1.** Important themes raised during these consultations were:

The Welsh rural economy

2.34. Most consultees were clear that agriculture must remain a crucial element of the rural economy, emphasising its indirect as well as direct importance to rural enterprise and communities. The importance of forestry was also stressed.

2.35. Thus the land and rural environment were seen as the principal assets of rural Wales. The experience of FMD has emphasised this broad significance as its impacts have been widely felt. Policy's interest in adding value to a range of rural products was well supported. Diversity of products was also noted as important.

2.36. In this context it was stressed that the future of the rural economy is likely to be strongly influenced by reform of the Common Agricultural Policy and development of agri-environment schemes. The quality of the Welsh environment and strong cultural identity were seen as a key 'brand' advantage that must be protected.

2.37. Most consultees reflected that the Welsh rural economy was in a period of change which needed careful management. It was argued that the rural economy was not moribund but needed to be properly understood. It was again stressed that SMEs dominate Welsh rural businesses, most being micro-businesses. Self-employment, home working and pleuriactivity were noted as increasingly common. Many outward-facing companies were seen to be doing well.

2.38. It was recognised that there is a shortage of employment opportunities for the young and skilled. Loss of young people from rural areas and the aging population were seen as one of the most pressing problems facing rural areas. Preservation of Welsh language and culture was seen as essential. In-migration was also a key factor but detailed suggestions of how to tackle these trends were not identified.

2.39. As noted in the policy documents, ITC was seen as of considerable importance to the future of the rural economy, but its use was not widespread at present and it could not substitute for other necessary business requirements.

2.40. It was noted that there is a need to develop inland Wales as a key tourism destination rather than as an area that is driven through. This should be based on quality, relevant and authentic provision, requiring a more focused collection of tourism data (eg bed space provision by size of hotel); promotion of Welsh culture and environment; the development of local networks such as farm tourism networks; upgrading of the tourism infrastructure, such as rights of way; and the focusing of provision on clearly defined markets.

2.41. Running through these comments was the need for *realism*. It was felt that diversification opportunities primarily related to small-scale enterprises, building on existing environmental, tourism and quality resources. It was felt that there also needed to be an emphasis on linkage – linking activities that feed off each other, and promoting portfolio working[5] and the provision of jobs close to existing and developing labour pools. The need for small-scale, start-up and incubator facilities was also a common theme, as was support for growing indigenous businesses and supporting and training local people.

2.42. The CBI in particular cautioned against the notion that the public sector could plan local economies. Realism as to the strengths and weaknesses of a particular area was needed so that policies are not merely aspirational with little chance of success. Instead it was felt that they should be targeted at what is achievable within the prevailing market conditions and act on crucial infrastructure, labour and training, and grant assistance needs, in this context. **Thus location is an immovable attribute to be regarded with a long-term perspective, especially given the increasingly 'footloose' nature of rural enterprises. The peripherality of most of rural Wales was seen as a significant factor impacting on the development of the rural economy, but peripherality could also be a strength by retaining strong and cohesive communities**.

2.43. Tying these points together, consultees identified the need for *vision*. The many elements of the rural economy needed to be integrated, requiring a thorough understanding of the local economy and also empowerment and involvement of local communities to take forward their own proposals – this was seen as essential to achieve local ownership.

Planning

2.44. There was general agreement that planning is not restraining rural economic development but it is doing little to assist it, a point that is returned to through this report. Welsh planning for rural diversification is placed in a paradoxical position. Planning works best when there is demand for development. This is not the case for much of rural Wales where economic development is generally encouraged rather than managed.

2.45. Thus attention switches to how planning might be more pro-active. There was a general if not universal view that the *culture* of planning, if not its policies, is poorly suited to encouraging rural diversification. Planning is seen as conservative, risk-averse and having a poor understanding of economic development and business. Also, planning is poorly co-ordinated with economic development activities and local authorities often fail to present a single face to the business community.

2.46. Planning was also seen as not sufficiently responsive to changes in market conditions and insufficiently flexible case-by-case. There was little support though, for *less* planning. It was understood that planning has a vital role in protecting the environment of Wales – its most valuable economic asset. More, it was felt that planning often had too strong an urban focus and thus only a weak grasp of rural issues. A better understanding of rural economic development was needed, and especially of the particular, distinctive qualities of different rural areas, so that planning could respond better to local needs. Planning should also involve local

[5] Ie where an individual participates in a range of employment activities potentially involving different skills.

people more in plans and decisions and be more closely integrated with other proposals for economic development and funding.

2.47. Two points of detail also raised were: the need for greater attention to design in rural areas and the need to regard forestry enterprises in the same light as farm diversification enterprises.

2.48. In the case of forestry and woodland activities, there was concern expressed at the Ruthin workshops that woodland diversification activities, such as charcoal burning, may not be supported by the local planning authorities. Further discussions with the Forestry Commission has indicated that in their experience local planning authorities are very receptive to forestry diversification and adding value and will support them through the planning process. The key planning issue arises where a woodland diversification activity is used as the justification for a forestry worker's dwelling. In these cases planning authorities will strongly resist any residential element in line with national guidance (TAN 6, paragraph 52), reflecting that woodland management and associated added value activities rarely justify a residential dwelling. Nevertheless, there remains a view amongst some woodland workers that woodland activities remain a poor relation to farm diversification in the eyes of the planning community. This is a perception that needs to be addressed.

Summary

- The Welsh rural economy performs less well than the Welsh economy as a whole. Activity rates are higher than average, but wages and productivity are lower.
- Rural and urban employment in Wales are broadly similar but particular rural characteristics are dependence on agriculture, which has suffered serious decline since the mid-1990s, tourism, the public sector and services. These provide a relatively narrow and vulnerable economic base.
- Commuting is a significant factor for rural residents and businesses but detailed data on commuting patterns are not available.
- SMEs are of crucial importance to the Welsh rural economy and have particular benefits of utilising local labour, sourcing and markets.
- The population of much of rural Wales is rising, in line with the national population as a whole. There is a net loss of the young, though, which is worse in some remoter rural areas where absolute population loss is also still a concern.
- The skills and qualifications of the rural population are weaker than the national average, but school-leavers' qualifications are better, demonstrating that the young and qualified tend to leave rural Wales.
- Penetration of ITC in rural Wales lags behind the national average.
- The remoteness of much of rural Wales in the road network is identified as an economic obstacle, but will not be solved by major road-building.

- There are strong indications that the state of the rural economy varies considerably across Wales. The lack of an agreed definition of rural Wales and of detailed statistics hampers a more coherent understanding of the rural economy.

- There is now a considerable body of policy and programmes for Welsh rural economic development. Common themes include:
  - the ongoing importance of the rural environment and agriculture
  - the need for greater adding of value in the rural economy to both products and people
  - the need to understand and work with the diversity of local rural economies
  - the importance of indigenous business as well as inward investment
  - promotion of innovative sectors such as ICT and the green economy
  - the need for more coordinated policy
  - the importance of community development.

- Productivity and entrepreneurial activity are relatively low, which is partly attributable to lack of skills, particularly those pertinent to ICT. Without improvements to ICT provision in rural Wales an existing technological divide may deepen.

- Agri-environment schemes such as the pilot Tir Cymen and the national Tir Gofal have demonstrable wider economic benefits.

- The success of programmes for rural regeneration is variable. Successful ingredients include purposeful involvement of the local community, building on existing resources and capacities, long-term objectives and support and taking fully into account the distinctiveness of the locality.

- There is a strong consensus that policies for diversification of the rural economy should be realistic, integrated, and rooted in a clear understanding of local needs and distinctiveness. For planning to take a more pro-active role in rural diversification, better understanding of the local economy is needed, expressed in more sophisticated and locally-responsive policies, and through change in the culture of planning.

3. PLANNING POLICIES

3.1. This Chapter examines planning policy for rural diversification. It looks at national planning policy and that from the development plans of the study areas. Earlier research, *Farm Diversification and the Planning System* (2001) undertaken for the Assembly Government, comprehensively examined the state of Welsh rural development plan policies, particularly in comparison with the expectations of *Planning Guidance (Wales) Planning Policy First Revision* (1999). This exercise has not been repeated here, although the results of this previous study continue to provide context.

NATIONAL POLICY

3.2. Welsh national planning policy has recently undergone significant changes as *Planning Guidance (Wales) Planning Policy First Revision* (1999) has been superseded by *Planning Policy Wales* (March 2002), following consultation on *Draft Planning Policy Wales* produced in February 2001. *Planning Guidance* (*Wales) Planning Policy First Revision* (1999), however, set the policy climate in which most of the development plans were drawn up. It therefore provides the context to all existing development plans. Thus its contents are briefly reviewed before going on to consider the main changes ushered in by *Planning Policy Wales* (2002).

Planning Guidance (Wales): Planning Policy First Revision (1999)

3.3. *Planning Guidance (Wales) Planning Policy First Revision* (1999) incorporates (para 3.2.1) four broad objectives with regard to sustainable development which correspond to the Brundtland definition (1987) of meeting economic and social needs, protecting the environment and ensuring the prudent use of resources. Addressing economic development it favours economic development within existing urban locations (para 10.1.3), in particular the heavily populated coastal strips in south Wales and north east Wales. It acknowledges, though, the emphasis that Government has given to creating a fairer distribution of jobs and investment throughout all parts of Wales. The south Wales valleys and rural areas are two target areas defined. In addition, support is encouraged for the identification of sites for Industrial Villages that could accommodate small and medium-sized technology companies.

3.4. Addressing rural economic development the Guidance refers to the DoE (1995) *Good Practice Guide (Planning for Rural Diversification*) and emphasises the Government's economic objectives for rural areas. Broadly, "*Development plans should contain policies which encourage economic development and diversification in rural areas*" (10.3.4). Some commercial and light industrial activities are seen as acceptable alternative uses in rural areas, and the processing of agricultural products is seen as a potential farm diversification activity that can contribute to the rural economy. The guidance highlights that the economic and social needs of the area, and environmental and traffic considerations, will all be relevant factors for consideration.

3.5. Within the Countryside Chapter (para 5 .1.1) the Welsh policy guidance places a requirement on local authorities that development in the countryside "*should benefit the rural economy and maintain or enhance the environment*".

3.6. The guidance on development in rural areas covers less than a page.

Planning Policy Wales (2002)

3.7. *Planning Policy Wales (2002)* amplifies the previous policy on sustainable development considerably, noting that "*The planning system has a fundamental role in delivering sustainable development in Wales*." (2.1.5). It goes on to set out nine principles and 18 objectives for land use planning for sustainable development. In turn, policy priorities are set for urban and rural areas. Those for rural areas are to secure:

- *"**sustainable** rural communities with access to high quality public services;*
- *a thriving and diverse local economy where agriculture-related activities are complemented by sustainable tourism and other forms of employment in a working countryside; and*
- *an attractive, ecologically rich and accessible countryside in which the environment and biodiversity are conserved and enhanced."* (2.4.4)

3.8. The complexity of rural resources and needs is identified:

"The countryside is a dynamic and multi-purpose resource. In line with sustainability principles, it must be conserved and, where possible, enhanced for the sake of its ecological, geological, physiographic, historical, archaeological and agricultural value and for its landscape and natural resources, balancing the need to conserve these attributes against the economic, social and recreational needs of local communities and visitors." (2.4.5)

As is the consequent need for policy integration:

"For these aims and priorities to be realised it will be essential that social, economic and environmental policies are fully integrated." (2.4.6)

3.9. Addressing the location of **new development in rural areas**, *Planning Policy Wales* notes:

"Development in the countryside should be located within and adjoining those settlements where it can be best accommodated in terms of infrastructure, access and habitat and landscape conservation. Infilling or minor extensions to existing settlements may be acceptable, but new building in the open countryside away from existing settlements or areas allocated for development in UDPs must continue to be strictly controlled. All new development should respect the character of the surrounding area and should be of appropriate scale and design." (2.5.7)

3.10. Policy on the rural economy and rural diversification is considerably expanded in section 7.3 - *Promoting diversification in the rural economy.* There are many new elements of policy. In particular Section 7.3.1 introduces the idea that an **integrated rural development strategy** should be at the heart of development plan policies, picking up on the theme of the last Chapter that diversification proposals need to be locally rooted:

"In rural areas local authorities should prepare an integrated rural development strategy to facilitate diversification of the rural economy, seeking to accommodate both traditional rural

industries and new enterprises. Many commercial and light manufacturing activities (for example the processing of agricultural products and woodland products) can be located in rural areas without causing unacceptable disturbance or other adverse effects. Small-scale enterprises have a vital role in promoting healthy economic activity in rural areas, which can contribute to both local and national competitiveness. New businesses in rural areas are essential to sustain and improve rural communities, but developments which only offer short-term economic gain will rarely be appropriate." (7.3.1)

3.11. Section 7.5.1 explains that the integrated rural development strategy should be based on sustainable development principles and tailored to the area's specific assets and needs.

3.12. Section 7.3.2 addresses sites for new development:

"*While some employment can be created in rural locations by the re-use of existing buildings, new development will be required in many parts of rural Wales. New development sites are likely to be small and, with the exception of farm diversification and agricultural development to which separate criteria apply, should generally be located within defined settlement boundaries, preferably where public transport provision is established. However, some industries may have specific land requirements which cannot be accommodated within settlements. The absence of allocated employment sites should not prevent authorities from accommodating appropriate small-scale rural enterprise in or adjoining small rural settlements."*

3.13. In providing positive support for **farm diversification** Section 7.3.3 of *Planning Policy Wales* seeks to promote diversification activities within and adjoining farmsteads subject to certain safeguards:

"Local planning authorities should adopt a positive approach to development associated with farm diversification in rural areas, irrespective of whether farms are served by public transport.. While initial consideration should be given to adapting existing farm buildings, the provision of a sensitively designed new building on a working farm within existing farm complexes may be appropriate where a conversion opportunity does not exist."

3.14. Section 7.4 of *Planning Policy Wales* is entirely new in promoting the green economy, business and technology clusters and social enterprises, as follows:

"Local planning authorities should support the shift towards a green economy by encouraging the development of clusters of industrial and commercial uses deriving environmental benefit from co-location, especially through the development of waste stream technologies and practices (i.e. eco-industrial networks). (7.4.1)

Local planning authorities should also seek to support the development of innovative business and technology clusters. UDP policies need to identify potential networks and cluster areas, making clear the criteria used to categorise them, and the links to policies relating to the creation of the transport, environmental and telecommunications infrastructure needed to support such networks. (7.4.2)

In drawing up UDP policies and in considering development proposals local planning authorities should take into account the possibility that certain kinds of businesses may be especially important in providing opportunities for social groups disadvantaged within the *labour market. Whether this is the case can only be determined by analysis of the circumstances in particular places at particular times, and will need to be kept under review."* (7.4.3)

3.15. Thus *Planning Policy Wales* (2002) has added considerable detail to policy for economic development in rural areas, principally concerning the need for a guiding integrated strategy for rural development based on a clear understanding of local circumstances, and offering far more detail on the types of development to be encouraged.

Summary

3.16. Key points that emerge from this brief review of *Planning Policy Wales* (2002) are:

- Welsh national planning policy has recently changed with the publication of *Planning Policy Wales* (2000), introducing significant new elements of policy for rural sustainability and economic development.

- Policy for rural sustainability is considerably increased, recognising the diversity of rural resources and needs, and the need for policy integration to address them.

- Strong support for rural diversification is carried over from the previous guidance and local authorities are now expected to prepare an **integrated rural development strategy** to facilitate diversification of the rural economy, based on sustainable development principles and tailored to the area's specific assets and needs.

- National policy is more explicit that new development will be required in many parts of rural Wales, and should usually be located within or adjoining settlements.

- Also new are encouragement for the green economy, innovative business and technology clusters and targeting businesses which will meet an area's social needs.

DEVELOPMENT PLAN POLICIES

3.17. The following plans have been reviewed as part of this study. The review was confined to those policies most directly concerned with the rural economy.

Table 3.1: Plans reviewed

St Asaph and Ruthin	Denbighshire UDP	Deposit Plan 1999, Proposed changes 2000
Bala	Gwynedd Structure Plan	Adopted 1993
	Eryri Local Plan[1]	Adopted 1999
Ammanford and Llandeilo	Dinefwr Local Plan	Adopted 1998
Tregaron	Ceredigion Local Plan	Deposit draft 1998, proposed changes 1999
	Ceredigion UDP	Pre-deposit 2001
Cerrigydrudion and Bont-newydd	Colwyn Borough Local Plan	Adopted 1999
	Conwy UDP	Draft 2001

Overall Strategy

3.18. Several common principles that would impact on economic development were prevalent in the general strategies of the plans reviewed.

3.19. **Concentration within existing settlements:** Five plans, including the UDPs, have a preference for concentrating development in existing settlements, with a general presumption against development outside the main settlements.

Conwy Draft UDP: Policy ST2

"*Development will be concentrated in the main urban areas and main villages.*"

Denbighshire UDP: Policy Strat. 6

"New development will be primarily located in existing settlements and employment areas. Development will only be permitted outside defined development boundaries i.e. in the open countryside and on the undeveloped coast in exceptional circumstances …"

3.20. **Rural economy:** Although all plans support economic development, the importance of maintaining and enhancing the rural economy and ensuring that it is healthy and diverse, was noted in only five of the plan strategies, including all three UDPs. On the other hand, the need to protect the environment and landscape was noted in most plan strategies.

Conwy Draft UDP: Policy ST9

"The County Borough Council will collaborate with other organisations to attract and encourage development in the rural communities which will provide employment and increase the range of employment opportunities."

Denbighshire UDP: Policy Strat 8 Employment

"To ensure a healthy and diverse local economy:

the Plan makes provision for a total of 167ha's (413 acres) of employment land over the Plan period…

land and premises either allocated or used for industry and business will generally be retained and protected for those purposes;

… the establishment, development and expansion of small firms and businesses (including working from home), agricultural development and diversification of the rural economy will be permitted subject to highway, amenity and environmental safeguards."

Ceredigion Pre-deposit UDP: Objective E1

"To cater for indigenous business enterprise and inward investment through the provision of a variety of sites that build sustainably on the economic and marketable strengths of the County."

3.21. **Transport infrastructure:** The importance of locating development near to transport infrastructure was noted in the strategies of Conwy UDP, Colwyn Local Plan, Denbighshire UDP and Eryri Local Plan, with the latter two specifically noting the aim of reducing the need to travel. Ceredigion Local Plan and UDP also contain the aim of reducing the need to travel in justifying its employment land allocations.

Colwyn Local Plan: Policy CG9

"*The Borough Council will seek to ensure that, wherever possible, development is environmentally sustainable and makes the best use of resources by:*

…ensuring that development is appropriately located in relation to transport infrastructure including public transport and resisting development which would result in the generation of unnecessary vehicle movements;…"

Eryri Local Plan: Policy PC2

"The NPA will encourage the principles of sustainability by permitting development which:

…iv) minimises the need for unnecessary motorised transport movements and encourages the efficient use of public transport,…"

3.22. **Welsh language:** Concern for the preservation of the Welsh language was expressed in five plans, with Conwy UDP stating that development that would undermine the position of the Welsh language in communities would be discouraged (ST11). Gwynedd Structure Plan contained a similar but more general policy regarding the need to control the scale, rate and phasing of development so that communities are not '*swamped*' by change, as does Ceredigion UDP (GEN 3.1) which proposes that all development will be subject to an assessment in this respect. Similarly, Colwyn and Ceredigion Local Plans expressed the need to safeguard social and cultural qualities.

3.23. **Tourism:** Tourism also forms an important part of most development plan strategies, such as the desire for small-scale tourism projects in the countryside and rural settlements in Denbighshire (Policy Strat 9).

Denbighshire UDP: Policy Strat 9,

"Tourism proposals in the form of:

… small scale built or natural environment based tourism projects in the countryside and rural settlements:… will be permitted where they provide appropriate infrastructure,

accommodation and attractions and which consolidate and diversify the tourism industry without unacceptably affecting social, highway, amenity, heritage or environmental interests."

Economic development

3.24. All the plans strongly supported economic development, though somewhat less so in the Eryri Local Plan where environmental protection is the principal priority, reflecting the status of the National Park. This strong support reflects the previous findings of the report *Farm Diversification and the Planning System* (2001). The primary vehicle for this support of economic development is through the allocation of sites for economic development as discussed separately below.

