



## Impacts and Opportunities – Discussion Paper

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### 1. Introduction

It is obviously too early to analyse what impact Covid-19 and social distancing measures to combat it will have on the Welsh rural economy. Nevertheless, there is a growing amount of commentary on early data and speculation about future trends. Low density of population and a tradition of working from home, it could be argued, make rural areas more resilient to the virus and the rush to the countryside from urban areas in the early days of the pandemic has reinforced this image. The longer-term impacts, urban-rural relationships and the opportunities rural areas offer when a new normal emerges will however need to be addressed.

Very little, if any, of the current narrative is focussed on rural Wales.<sup>i</sup> This brief discussion document aims to pull together an overview of what is emerging and highlight some policy areas that will need to be addressed for the non-agricultural rural economy.<sup>ii</sup>

### 2. Impact – Areas of Concern

When we talk of rural Wales it is not of course a coherent whole with some imagined border somewhere near the foothills of the Clwydian Hills, Snowdonia mountains and the top of the South Wales Coalfield. Resilience will also vary between communities due to historic economic structure, accessibility as well as supporting infrastructure.

As the impact of the pandemic and any subsequent waves of disease play out over the coming months and years, it is worth bearing in mind the characteristics of the rural Wales economy before Covid -19 and what particular vulnerabilities this brings.

The economy in rural Wales is dominated by small and micro-enterprises and self-employment. The vast majority of SMEs are closed, other than those businesses providing essential items or services. Their long-term viability remains uncertain.

Tourism is important to the rural economy. Visit Wales has recently undertaken a survey of tourism businesses across Wales and has found that businesses in the industry are doing the following to try and stay afloat:

- Alternative services such as takeaways or housing the homeless.
- Talking to the bank about overdraft arrangements and loan repayments.
- Cutting costs to a minimum.
- Claiming government support.
- Transferring bookings rather than refunding where possible.

Nearly all (96%) businesses expect the future impact of the outbreak to be 'significantly negative' and Visit Wales rightly underlines the extreme stress the situation is causing business owners.<sup>iii</sup>

The plight of the local High Street has been much talked about in recent years. The impact of a prolonged period of closure and loss of essential revenue usually brought into an area by tourism is likely to be severe. Independent businesses may be particularly vulnerable although any retrenchment in chain portfolios are likely to impact on small rural towns as businesses focus on populous urban areas.

The closure of rural pubs is likely to have a much wider impact than the loss of a local business. Pubs often provide a range of other services and can often be the last meeting place in a village. If they do not reopen, rural communities risk losing so much more than a social gathering space. Many community shops and rural pubs operate on very low margins and rely on volunteers to keep them operating. The Plunkett Foundation has raised concern about retail supply to village shops where suppliers are prioritising larger retailers at the expense of small village shops and other outlets.<sup>iv</sup>

The range of support for small business and self-employed is just being rolled out and we will need more evidence about its accessibility and adequacy for rural business. The Visit Wales survey reported some confusion in this early stage due to:

- Difficulty in getting through to banks to speak to anyone.
- Not knowing if or how the support in Wales differs from England.
- Finding the application process too daunting to look into.

Many operators, the survey says, need clarity on the nuances of eligibility and how to apply.<sup>v</sup>

As business increasingly goes online and many of us get used to meetings from home, the issue of the technology divide has been raised again with recent press coverage focussing on a valley in Denbighshire as an example of increased isolation due to the lack of connectivity.<sup>vi</sup>

Rural Wales has an ageing population and an already stretched social services with recruitment and retention of staff already an issue. How the rural labour market in this respect is impacted remains to be seen. The older population in isolated rural is likely to result in higher mortality rates, if the virus reaches them, according to researchers at St Andrews University. This, the researchers argue, could have a devastating impact on the Welsh language.<sup>vii</sup>

The impact on wider rural society has been highlighted in England. Small voluntary and community organisations, including village halls will have cancelled many planned fundraising events, many of which would have been their main source of funding for the coming years.<sup>viii</sup>

### **3. Rural - urban relations**

Even in these early days, there are some interesting debates opening up on what rights and responsibilities we have in relation to the countryside and rural areas, whether this is our right to the countryside for walking or the right to stay longer in times of crisis.

Urban dwellers using second homes as refuges from pandemic hotspots has been particularly sensitive for rural communities across the UK. Nick Gallent of UCL has pointed out this is an international phenomenon and shone a light on how other European and other countries have addressed similar issues.<sup>ix</sup> But, as Bryonny Goodwin-Hawkins from Aberystwyth University has recently pointed out, it is a complex issue, tied up with perceptions of class and belonging.

The benefits from tourism spend need to be balanced with the negatives. Additionally, some “second homes” are local families holding onto a family home or maintaining a link with an area.<sup>x</sup>

Resentment towards second homeowners has been heightened by qualification for business support because of the way their “home” is made available for rent.<sup>xi</sup> There has been a call for new ways of classifying second homes. This no doubt will be an active area of debate in future.