3.25. Perhaps surprisingly**,** economic diversification does not emerge as a strong theme in the plan chapters dealing with economic development, although diversification of the rural economy is addressed in most plans (as discussed below).

3.26. As already noted, most plans clearly focus development on settlements although only three of the plans state a preference for re-use of brownfield land. But within plans, exceptions to this rule are made for certain aspects of rural diversification, including the re-use of rural buildings and edge of settlement developments which can help support the local economy.

Denbighshire UDP: Policy EMP5

"Small scale employment development, outside development boundaries will be permitted in the following instances:

through the conversion of existing buildings provided that:

[several criteria for building conversion are listed]

ii) in exceptional circumstances where no land or building is available within the development boundary of main or minor villages, small scale employment development on the edge of settlements will be permitted…[subject to criteria]*".*

Conwy Draft UDP: Policy IND5

"Industrial or office developments may be permitted on non-allocated sites located within or well related to rural settlements provided that the scale and character of the proposed development is compatible with the amenity of occupiers of neighbouring properties, the rural settlement and the environment in general."

Conwy Draft UDP: Policy IND6

"The development or extension of small-scale enterprises to diversify and strengthen the rural economy will be permitted provided the proposed development

- *involves the reuse and conversion of a traditional rural building or is a building well integrated into a farmstead; and*
- *is compatible with the amenity of occupiers of neighbouring properties and the environment in general."*

Rural diversification

3.27. Most of the plans demonstrated strong support for the development of the rural economy, and rural diversification specifically. Support was less evident in Gwynedd Structure Plan (1993), which did not explicitly address rural diversification or link rural diversification to any of its activity-specific policies, but it did contain a policy in favour of proposals that "…*expand the number and range of employment opportunities within the rural economy*…"(Policy B9).

3.28. In addition to separate policies in support of farm diversification (Dinefwr Local Plan, Colwyn Local Plan and Ceredigion UDP), several of the plans contain activity-specific policies, linking the promotion of particular activities to rural or farm diversification. The range of activities addressed includes home working (two plans), farm shops, small-scale enterprises generally and commercial and light industrial more specifically, and tourist accommodation and rural tourism generally. Examples include:

Eryri Local Plan: Introductory text to Policy C7

"Rural areas have traditionally supported a range of craft industries carried out from home. The NPA is keen to support home working especially as advances in information and communication technology now enable this type of work to be undertaken more widely. Home working offers distinct opportunities for developing new employment … Home working could also help stem the migration of local people from the Park…"

Denbighshire UDP: Policy TSM5

"Proposals to develop and improve rural tourism will be permitted in respect of main villages and villages, and in the countryside primarily based on the use, re-use or conversion of existing buildings [subject to criteria]…"

"*There are many tourism opportunities throughout rural areas for the conversion of existing buildings. Provided such proposals remain generally modest and do not significantly outgrow their modest beginnings, they can make an invaluable contribution to the local economy, community and environment…"* (supporting text to Policy TSM5, Denbighshire UDP).

3.29. In addition the Ceredigion UDP contains a policy seeking to encourage a mix and flexibility in rural employment:

Ceredigion Pre-deposit UDP: Policy E2.1

"New development for employment purposes should be designed for flexibility of use. Employment sites should cater for a mix of unit sizes, including start up units, to serve a wide range of potential businesses, and to facilitate on-site expansion of successful enterprises. Consideration should be given to the opportunity for clustering and good-neighbour uses in the selection of locations for proposed development."

3.30. As is illustrated in policies IND6 above (Conwy UDP) and TSM5 (Denbighshire UDP), there is a general preference in most plans for the re-use or conversion of buildings over the erection of new buildings for economic development, and the re-use of buildings is often included as a criterion for allowing exceptions to general policies that focus new development on existing settlements or close to existing transport infrastructure. Re-use or conversion is typically subject to criteria including that the building be structurally sound and capable of accommodating the new use, and that the redevelopment does not have an unacceptable adverse effect on the amenity of the area, or result in an undesirable intrusion in the landscape.

3.31. Overall, the coverage and detail of policies for economic development and rural diversification vary considerably across the plans. Importantly, despite encouragement to do so since 1995, the plans show little evidence of systematic assessments of local economic and social needs and other local factors as a foundation for policy tailored to local circumstances. Some policies address specific issues such as home working and tourism, but on the whole policies are quite general, but supportive.

3.32. When held against the expectations of *Planning Policy Wales* (2002), the extent and detail of policies in existing development plans falls short of the new national guidance. The implications of this situation are returned to in Chapter 6.

Built heritage policy affecting economic development

3.33. Sometimes economic development proposals will impinge on heritage concerns. All plans contain policies controlling the extensions or alterations of listed buildings, and development affecting Conservation Areas, the setting of Scheduled Ancient Monuments and archaeological sites. Such extensions or alterations are typically only permitted where the proposed development respects the main characteristics of the building/site, its setting and any features of special interest. Demolition of listed buildings is generally opposed unless there are exceptional circumstances, for example, the building is incapable of repair. Occasionally plans also contain policies which suggest that change of use of buildings should not harm their conservation importance.

Transport policy affecting rural areas

3.34. While several of the plans note the difficulties their rural areas face through high car ownership and dependency, most plans do not have a policy specifically directed at rural areas. Rather the plans contain transport policies that apply equally to urban or settled areas and the open countryside. Limited exceptions include a policy controlling the environmental impacts of farm and forestry tracks in Eryri Local Plan, policy controlling highway design standards in rural areas in Ceredigion and a dated policy applying to the addition or extension of car parking in rural areas (requiring that access roads have capacity to take the additional proposed traffic) in Gwynedd Structure Plan.

3.35. Beyond these policies, most plans seek to encourage the development of public transport networks, footpaths and cycling routes and generally reduce the need to travel. As part of this approach, plans such as Colwyn Local Plan, Conwy UDP and Eryri Local Plan contain policies that require new development that is likely to generate large numbers of trips to be serviced by adequate transport facilities. For example:

Eryri Local Plan: Policy TR7

"The NPA will consider applications which have access or traffic implications in relation to the Structure Plan Road Hierarchy. Proposals which introduce significantly more traffic onto minor or county distributor roads will be resisted, unless the road is capable of further sensitive improvement… Development proposals which would generate additional traffic movements because of their isolated location away from local services or public transport, will also be resisted. The NPA will however permit proposals which would minimise traffic movements because of their location within or adjacent to towns or villages…"

3.36. Such policies complement other policies contained in the plans that seek to prevent major new development from being located in the countryside, where public transport facilities and means of non-motorised access are absent. On the other hand, older plans such as the Gwynedd Structure Plan place less emphasis on reducing the need to travel and promotion of the integration between transport and land use planning.

Land allocated for economic development

3.37. The primary land allocations for economic development relating to the settlements forming part of this study, are set out in **Table 3.2**. The above policy context has guided these allocations as summarised below:

- The location of employment land in the **Denbighshire UDP** is distributed throughout the County's main settlements and is stated as '…*essential and advantageous in catering for the differing needs of firms, both incoming and indigenous. Where ever possible, underused or vacant sites have been used in preference to edge of settlement or free-standing greenfield sites. Locations for employment development must be easily accessible for employees from residential areas and public transport routes yet also enable the efficient movement of goods and services." (*Policy Emp1). The type of employment land allocated is based on three types of site: (a) strategic (close to strategic or main routes and capable of attracting a range of firms, particularly large ones), (b) local sites (well located to the local population) and (c) high quality sites for low density high quality uses.

- The **Gwynedd Structure Plan** identifies the large towns within the local authority area as the locations for industrial development on the basis of suitable land or buildings, supporting infrastructure, communications, proximity to markets, a suitable workforce and a lack of major environmental constraints. *"Within the National Park, Bala and Dolgellau are identified as Focal Centres where the majority of new employment, housing and community facilities will be provided during the plan period"* (para 8.35).

- The **Dinefwr Local Plan** allocates a range of different sizes of site for employment in order to "…*ensure an adequate choice of locations within the Plan area for new employment generating projects*…" (para 4.9.1) up to the maximum amount of employment land allowed in the District by the Structure Plan. The two largest employment land allocations in the Dinefwr Local Plan area are in Ammanford and Capel Hendre. Ammanford is chosen as "*the largest centre of* *population within the Local Plan Area, in accordance with the policies of the Structure Plan"* and Capel Hendre "…*is seen as the premier industrial centre for the plan area's employment strategy due to its relative proximity to the M4 motorway and to other main population centres"* (para 4.9.6).

- In the **Ceredigion Local Plan**, together with four other towns, Tregaron has been identified as a local employment centre in which the Council wishes to encourage economic growth to diversify the local economy and help increase local incomes and reduce the need to commute to larger employment centres. The plan also makes larger allocations in three strategic employment centres (Aberystwyth, Cardigan and Lampeter) to help boost employment and reduce the need to travel.

Table 3.2: Site allocations for industrial development within the sample settlements

Town	LPA	Policy	Allocation	Size (ha)	Uses
St Asaph	Denbigh shire UDP	EMP1	Land east of St Asaph Business Park	16.5	B1, B2 office, light industrial, research and development with local convenience stores to meet needs of employees.
Ruthin		EMP1/ MDA2	Glasdir, Ruthin	28	Major mixed development area
Bala	Eryri Local Plan	C1	On the edge but within the settlement boundary of Bala	3.1	Large scale employment uses
Cerrigydrudion		C1	Historic allocation located just outside the settlement boundary	1.2	B1/B2 uses
Ammanford	Dinefwr Local Plan	DLPE2	Series of approximately 5 sites within the Ammanford/ Pantyffynnon local plan settlement boundary, with approximately half of the allocation on land between Ammanford/ Pantyffynnon and the adjacent Pen-y-banc area	30.2 (max size of individual sites 7 ha)	A range of mixed uses
Capel Hendre			On edge of settlement within settlement boundary	23.64	Industrial and warehousing
			Brownfield land (Emlyn Brickworks) just over a mile from Capel Hendre within the development limits of Penygroes	18.33	Mixed use
			Two sites forming an extension to the Cross Hands Business Park over a mile from the edge of Capel Hendre	7.09	Mixed use
Llandybie			On the edge of the village providing extensions to two Business Parks	9.99	B1/B2 and B8
Pantyffynnon			Within Pantyffynnon	7.9	Mixed use

			On the edge of Pantyffynnon but within the settlement boundary	6	Mixed use
Llandeilo			Around the edge of the settlement but within the settlement limits	3.97	B1/B2
Tregaron	Ceredigion Local Plan		Two edge of settlement sites within the development boundary of Tregaron	Small site	
Pontrhydfendigaid			Brownfield land on settlement edge	Small site	

- The **Colwyn Local Plan** explains its allocations as suitable to accommodate indigenous company expansion and starter units. These sites are not classified as strategic sites (and accordingly are smaller allocations) as they are not accessible by primary and main distributor roads, rail or public transport and can serve urban and rural communities. They are widely distributed to help meet the employment needs of local communities (small scale users) as opposed to attracting medium to large scale business, anticipated at strategic sites.

3.38. In general, then, larger allocations go to towns with good transport access and larger local populations. Smaller towns and more peripheral towns get smaller allocations designed to help local, smaller-scale business, and there are also occasional allocations of lower-density sites to attract 'high-quality' employers.

3.39. With regard to take-up of these site allocations, discussions with development plan officers and economic development officers within the constituent local authorities, indicate that the majority of sites in Ceredigion are near to capacity. Ruthin is experiencing a shortage of employment land, but this is due to infrastructure rather lack of land allocations. The St Asaph Business Park is half-developed and consideration is being given to a B2 (general industry) extension to the Park. Sites in Bala are also close to capacity but in Carmarthenshire and Gwynedd there is low demand for sites in certain settlements which remain significantly under-occupied and even empty.

Local economic development policy

3.40. Most local authorities have an Economic Development Strategy and, in addition, in Objective 1 areas (the majority of rural Wales) implementation documents have also been prepared. These documents are of direct relevance to planning for rural diversification and usually make cross-reference to the development plan.

3.41. As might be expected though, they tend to be very different documents. Local Economic Development Strategies and local Objective 1 documents typically provide an economic analysis of the area, set a vision and themed targets and objectives, such as developing business competitiveness, increasing the level of business start-ups, stimulating and supporting the use of ICT, providing sites and premises, and community regeneration. Key indicators are set for monitoring and evaluation. Partnership arrangements are proposed.

3.42. There is obvious overlap with land use planning but the focus of these documents and of economic development activities in local authorities is different. They are principally concerned with development of the local economy and support for local businesses. Contact with planning is usually limited to the allocation of sites in the development plan, its policies and involvement with individual planning applications.

3.43. Interviews with local economic development officers revealed a view that planning did little to encourage economic development in rural Wales and thus the planning system represented little more than a minor obstacle in occasional individual cases. Hence there was not a close working relationship with planning officers as, essentially, there was little need perceived for such a relationship.

Local plan officers

3.44. Parallel interviews with the local plan officers covering the sample settlements, indicated that economic development policies are generally felt to be in line with national policy (*Planning Guidance (Wales) Planning Policy First Revision,* 1999). But it was recognised that there was a lack of detail on rural issues and a potential lack of adaptation of policy to varying situations such as dispersed settlement patterns or high degrees of part-time working. Officers generally supported the use of a settlement hierarchy and the direction of development to larger settlements, but also recognised the importance of economic development outside these settlements. Criteria-based policies were suggested as the most appropriate mechanism for dealing with these smaller-scale developments.

3.45. In terms of building up a picture of local economic and social needs, officers stated that they referred to the WDA, economic development colleagues, Objective 1 documentation and studies on single issues, such as site and premises availability and second homes. There was little evidence though, of systematic investigations of local needs to underpin development plan policies, though the Ceredigion UDP is supported by an employment briefing note, analysing workforce and employer profiles, employment sites and land and floorspace availability. The corresponding Chapter in the UDP is similarly detailed. This lack of local knowledge of economic circumstances reflects the findings of a much earlier report *Planning for Rural Diversification* (1995) covering both England and Wales. This noted that "*local knowledge of economic circumstances and the needs of firms at district level is uneven with many authorities….having only a general view of the economic needs of their rural area"*. It also reflects the more recent findings of the study *Farm Diversification and the Planning System* (2001).

3.46. Development plan officers generally reported some (but generally superficial) contact with local economic development colleagues, and ongoing but less regular contact with the WDA. In Ceredigion a 'Development Manager' is employed to liase between these two functions on behalf of businesses.

3.47. The main areas of tension identified by planning officers were between economic development and environmental conservation policies and economic development and transport policies seeking to reduce the need to travel.

3.48. Significant changes to policies for rural economic development were not envisaged by officers (though *Planning Policy Wales* (2002) emerged too late to be considered in the interviews).

Summary

- Welsh national planning policy has recently changed with the publication of *Planning Policy Wales* (2000), introducing significant new elements of policy for rural economic development. Strong support for rural diversification is carried over from the previous guidance and local authorities are encouraged to prepare an integrated rural development strategy to facilitate diversification of the rural economy, based on sustainable development principles and tailored to the area's specific assets and needs.

- Also new are encouragement for the green economy, innovative business and technology clusters and targeting businesses which will meet an area's social needs.

- Four local plans, three UDPs and one structure plan were reviewed. Plans generally adopt a hierarchical approach to the location of development, seeking to place most economic development in larger settlements.

- Support for the rural economy and rural diversification is common, and policies variously detail requirements for tourism, farm diversification, craft and home working and flexible use of sites and premises.

- All plans allocate specific sites for economic development. There are three identifiable types of site: large sites at strategic locations, smaller sites for local needs and low density sites for high quality development.

- There is little evidence in plans of systematic assessments of local economic and social needs and other circumstances. Hence policies rarely appear to have been tailored to suit the detail of local circumstances. Development plan officers confirm this lack of a detailed policy foundation.

- When held against the expectations of *Planning Policy Wales* (2002), the policies in existing development plans fall short of the new national guidance.

- The economic development and planning functions of local authorities are of obvious relevance to one another. Whilst local Economic Development Strategies, Objective 1 documentation and development plans acknowledge each other, detailed and ongoing coordination beyond these is less common.

- Take up of allocated development sites varies considerably: some being effectively full, others effectively empty.

4. CHARACTERISATION OF THE MARKET TOWNS AND THEIR ASSOCIATED SETTLEMENTS

4.1 In this Chapter the economic character of the six sample market towns and their associated settlements is outlined. The aim of this characterisation is to throw light on the characteristics of market towns and their contribution to rural diversification. It is also to understand differences in performance and the degree to which this reflects location eg near urban, accessible rural and remote rural.

4.2 The data that has been used to inform this characterisation is as follows:

- National population and economic data sets that provide information on a Ward basis. These data sources are referenced through the text (para 1.18 (5)).
- Discussions with local stakeholders and local authority officers including local offices of the WDA, chambers of commerce, community groups such as Antur Penllyn in Bala, local authority economic development officers, local plans officers, local education department and local healthcare trusts.
- The debate at the four workshops involving regional and local stakeholders held during the study – with two in Ruthin and two in Llandeilo.
- Reports that cover the characteristics of the specific settlements such as *The Llandeilo Regeneration Study* (1997), *Menter Dyffryn Tywi – Final Action Plan* (2001), and *Gwynedd Centres of Excellence: Bala, Dolgellau, Trawsfynydd* (2001).

4.3 This characterisation has been done to try and bed this national study in reality. It is not a detailed appraisal of the individual towns, which would require separate and more focused research.

4.4 An immediate conclusion of undertaking this work is the general lack of accurate data on individual settlements, especially in terms of service provision and commuter patterns. In many cases existing data is at too broad a level and misses the grain and detail necessary to inform decisions at the local level.

4.5 In the characterisations that follow, tables are presented on the services (including retail) provided by each settlement. These have been built up be amalgamating and cross-comparing data from Equifax's Business Select Data (first quarter of 2002); Dun and Bradstreet Business Register (Summer 2002) and information from the local health and education authorities, with addresses compared with the geographical extent of settlements as indicated on the Multimap.com website. It must be stressed, however, that the information on retail outlets is inaccurate, as retail outlets mentioned in one data set are not mentioned in another. These tables therefore can only be treated as indicative.

NEAR URBAN SETTLEMENTS (ST ASAPH AND AMMANFORD)

St Asaph total population 3,384
Ammanford total population 8,100

4.6 **General character:** The growth of these two settlements differs. Centred on the Cathedral which dates from the sixth century and is the smallest in Wales, St Asaph grew as a rural market town with a livestock market. The character of the town reflects its rural origins with a short steep main street sloping down to the River Elwy. To this day its function as a market town continues. The livestock market is one of the most important in north Wales, serving the northern coastal strip, and supported by the abattoir and food processing and packaging plant at nearby Rhuallt (Case Study 3).

4.7 In contrast, Ammanford grew as a mining town. As a consequence there are considerable areas of brownfield land (some released to industrial use)[6] and the town has partially coalesced with other former mining settlements, most notably Pantyffynnon. In turn this mining history nurtured a pattern of small-holdings in the surrounding countryside which historically were run part-time by mining families.

4.8 What both these settlements have in common is ease of access. In the case of St Asaph this has come with the opening of the A55 Expressway, linking Bangor to Chester which runs approximately a mile to the north of the town, leading to traffic congestion on the High Street, which forms part of the A525, linking the Vale of Clwyd to the Expressway. In the case of Ammanford this accessibility has been achieved by the extension of the M4 westward to end a few miles south of Ammanford at Pont Abraham. This brings Swansea and even Cardiff within easy commutable distance.

4.9 **Population characteristics:** At the workshops the number of Welsh speakers in St Asaph was estimated at 10% compared to over 50% for Ammanford. This may reflect the very different catchments of the two towns. Both are significant 'dormitory' towns. In the case of Ammanford, there is considrerable local commuting to nearby settlements such as Capel Hendre and Cross Hands (both of which have major business parks) but also to Swansea and Carmarthen. But in the case of St Asaph, with the benefit of the A55, commuting tends to be east/west with commuting to Chester, Liverpool and Manchester as well as Caernarfon – the town has been advertised as being within easy commuting distance of Manchester and Liverpool.

4.10 The percentage of the population over 60 years old is 26% in St Asaph and 27.5% in Ammanford (23% was the average for rural Wales in 1999 – para 2.17). Other socio-economic characteristics are only available at a county level and are summarised in **Table 4.1** below to provide context to other data**.**

[6] Carmarthenshire as a whole has an over allocation of brownfield land available and insufficient demand for it.

Table 4.1: Socio-economic characteristics by county

	Denbighshire (St Asaph and Ruthin)	**Carmarthenshire** (Ammanford and Llaneilo)	**Wales**
Average gross annual earnings [1]	£19,314	£18,397	£19,901
Economic activity rate[2]	74.2%	71.6%	73.8%
Self-employed as % of all in employment [3]	19.5%	14%	11.1%
Unemployment [4]	3.2%	4.5%	3.7%

Sources

1. New Earnings Survey 2001 Office of National Statistics (ONS)
2. Annual Labour Force Survey 1999
3. Annual Labour Force Survey 1999
4. ONS December 2001 (wholly unemployed claimants, workforce based estimates)

4.11 **Services and retail:** Both St Asaph and Ammanford are important sub-regional service centres. St Asaph has the Glan Clwyd regional hospital (which is a major employer), a leisure centre and, according to the Education Department three primary schools (with an average of 100 pupils) plus one independent primary school, and a secondary school with 800 pupils. The latter is also a Welsh Medium School which has a rapidly growing catchment. Ammanford also has a small 28-bed hospital (an outpost of the Prince Philip hospital at Llanelli), leisure centre, library, four primary schools and the largest secondary school in Carmarthenshire (Amman Valley Comprehensive with 1,600 pupils)). This school is bilingual. There is also a further education college (Carmarthenshire College – Coleg Sir Gâr) with a college campus which is an outpost of the main college in Llanelli.

4.12 Yet, in terms of retail provision, the two towns differ significantly. Ammanford provides the main retail centre for the Amman Valley (the location of the main weekly shop), with an edge of town Tesco and three other in-town supermarkets. There is also a Woolworths and Boots and a range of convenience and comparison shops, including clothes shops and electrical goods. By contrast St Asaph is now a very poor retail centre with a significant decline in the number of High Street shops over the last few years and with few shops now remaining – discouraged by the high levels of traffic on the High Street. The main weekly shop is either done in Denbigh (Safeways) or Rhyl (Sainsbury's).

Table 4.2: Services by town

Service	**St Asaph**	**Ammanford**
Education	Primary School (4), Secondary School (1)	Primary School (4), Secondary School (1), 6th Form College (1)
Health	Hospital (1), Doctor's Surgery (2), Dentist (1), Care Home (3)	Hospital (1), Doctor's Surgery (3), Dentist (1), Care home (2), Vets (2)
Professional services	Bank/Building Society (2), Professional services (6), Estate Agent (1)	Undertakers (2), Bank/Building Society (6), Professional services (5), Estate Agent (2)
Leisure and recreation	Hotel (5), Pub (2), Restaurant (1), Leisure Centre (1),	Hotel (1), Pub (3), Restaurant (2), Leisure Centre (1),

Food retail	General grocery (1), off-licence (1), Farm shop /Delicatessen (1)	Supermarkets (4 – Co-op, Somerfield, Kwiksave, Tesco), Butchers (1), Bakers (2),Grocers (1)
Other retail	Post Office (1), Crafts/gifts (1), Chemist (1), Fishing tackle (1)	Post Office (1), Clothing (5) Crafts/gifts (2), Newsagents (3), Electrical (2), Chemist (2)

Source: Dun and Bradstreet Business Register (Summer 2002); Equifax's Business Data published for the first quarter of 2002 (Data source Yellow pages). NOTE: This table is indicative only as data is contradictory and incomplete.

4.13 **Business and employment:** Both St Asaph and Ammanford have a significant employment base. St Asaph has a major business park (a 45 hectare greenfield site owned by the WDA) located one mile to the west of St Asaph and straddling the Ward boundary between St Asaph and Groesffordd Marli, with a direct access off the A55 Expressway. Equally, Ammanford in association with the immediately adjoining settlements of Pantyffynnon and Capel Hendre, has at least four business parks.

4.14 The total number of business units and employees for St Asaph and Ammanford, based on the Annual Business Inquiry, is set out in **Table 4.3**, while **Table 4.4** compares the size of businesses by number of employees.

Table 4.3: Total number of business units and employees (Near Urban)

	St Asaph[1]	Ammanford
Total no. of business units	158	227
Total no. of employees	2,118	3,627
Total population	3,384	8,100

1. The figures for St Asaph will only include that part of the St Asaph Business Park falling within St Asaph Ward
Source: Annual Business Inquiry (2000)

Table 4.4 a: % Business units by number of employees

	St Asaph[1]	Ammanford
No. of units with< 10 employees	77%	78%
No. of units with 11- 49 employees	19%	17%
No. of units with 50 – 99 employees	2%	2%
No. of units with > 100 employees	3%	2%

Table 4.4 b: % Employees by unit size

	St Asaph[1]	Ammanford
Employees in Units of < 10 employees	17%	17%
Employees in Units of 11 – 49 employees	27%	23%
Employees in Units of 50 – 99 employees	12%	10%
Employees in Units of > 100 employees	44%	50%

4.15 Compared to the other market towns, both of these near urban settlements have a number of major employers, with 2% of business units in Ammanford and 3% in St Asaph, employing over 100 people. In turn, 50% of employees in Ammanford and 44% in St Asaph are working in businesses employing over 100 people[7]. This is very

[7] Statistics taken from the Annual Business Inquiry – Workplace Analysis 2000.

significantly different from the other market towns where the majority of employees are in businesses employing under 50 people.

4.16 It is noticeable (**Table 4.5**) that the highest numbers of business units in both St Asaph and Ammanford are in distribution and retail (30% and 39% respectively[8]), followed by financial services (22% and 18%) and public administration (18% and 14%).

4.17 Looking at the number of employees in different sectors, however, there is a distinct difference between the two towns. St Asaph is clearly an administrative centre. It has the regional hospital (employing 2000 people) and a number of significant public employers that have moved to the St Asaph Business Park, including the regional offices of WDA, the offices of Denbighshire Council, the offices of the Assembly Government Agriculture and Rural Affairs Department and ELWa, and proposals for the Assembly Government regional offices to move there (Case Study 2). In total 38% of employees in St Asaph are involved in public administration. In addition, the Business Park is increasingly playing host to the regional and national headquarters of organisations such as the RNLI.

Table 4.5: Business units and employees by sector (Near Urban)

Business sector	**St Asaph**		**Ammanford**	
	% of units	**% of employees**	**% of units**	**% of employees**
Manufacturing	6%	27%	7%	14%
Construction	9%	3%	7%	33%
Distribution and retail (1)	30%	13%	39%	17%
Financial services	22%	12%	18%	8%
Public admin.	18%	38%	14%	19%
NB Totals do not add up to 100% as only those sectors scoring over 5% are included				

Source: Annual Business Inquiry 2000
(1) includes catering and hotels

4.18 Ammanford is also an administrative centre with local government and social security offices and significant employment in education. But the highest percentage of employees is in construction (33%) with a number of large construction companies. This is matched in St Asaph by a significant percentage of employees (27%) in a few major manufacturing companies, reflecting the longstanding association of Pilkington Glass with the town. Pilkington has two factories abutting the St Asaph Business Park manufacturing military equipment and optical products and, although employee numbers have dropped from some 600 to 230[9] over a long period, this association has led to the development of related industries on the St Asaph Business Park and adjacent areas, including Phoenix Optical Glass Ltd (employing 21), Thales Optics Ltd (employing 460), and Thales Optronics (Holdings) (employing 1079). There is also an Objective 1 bid to develop obtronics further on the Business Park. Other major manufacturers in St Asaph include M & K Electronics and Hotpoint employing 800 people at nearby Bodelwyddan.

[8] Distribution includes retail
[9] Source: Dun and Bradstreet Business Register Summer 2000

4.19 Significant losses and gains in Ammanford over the last few years have included the loss of the Alan Paine Clothing company (120 jobs lost) which manufactured upmarket clothing matched by the development of a new call centre at Pantyffynnon employing 100+ and anticipated to grow to 260 jobs, and the location of Dewhirsts distribution centre in Capel Hendre employing 70[10], along with a new Japanese auto-component company (Matsui) with 150 employees (set to grow to 225 in three years).

4.20 Noticeably, according to data on VAT registered enterprises (Office of National Statistics), Ammanford has no VAT registered businesses in agriculture whilst in its surrounding rural settlements 33% of VAT registered businesses are associated with agriculture. On the other hand, in St Asaph with its livestock market and abattoir, 10% of VAT registered businesses are associated with agriculture, and 56% in its surrounding rural settlements.

4.21 **Commuting**: There is no comprehensive data available on current commuting patterns from any of the market towns in the sample. The only up-to-date information is a recent travel to work survey of a number of units on the St Asaph Business Park. This indicates that of the 512 employees ALL travelled to work by car with 70% commuting from within a 30-mile radius including from Holywell, Wrexham, Mold, Ruthin and Rhyl, and the remaining 30% commuting from further afield. Notably none were coming from St Asaph.

4.22 The relationship between population and job numbers can provide a useful indication of the extent of travel to work to and from a settlement. But with the limitations of current data available it is only possible to compare the Ward populations from the 1991 Census with employee job numbers from the Annual Business Inquiry 2000. Accepting the significant limitations of this data it suggests that the ratio of employee jobs to population is 0.7 for Ammanford and 0.6 for St Asaph, compared to 0.2 and 0.3 respectively for their surrounding settlements. In other words, both towns potentially have more jobs than people to fill them – encouraging in commuting - compared to the surrounding settlements from where there is likely to be significant out commuting. In reality, however, as identified at the workshops a significant percentage of the population of these towns are out-commuting to work (para 4.6), meaning that daily there is both a significant inflow (as illustrated by the St Asaph Business Park) and outflow of workers. This is partly illustrated by the 1991 Census data which indicates that 31% of the working population of Ammanford and 27% of St Asaph commuted to work outside their district of usual residence.

4.23 In terms of mode of transport, in 1991, in both St Asaph and Ammanford, roughly 67% of travel to work was by car, although notably 12% and 17% respectively was on foot. In both these near urban towns roughly 8% of the workforce worked at home.

4.24 **Tourism:** Neither St Asaph or Ammanford are notable tourist towns. According to the WTB there is no tourist accommodation within Ammanford. By comparison St Asaph has the Cathedral attracting 20,000 visitors a year and the Tweedmill

[10] Although a number of factories throughout the UK are closing with manufacturing moving to the Eastern Block, this centre will continue to handle distribution and quality control for clothes from both the UK and Eastern block.

Factory Outlet (Case Study 4) which has roughly 400,000 customers a year, 80% of whom come from outside the County. It also has five hotels[11]. There have also been plans for an £8 million hotel and conference centre in St Asaph.

Accessible Rural Settlements (Ruthin and Llandeilo)

Ruthin	total population 5,299
Llandeilo	total population 1,645

4.25 Both Ruthin and Llandeilo developed as traditional market towns each with its own livestock market. In Llandeilo the market closed in the last 15 years but there is a market in Ffairfach just over the bridge form Llandeilo. In Ruthin a new market has been developed on the edge of the town, serving the southern half of Denbighshire, with three livestock sales a week and machinery and furniture auctions once a month. There has also been talk of a farmers' market but the concern has been to achieve sufficient variety of products.

4.26 **Population characteristics:** Both Ruthin and Llandeilo have a strong sense of community with over 50% Welsh speakers (70% in Ruthin). The Llandeilo Regeneration Study commented – Llandeilo has "*an exceptionally lively and innovative community"* while Ruthin was characterised at one of the workshops as a community "*made up of teachers with a very active community culture"*. Both towns are perceived to have a large number of people who have moved into the area to retire. In the case of Ruthin this is thought to be made up of farmers who have retired into the town and World War II evacuees who have retired to the area from Liverpool and Manchester. These perceptions are confirmed by the statistics which indicate that the proportion of the population over 60 in Ruthin and Llandeilo is 30.5%[12] and 32%[13] respectively - these are the largest proportions found in the sample settlements other than those found in some of the outlying settlements.

4.27 **Services and retail:** Service provision in Ruthin is similar to that in the two near urban settlements, no doubt reflecting the settlement's size, with a library and, according to the Education Authority, three primary schools, one secondary school with a pupil role of 1,160, and a further education college (Llysfasi College) which employs 200. There is also a public school, a small hospital and a number of care homes around the edge of the town. By comparison, Llandeilo's service base is significantly smaller, although it has two primary schools with a combined pupil role of 392, and a secondary school, Tregib, which has approximately 946 pupils.

Table 4.6: Services by town

Service	Ruthin	Llandeilo
Education	Children's Nursery (3), Primary School (3), Secondary School (2), Further education college (2)	Children's Nursery (1), Primary School (2), Secondary School (1)
Health	Hospital (1), Doctor's Surgery (3), Dentist (2), Care Home (4), Vet (1)	Doctor's Surgery (1), Dentist (1), Care home (1), Vet (1)

[11] Dun and Bradstreet Summer 2002r
[12] Taken from 1991 census data
[13] Population data estimate provided by Carmarthenshire from Health statistics

Professional services	Undertakers (1), Bank/Building Society (5), Professional services (12), Estate Agent (3)	Undertakers (1), Bank/Building Society (4), Professional services (10), Estate Agent (2)
Leisure and recreation	Hotel (6), Pub (10), Restaurant/Cafe (3), Leisure Centre (1), TIC (1)	Hotel (2), Pub (4), Restaurant/Cafe (4), TIC[1] (1) TIC = Tourist Information Centre
Food retail	Supermarkets (2) – Co-op and Spa), Butchers (2), Bakers (3), Grocers (2), Off-licence (2), Delicatessen.	Supermarkets (1 – CK), Butchers (1), Bakers (1), Grocers (1), Off-licence (1)
Other retail	Post Office (1), Newsagent (3), Clothing (10), Crafts/gifts (2), Chemist (2) Furniture (1), Travel agents (2)	Post Office (1), Newsagents (2), Clothing (2), Antique Shop (4), interior design (1), Crafts/gifts (2), Chemist (1)

Source: Dun and Bradstreet Business Register (Summer 2002); Equifax's Business Data published for the first quarter of 2002 (Data source Yellow pages). NOTE: This table is indicative only as data is contradictory and incomplete.

4.28 In terms of retail, both Ruthin and Llandeilo function primarily as local centres with an emphasis on specialist shops. In the case of Llandeilo this reputation has largely grown over the last 10 years. Although both Ruthin and Llandeilo have small supermarkets, the weekly shop is done elsewhere (Denbigh (Safeways) or Mold (Tesco) in the case of Ruthin, and Carmarthen or Ammanford in the case of Llandeilo). Ruthin has a selection of convenience and comparison stores, is well known for clothing and has a good range of small quality shops including antiques and crafts (with a major craft centre on the edge of the town). Ruthin also has a range of out of town stores for goods such as furniture, pet foods and carpets. Llandeilo, by comparison, is considerably smaller and is focusing on becoming a niche shopping centre selling jewellery, crafts and women's clothes, with a sales outlet for Toast – a mail order company for quality women's clothes which is based nearby in Llansteffan. These speciality shops are seen as important in attracting non-local spending. Currently, though there remain a considerable number of vacant shop premises on the High Street.

4.29 **Employment:** Ruthin has two small business parks while Llandeilo has none. Despite similarities in the character of retail provision, there is a significant difference between the two towns in terms of both the number of business units and the total number of employees, reflecting the overall size of the two town:

Table 4.7: Total number of business units and employees (Accessible Rural)

	Ruthin	Llandeilo
Total no. of business units	284	124
Total no. of employees	2,614	901
Total population	5,299	1,645

Source: Annual Business Inquiry (2000)

Table 4.8 a: % Business units by number of employees (Accessible Rural)

	Ruthin	Llandeilo
No. of units with< 10 employees	81%	83%
No. of units with 11- 49 employees	15%	16%
No. of units with 50 – 99 employees	2%	1%
No. of units with > 100 employees	1%	0%

Table 4.8 b: % Employees by unit size (Accessible Rural)

	Ruthin	Llandeilo
Employees in Units of < 10 employees	32%	44%
Employees in Units of 11 – 49 employees	32%	47%
Employees in Units of 50 – 99 employees	18%	9%
Employees in Units of > 100 employees	18%	0%

4.30 This difference is also reflected in the size of individual businesses within each settlement. Thus, although in both these accessible rural towns, over 80% of businesses have under 10 employees, in Ruthin 36% of employees work for businesses with 50 –200 employees, whereas in Llandeilo there is no business employing over 100 people. The only significant employer is the Council offices, understood to employ around 80 people. Indeed, in Llandeilo 69% of employees are employed in businesses with under 25 employees. The equivalent figure for Ruthin is 52%. Nevertheless, Ruthin lacks the very large employers of the near urban settlements, with only 18% of employees working for businesses with over 100 employees.

4.31 Although there is a significant difference between the size of businesses in Ruthin and Llandeilo, the types of business, at least statistically, appears to be similar, and are also similar to the types of business in the near urban settlements. Again the highest number of business units in both Ruthin and Llandeilo are in distribution (42% and 35% respectively[14]), followed by financial services (15% and 22%) and public services (13% and 18%).

Table 4.9: Business units and employees by sector (Accessible Rural)

Business sector	Ruthin		Llandeilo	
	% of units	% of employees	% of units	% of employees
Manufacturing	6%	4%	9%	18%
Construction	11%	20%	-	-
Distribution and retail (1)	42%	28%	35%	29%
Financial services	15%	6%	21%	19%
Public admin.	13%	30%	18%	26%
NB Totals do not add up to 100% as only those sectors scoring over 5% are included				

Source: Annual Business Inquiry 2000
(1) Includes catering and hotels

4.32 The high percentage of employees in public administration in both Ruthin and Llandeilo (30% and 26% respectively) reflects the location of County Council offices

[14] Distribution includes retail

in both towns (Denbighshire and Carmarthenshire respectively). Also Llandeilo has the area offices of several conservation organisations including the National Trust, the Countryside Council for Wales and Dyfed Archaeological Trust.

4.33 Both towns also continue their associations with the land-based economy. Llandeilo retains agricultural-related employers including feed suppliers, tractor servicing and a farmer's co-op headquarters. There is also the Associated Co-operative Creameries in Llangadog. Ruthin has a business cluster of agricultural and mineral related businesses, including timber works, Ifor Williams Trailers Ltd (manufacturing fibreglass tops for trailers), fencing manufacturers, a tractor plant, and haulage companies. These employ some 540 people[15],equivalent to 21% of the workforce in Ruthin. These agricultural associations are also indicated by the fact that 13% of Llandeilo's registered businesses are still in agriculture, while in the surrounding settlements the equivalent figure is 66%. At the workshop it was highlighted that the pilot agri-environment scheme Tir Cymen, based in Dinefwr, has significantly helped rejuvenate the agricultural economy of the area (para 2.24). For Ruthin, the similar figure is surprisingly only 7% of VAT registered businesses in agriculture, while for its surrounding settlements it is 53%.

4.34 Within Llandeilo key major industrial employers have been lost over the last few years including the loss of Brockington Scott (an engineering company which employed 80 people), Shufflebottom engineering which has migrated to Cross Hands, as well as the town's specialist brewery. In their place is emerging a new focus on self-employed and micro-businesses and the potential development of ICT and media. A number of craft workshops are developing around the periphery of the town and the buildings of Brockington Scott may be redeveloped as craft workshops. In addition, Alkemi in partnership with WDA, is currently developing a media technium in redundant buildings in the grounds of Gelli Aur College Farm (part of Carmarthenshire College). This will support a cluster of innovative and growing businesses (Case Study 15), including Teledu Telesgop Cyf, a significant local production company, which is currently based in Llandeilo employing 25 people[16]. Surveys of businesses undertaken during the Llandeilo Regeneration Study, indicated that more than a quarter of respondents had investment plans of some kind, including possible relocation in the area.