To what extent the pandemic will bring into any sharper focus the relationship between urban and rural remains to be seen, with many more dimensions than are currently being discussed. If, for example, we all get more used to working from home, will there be increased momentum for good broadband to be a universal service? If this happens, connectivity improves or attitudes of employers change what pressures will this bring as “home workers” move to rural areas? What impact will this have on communities and the Welsh language?

#### **4. Opportunities**

Independent enterprise agencies have been able to act quickly to initiate responses to the impacts of Covid-19 and to give voice to the experiences of rural Wales. These include:

- Menter Môn developing projects in direct response to emergency.<sup>xii</sup>
- PLANED podcasts reflecting on rural situation.<sup>xiii</sup>
- Antur Teifi – promoting business advice and local innovation.<sup>xiv</sup>
- Cadwyn Clwyd promoting local support.<sup>xv</sup>

Hopefully there will be space and energy at the other end of this to embrace new ways of doing things and to build on locally led initiatives that have sprung up over the past few weeks.

Some examples of emerging thinking include:

- Opportunities for a more localised food system. The Sustainable Places Research Institute, Cardiff University has called for sustainable and healthy food systems to be put in place.<sup>xvi</sup> Professor Terry Marsden was a co-signatory to the DEFRA Minister recently.
- A stronger focus on the circular economy and the foundational economy.<sup>xvii</sup>
- The need for training and new skills. Rubizmo is an example of a European initiative producing modules to empower the business support sector to set up online training for those who need it.<sup>xviii</sup>

Examples of the type of support offered in rural Europe are emerging.<sup>xix</sup>

It is a good time to emphasise the strengths of the LEADER approach and the need for community-based innovation when we rebuild and create a new economy for rural Wales.

#### **5. Questions**

In conclusion there are a number of questions to consider going forward:

- What are the key issues emerging on the ground?
- What gaps in support are there, specifically for rural enterprises?
- What opportunities could emerge from the crisis?
- Do organisations have evidence of how independent agencies are responding quickly and innovatively to the crisis?

- How should organisations engage with rural stakeholders and influence policy going forward?

## Endnotes

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- <sup>i</sup> Some coverage is beginning to emerge about the impact of Covid-19 on rural businesses and communities. <https://www.bbc.co.uk/news/uk-wales-52230209>
- <sup>ii</sup> The Centre of Rural Economy at Newcastle University has produced a Briefing Note on Covid-19's impact on rural economies. <https://www.ncl.ac.uk/cre/news/item/covid-19andruraleconomies.html>
- <sup>iii</sup> <https://gov.wales/tourism-barometer-coronavirus-covid-19-impact-survey>
- <sup>iv</sup> <https://plunkett.co.uk/covid-19-the-impact-on-rural-communities/>
- <sup>v</sup> Ibid
- <sup>vi</sup> <https://www.bbc.co.uk/news/uk-wales-52380373>
- <sup>vii</sup> <https://nation.cymru/news/rural-welsh-speaking-communities-likely-to-experience-heavy-population-losses-as-result-of-coronavirus/>
- <sup>viii</sup> <https://acre.org.uk/cms/resources/letter-to-george-eustuice.-covid-19-march-2020.pdf>
- <sup>ix</sup> Gallent, Nick. (2020). COVID-19 and the Flight to Second Homes. Town and country planning: the quarterly review of the Town and Country Planning Association. April/May
- <sup>x</sup> <https://nation.cymru/opinion/second-homes-in-rural-wales-should-we-change-the-locks-or-change-the-tune/>
- <sup>xi</sup> <https://www.bbc.co.uk/news/uk-wales-52316003>
- <sup>xii</sup> <https://www.mentermon.com/en/priosectau/ymateb-i-covid-19/>
- <sup>xiii</sup> <http://planed.libsyn.com/>
- <sup>xiv</sup> [https://twitter.com/antur\\_teifi/status/1247511349867020289](https://twitter.com/antur_teifi/status/1247511349867020289)
- <sup>xv</sup> <https://twitter.com/CadwynClwyd/status/1243541545103568896>
- <sup>xvi</sup> [file:///C:/Users/lizbi/OneDrive/Documents/Rural%20Development/Food/WWF\\_Full-Report\\_Food\\_Final\\_3.pdf](file:///C:/Users/lizbi/OneDrive/Documents/Rural%20Development/Food/WWF_Full-Report_Food_Final_3.pdf)
- <sup>xvii</sup> <https://foundationaleconomycom.files.wordpress.com/2020/03/what-comes-after-the-pandemic-fe-manifesto-005.pdf>
- <sup>xviii</sup> Building rural resilience in a post-coronavirus economy <https://rubizmo.eu/news/view/7d11112e-0057-4fc0-a2ca-a11f5f00324f>
- <sup>xix</sup> Examples of rural projects across Europe responding to the Covid-19 crisis [https://enrd.ec.europa.eu/rural-responses-covid-19-crisis\\_en](https://enrd.ec.europa.eu/rural-responses-covid-19-crisis_en)