4.35 **Commuting:** As before (para 4.21), looking at the relationship between population and job numbers, suggests that the ratio of employee jobs to population is 0.5 in both Ruthin and Llandeilo. Thus, allowing for the economically inactive, there are potentially slightly fewer jobs that there are potential employees, which would encourage some out commuting. This is partly illustrated by the now out of date 1991 Census data which indicates that 29% of the working population of Ruthin commuted to work outside their district of usual residence, with the equivalent figure for the settlements around Ruthin being 18%. It is also illustrated by the views expressed at the workshops where it was indicated that Ruthin was a commuter settlement attracting managerial levels who commuted daily to Flintshire, Chester, the Wirral and Liverpool. Similarly, it was felt that Llandeilo now had a very

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[15] Figures taken from Dun and Bradstreet, Summer 2002
[16] As above

significant managerial population that commuted as far afield as Cardiff. Conversely, according to a survey of Llandeilo employers, conducted as part of the Llandeilo Regeneration Study, it appeared that 44% of the employed workforce in 1997 was resident in Llandeilo, 28% lived in surrounding rural areas, and 28% commuted from further afield including Ammanford.

4.36 Generally the figures of commuting from the 1991 Census seem low when compared to comments made at the workshops, although patterns may have changed significantly over the last ten years.

4.37 In terms of mode of transport, from the 1991 Census, 65% of travel to work in Ruthin was by private car although 23% travelled to work on foot. There are no equivalent figures for Llandeilo.

4.38 **Tourism:** Neither market town is a major tourism centre in its own right. According to the WTB, Ruthin has six hotels within the town (largest with 58 bedrooms), while Llandeilo has two (largest 17 bedrooms). Ruthin is popular with day tourists but mainly drawn from a 100 mile radius. In the past it provided an overnight stop for coach parties but as they arrived late and left early this brought little income into the town. Recently a number of significant developments have been put in train which aim to increase the tourism potential of the town. These include the opening of the craft centre (90,000 visitors in 2000) on the edge of the town which includes a TIC, the refurbishment of the Jail as a tourist attraction and record centre, and proposals for the Nant Clwyd timber framed house in the centre of the town to be developed as an attraction.

4.39 The increasing vitality and specialist character of Llandeilo is attractive to tourists. There are a number of attractions in the vicinity including Carreg Cennen Castle and the Art and Craft Centre at Trapp. But potentially the greatest attraction is in the surrounding natural environment and the combined horticultural and design interest of the National Botanic Gardens of Wales, Llanarthne; Aberglasney Hidden Gardens at Broadoak; and Newton House and Grounds owned by the National Trust on the western edge of Llandeilo (20,000 visitors in 2000).

Remote rural settlements (Bala and Tregaron)

Bala (Snowdonia National Park):	total population 1,922
Tregaron:	total population 940

4.40 Again, both of these settlements grew as service centres supporting their rural hinterland. Both continue to have livestock markets and Tregaron has an abattoir that still services individual producers (Cig Caron) and farm suppliers (Clynderwen &Cardiganshire Farmers Ltd). Both are also strongly associated with Welsh culture as evidenced by their cultural festivals - Bala is well known for its associations with Welsh choirs and *Gwyl y Gwyniad*, an annual music and cultural festival, while Tregaron has a music festival *'Experience the Mountains Festivals'* which also includes the *Ffair Garon Traditional Country Fair* organised by Curiad Caron (see below). In addition, both have strong association with an upland agricultural tradition which is strongly self-reliant.

4.41 **Population characteristics:** Both towns have over 90% Welsh speakers. Over 80% of those in Bala have Welsh as their first language. In Bala, of the 7% non-Welsh speakers, 50 are currently learning Welsh. For many who live in Bala, Welsh culture is central to quality of life and the main reason for living and working there. Both towns also benefit from a very strong sense of community, potentially strengthened by the towns' isolation. They both have strong community groups working with the resources of the area to improve opportunities – Antur Penllyn and Cwlwm Gwledig in Bala, and Pentir Pumlumon and Curiad Caron in Tregaron, with the latter responsible for taking forward the *Market Town's Initiative* and now the *Community Regeneration Toolkit.,*

4.42 The percentage of retired people is perceived to be high, but is less than in the accessible rural towns – 28% in Bala and 27% in Tregaron. In Bala, attracted by its location in the Snowdonia National Park, many people have moved to the area to retire, creating a new level of wealth and allegedly pushing up house prices. By comparison, income levels in Tregaron are thought to be generally low with pockets of extreme poverty and deprivation. Other socio-economic characteristics are only available at a county level and are summarised in **Table 4.10.**

Table 4.10: Socio-economic characteristics by County

	Gwynedd (Bala)	**Ceredigion** (Tregaron)	**Wales**
Average gross annual earnings [1]	£18,326	Statistics not available	£19,901
Economic activity rate[2]	70.7%	71.9%	73.8%
Self-employed as % of all in employment [3]	14.8%	28.4%	11.1%
Unemployment [4]	5.3%	2.8%	3.7%

Sources
1. New Earnings Survey 2001 Office of National Statistics (ONS)
2. Annual Labour Force Survey 1999
3. Annual Labour Force Survey 1999
4. ONS December 2001 (wholly unemployed claimants, workforce based estimates)

4.43 **Services and retail:** Compared to the accessible rural towns, service provision in these remote rural towns is generally more limited. Bala has a library, a leisure centre, primary schools and a secondary school that has applied to become a Life Long Learning Centre, while Tregaron also has a library, a small hospital a primary school and a secondary school.

Table 4.11: Services by town

Service	**Bala**	**Tregaron**
Education	Primary School (2), Secondary School (2)	Primary School (1), Secondary School (1)
Health	Health Centre (2), Care Home (1)	Hospital (1), Doctor's Surgery (1)
Professional services	Bank/Building Society (2), Professional services (4), Estate Agent (1)	Bank/Building Society (3), Professional services (6)
Leisure and recreation	Hotel (5), Pub (2), Restaurant (6), Leisure Centre (1), TIC (1)	Hotel (2), Pub (1), TIC (2)

Food retail	Supermarkets (2 – Spar and Kwiksave, with one incorporating the Post Office), Butchers (3), Grocers (1),	Butchers (1), Bakers (1), Grocers (1)
Other retail	Newsagent (2), Clothing (1), Chemist (1), Electrical Goods (1)	Post Office (1), Newsagents (2)

Source: Dun and Bradstreet Business Register (Summer 2002); Equifax's Business Data published for the first quarter of 2002 (Data source Yellow pages). NOTE: This table is indicative only as data is contradictory and incomplete.

4.44 In terms of retail, Bala has two small supermarkets and a range of other convenience stores (although the weekly shop will be done at the supermarkets in either Wrexham or Dolgellau). It also has a number of specialist shops including crafts, outdoor equipment and antiques. Tregaron has butchers, a baker and grocers, as well as a post office and three or four other shops, with the weekly shop done in Aberystwyth or Lampeter. In both towns a high proportion of the shops are owner-occupied.

4.45 **Employment:** Both towns are characterised by small business activities. 88% of business units in Bala and 83% in Tregaron employ under 25 people. Equally 69% of employees in Bala and 67% in Tregaron work for businesses employing under 25 people.

Table 4.12: Total number of business units and employees (Remote Rural)

	Bala	Tregaron
Total no. of business units	111	51
Total no. of employees	704	364
Total population	1,922	940

Source: Annual Business Inquiry (2000)

Table 4.13 a: % Business units by number of employees

	Bala	Tregaron
No. of units with< 10 employees	88%	83%
No. of units with 11- 49 employees	11%	16%
No. of units with 50 – 99 employees	1%	2%
No. of units with > 100 employees	1%	0%

Table 4.13 b: % Employees by unit size

	Bala	Tregaron
Employees in Units of < 10 employees	46%	36%
Employees in Units of 11 – 49 employees	29%	42%
Employees in Units of 50 – 99 employees	9%	23%
Employees in Units of > 100 employees	16%	0%

4.46 Indeed, in Tregaron 31% of the population worked at home according to the 1991 Census and at the workshops it was noted that there were high levels of self-employment and duel employment, much associated with those in agriculture. By comparison, it is notable that in Bala 25% of the working population work for businesses employing over 100 people.

4.47 In terms of business sectors (**Table 4.14**), it is clear that the majority of businesses in both towns are associated with distribution, retail and catering, which in Bala also employ the highest percentage of people (31%). Both towns also have significant levels of employment in public administration, which in Tregaron provides the main employment (46%) and now relates largely to education since the loss of the respective local authority offices from the towns (to Dolgellau in the case of Bala and Aberystwyth in the case of Tregaron). Equally Bala, which once had a high percentage of office-based jobs in the financial services (that have largely migrated to Wrexham and Dolgellau), now has a significant manufacturing base with a number of large employers.

4.48 Major employers that have come to Bala's 2.5 hectare industrial estate, located half a mile from the town, include two indigenous family businesses that have recently expanded: Ackroyds clothing company (employing approximately 200 people and recent winner of the contract to make Harry Potter sleepwear); and Berwyn Bakery, which produces products for the national supermarkets and airline companies and employs 120 people (Case Study 17). There is also Ifor Williams Trailers Ltd manufacturer and supplier of agricultural trailers (based at Corwen 10 miles east of Bala); and Action Makers producing scaffolding and security fencing employing 90 people. Overall, Bala was characterised at the workshops as an economy of four or five major employers and local traders, providing mainly female employment.

Table 4.14: Business units and employees by sector (Remote Rural)

Business sector	**Bala**		**Tregaron**	
	% of units	**% of employees**	**% of units**	**% of employees**
Manufacturing	8%	28%	6%	5%
Construction	5%	-	-	-
Distribution and retail (1)	45%	31%	45%	25%
Transport and communications	-	-	10%	9%
Financial services	15%	9%	20%	13%
Public admin.	10%	21%	10%	46%
NB Totals do not add up to 100% as only those sectors scoring over 5% are included				

Source: Annual Business Inquiry 2000
(1) Includes catering and hotels

4.49 Both towns, however, retain their connections with their agricultural hinterlands. Bala carries on old agricultural traditions and has an agricultural co-op and several hardware stores. In Tregaron the agricultural focus is still very strong - 64% of all VAT registered businesses and 70% in its surrounding settlements, are associated with agriculture. Indeed, although Tregaron is developing an arts and crafts sector, there is also a focus on adding value to farm produce and other food related industries (Case Study 20) located on Tregaron's small industrial estate. There are a number of developing farm co-operative groups in the area and food processing research at Horeb. In Bala, by comparison, the larger size of the town combined with its broader economic base mean that only 7% of the VAT registered businesses are in agriculture, while the same figure for its surrounding settlements is 70%.

4.50 **Commuting:** No up to date statistics on commuting are available. The workshops confirmed that both communities tend to rely largely on their own resources, although there is now some commuting from Tregaron to Aberaeron and Aberystwyth (to Ceredigion County Council) and to Lampeter, and from Bala to Dolgellau and Wrexham following the offices that have relocated from Bala to these larger towns.

4.51 In terms of mode of transport, according to the 1991 Census, 60% of the workforce in Bala travelled to work by car compared to 44% in Tregaron. But notably 32% in Bala and 14% in Tregaron reached work on foot. 31% of the workforce in Tregaron worked at home.

4.52 **Tourism:** Both Bala and Tregaron have a strong tourism base. Bala is greatly assisted by its location within the Snowdonia National Park on the shores of Llyn Tegid – the largest natural lake in Wales. It has the national white water rafting centre on the River Tryweryn (Case Study 19), a major water sports facilities on Llyn Tegid and the Bala Lake Railway (17,473 visitors in 2000). There is also Gwersyll yr Urdd Glan-llyn on the shores of Llyn Tegid - an outdoor activity and field centre employing some 30 people. Bala has a hotel, a number of guest houses and bed and breakfast accommodation and three caraven/camp sites, matched by a considerable range of accommodation in the surrounding settlements. The WTB has focused on Bala as an area of tourism growth, with a strong emphasis on cultural tourism. Building on the town's history as the first venue for sheep dog trials in 1860, it is to be the venue for the first world sheep dog trials. There is also emphasis on the development of green tourism – a cycle route is proposed adjacent to the lake and will link to the Sustrans national cycleway network.

4.53 Tregaron, on the other hand, has suffered from a decline in traditional tourism – once providing an out post to the main tourism centres along the coast. The town has a history of harness racing and twenty five years ago was the premier pony trekking centre in Europe. Today tourism is modest but a very important element of the local economy with a re-growth in activity and events tourism, including fishing, a continuation of the tradition of harness racing events (televised on the S4C programme '*Rasus*'), and cultural/religious links, while pony trekking still continues, albeit at a more modest scale. The Rhiannon Gold Centre (where a goldsmith makes jewellery on-site) is also expanding with a tea room.

4.54 At the same time, Tregaron is an important centre for walking and natural history. The National Nature Reserve of Cors Canon – a vast bog on the shores of the River Teifi – lies to the east of Tregaron, while the town lies at the centre of an arc of feeding centres for the red kite (with one feeding centre in Tregaron), stretching from Llyn Clywedog in the north to Llyn Llech Owain in the south, and run by *Kite Country* with funding under the EAGGF.

OTHER EMERGING CHARACTERISTICS RELATING TO THE MARKET TOWNS

4.55 Based on the collected data sets, other characteristics that emerge with regard to the market towns are:

- According to the Welsh Index of Multiple Deprivation, only Ammanford (Pantyffynnon) falls within the worst 10% deprived areas in Wales, while Tregaron falls within the worst 20% for housing and access to services. In addition, the data shows relatively higher levels of health deprivation in the near urban settlements compared to other areas within the study.
- According to the Land Registry Records (2001), detached properties in accessible rural areas command the highest prices, followed by remote rural areas. The least expensive detached properties are found in near urban areas. Although the data is limited for semi-detached and terraced properties, the pattern appears to be the same as for detached properties.

CHARACTERISTICS OF THE SETTLEMENTS SURROUNDING THE MARKET TOWNS

4.56 So far the description has largely focused on the market towns. From the same data sets the emerging characteristics of the surrounding sample settlements are as follows:

- As indicated in **Table 4.15** below, the surrounding rural settlements consistently have higher levels of small business units, employing 1- 4 people, compared to the market towns. However, it is notable that the surrounding settlements in the near urban areas have a number of large employers, reflecting the allocation of land for development close to major access corridors, as in the St Asaph Business Park and as in the major land allocations in the area of Capel Hendre. For example, 31% of employees in Ammanford's surrounding settlements and 17% in St Asaph's surrounding settlements are in businesses employing over 100 people.

Table 4.15: Comparison in number of small units between the market towns and their surrounding settlements

Area	% units employing 1 –4 people		% employees in units employing 1 – 4 people	
	Market town	Surrounding settlements	Market town	Surrounding settlements
St Asaph	62%	66%	10%	17%
Ruthin	59%	86%	14%	34%
Bala	66%	81%	22%	40%
Ammanford	59%	74%	8%	23%
Llandeilo	63%	82%	24%	37%
Tregaron	69%	85%	21%	39%

Source: Annual Business Inquiry (2000)

- As might be expected, the surrounding rural settlements consistently have much higher numbers of agricultural businesses than their associated market towns, as indicated in **Table 4.16**.

Table 4.16: Comparison of the % of agricultural businesses between the market towns and their surrounding settlements

Area	% VAT Registered businesses in agriculture	
	Market town	Surrounding settlements
St Asaph	10%	56%
Ruthin	7%	53%
Bala	7%	70%
Ammanford	0%	8%
Llandeilo	13%	66%
Tregaron	64%	70%

Source: Annual Business Inquiry (2000)

- In the southern sector there is a consistent pattern whereby in the market towns there is higher employment of females than males (ranging between 54% (Ammanford) and 70% (Tregaron)) whereas in the surrounding rural settlements there is consistently higher employment of males (51% - 56%)[17]. On the other hand, in the northern sector the workforce of both the market towns and the surrounding settlements consistently has a higher proportion of men to women (average 53% male). The one exception is the rural settlements around Bala which have more women (52%) than men in the workforce.

- The above pattern is replicated by the distribution of full and part-time working with female employment consistently being associated with higher levels of part-time working.

- As has already been raised, the amount of commuting out to gain employment is greater from the surrounding settlements than from the market towns (**Table 4.17**). However, this is based on 1991 Census data and therefore is significantly out of date. Also the number of people travelling to work on foot is significantly higher in the market towns compared to the surrounding settlements, Conversely, the number of people working at home is significantly greater in the surrounding settlements, the one exception being Tregaron where there is a very high level of home working (31%).

Table 4.17: Travel to work patterns

Settlements	% workers out commuting (1)	% travel to work by car	% travel to work on foot	% working at home
St Asaph market town	27%	67%	12%	7%
St Asaph surrounding settlements	42%	66%	2%	26%
Ruthin market town	19%	68%	23%	4%
Ruthin surrounding settlements	18%	65%	8%	21%
Bala market town	8%	58%	32%	1%
Bala surrounding settlements	21%	55%	4%	35%
Ammanford market town	31%	66%	17%	8%
Ammanford surrounding settlements	36%	73%	5%	12%
Llandeilo market town	-	-	-	-
Llandeilo surrounding settlements	26%	49%	16%	24%
Tregaron market town	0%	45%	14%	31%
Tregaron surrounding settlements	3%	61%	4%	23%

[17] Based on the Annual Business Inquiry

Source: 1991 Census NOMIS
(i) ie working outside their normal district of residence

Summary

Market towns:

- All market towns are different and are a product of their history, location, accessibility, size and culture. Looking at market towns in terms of near urban, accessible rural and remote rural locations is helpful but on its own does not define why individual market towns have assumed a particular character.

- With the exception of St Asaph (near urban) all the market towns studied have a population of at least 50% Welsh speakers. This figure rises to over 90% in the remote rural market towns.

- All the market towns studied continue to provide the educational centre for their hinterland, all containing primary and secondary schooling. All also provide health services, with four of the six settlements having at least some form of hospital facility.

- Retail activity is strongly influenced by the location of the major supermarkets and accessibility, with more remote settlements still having greater self-sufficiency in the range (although not necessarily the number) of outlets offered. Only Ammanford in the sample was acting as a sub-regional service centre with a major out of town supermarket.

- Both accessible rural market towns (Ruthin and Llandeilo) are increasingly developing in specialist retailing.

- Near urban market towns are characterised by a number of major employers, with roughly 50% of the workforce working for businesses employing over 100 people. Moving from near urban towns to remote rural areas there is a tendency for the size of businesses to decrease, although it is noticeable that Bala (remote rural) has a number of significant businesses employing over 100 people.

- As a corollary to the above, moving from the near urban to remote rural towns, there is an increase in the number of small businesses as a proportion of total businesses, with roughly 60% of businesses in St Asaph and Ammanford (near urban) employing under five people, rising to 69% in Tregaron (remote rural).

- Review of comments made at the workshops, in follow-up meetings and review of the case studies, suggests that many of the businesses attracted to the near urban settlements are as a result of inward investment, where high accessibility and the availability of development land are the key, whereas in the other settlements there is a greater reliance on indigenous business growth.

- As reflected in national statistics (para 2.3), the four most common forms of employment in the market towns, in order of importance are: public administration, distribution and retail, financial services, and manufacturing. This emphasises the strong service emphasis of the market towns.

- With the exception of Bala, which has a strong manufacturing base, there is a clear increase in the proportion of employment in the service sector, moving from near urban areas to the remote rural market towns, with employment in the service sector in the southern zone being as follows: Ammanford 52%, Llandeilo 89%, and Tregaron 94%.

- In all the market towns examined, with the exception of Tregaron, under 10% of VAT registered businesses are now associated with agriculture. In the case of Tregaron, this figure is 64%, highlighting the town's strong agricultural associations. Nevertheless, all the market towns, with the exception of Ammanford which originated as a mining settlement, retain an agricultural service base which has also influenced the nature of manufacturing development (as in Ruthin).

- The travel to work data is now significantly out of date but, based on the 1991 Census data, indicates that there is progressively less outward commuting as one moves from near urban to remote rural areas. While we suspect that this overall trend is correct, we believe that the Census figures seriously under represent current commuting levels especially from accessible rural areas.

Surrounding settlements

- Surrounding rural settlements consistently have higher levels of small business units compared to the market towns. BUT the surrounding settlements to the near urban towns have a significant number of major employers, reflecting the major land allocations for development close to access corridors.

- The surrounding rural settlements tend to have a higher level of male employment compared to the market towns, where female employment predominates reflecting the emphasis on service provision.

- According to the 1991 Census, the amount of out commuting to work is greater from the surrounding settlements than from the market towns.

5. REVIEW OF PLANNING APPLICATIONS

5.1. This Chapter briefly reviews the process that is followed in making and determining planning applications for economic development. It then focuses on the nature and results of such planning applications across the sample settlements in this study.

PLANNING APPLICATION PROCESS

5.2. The general process adopted by applicants in making a planning application and the method by which they are dealt with by the planning authority are very similar to that reported for farm diversification in *Farm Diversification and the Planning System,* 2001 and therefore are not repeated here at length. The key points to emerge from our discussions with development control officers, from the postal questionnaire returns from applicants (24 returns), and from the case studies (20), are as summarised below.

5.3. **Pre-application advice**: Development control officers try to set aside time to give pre-application advice, either through a site meeting or through email correspondence. Officers see the value of providing advice at an early stage – overcoming problems that may otherwise come forward later. Officers can also advise applicants as to the likely success of their application. It was noted that applicants in rural areas are often not familiar with the planning system. Often applicants contact their local councillor and ask then to make contact with the planning authority.

5.4. Just over half the case studies and 65% of the questionnaire applicants had sought pre-application advice, primarily from the planning department but in a few cases from the highways officer. This advice was usually given by letter or at a site meeting. In Ceredigion all advice is collected on GIS for ease of reference.

5.5. In the majority of cases, applicants considered the pre-application advice helpful, although some commented that greater availability of officers to give this advice would be beneficial. In one or two cases applicants (who were subsequently refused) felt mislead about the likelihood of their application being approved.

"*I felt let down by the planning authority. Before applying I asked the planning officer if there was any reason why I should not submit an application and he said there was none. Later after much expense on my part they refused my application stating that it was their policy not to grant such an application on the High Street".* (Bookmaker).

5.6. **Responsibility for application:** Roughly 50% of both the case studies and the questionnaire respondents had used an agent to submit their planning application – these were usually the larger applications or where an architect needed to be involved. Amongst these applicants, pre-application advice was less common.

5.7. **Post-application discussions:** Where there are aspects of the proposal that need to be modified, the case studies indicate that the planning authority usually enters into a dialogue with the applicant, and that this is generally considered helpful.

5.8. **Criteria used for determination:** Criteria used in the determination of planning applications for rural economic development by development control officers are generally based on current planning policy documents and guidance documents (including technical advisory notes) issued by the Welsh Assembly Government, and the policies of the development plan. These include specific guidance on scale, design, access, amenity, impact on highways, and impacts on landscape, biodiversity and cultural heritage, as well as noise and other nuisance. At the root of determination were two key criteria: realism/genuine intent and environment/amenity.

5.9. Discussions with development control officers indicated that the degree of **flexibility** in determining applications differed from officer to officer. Some felt that there was flexibility in the interpretation of the development plan, others felt the decision was very dependent on the consultation responses, whilst others felt that the degree of flexibility could be gauged from Section 54a of the Town and County Planning Act 1990, referring to material considerations. There was a view from applicants, both in the questionnaire returns and the case studies that the planning system was insufficiently flexible.

5.10. **Use of delegated powers:** According to the officer interviews, 50% - 80% of economic development applications are delegated to officers. From the planning application database developed as part of this study (see para 1.18 (6)), it appears that over the last three years within the sample settlements 56% of rural economic development applications were referred to Committee for determination.

5.11. Those going to Committee tend to be the larger applications. An exception is Snowdonia National Park where all applications go to Committee. Generally the officers interviewed felt that a good working relationship has been developed between members and officers, although members tended to be more sympathetic of economic development than officers. Denbighshire County Council runs officer/member training workshops to help improve the working relationships and level of understanding of the planning system.

5.12. **Enforcement and retrospective applications:** Enforcement action is only normally taken on developments where there is a clear amenity issue – in these cases the applicant will be required to make a retrospective application. All retrospective applications go to Committee.

5.13. **Understanding of planning by applicants:** Planning officers have mixed views about the level of public understanding of the planning system. Denbighshire County Council felt that most rural people have a fairly good understanding of the planning system, assisted by the publication of guidance. However, Snowdonia National Park felt that very few people had a comprehensive understanding of the planning process and that the publication of the Green Paper has confused their level of understanding further.

5.14. **Understanding of the rural economy by planners**: Most development control officers felt that their level of understanding of the rural economy was poor, in particular on farming issues, although there was better knowledge of tourism enterprises.

5.15. **View of the planning system amongst applicants:** As part of the questionnaire survey applicants were asked about their views of the planning system. Most reported a positive or neutral experience, commenting that the system seemed efficient and fair (although not particularly flexible). Accordingly most did not identify problems.

"The planning officers were very helpful and willing to discuss the development" (Further Education College)

5.16. The main criticism was the speed of the process. From an analysis of the database of planning applications built up during this study, the speed of determination was as follows:

- Determined within 8 weeks (84) 43% of applications
- Determined in 8 – 13 weeks (70) 36%
- Determined in 13 – 26 weeks (30) 15%
- Determined in over 26 weeks (11) 6%

5.17. Thus 57% of applications took more than eight weeks to determine, 6% taking over six months. The speed of determination was one of the main concerns of applicants in the case studies, being clearly identified in nine out of the 20 cases examined, with concern about:

- loss of potential income (especially for tourism operations, where loss of a season could be particularly detrimental);
- inability to meet orders and existing contracts;
- payment of rent/ mortgage/bank loans without any balancing income – a particular problem for small businesses;
- missing grant application windows which could then set back proposals for a considerable period.

"It is important for the planning authority to understand the importance of time to an established company. It was so important to us that the matter wasn't deferred in a planning meeting or it would have put the whole project in danger."

REVIEW OF PLANNING APPLICATIONS AND DETERMINATIONS

5.18. As part of this study, all planning applications for economic development made in the three years May 1998 – May 2001, relating to the identified sample settlements, have been identified and analysed as outlined below (a full analysis of this data has been provided as a separate Annex).

5.19. These planning applications have been analysed according to:

A) **The *type of development*** broken down into:

• New building • Extension • Alteration of existing building • Change of use of building	• Change of use of land • Signage • Other

B) **The *type of diversification activity*** broken down to reflect traditional economic development activity and emerging activities (such as ICT), set within the context of existing use classes, as follows:

• Shops • Wholesale • Finance and professional services • Estate agents • Pubs and other catering • Offices (not A2) • Public admin • Research and dev. • IT Multimedia • Biotechnology • Light industrial • Workshops • Heavy industry • Construction • Energy • Recycling	• Waste disposal • Food processing/ Env. products • Storage and distribution • Hotels and guest houses • Hospitals • Care homes • Residential colleges • Day and health care centres • Schools • Libraries and public services • Leisure and gyms • Cinemas and dance halls • Other tourist • Equestrian • Other

Number and type of applications

5.20. In the three-year period, a total of 199 planning applications were submitted for economic development across all the sample settlements, with 118 (60%) applications relating to the six market towns, and 80 (40%) relating to the other surrounding settlements.

5.21. As indicated in **Table 5.1**, if planning applications are taken as an indicator of economic vibrancy, then some remote rural areas are diversifying and developing at a faster rate than near urban areas (although it needs to be remembered that the *number* of planning applications takes no account of the *scale* of individual developments – as indicated in the last Chapter more remote rural areas are likely to be characterised by a much higher proportion of micro-businesses).

Table 5:1: Number of planning applications by settlement (three year totals)

Type of area	Type of settlement	*Northern Sector* Settlement	Total no. applications	*Southern Sector* Settlement	Total no. applications
Near Urban	Market Town	St. Asaph	15	Ammanford	23
	Large Settlement	Rhuallt	5	Capel Hendre	18
		Trefnant	9	Llandybie	13
	Small Settlement	Bont-newydd	0	Pantyffynnon	7
		Groesffordd Marli	1	Milo	2
Accessible Rural	Market Town	Ruthin	36	Llandeilo	15
	Large Settlement	Cyffylliog	1	Cwmifor	2
		Pwll Glas	2	Talley	0
	Small Settlement	Melin-y-wig	0	Trapp	0
		Pentre-celyn	1	Broadoak	5
Remote Rural	Market Town	Bala	22	Tregaron	7
	Large Settlement	Cerrigydrudion	0	Llangeitho	0
		Llanuwchllyn	6	Pontrhydfendigaid	0
	Small Settlement	Llandderfel	2	Blaenpennal	1
		Frongoch	4	Cwmystwyth	1
Total			**104**		**94**

5.22. The difference in rates of economic applications across different market towns is further highlighted by taking account of the population size of the different towns concerned. This indicates that the towns with the highest proportion of economic applications per head of population are Bala and Llandeilo:

Table 5.2: Economic applications per head of population (market towns)

Market town	Head of population per economic planning application (per year)
1. Bala	1 application per 261 people
2. Llandeilo	1 application per 327 people
3. Tregaron	1 application per 402 people
4. Ruthin	1 application per 417 people
5. St Asaph	1 application per 669 people
6. Ammanford	1 application per 1057 people
Denbighshire **average all applications**	1 application per 76.5 people
Carmarthenshire **average all applications**	1 application per 64.5 people

5.23. What is equally evident from **Table 5.1**, is that the surrounding settlements in near urban areas received as many, if not more, applications for economic development than their local market town. For example, in St Asaph, there were 15 applications for economic development while in the surrounding settlements there were also 15 applications (including applications relating to St Asaph Business Park which is half in the Ward of Groesffordd Marli). In Ammanford the situation is even more pronounced, with the surrounding settlements receiving 40 applications compared to the 30 for the town itself. This clearly underlines the pattern identified in the previous Chapter, whereby major allocations for economic development in a range of settlements close to the national road network is blurring distinctions in the settlement hierarchy. Again, these patterns are further highlighted by taking account of population size (**Table 5.3)** which demonstrates the much greater proportion of economic development in the surrounding settlements**.**

Table 5.3: Economic applications per head of population (surrounding settlements)

Settlement (near urban)	**Head of pop. per economic planning application/year**	**Settlement (near urban)**	**Head of pop. per economic planning application/year**
St Asaph	1 application / 669 people	**Ammanford**	1 application/1057 people
Rhuallt	1 application / 182 people	Capel Hendre	1 application /167 people
Trefnant	1 application / 447 people	Llandybie	1 application / 669 people
Groesffordd Marli	1 application / 573 people	Milo	1 application / 150 people

5.24. **Development on industrial estates:** The above figures highlight that major land allocations for industrial development (in accessible locations) are a key factor in encouraging economic growth. An analysis has been done therefore picking out all planning applications within the data base clearly identified with an industrial estate / business park. The results summarised in **Table 5.4,** reinforce the importance of industrial estates, particularly in an arc around Ammanford, in providing employment. It also shows the role played by the industrial estates in Bala and Ruthin in providing for business development. Nearly all these applications on industrial estates relate to the extension, change of use, or building of new industrial units. But the data equally points to the considerable economic activity occurring away from these estates.

Table 5.4: Economic applications relating to industrial estates

Settlement	**No. of applications on industrial estates**
Ammanford	3 (13%)
Capel Hendre	18 (22%)
Llandybie	3 (23%)
Pantyffynnon	2 (28.6%)
St Asaph	-
Groesffordd Marli (St Asaph Business Park)	1 (100%)
Ruthin	3 (36%)
Bala	5 (22%)

5.25. **Type of development:** In terms of the type of development, the most common was change of use of an existing building (30%); followed by new build (20%); building extensions (17%); signage (11%); change in land use (10%); and building alteration (9%).

5.26. **Type of economic activity:** Looking at the type of economic activity (**Table 5.5**), the two most common forms of activity for which planning applications were made were for (i) shops and (ii) pubs / other forms of catering, underlining the service function of rural settlements. It is perhaps significant that new forms of development that might be promoted in rural areas such as biotechnology and recycling received no applications, although there was one application for multi-media/ICT (Llandeilo) and six applications for food processing and environmental products, of which two were in Bala. It is also perhaps surprising that there were not more applications for public administration given that it is one of the largest employers in the market towns.

Table 5.5: Top 15 economic development activities

• Shops	28 (12%)	• Workshops	10 (4%)
• Pubs and other catering	27 (12%)	• Day and health care	8 (3%)
• Light industry	19 (8%)	• Public service	8 (3%)
• Tourism (not accom.)	16 (7%)	• Schools	7 (3%)
• Offices (not A2)	14 (6%)	• Food processing/ environmental products	6 (3%)
• Storage and distribution	12 (5%)	• Care homes	5 (2%)
• Hotels and Guest houses	11 (5%)	• Public admin	4 (2%)
• Finance and prof. Services	10 (4%)		

5.27. **Economic activity by type of development:** Comparing the type of economic activity by the type of development there are no very strong patterns, although change of use most commonly relates to catering activities (14), and signage to retail (10), while new buildings are primarily associated with (in order of importance): light industrial (9), schools (7), tourist facilities (6) and shops (5).

5.28. **Economic activity by market town:** If this data is analysed by market town type eg near urban or accessible rural (**Fig 5.1**), it appears that the most common forms of applications were:

- Near urban (market towns) - Shops and pubs/catering (both 10%), although within the near urban settlements there is a fairly even distribution across a wide range of activities
- Accessible rural (market towns) - Shops (19%)
- Remote rural (market towns) - Pubs/catering (31%)

5.29. Relating these figures to individual towns, again highlights the strong service focus of all the market towns.

Table 5.6: Economic applications within individual market towns[1]

Town type	No. of applications by type of economic activity	
Near urban	**St Asaph**	**Ammanford**
	Hotels and guest (3), Care homes (3), Finance and prof. services (2), Workshops (2)	Shops (4), Pubs and catering (3), Schools (3), Light Ind. (3), Offices (2)

Accessible rural	**Ruthin**	**Llandeilo**
	Shops (10), Finance and prof. services (4), Storage and dist. (4), Wholesale (3), Offices (3), Public admin (3), Light Ind. (3), Hotel and guest (3), Health care (3), Public services (3), Pubs and catering (2), Workshops (2)	Shops (3), Workshops (3), Schools (2).
Remote rural	**Bala**	**Tregaron**
	Pubs and catering (7), Shops (3), Hotel and guest (2), Processing/Env Products (2)	Pubs and catering (4), Shops (2)

(1) Note only those economic activities for which there were 2 or more applications are included.

5.30. Equally, if the type of economic development activity is analysed by the type of settlement eg market town or large village (**Fig 5.2)**, it appears that overall the most common forms of application were:

- Market towns Shops (16%)
- Large villages Light industrial and distribution (14%) and pubs (13%)
- Dispersed settlements Tourism (32%)

5.31. This again highlights the emerging role of the 'large villages' within the near urban areas in supporting light industrial developments.

5.32. **Business expansion:** From the 101 applications where it was clear from the planning files whether the application was for a new business or the expansion of an existing business, it appears that 77% were for expansions of an existing business and 23% were for new businesses. This breaks down by type of settlement as follows:

Table 5.7: Business expansion

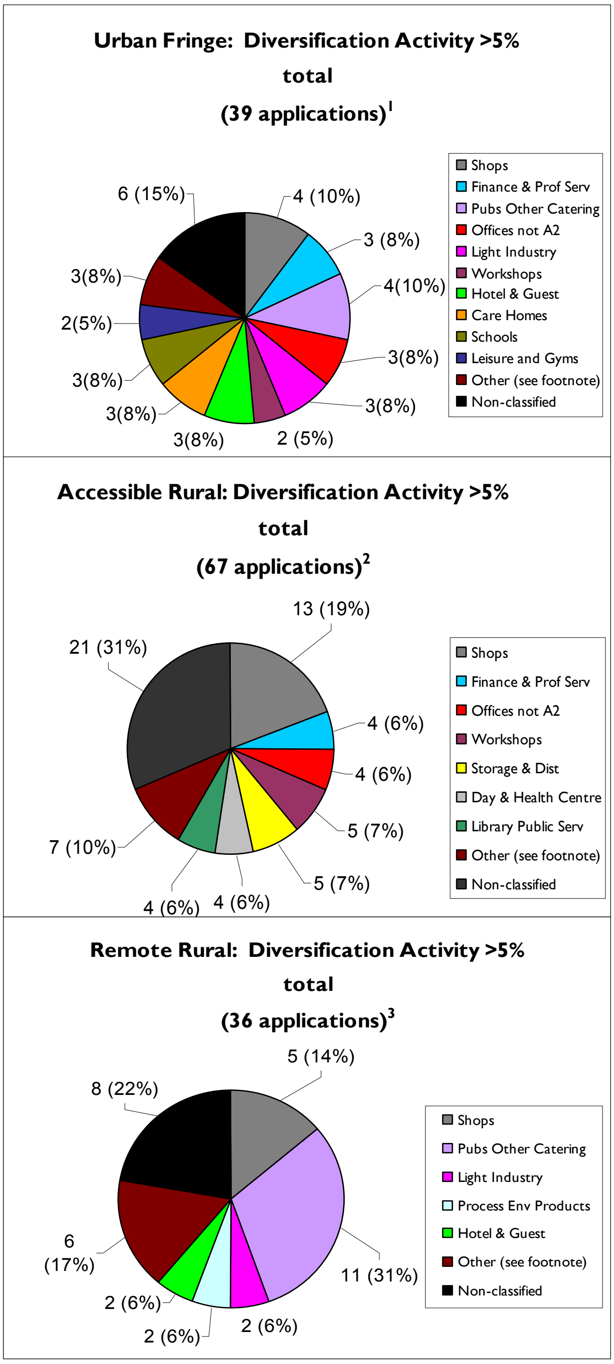
Settlement type	New business	Business expansion	Totals
Market towns	13 (19%)	54 (81%)	67 (100%)
Large villages	2 (5%)	21 (95%)	23 (100%)
Dispersed settlement	3 (17%)	8 (73%)	11 (100%)

5.33. Looking at these statistics in a bit more detail it appears that:

- *Businesses expansions* were most commonly related to: pubs and catering (13), shops (8), tourist activities (not accommodation) (8), light industrial (8), and hotels and guest houses (7); whereas
- *New businesses* were most commonly related to shops (5), workshops (4), finance and professional services (3), and light industry (3).

As indicated in **Table 5.7** the majority of the new businesses were located within the market towns, with the focus of this new activity being on Bala, Lanadeilo and Ruthin.

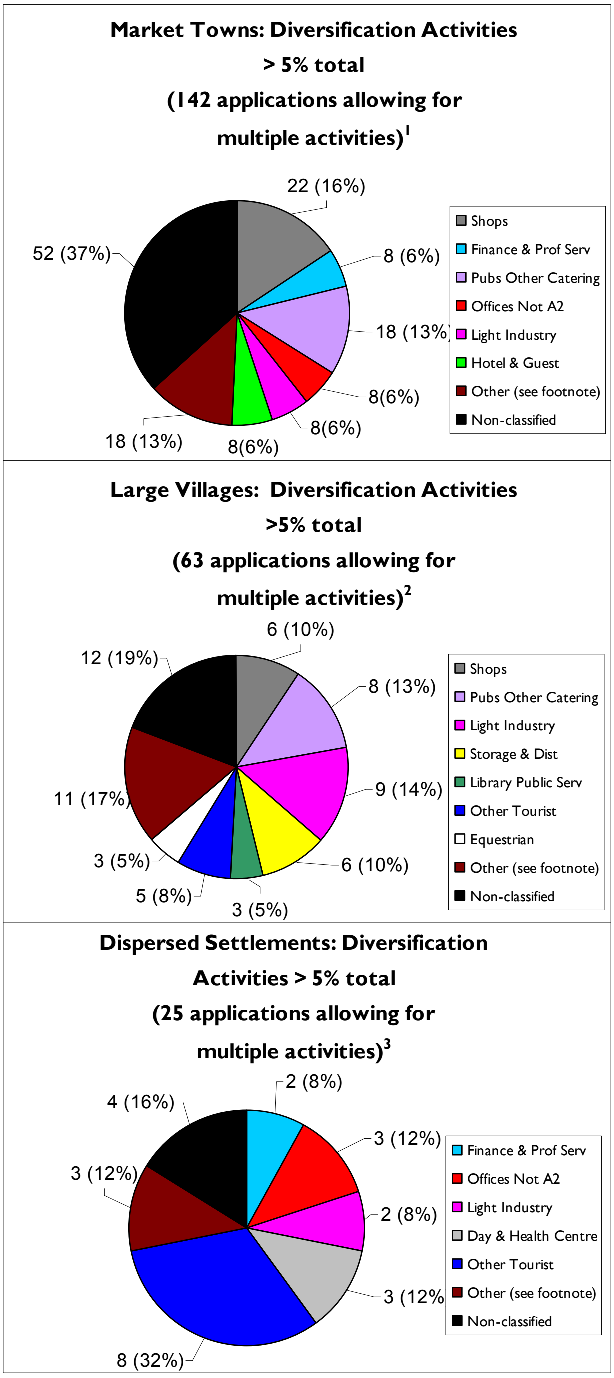
Fig 5.1: Market town type and diversification activity



Other = Categorised activities under 5% total; Non-classified = un-categorised activities

[1] **Urban Fringe**: *'Other'* = Public Admin (3%), Waste Disposal (3%), Process Environmental Products (3%), Day & Health Centre (3%), Library/ Public Services (3%), Other Tourist (3%). *'Non -classified'* = Control kiosk, Religious Education Centre, Garage, Vehicle Driver Training Centre, Cattery, Car boot sales. [2] **Accessible Rural**: *'Other'* = Process Environmental Products (1%), Leisure and Gyms (1%), Schools (3%), Other Tourist (3%), Wholesale (4%), Pubs and Other Catering (4%), Public Admin (4%), Light Industry (4%), Hotel & Guest (4%). *'Non - classified'* = Bookmakers, Builders Merchants, Car Hire Business, Cattery, Dog Kennels, Education (evening classes), Exhibition Activities, Garage. [3] **Remote Rural**: *'Other'* = Finance & Prof Services (3%), Offices not A2 (3%), Research & Development (3%), Heavy Industry (3%), Storage & Dist (3%), Schools (3%). *'Non - classified'* = Veterinary surgeons, Stone Quarry, Kennels, Garage, Crèche.

Fig 5.2: Economic development activity by type of settlement



Other = Categorised activities under 5% total; Non-classified = un-categorised activities

[1] **Market Towns**: *'Other'* = Research & Dev (1%), Heavy Industry (1%), Waste Disposal (1%), Wholesale (2%), Care Homes (2%), Leisure & Gyms (2%), Other Tourist (2%). *'Non -classified'* = Bookmakers, Builders Merchants, Car Hire Business, Control kiosk, Religious Education Centre [2] **Large Villages**: *'Other'* = Heavy Industry (2%), Schools (2%), Offices Not A2 (2%), Workshops (3%), Process Environmental Products (3%), Hotel & Guest (3%), Care Homes (3%). *'Non - classified'* = Car boot sales, Cattery, Dog Kennels, Garage, Stone Quarry [3] **Dispersed Settlement**: *'Other'* = Pubs Other Catering (4%), Workshops (4%), Hotel & Guest (4%), Equestrian (4%). *'Non - classified'* = Kennels, Garage, Exhibition Activities.

5.35. With regard to increase in floorspace, the net gain in floorspace by type of economic activity is set out in **Table 5.8**. From this it appears that the most significant gains in floorspace related to office development and public services. In other words, although there are few applications for public administration, those that there are, are for significant floor areas.

Table 5.8: Floorspace Implications of Diversification Activity

Diversification Activity	Floor Space Retained	Floor Space Additional	Additional as % of Retained	Net gain in floorspace
Shops	5,249	7,199	137%	137%
Wholesale	992	1,938	195%	195%
Pubs other catering	4,270	4,409	103%	103%
Offices not A2	269	2,651	986%	986%
Public Admin	1,323	16,394	1239%	11%
Light Industry	15,456	4,740	31%	31%
Workshops	1,638	1,074	66%	66%
Process Env Products	5,519	2,520	46%	46%
Storage & Distribution	6,307	20,799	330%	83%
Hotel & Guest	1,676	1,291	77%	69%
Care Homes	1,437	1,104	77%	77%
Day Health Centres	1,349	134	10%	10%
Library Public Service	1,323	18,594	1405%	177%
Other	3,234	3,933	122%	86%
Total	**50,201**	**87,572**	**174%**	**74.4%**

DETERMINATION OF PLANNING APPLICATIONS

5.36. Of the total applications reviewed (199), the results of the determination were as set out in **Table 5.9.** Significantly, only 8% of applications were refused. This shows a slightly higher approval rate than that in a recent study undertaken by the Isle of Anglesey County Council of all planning applications in the County received between January 1999 and September 2001relating to the rural economy. Of the total of 280 relevant applications identified in this study, 31 applications (13%) were refused, with a further five subsequently being allowed at appeal (2%) – total 11% refused.

Table 5.9: Approval rates

Planning decision	No. of applications
Approved	171 (87%)
Withdrawn	9 (5%)
Refused	16 (8%)
Sub total	**196**
Other inc. no decision yet	3
Total	**199**

5.37. **Approval rates by type of development:** The approval rates by type pf development are as set out in **Table 5.10.** This indicates an approval rate of 97%

for extensions; 94% for building alterations; 93% for new buildings; 90% for change of use of buildings; and 86% for change of use of land.

Table 5.10: Planning decisions by type of development

Type of development	Approve subject to SI06	Approve with conditions	No decision yet	Other	Refuse	Withdrawn	Total
New Building	2	37	-	-	3	3	**45**
Extension	-	35	1	-	1	-	**37**
Alter Existing Building	-	18	-	-	1	-	**19**
Change in Building Use	-	55	-	1	6	5	**67**
Change in Land Use	-	18	-	-	3	1	**22**
Signage	-	22	-	-	1	1	**24**
Other	-	7	1	-	1	-	**9**
Total	**2**	**192**	**2**	**1**	**16**	**10**	**223**

5.38. **Approval rates by type of economic activity**: Looking at the approval rates by type of economic activity, there are a range of activities where there has been a 100% approval rate. These include wholesale, public administration, research and development, heavy industry, food processing and environmental products, hotels, care homes, day care centres, schools and public services. Those activities with some refusals have been:

- Pubs and other catering 96% approved
- Professional services 90%
- Workshops 89%
- Shops 88%
- Other tourist 87%
- Light industrial 84%
- Offices 79%

5.39. **Approval rates by settlement type:** Approval rates by settlement type are set out in **Table 5.11.** Looking at the settlements to which the refusals relate, it appears that amongst the market towns there is a slight concentration of refusals in Bala (remote rural) in the Snowdonia National Park, while amongst the associated settlements the main concentration of refusals is in the near urban areas.

Table 5.11: Approval rates by settlement type

Settlement type	Approved	Refused	Withdrawn	Total
Market towns	100 (86%)	8 (7%)	8 (7%)	116 (100%)
Large village	48 (87%)	6 (11%)	1 (2%)	55 (100%)
Dispersed settlement	22 (92%)	2 (8%)	-	24 (100%)

5.40. **Reasons for refusal:** As indicated in **Table 5.12** the main reasons for refusal relate to inappropriate design, highway safety and landscape/visual impact.

Table 5.12: Reasons for refusal by economic activity

	Inappropriate Design	Inappropriate to Historical Character	Inappropriate Dev for Count	Landscape/Visual Impact	Other Environ Impacts	Inappropriate Economic Activity	Intensification/ cumulation	Harmful to Local Amenity (Residential)	Harmful to Local Amenity (Commercial)	Highway Safety	Traffic generation	Sustainable Transport Issues	Other Reasons Refused	Total
Shops	4	1	-	3	1	-	1	-	-	-	1	-	1	**12**
Finance & Prof Serv	-	-	-	-	-	1	-	-	-	-	-	-	-	**1**
Pubs Other catering	-	-	-	-	-	-	-	-	-	1	1	-	1	**3**
Offices not A2	2	1	-	2	-	-	-	-	-	2	-	-	-	**7**
Light Industry	1	-	-	-	1	-	-	1	1	1	1	-	1	**7**
Workshops	-	-	-	-	-	-	-	1	1	1	1	-	1	**5**
Storage & Dist	-	-	-	-	-	-	-	-	-	1	-	-	1	**2**
Other Tourist	-	-	1	1	-	-	-	1	-	-	-	-	-	**3**
Other	-	-	-	-	-	-	-	-	-	1	-	1	-	**2**
Refusal Totals	6	1	1	5	2	1	1	3	2	6	4	1	4	**37**
Sum	**13**	**3**	**2**	**11**	**4**	**2**	**2**	**6**	**4**	**13**	**8**	**2**	**9**	**79**
% total	**16**	**4**	**3**	**14**	**5**	**3**	**3**	**8**	**5**	**16**	**10**	**3**	**11**	**100**

5.41. Looking through all the statistics on refusals, it appears that the two main areas of concern, although still only involving a small number of applications each, were:

- a few applications in Bala where the primary reasons for refusal related to design and landscape and visual impact, reflecting the National Park status of the area.
- a few applications in the surrounding settlements of near urban areas where the primary reasons for refusal related to highways and traffic generation.

5.42. **Conditions:** Finally, where conditions were imposed on an approval for economic activity the most common conditions were design/use of materials and restriction on activities, as indicated in **Table 5.13.** Within the case studies, with the exception of two, there was no indication that applicants found the conditions imposed onerous. The two exceptions were Case Study 4 where the owner was required to replace a stone wall at the entrance at significant cost, and Case Study 10 where the applicant was given a personal permission, without sufficient explanation which now prevents him subletting part of the site.

Table 5.13: Conditions

Conditions	Total	Conditions	Total
Design/materials	70	Noise/soundproofing	10
Restrict activities	39	Limit external space	7
Access/traffic	24	Remove part 2 PD rights	2
Landscape/screening	23	Personal permission	2
Parking	21	Other conditions	110
Limit hours	21	Total conditions	**329**

Summary

- Across the sample settlements a total of 199 applications for economic development was recorded for the three year period May 1998 – May 2001. 118 (59%) related to the market towns and 80 (41%) to the surrounding settlements.

- The overall economic performance of the market towns is not strong, if planning applications are used as an indicator of economic vitality – across the six sample market towns - an average of 6.5 applications per town per year were received.

- Proportionally the remote rural settlements in the sample are receiving more planning applications for economic development than the near urban market towns (although this does not take account of the scale of individual applications).

- The settlements around the market towns in the near urban areas are receiving more applications than their associated market towns, reflecting the allocation of land to development around these other settlements.

- 53% of all applications related to the service sector, including tourism accommodation. In addition, light and heavy industry comprised 12%, offices 6%, storage and distribution 5%, and food processing 3%. All other economic activities made up 1% or less of the total.

- Across the different types of market town, near urban towns show the greatest range of economic applications, whereas the most common applications in accessible rural towns relate to shops, and in the remote rural towns to pubs and catering.

- Across the different types of settlement, market towns are characterised by applications for shops, large settlements by light industrial and distribution, and dispersed settlements by tourism.

- 77% of applications are for business expansion and 23% for new businesses, which are most commonly associated with the market towns.

- Of the 199 applications for economic development activities made within the sample settlements over the last three years, 87% were approved, 8% refused, and 5% withdrawn.

- Approval rates vary according to the type of development and the type of activity. The lowest approval rates relate to change of use of land 86%, and to office developments (79%).

- Primary reasons for refusal relate to design, landscape and visual impact and to highway considerations.

- Where conditions are imposed on an approval the most frequent conditions relate to design/use of materials and restriction on activities.

- 43% of applications for rural economic development were determined within eight weeks but 51% took between two and six months to be determined. 6% took over six months.

- 56% of applications for rural economic development were determined by committee, 44% were determined under delegated powers.

6. KEY FINDINGS

6.1. This Chapter divides into three parts. First it looks separately at what has been learnt about individual rural businesses; about the function of market towns; and how rural economic development is viewed at the national level. This section draws heavily on the results of the case studies, postal questionnaire and workshops. Second, it looks at the current influence of planning on the rural economy based on the findings set out in the previous Chapters of this report. Finally, there is a discussion of the implications for planning – how it could perform in the future for the benefit of the rural economy.

Individual rural businesses

6.2. The case studies combined with the postal questionnaire provide a snap–shot of individual rural enterprises, from those involving a single self-employed person, to those employing over 200 people. From these a picture emerges of some of the key characteristics of the rural enterprises identified. These are summarised below.

- *Entrepreneurship:* With a few exceptions, the businesses have been developed by one or two people. There is a real sense of personal commitment. Therefore while there is a perception that rural Wales lacks entrepreneurs, this is not entirely borne out by this study. Part of the issue is that many of these small and growing businesses lie hidden from normal view. They are fiercely independent and therefore want to avoid outside "*meddling*".

- *Advantages of a rural location:* Responding to the advantages and disadvantages of operating in a rural location the common view was that the advantages were: an attractive environment, the availability of staff, and grant assistance, and the lack of traffic congestion. The main disadvantage was identified as the cost and time penalties in transport and distribution and, to a lesser degree, poor business advice, high rates and the scarcity of different types of staff.

- *Local sourcing:* Some of the businesses are in rural Wales because they are sourcing local raw materials such as Belfield Timber (Case Study 1) and Owen.G. Owen abattoir (Case Study 3) both near St Asaph. Some are located there because of strong family ties and a very strong desire to work close to the family home – this loyalty to Wales and a desire to be in a location where business can be conducted in Welsh should not be under-estimated. Others have been attracted into the area because of the availability and affordability of suitable premises, such as Express Contract Drying in Tregaron (Case Study 20), a privately-owned food flavouring and colouring business, established ten years ago by the owner who moved from Northampton.

- *Start-ups and expansion:* A considerable number of the businesses have started in the last ten year and some have grown considerably. Until recently Berwyn Bakery in Bala (a third generation family company indigenous to Bala) employed around 50 people. This has now risen to 120 with an expectation that it will rise to 150 in the near future (Case Study 17). Belfield Timber aims to expand and is now organising an annual 'Woodfest Wales' event which it is hoped will attract

25,000 people a year, while Express Contract Drying has expanded and plans further expansion in the future.

- *Using natural resources:* Some are rising to the considerable challenge of developing new businesses based on the area's natural resources. Belfield Timber, is specialising in the production of floorboards and timber frames using hardwood (mainly oak) with 50% of the wood sourced from Welsh woods and serving a local, national and international market, with demand exceeding supply. A rather different example is the Tower Colliery Briquetting Plant (Case Study 8), which makes coal briquettes formed from coal dust and resin, suitable for use in smokeless zones, for which there is a growing demand around Britain.

- *Employing local staff:* With the exception of the St Asaph Business Park (Case Study 2) and some of the major employers in the Ammanford area (Case Study 6), both the case studies and the postal questionnaire returns indicate that the majority of rural businesses employ local staff. Of the 811 employees identified through the postal questionnaire, the majority (58%) travel under five miles to work, with only 15% travelling more than 15 miles. This is a recurring theme amongst the case studies located in accessible and remote rural areas - all source local labour (except, as in the case of the Ruthin Tandoori (Case Study 12) where specific, ethnic, skills are required).

- *Attracting staff:* Most companies are recruiting unskilled and semi-skilled labour reflecting their rural location. Larger companies such as the Tweedmill Factory Outlet (Case Study 4) and Berwyn Bakeries are offering flexible working hours to attract labour, while the Bakery is also trying to recruit local farmers, as factory work makes use of transferable skills. The Bakery is also trying to develop links with local schools and seeking to overcome the mental barrier of factory work.

- *Staff training:* Although there was a recognised shortage of skilled staff, nearly all of the established businesses were offering extensive in-house training, often linked to the attainment of NVQs and often with the support of LANTRA or ELWa. To take a few examples, Belfield Timber as part of a detailed in-house training programme provides support in gaining chain saw and fork lift truck certificates; the Tweedmill has a training skills development matrix and is soon to pilot computerisation of their training programme with the support of the local college; and at Berwyn Bakery every member of staff is enrolled on an NVQ course and all receive computer training. Where more specialist training is required, staff may be sent on specific courses, for example, in the case of Express Contract Drying, Food Hygiene Certificates are gained from the food technology centre at Horeb.

- *Grants*: From the postal questionnaire it is evident that grants are seen as important to rural businesses, with some applicants reporting that their business could not proceed without them. They have also been central to the growth of some of the businesses considered as case studies. Variable comment was received on the advice and support accompanying grants. Some reported an excellent service, whereas the advice of consultants was often heavily criticised in terms of: lack of understanding of local circumstances; insufficient grasp of the business being advised; and a theoretical rather than practical understanding of how to run a business.

6.3. What was clear, however, was a general feeling of optimism amongst the businesses. Of those who responded to the questionnaire, most were positive, anticipating continuing expansion and investment. No respondents reported a decline in their business, although two reported that their activities had been hampered by planning restrictions. The same optimism permeated the case studies – where planning permission had been granted. The single exception was the abattoir where the future post FMD was still unclear.

6.4. What these case studies re-emphasise is the importance of micro-businesses and SMEs to the Welsh rural economy. As highlighted in Chapter 2, these SMEs are very well integrated into their local area – they draw their labour from their immediate hinterland and are connected to local schools and colleges. In return they provide staff training and offer flexibility to attract as wide an employee base as possible. These findings support those of other research such as Mills (2000) which identified that rural SMEs (in the South West of England) chose to stay in their rural location because of established local networks, which may form a web of connections into the local economy.

6.5. As part of the postal questionnaire, respondents were asked about what further assistance would help rural businesses. The key response was the need for better communication between economic development and planning bodies, and a more integrated view on the future of an area:

"Perhaps a committee of advisors that encourages the rural economy to flourish" (Pony Trekking Centre).

Market towns

6.6. Through the literature review and consultations the state of the rural economy has been described. It is consistently characterised by low unemployment rates, low activity rates and low income, generating low growth. This is probably a fair description of the market towns studied, with an average of only 6.5 planning applications for economic development per market town per year.

6.7. **Market towns as service centres:** The findings of Chapters 4 and 5 have re-emphasised the service function of the market towns, both in terms of the service provided to surrounding communities and in terms of the employment offered. Only in Ammanford (near urban) does employment in the service sector fall below 60%. In a town such as Tregaron (remote rural) 84% of employees and 75% of business units are in the service sector, while out of eight planning applications relating to the rural economy, seven related to the service sector. However, despite this emphasis, it is clear that the service function of the market towns has decreased markedly over the last few years. Towns such as Ruthin and St Asaph have been successful in attracting and retaining major public employers such as Council and WDA offices. But others, such as Bala and Tregaron, have lost public and financial service employers to larger centres, setting up patterns of out commuting and eroding the network of local supply chains – in Ruthin it was noted that a number of the key local employers in construction, fencing etc were closely linked in to fulfilling Council contracts.

6.8. Equally the retail function of most of the market towns has declined sharply as larger centres have taken over their traditional retail function. This is perhaps less pronounced in the remote market towns, simply because remoteness requires that communities are more self-sufficient. But in the accessible rural market towns, it is requiring that these centres re-invent themselves.

6.9. **The role of schools:** From this study the pivotal role of schools in the service provision of market towns has been highlighted. They are a key employer, especially in smaller market towns such as Tregaron (para 4.47). They are also pivotal in forging a link between potential future employees and local business. But maintenance of pupil numbers is difficult with an aging population and a loss of people in the age range 20 – 40. Especially difficult is the retention of viable 6th forms. A separate but important point is the perceived lack of people in the higher skill bands. In some cases they are there but currently commuting out to employment elsewhere.

6.10. **Dispersal of activity in near urban areas:** As is evident from the findings of the last Chapter, in near urban areas there are now potentially additional forces working against the traditional role of market towns as a hub in the settlement hierarchy. With major land allocations for economic development in adjacent settlements with direct links to the national road network, the economic focus is moving away from these near urban towns. Commentators on St Asaph felt that the St Asaph Business Park (located one mile outside the town on the A55 Expressway) had done little for St Asaph itself as, with the low friction of distance with good road access, the majority of employees commuted to the Park from further afield (para 4.21). Furthermore there was concern that the Park might be positively disbenefiting the sustainability of St Asaph by causing traditional office-based services (eg solicitors) to relocate from the town centre. Equally, in the southern zone, the planning statistics suggest that the adjacent settlement of Capel Hendre is now providing a greater economic draw than Ammanford (para 5.23).

6.11. Yet this potentially gloomy picture of market towns is by no means the full story. Caught within them, especially in more remote areas, is a very strong sense of community which provides the key to future development. In Bala the key forces driving economic activity relate to the development of a strong workforce loyal to the town, the importance of community spirit and family connections (as exemplified by Berwyn Bakeries), and the town's distinct Welsh identify (para 4.41, 4.48).

6.12. **Moving slowly but with certainty:** Within the market towns the success of community groups such as Antur Penllyn and Curaid Caron has been in taking a realistic and long term view and working with the aspirations of local people and businesses. For example, in developing tourism in Tregaron, current emphasis has been focused on day visitors *"getting the product up to a certain level before getting people to stay"*. The emphasis is not on developing a big tourist industry but on developing a lasting, sustainable and diverse one.

6.13. **Business clusters:** In turn, there is beginning to be evidence that market towns are starting to re-invent themselves as specialist centres bringing a new dimension to the rural economy. For example, Llandeilo is already developing as a specialist retail centre and has carved a small niche in conservation administration (offices of the National Trust, CCW). There are also moves to develop a craft economy and to focus on media developments with the technium at Gelli Aur as the focus, and with the potential of a bio-technium associated with the National Botanic Gardens (para. 4.34). However, as these specialist clusters develop it will be important to ensure that they are integrated into the local economy and support the development and retention of skills in the local population.

6.14. **Quality of life:** A vital message that came through from the workshops and other consultations was that the success of a town (or indeed the rural economy more generally) should not be judged by GDP alone. Success is much more appropriately measured in terms of quality of life issues. One of the key reasons why people have chosen to live in rural areas is because of the quality of life offered – so long as communities are able to stay viable and vibrant and can find ways of supporting necessary services, levels of GDP are less of a concern. In Bala it was noted that the annual turnover of many small owner-occupied retail outlets was small but the owners were happy with this, preferring the lifestyle it offered. It is the subtlety of what is important to individual communities that can only be picked up and acted upon at a community level

The national picture

6.15. Clear themes emerge from commentary and policy concerning the Welsh rural economy. Strengths centre on the high quality of the Welsh rural environment and its links with agricultural produce and tourism and recreation. Strong communities and cultural identity are emphasised. Weaknesses are far more numerous, and include an overly-narrow economic base, inaccessibility, lower skills levels and take-up of ICT, out-migration of the young, and lower levels of productivity and innovation. Other important features are the crucial role of SMEs and micro-businesses in the rural economy and the fundamental influence of commuting, which is not well-understood.

6.16. Available statistics[18] qualify these themes. GDP per head is lower than the Welsh national average whilst activity rates are higher. The public sector and a range of services dominate the rural economy, though agriculture still makes up a significant number of rural businesses even though it employs less than 10% of rural workers. GDP per head in rural Wales is only 1% lower than the national average (**Table 2.1**), and the activity rate is 3% higher (*A Winning Wales, 2001*). The spread of employment is broadly similar to urban Wales (**Fig. 2.1**). The differences between the economies of rural and urban Wales, then, are not pronounced, though there is ample evidence (including from this study) that the differences between different parts of rural Wales are very significant.

6.17. The decline in agriculture and impacts of the FMD epidemic have remained prominent, but overall in 2001 the Welsh rural economy still grew by just under 1% (against pre-FMD estimates of a little over 2%), though agriculture declined by 11% and tourism by 8% (Midmore, 2002). Nevertheless, this year planning officers are

[18] para 1.7 describes the shortcomings of statistics on rural Wales

reporting a notable increase in the number of applications relating to rural economic development.

6.18. What this study has indicated is that while the economies of the market towns are closely linked to public services, there are signs of both increasing diversification and of emerging germs of concentration of activity into activity clusters that bode well for the future.

6.19. Against this background there is now a raft of policy and initiatives impacting on the Welsh rural economy. Though criticised for being un-coordinated, strong agreed themes emerge (para 2.30).

6.20. The need to understand in detail and work with the grain of local rural economies is an established idea. It is linked with the importance of supporting existing businesses, developing the local skills base and fostering entrepreneurial activity. The foundation role of the rural environment to many elements of the economy is well understood, and policy stresses the importance of adding value to produce and encouraging the green economy.

"In particular, we must see the traditional farm base of the rural economy not only as the source of farm-based diversification in itself, but also as a base for new non-farm economic activities associated with converting and transforming its land, woodlands, buildings and environmental and human resources. Rural Wales needs to re-integrate its agriculture back into a more diversified rural economy so that it complements and stimulates non-farm businesses as well as placing itself on a firmer footing for the future." (*Diversifying the Rural Economy*, 2002)

6.21. More strategically, policy identifies that the future diversification of the rural economy should be sustainable, and that local communities should be intrinsically involved. Forging all elements together is the persistent theme requiring **integration**, in conception and delivery.

6.22. What emerges from looking at the micro to the macro level, is the need for an integrated understanding of how rural areas do and could function to achieve broad sustainability objectives. The role of planning in this is considered below.

PLANNING AND THE RURAL ECONOMY: THE CURRENT STATE

Planning policy

6.23. National planning policy has evolved rapidly in the recent past as *Planning Guidance (Wales) Planning Policy First Revision* (1999) has been superseded by *Planning Policy Wales* (2002).

6.24. *Planning Guidance (Wales) Planning Policy First Revision* (1999) gave broad support for economic development and rural diversification. *Planning Policy Wales* (2002) is more sophisticated, giving detailed guidance on the pursuit of sustainable development and rural diversification. Specific support is given to the green economy, business and technology clusters and meeting established social needs through particular kinds of development. Also, it is suggested that "*In rural areas local authorities should prepare an integrated rural development strategy to facilitate diversification of the rural economy, seeking to accommodate both traditional rural industries and new enterprises.*" (7.3.1)

Development plans

6.25. The relative newness of *Planning Guidance (Wales) Planning Policy First Revision* (1999) means that it has influenced only some of the development plans in Wales. *Planning Policy Wales* (2002) is too new to have influenced any.

6.26. Amongst the development plans reviewed, there is general support for economic development (para 3.24) and rural diversification (para 3.27), focusing most development on larger settlements (para 3.19) and more detailed policies covering a range of activities, from tourism to home-working, although there is no coverage of business and technology clusters introduced in *Planning Policy Wales* (2002). A variety of sites of three types are allocated for economic development: strategic sites, sites for local needs, and lower density high quality sites (para 3.38). Not all plans cover all issues raised in *Planning Guidance (Wales) Planning Policy First Revision* (1999) and there is little evidence of local authorities basing planning policies on systematic assessments of local economic and social needs (para 3.45).

6.27. In broad terms though, there is little evidence from development plan policies that planning is unduly restraining Welsh rural economic development. Policies are rarely more restrictive than *Planning Guidance (Wales) Planning Policy First Revision* (1999), and in some cases are no more detailed.

Development control

6.28. Of the 199 applications for economic development activities made over the last three years across the sample rural settlements, 87% were approved, 8% refused and 5% withdrawn (para 5.35). National approval rates are not available for Wales, but in England the average approval rate over the last five years has been 88%. Thus the approval rate for economic development in rural Wales is close to the overall approval rate, which covers a considerable number of minor, uncontentious applications such as domestic extensions.

6.29. The approval rate does vary across types of application, types of economic activity and by location. Extensions (97%) and building alterations (94%) have the highest approval rates whereas changes of use for buildings (90%) and land (86%) have the lowest (Table 5.10). This is not surprising though, as changes of use usually involve matters of principle whereas alterations and extensions often do not and thus will be 'easier' to approve.

6.30. Approval rates by type of economic activity vary between 100% and 79% (para 5.37). These are strongly influenced by the relatively small numbers of applications in each classification.

6.31. Approval by location also varies between 92% for dispersed settlements and 86% for the market towns (para 5.38). This is slightly surprising as larger settlements are the preferred location for economic development in policy, but again this variation is not large enough to be seem as particularly significant.

6.32. Thus the basic development control situation is that the approval rate for economic development in rural areas is similar to the overall approval rate, and thus again there is little evidence from planning decisions to support the premise that planning is unduly restraining Welsh rural economic development.

6.33. Reasons for refusal (Table 5.12) add further detail to this picture. The most common reasons for refusal relate to issues faced by any planning application: design, visual intrusion and highway safety. Reasons relating to the principle of the development, such as inappropriate development for the location and sustainable transport issues are rare. This supports the conclusion that economic development *per se* rarely meets planning obstacles, though there may be problems with the detail of individual applications. But planning is slow with only 43% of applications being approved within eight weeks. This slowness is of particular concern to economic activity.

6.34. Most conditions imposed also relate to aspects of development which are not unique to economic development (Table 5.13): design and materials, access, parking and so on. Interestingly, conditions restricting activities and hours of use are quite frequently used, although the removal of permitted development rights and personal conditions are not. The use of such conditions is only advised where they are necessary to allow the development to be permitted. Economic development in rural areas will frequently be located close to dwellings and thus restriction of activities and hours of working may be necessary. In the questionnaire returns and in only one case study was the imposition of a condition (personal) objected to. This indicates that the conditions were generally reasonably imposed.

6.35. There are few surprises in development control then. Approval rates are generally high. Reasons for refusal usually concern issues common to all types of planning application and rarely question the principle of economic development. Conditions most often address mundane planning issues and where they seek to control aspects of the use, objections are rare. Rural economic development applications also make up only a small part of the workload of local planning authorities, as they are few in number, although officers commented that they have significantly increased over the last few months. There is little to suggest therefore that development control decisions are significantly obstructing economic development. The one very significant issue is the long time taken in determining the majority of these planning applications, which can have very considerable knock on effects for a small business (para 5.16).

Planning applications

6.36. Through this study a significant amount of data has been collected on the detail of planning applications as opposed to their experience of development control. This data does provide an accurate picture of the economic development activities which have required planning permission and thus is useful in indicating the points at which planning and economic development activities touch.

6.37. The key points to emerge from this data are that:

- The most common economic activities for which planning permission has been sought relate to the service sector with shops, catering, tourism, hotels, professional services, public services and administration (including schools), and day and health care making up 54% of applications. Light and heavy industry comprised 12%, offices 6%, and storage and distribution 5%. Food processing and environmental products made up only 3% of applications despite the prominence given to these activities in guidance, though this may reflect the newness of this shift in policy and agricultural support under the Rural Development Plan for Wales (para 5.26).

- In broad terms, near urban areas show the greatest mixture of uses, whereas accessible and remote rural areas show a greater bias towards services, particularly retailing (accessible) and catering (remote) (para 5.28).
- The majority of applications (77%) relate to expansion of existing businesses rather than new businesses (para 5.32).
- In near urban areas, as already noted, there is as great, if not greater, economic activity in the surrounding settlements as in the market towns, encouraged by major land allocations for economic development with easy access to the national road network (para 5.23 & 6.10).

6.38. Taken together these findings are significant. They illustrate that planning policy's aim of focusing economic development in larger settlements and on allocated sites is reflected in the reality of planning applications. The economic development most frequently encountered in rural settlements is a variety of services. Land-based activities such as the processing of food and other produce is statistically relatively rare. Most planning applications concern existing businesses.

Conclusions

6.39. Together the findings on development plans, development control and the extra detail from the planning applications paint a revealing picture of the current state of planning and rural economic development:

- Policy is broadly as *Planning Guidance (Wales) Planning Policy First Revision* (1999) envisages. Planning applications pass through development control **slowly** but with few other difficulties. To complete this picture the relatively low rate of activity for economic development in rural Wales has to be added. Thus policy is generally welcoming of economic development and where applications are made they are generally approved.
- The planning system's role is mostly re-active. It does little to discourage economic development but little to encourage it either (other than through allocating sites), principally because in the absence of significant pressure for development it can do little to direct such development.
- Importantly, though, the information about the six market towns (Chapter 4), clearly illustrate the varying complexities of the economies and communities of different market towns and their surrounding settlements.
- This study has not been able to provide a detailed understanding of the dynamics of these areas. Important elements, such as the nature of commuting, are not

available. Nor have any of the development plans examined systematically investigated these relationships. Economic development strategies and similar documents only address some of the relevant issues (para 3.41). Planning officers consistently report feeling insufficiently in-touch with the local economy and economic development activities in their area (para 5.41). Economic development officers report varying, often weak, links with planning colleagues (para 3.43).

6.40. In simple terms, for a variety of reasons, the planning system does not appear to be sufficiently 'on top' of the rural economies of Wales to have a significant role in shaping its future. **The friction of the planning system on rural economic development, positive or negative, is low**.

6.41. A principle objective of this study, however, has been to investigate how the planning system might have a more positive role in encouraging economic development to assist in sustaining rural communities. *Planning Policy Wales (2002)*, published since this study commenced, has strongly reinforced this objective. Significant consideration therefore needs to be given to the future of planning and the rural economy.

PLANNING AND THE RURAL ECONOMY: THE FUTURE

6.42. As discussed above (paras 3.7 – 3.16), *Planning Policy Wales* (2002) adds considerable detail to previous national guidance. Policy for rural sustainability is expanded, recognising the complexity of rural resources and needs, and the requirement for greater policy integration.

6.43. Through *Planning Policy Wales*, planning is seen as having a key role in promoting rural diversification in Wales. It is suggested that work to diversify the rural economy may be marshalled through an integrated rural development strategy, prepared by the local authority (or others). That new development will be required across much of rural Wales, and that it should mainly be located within or adjoining settlements, is explained, and detailed guidance is provided for the green economy, business and technology clusters and development to meet established social needs.

6.44. This amounts to a considerable step change for Welsh rural planning.

6.45. A key theme of this study's findings has been the lack of co-ordination and integration of the many policies, programmes and activities now impacting on the rural economy. Further, the importance of understanding the great variation of economic, social and environmental circumstances across rural Wales, and of basing policy and action on such understanding, is a consistent theme. That the principles of sustainability should underpin future rural development is widely agreed. Community development and involvement in rural development are also seen as essential.

6.46. This section now discusses the principal issues relating to the future of planning and the rural economy.

6.47. **Integrated rural development strategies:** The central tenet of integrated rural development is that of seeing economic, social and environmental requirements as of equal importance, **together**, in all decisions. As such it is essentially the outworking of what has come to be commonly agreed as rural sustainability. The environment, community and economy are given equal weight and development solutions search for synergy between them.

6.48. *Planning Policy Wales* (2002), in its new guidance on rural sustainability, provides crucial context, emphasising the diversity of rural Wales, the various needs of residents and visitors, and that policy integration is essential if these issues are to be addressed. This guidance needs local application.

6.49. The need for integration is clearly apparent. Nationally Wales is seeking to develop a spatial plan to co-ordinate a wide range of activities across Wales. The WDA has four regional Divisions, there are also four freestanding Economic Fora and Planning Fora. ELWa is producing regional strategies and there are initiatives such as the Community Regeneration Toolkit which also work regionally. More locally, Objective 1 programmes have been developed, and Economic Development and Community Strategies are being prepared. This is not a comprehensive list. Rural Wales is covered by a plethora of policy and initiatives. But as yet there is no place where these various activities are considered together, coordinated and given more local interpretation, reflecting local circumstances – this is a role that can be performed by an Integrated Rural Development Strategy (IRDS).

6.50. The preparation of such a Strategy though, must not add significantly to the workload of local authorities or others. Nor must it be an end in itself. Rather it should be a means to many different ends, allowing the better use of existing resources. To this extent an IRDS may be thought of more as an organising framework and process, than a written report.

6.51. In many respects an IRDS should encompass much of what local authorities and others do already but with the added perspective of bringing integration and synergy between currently disparate policies and actions. It should not involve a great deal of new work but rather new ways of thinking about existing work. To this extent, an IRDS could well be developed as part of existing processes (such as a Community Strategy or Objective 1 Strategy) than as an entirely separate stand alone document.

6.52. The core ingredients of an IRDS should be integration between different areas of interest to bring mutual benefit; reflecting local circumstances and needs in all decisions; and basing action on local community involvement, ownership and delivery. Fundamentally it should be **realistic** with objectives clearly rooted in place.

6.53. An integrated rural development strategy should also, justifiably, enhance the role of planning in rural diversification. Land use planning is a unique discipline. It aims to consider all elements contributing to the future development of an area - housing, employment, transport, tourism, communities, heritage, the environment etc. – in order to determine a strategy for the future, over a relatively long time-scale. Thus it is fundamentally concerned with the current geography of a particular locality and how to influence it for the future, capturing crucial issues such as the varying patterns of settlement across rural Wales and the limitations and opportunities presented by particular locations. A fundamental role of planning is to be holistic, strategic, integrating and to hold a longer-term perspective. *Planning Policy Wales* (2002) has recognised this.

6.54. This is not to say that the planning system is a principal means of delivery for rural development. More, it is that planning may be instrumental in setting the Strategy to guide delivery and then play its respective part in that delivery.

6.55. Further guidance on the preparation of integrated rural development strategies is provided in a separate Annex.

6.56. **Local business:** The range of businesses in the Welsh countryside is already diverse. This study's findings and a broad range of policy and commentary stress the importance of **existing** businesses to the future of the rural economy (para 2.31). Whilst inward investment has a role to play there is agreement that this should not overshadow support for indigenous businesses. Planning should not overlook the principal importance of existing local businesses which have established networks into the **local** economy and employ local people (assuming that their impact on the environment is benign).

6.57. There is a general lack of pressure for economic development across rural Wales. Thus, firms which are well established in a rural location are of crucial importance, particularly when they are imbedded in the local economy and community. Often such firms are committed to their location. Should they leave there may be serious local consequences. Planning policy and decisions should be prepared to 'back winners' in rural areas where there is confidence in a firm's continuing local benefits (para 6.2). The recent case of Gwasg Gomer, a publishing and printing firm in Llandysul is a good example. Despite being in the 'wrong' strategic location, the firm has been allowed a significant expansion.

6.58. **Planning to meet social needs:** The requirement that planning policies and decisions should aim to satisfy established economic and social needs is not new and has been advocated by national guidance since 1995 (DoE). *Planning Policy Wales* (2002) reinforces that this requires up to date and detailed local analysis. This thinking may be embodied in the development of Integrated Rural Development Strategies.

6.59. **Allocated sites:** Allocated sites have traditionally been a central component of planning for economic development and will continue to be so but their location is critical. For example, the industrial estates in Bala (para 4.48) and Ruthin (paras 4.29 – 4.30) have been central to maintaining the economic viability of these communities. On the other hand, major land allocations on the strategic road network may have a role and impetus entirely unassimilated into the rural economy (para 5.23). It is the effect of these allocations on the rural economy and on likely patterns of movement that need to be considered.

6.60. *Planning Policy Wales* (2002) reinforces the policy that allocated sites will usually be within or adjacent to settlements. It is also noted though, that some industries may have land requirements which cannot be met from within settlements, and that the absence of allocated sites should not prevent small-scale economic developments.

6.61. Local planning authorities will need to consider the choice of allocated sites likely to bring the greatest benefits all round, and the rationale for small-scale development off allocated sites (within, adjacent to and outside settlements). Without such thought, allocated sites can fail to attract business and may, in certain instances, set up unsustainable patterns of movement.

6.62. **Community development and involvement:** The importance of community involvement in formulating strategies and in decision making is now well understood (para 2.31), as is community development (as an essential partner to economic development (para 4.41). It is therefore essential that communities have a central role in deciding the future for their rural area.

6.63. **Settlement strategy:** As indicated in Chapter 4, every market town is different. Therefore assuming homogeneity in the service functions provided by market towns is not enough. Planning policy has to capture the diversity of rural Wales. The different roles of different market towns, how their economy can be nurtured in the most sustainable way, and how they can best serve their rural hinterland, both in service and employment provision, must be considered, as should the roles of smaller settlements. In the case of dispersed rural settlements there may be a case for allowing new economic development where this will be clearly assist the local economy. Where integrated rural development strategies are prepared they should give detailed consideration to existing settlement roles and relationships, and set future settlement strategy accordingly.

6.64. **The green economy / business and technology clusters:** *Planning Policy Wales* (2002) encourages a shift towards the green economy where clusters of businesses can reduce their environmental impact through measures such as waste stream technologies. It also encourages business and technology clusters where firms might also benefit from co-location.

6.65. Both policies are, at the moment, essentially aspirational as few policies for (para 6.26) or examples of such development exist (para 5.26). Given the likely marginal ability of the planning system to make such development occur the role of an integrated rural development strategy in orchestrating such policy objectives could be helpful (para 6.13).

6.66. **The land-based economy**: Contemporary policy makes much of the need to add value to land-based produce and stresses localisation and integration of supply. This is central to the future of farming in Wales (para 2.26). Few planning applications have been made for such developments to date (para 5.26). Thus the planning system again can only have a marginal influence in stimulating such economic development on its own. This however should form a central strand of any integrated rural development strategy. Not only should the strategy make provision for local processing (and required infrastructure) but it should identify the potential links with broader land management issues. For example, encouraging higher environmental performance in farming practices as a means of adding value to farm products. In this way integrated rural development strategies could link with future agri-environment proposals.

6.67. In considering the land-based economy it will also be essential to consider the role of woodlands and forestry and the potential to add value to woodland products. Integrated rural development strategies may also provide the justification for wood heat and biofuel proposals where clear sustainability benefits can be identified.

6.68. **Tourism:** Many existing strategies are now being prepared for tourism that DO seek to address local needs and respond to local circumstances (for example green and cultural tourism strategies). These would naturally form a central input to an integrated rural development strategy, allowing the links and synergies with the broader rural economy and conservation measures to be understood and maximised.

6.69. **Broadband and ICT**: Broadband and ICT have been stressed as crucial to the future of rural Wales. But Broadband cannot be economically supplied to large parts of the countryside (para 2.22). A strategic approach to the utilisation of Broadband and ICT is essential. Planning's holistic input to integrated rural development strategies would crucially inform the detail of such strategy and guide aspects of its implementation.

6.70. **The culture of planning:** Links between development plan officers, economic development, and development agency colleagues are variable, as are links to the local community (para 3.43). Development control officers often feel that they do not know enough about their local economy, or the activities of economic development and development agency colleagues (para 5.14).

6.71. As already identified, the planning system's role in rural economic development is currently curtailed but has the potential to be significant, particularly through wider use of integrated rural development strategies.

6.72. Accompanying and linked with the use of such strategies, is the need for a change in the culture of planning, whereby there is far greater exchange between planners and those other stakeholders concerned with the future of rural areas. Policies, programmes and action should be far better cross-informed and coordinated. As a result, in development control in particular, officers should be able to be less conservative. Pre-application discussions and earlier indications as to the broad acceptability of proposals are key business concerns and should help speed the process.

6.73. Such an approach to integrated rural development, without doubt, requires a sustained commitment and risks failure unless properly supported and resourced, both in planning departments and elsewhere.

6.74. **Flexibility:** A complaint from rural business is that the planning system is insufficiently flexible (para 5.9). There are two ways to regard flexibility. First, greater flexibility could mean relaxed planning controls. There is little evidence in this study that planning controls for rural economic development are unduly tight. Policy relaxation would also risk harmful development.

6.75. The second interpretation of flexibility is the need for planning policy and decisions to take more account of local circumstances and the circumstances of individual businesses. It is a key principle of the planning system that each case should be determined on its merits. It may be, though, that for economic development in rural areas greater flexibility could be exercised. Braced by a closer understanding of the local economy, businesses and communities, planners could be imbued with the confidence to be more flexible where a proposal clearly meets broader sustainability objectives.

6.76. **Changes to secondary legislation:** As part of this study, a number of changes to secondary legislation that would affect rural economic development have been considered.

6.77. There has long been a proposal that a rural business use class would assist rural diversification. Earlier research rejected this suggestion (LUC 2001). This study does the same. There is little evidence for the need for such a measure as planning is currently not unduly restraining rural economic development (paras 6.27, 6.35). A rural business use class would be a blanket approach in contrast to a central finding of this work indicating that more locally-differentiated approaches are needed (para 6.45).

6.78. *Planning: Delivering for Wales* (2002) asks for views as to whether local planning authorities might utilise Local Development Orders to amend Permitted Development Rights (including for economic development) and whether Business Planning Zones should be established. Both are measures of deregulation designed to stimulate economic development. Since this study has found that planning rarely holds back economic development in the countryside the need for either measure in rural areas is doubtful. Overall neither Local Development Orders or Business Planning Zones are recommended.

6.79. **Conclusion:** The planning system's role in development of the rural economy should be enhanced further. *Planning Policy Wales* (2002) recognises this and sets considerable policy challenges for the future of planning and the rural economy. There are achievable ways in which these challenges might be met, as laid out above. The formulation of an integrated rural development strategy provides a useful way of marshalling and guiding thinking at the local level. The gains offered by such an approach should be considerable both for the rural economy and the planning system.

7. RECOMMENDATIONS

7.1. Based on the findings of this study and the foregoing discussion, recommendations are made on the role of the planning system in encouraging sustainable diversification of the rural economy.

7.2. The focus of this research has been on economic development in and around rural settlements in Wales. It has not considered farm diversification per se as this has been covered by a separate study.

7.3. The recommendations are grouped under the following heads:

- primary and secondary legislation
- national guidance and awareness-raising
- local guidance
- local procedures
- further research

7.4. There are currently significant proposals for change to the planning system in Wales through the Green Paper *Planning: Delivering for Wales* (2002). At the time of writing no decisions have been made following these proposals. The recommendations are therefore made on the basis of the current arrangements unless elements of *Planning: Delivering for Wales* (2002) are specifically relevant.

PRIMARY AND SECONDARY LEGISLATION

7.5. No changes to primary or secondary legislation are recommended.

7.6. **Recommendation 1: There is a need for early preparation of development plans to link with other plans and strategies.** This is necessary to ensure that statutory development plans reflect both current national guidance and current circumstances, and link to other emerging strategies and plans (para 3.2). Up to date development plans that are regularly reviewed and updated are also essential for improving certainty and setting overall direction. Their preparation should be coupled with a programme for more detailed work once the plan is adopted, to take forward policies and to help inform the context to individual actions. The Green Paper *Planning: Delivering for Wales* (2002) proposes that in future plans be reviewed at least every five years. This would be of great assistance in keeping policies dealing with the rural economy more up to date.

NATIONAL GUIDANCE AND AWARENESS RAISING

7.7. *Planning Policy Wales* (2002) is very new. The findings of this study support the many changes introduced in policy for the rural economy. Accordingly significant changes to national guidance are not recommended and the recommendations below assume that broad thrust of *Planning Policy Wales* will be followed. Therefore the recommendations that follow deal with points of additional detail.

7.8. **Recommendation 2: The Wales Spatial Plan and Technical Advice Notes should address integrated rural development**. Integrated rural development is a national as well as a local concern. Whilst much work on integrated rural development rightly rests at the local level there is a need for a national framework for integrated rural development. The Wales Spatial Plan should provide a national perspective for integrated rural development. This reflects *Recommendation 4* of *Farm Diversification and the Planning System* (2001), which identified the need for an over-arching framework for all policies and actions relating to integrated rural development.

7.9. There is also need for clear guidance on the preparation of integrated rural development strategies. Whilst many of the components of local integrated rural development strategies already exist, forging such a strategy will be a new endeavour for many authorities. TAN 6 should give clear guidance on the preparation of integrated rural development strategies (para 6.47 – 6.55).

7.10. **Recommendation 3: The Assembly Government should consider how local planning authorities should manage the preparation and use of integrated rural development strategies, including resource implications.** The new agenda for the rural economy and the planning system requires adequate support and resources. *Planning: Delivering for Wales* (2002) is, at the time of writing, considering the efficacy and resourcing of the Welsh planning system (para 6.47 – 6.55).

7.11. **Recommendation 4: As integrated rural development strategies are developed across Wales, the Assembly Government should:**

- **monitor the development of the strategies and provide a web-based resource of completed strategies and associated documents.** Integrated rural development strategies have the potential to greatly influence the future development of rural Wales, but also represent something of a step-change for policy and action (para 6.47 - 6.55). An accessible resource of strategies and associated materials would be useful not just for local authorities but for all others concerned with integrated rural development.
- **periodically provide an assessment of the work on integrated rural development strategies and update national policy and guidance accordingly.** It is important that national and local work on integrated rural development should influence each other and evolve accordingly.

7.12. **Recommendation 5: The Assembly Government should encourage all plans and strategies being prepared for rural areas to take account of the need for integrated thinking.** There is now a wide range of strategies and actions being applied to rural areas. It is important that these are seen in a broader context so that actions arising do not positively damage other areas of interest (paras 2.31, 6.47, 6.49).

7.13. **Recommendation 6: Further guidance is required on the green economy and business and technology clusters in a revision of TAN 6.** These are relatively new concepts and their characteristics and the variety of activities they might cover may not be clear. A simple overview of key features and some examples would be very useful to local authorities (para 6.64 – 6.65).

7.14. **Recommendation 7: National representatives of the farming community should indicate the likely development needs for adding value to farm products.** Local planning authorities would benefit from an indication of the likely planning implications of food processing and other methods of adding value to land-based products so that this can be taken into account in the future review of development plan policies. To date there has been insufficient development of this type for the majority of LPAs to be aware of the potential planning (and other infrastructure) implications (para 6.66). Such guidance could usefully be prepared by the CLA, NFU Wales, FUW, the Food and Farming Development Division of the Assembly, and Farming Connect, working together.

7.15. **Recommendation 8: The RTPI/WLGA should hold a series of regional workshops on integrated rural development for the planning community.** This builds on *Recommendation 13* in *Farm Diversification and the Planning System* (2001). Through a series of facilitated sessions the aim would be to raise awareness of the needs of integrated rural development, debate the potential spatial issues and potential policy implications for different types of settlement, and explore the pro-active role that planning can take. This will be important as part of a wider set of activities to change the culture of planning in support of integrated rural development (para 6.70 – 6.73).

7.16. **Recommendation 9: The RTPI/WLGA should promote the pro-active role of planning in diversification of the rural economy** (paras 6.40, 6.70 –6.73). This could be through activities such as articles, mail shots to members, and the identification of best practice examples.

7.17. **Recommendation 10: The Assembly Government should highlight Quality of Life as much as GDP as an indicator of the vitality and sustainability of rural communities and economies** (para 6.14)**.** Although more difficult to measure, Quality of Life is central to maintaining the vitality of rural communities and suggests that measures of contentment and satisfaction may be every bit as important as measures of GDP.

LOCAL GUIDANCE

7.18. **Recommendation 11: Local authorities should consider preparing an integrated rural development strategy to guide and coordinate policy, programmes and decisions affecting rural areas.** In many cases the preparation of such a strategy could link to existing initiatives to minimise the additional workload. Paragraphs 6.47 – 6.55 discuss the role and nature of integrated rural development strategies and the need for better coordination of the plethora of policies and initiatives currently at play in rural Wales. Integrated rural development strategies could play an important role in the future development of rural Wales, both setting an integrated vision for local rural sustainability and marshalling the work necessary to achieve it. Planning could have a central role in formulating these strategies and will be able to be pro-active in their delivery.

7.19. **Recommendation 12: Local planning authorities should base policies for their rural areas on a clear understanding of local circumstances.** Rural areas are diverse in character and settlement patterns differ. In consequence, if integrated rural development is to bring lasting benefits and is to be sustainable, it must be tailored to the locality (paras 6.19 – 6.20, 6.40, 6.45).

7.20. **Recommendation 13: Development plan policies for rural diversification should be criteria-based.** The new policies in *Planning Policy Wales* (2002), and the findings of this study, suggest that an increase in the coverage and detail of criteria-based policies for the rural economy and linked issues will be needed. This study cannot make detailed recommendations as to the form of such policies as they will necessarily vary from place to place according to the different development priorities derived from the integrated rural development strategy.

7.21. Instead the elements which development plan policies should cover are suggested with a commentary on the issues involved.

The rural economy: elements for development plan policies

Strategy	*Drawing on the integrated rural development strategy (if prepared), policy should set out the land use strategy for rural economic development, indicating how the strategy reflects local needs and circumstances.* *The strategy should have both spatial and sectoral dimensions. Spatially, the locations for major development and allocated sites should be identified, and the approach to development in different parts of the plan area explained. This should include a settlement strategy. Sectorally, the range of employment needed, and how this might vary across the area, should be stated. In particular consideration of the mix of employment needed should be broad ranging, including land-based industries, local businesses, inward investment, the role of ICT and the Broadband network, full-time, part-time, flexible, and home-working.* *In both cases it should be clearly explained how the selected sites, geographical variation of approach, and employment mixes are intended to meet known needs.* *Plans should contain clear statements of linkage to other strategies and programmes.*
The following elements are, essentially, components of overall strategy. They are dealt with individually for clarity.	
The green economy	*As discussed above, further guidance is needed on the green economy. Policy should detail criteria for the aspects of the green economy needed locally.*
Business clusters	*As discussed above, further guidance is needed on business and technology clusters, including Technia. Policy should detail the local criteria for clusters, including location.*
Land-based activity	*Policy should identify objectives for adding value to and strengthening linkages with the land- based economy, and criteria for associated development.*

Community	*Policy should identify objectives for community development and criteria for development to assist it.*
Local business	*Policy should clearly address existing local business and the criteria to be applied for its development. The circumstances in which a more flexible approach might be taken to development by local business or for new enterprises should be explained.*
Inward investment	*Policy should identify objectives for inward investment based in the needs it is intended to meet, and set criteria for development accordingly.*
Allocated sites	*Where sites are allocated criteria should be set for development on the site reflecting the needs the site is intended to meet.*
In addition to issues directly associated with rural economic development, there are also issues relating to most development which need to be taken into account.	
Design and amenity	*Policy should reflect the need to maintain the quality of the rural environment, not least because it is a fundamental economic asset. Criteria should ensure that development which, through its design or impacts on local amenity, would be harmful to the character of the countryside should not be allowed* (Para 2.47).
Traffic	*Reducing the need to travel by private car and encouraging the use of other modes should be addressed in the integrated rural development strategy and reflected in the policies for rural economic development and its various locational components.* *Policy should also reflect that in certain circumstances traffic generation, though not compromising highway safety, can also be harmful to the character of the countryside and should not be allowed.*

7.22. **Recommendation 14: Local policy (and decisions) should see rural diversification involving forestry produce as the same as that involving agricultural produce**. Amongst some forestry workers there is a perception that woodland and forestry diversification activities are viewed less favourably than farm diversification activities by the planning system. Local authorities should make it clear in their policies (and decisions) that there is equal support for agricultural and forestry diversification activities, although under current national planning guidance such activities do not normally provide a justification for new residential development in the open countryside (para 2.48).

LOCAL PROCEDURES

7.23. **Recommendation 15: Local authorities might consider setting up fora to advise on the future of local rural economies.** Planners, economic development officers and agency colleagues, local business and community groups and other interested parties do not communicate enough. Such fora should assist in identifying local needs and the policies and actions required to address these (para 3.46 – 3.47, 6.62).

7.24. **Recommendation 16: Local authorities should ensure that there is regular liaison between the different departments and sections of the authority that are concerned directly and indirectly with diversification of the rural economy.** Generally there appears to be relatively little contact between the different departments and sections of local authorities concerned with rural diversification. It is particularly important that there is liaison between forward planning, development control, economic development and those responsible for the development of Community Strategies within individual local authorities, to ensure that the local authority is taking a pro-active approach to rural diversification within individual communities (paras 3.43, 3.46, 6.72).

7.25. **Recommendation 17: Development control officers with a background or training in rural economic development should be designated to deal with economic development applications.** Rural economic development applications are not a high proportion of the workload of local authorities. It is important, though, that applicants receive expert advice. Thus it may be that certain trained officers are designated for economic development applications (para 5.14). They should also be ready to direct applicants to other sources of advice and assistance, fulfilling an element of a 'one-stop-shop'.

7.26. **Recommendation 18: There should be easily accessible pre-application advice. Pre-application advice should be recorded.** Pre-application advice is very important to applicants. It should be recorded to ensure consistency in the planning process (paras. 5.3 – 5.5).

7.27. **Recommendation 19: Local planning authorities should consider production of a checklist for economic development to allow applicants to gain an early impression of the requirements for such development**. Such an approach might help speed up the application process, ensuring that applications submitted meet the expectations of the local planning authority (para 5.17)

7.28. The checklist should provide a simple explanation of the considerations for applicants for rural economic development. The checklist should draw on the policies of the development plan and should include locational requirements, particular types of development being encouraged and local needs to be met, and more detailed requirements for development such as design and transport issues.

FURTHER RESEARCH

7.29. **Recommendation 20: There should be research into the contemporary and future roles of Welsh market towns.** The contemporary roles and dynamics of Welsh market towns are not well understood. This study has only been able to provide some illumination. Market towns are clearly seen as hubs of rural life by much current policy. There is a need to investigate from a national perspective and in greater detail, what roles market towns actually play in rural areas, their relationships with hinterlands, each other, and urban areas, and how this varies across Wales. Only from such a basis can their future role be properly considered and pursued.

7.30. **Recommendation 21: There should be research into the nature of commuting in rural Wales.** Once the Travel to Work analysis of the 2001 National Census is available, an assessment should be made as to its usefulness in describing rural commuting patterns. This study's findings have indicated that rural commuting patterns are significant, complicated, and vary from place to place (eg paras. 4.21 – 4.22). Understanding commuting in rural areas is essential to understanding the rural economy and sustainability. Should the Census results not provide sufficient detail research is necessary to develop a better understanding of rural commuting. In particular: commuting patterns relating to different types of location and different types of rural economic development (economic activity and scale); and the likely implications of ICT on commuting.

7.31. **Recommendation 22: There should be research into the impacts of development on allocated rural employment sites.** The effects of allocated sites seem to be very variable and poorly understood (paras 3.39, 5.24). Research is necessary to investigate the nature of firms attracted to sites, their employees, their impacts on local settlements and economies, and how these issues vary from place to place (including what makes some sites successful and others not).

7.32. **Recommendation 23:The future of home working to the rural economy needs to be better understood.** From this study, there appears to be variable levels of home working across the different settlement types (Chapter 4). Further research is required to understand whether it is full or part-time; what activities it covers; who it involves; the contribution that it makes to the rural economy; its growth potential; and what is needed to help it grow, recognising that it potentially represents a very sustainable form of economic development.

7.33. **Recommendation 24: There should be research into the relationship between the Welsh language and culture and the planning system in rural Wales.** TAN 20 requires that planning policies and decisions have regard to the Welsh language and culture. Such issues are particularly pronounced in rural Wales. This study has uncovered limited and mixed evidence as to the impacts of this policy. These impacts need more thorough investigation. At the time of writing the Assembly Government has decided to commission research addressing these issues for the period 2002/3.

Land Use Consultants and the University of the West of England
July 2002

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APPENDIX 1

NATIONAL CONSULTEES

NATIONAL CONSULTEES APPENDIX I

Association of National Parks
Campaign for the Protection of Rural Wales (CPRW)
Coed Cymru
Confederation of British Industry (CBI)
Council of Welsh TECs
Countryside Council for Wales (CCW)
Country Landowners and Business Association (CLA)
Environment Agency
Farmers' Union of Wales
Forestry Commission
LANTRA
LEADER Groups
Menter a Busnes
Mid Wales Partnership
National Farmers' Union (Wales)
National Trust
North Wales Economic Forum
Planning Officers Society (POS)
Royal Institution of Chartered Surveyors (RICS)
Royal Society for the Protection of Birds (RSPB)
Royal Town Planning Institute (Wales)
Small Woods Association
South East Wales Economic Forum
South West Wales Economic Forum
SUSTRANS
Wales Rural Forum
Wales Tourist Board (WTB)
Welsh Development Agency (WDA)
Welsh Language Board
Welsh Local Government Association (WLGA)
Young Farmers Club