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LIAISON COMMITTEE

Meeting to be held in Number 10 Downing Street at 10.00 am
on Wednesday 4 May 1983.

AGENDA

FLAG A

Item 1. Countryside Policy ~~_____~~
Paper by the Lord President of the Council, to
be circulated.

FLAG B

Item 2. Transport Policy ~~_____~~
Paper by the Secretary of State for Transport,
to be circulated. Mr Howell will attend the meeting.

FLAG C

Item 3. Diary of Events ~~_____~~
Note by the Chief Press Secretary, No 10, to be
circulated.

Item 4. Any other Business

Distribution:

Private Secretary, No 10 (3 copies)
Parliamentary Private Secretary, No 10
Secretary of State for Scotland
Secretary of State for Employment
Chairman of the Party
Chief Secretary, Treasury
Minister of State, Treasury (Mr Wakeham)
Chief Press Secretary, No 10
Marketing Director, Central Office
Director of Press and Public Relations, Central Office
Director, Conservative Research Department

Secretary of State for Transport

A

The Countryside

The connection between the Conservative Party and the countryside, has never been merely a matter of votes and parliamentary seats. The countryside has represented social and economic values of great attraction to Conservatives.

In rural areas traditional values and a structured society have survived to a much greater extent than in the towns and cities. The village is to many people the ideal social unit and the juxtaposition of land owner and tenant, farmer and farm worker, doctor and shopkeeper in a small community, represents a social balance which is often lacking both in the deprived and depressing council housing of inner cities, and less obviously in the dormitory suburbs.

Rural life in England has been characterised by greater social stability than urban areas: crime is less prevalent, living conditions of the poor are less squalid. The English landed estates and their neighbouring villages have enabled social change and mobility after the onset of universal education to occur without the traumatic effects which attended these changes on the Continent. Landed estates with sizeable tenanted farms and a substantial element of owner occupation enabled British farming to progress without the hindrance of a vast peasantry. It is a mistake, however, to assume that this stability is immutable and can survive unaided the pressures of the twentieth century. The changing role of agriculture as the main economic activity and employer in the countryside has had a number of consequences.

Our largest industry, agriculture, is a monument to rapid technical innovation and the absence of restrictive labour practices. British agricultural output is now nearly the highest in the EEC. The performance of our food and food-processing industries are a challenge to British manufacturing industry generally.

Even so, there have been major changes in the social and occupational character of rural life in recent years. The numbers employed in agriculture have fallen by two-thirds since the last war and this decline is likely to continue. Job opportunities in new economic activities in rural areas have not so far filled the gap left as agriculture has advanced by producing more with less labour. Since the number of agricultural jobs has been reduced the population of our villages is largely made up of the elderly, commuters and people with second homes. In England the decline of population in rural areas has very largely been arrested by the emigration of commuters from towns and cities, who do not always make use of local services.

Rural dwellers cannot survive solely on the beauty of the countryside. They need the economic activity that will create jobs that will lead to more rural services. If there are no jobs, there will be no people; if there are no people, there will be no village shop, garage, or school.

Besides these problems of maintaining economic activity in rural areas, pressures are being placed on the countryside by conservationists, by urban expansion and by those looking for greater access to the countryside. Changes in agricultural practice have been altering the face of the countryside ever since the Tudor enclosures replaced the strip farming of the feudal system. The countryside which conservationists wish to conserve is in large part the creation of new farming methods of the 18th and 19th centuries. The Wildlife and Countryside Act 1981 went a long way to satisfy

the conflicting demands of the farmers and conservationists and indeed the rambblers. The demands of urban expansion and of town dwellers who wish to use the countryside as a large urban park are increasing. It is estimated that 40,000 acres of farmland are taken up each year for urban expansion and other developments while wasteland increases in the centres of towns and cities. Between 1966 and 1982 land in agricultural use was reduced by 1.9 million acres.

To the town dweller the countryside is a place of escape and relaxation. To those who live there the countryside is a place of everyday life and work. There will inevitably be conflict between those who wish to preserve the countryside as a snapshot of the idealised past, and those who realise that it must always be changing if economic activity is to flourish and the countryside is to continue to provide us with food and other essential materials. It is essential that a balance is struck between these conflicting views.

The Conservative Party, which has traditionally represented the rural areas, is better placed than other parties to respond to the needs of rural areas today.

We cannot turn aside from these problems any more than we can ignore the problems of the inner urban areas and the parts of Britain facing structural industrial decline. Policies are needed in every Government department to cope with the problem of the changing nature of the countryside. These are policies which must be consistent with prudent national financing. Indeed the last four years show that Conservative policies have been pursued which have taken account of the needs of the countryside. These are appended, and they indicate the way forward for and election campaign in due course.

The Conservative Party dare not neglect the countryside, and it has not neglected the countryside. The traditional values of the countryside can be reconciled with the social changes now taking place. That is the Tory task and challenge.

Agriculture

Although Britain is a densely-populated industrialised country relying on imports for some 40 per cent of its food supplies, agriculture remains one of our largest and most important basic industries.

Migration from the rural areas to the towns, which began at the time of the Industrial Revolution, continues. Recent figures show that in 1960, 80 per cent of the total population in Great Britain lived in urban areas compared with less than 17 per cent in 1801 (Source: The Future of the Rural Economy, Royal Institute of Chartered Surveyors, December 1980). The agricultural workforce, which has traditionally dominated the social structure of the countryside, has recently been declining by some $3\frac{1}{2}$ - $4\frac{1}{2}$ per cent per annum, and today makes up only about 10 per cent of the rural population. The process is likely to continue as mechanisation of farming and the modernisation of farm buildings increase productivity.

Employment

The lack of rural employment, which obliges people to look for work in towns and cities, has made it difficult for local communities to remain viable and coherent. However, both public and private organisations are now working to strengthen and diversify the rural economy.

The largest public agency to finance rural economic development in England is the Development Commission. The main objective is to regenerate rural areas and create viable and prosperous communities.

We have recently strengthened the powers of the Development Commission. Until March 1981 local authorities would select sites for development and refer them to the Commission, which would in turn refer them to the Department

of the Environment for consideration. We have now allowed the Commission to select its own priority areas, and revised the criteria for deciding what constitutes a priority area. These are: above average unemployment; an inadequate range of job opportunities; a declining population; outward migration of people of working age; an elderly age structure; and poor access to services and facilities.

The Commission's work is varied. Its factory building programme is now concentrated in the new Rural Development Areas (RDAs, previously known as Special Investment Areas), although help can be given to specially needy areas outside their scope. In February 1981 it launched a scheme whereby it contributed half the cost of a building or a conversion into business premises, with local authorities making up the balance. The scheme was extended in June 1982 to include areas outside the RDAs. Typical examples include the acquisition and conversion of former village schools at Glanton in Northumberland and disused factories at Heacham in Norfolk.

We have also extended the remit of an agency of the Commission, the Council for Small Industries in Rural Areas (CoSIRA), which aims to improve the prosperity of small businesses in rural England by providing advice, training and some financial assistance. CoSIRA is currently helping about 14,000 rural firms, all of which employ not more than 20 people and are located in English rural areas and small country towns. Included in its scope are small hotels, and, following a Government review, rural retailers. The Government review also resulted in CoSIRA being able to provide loans to enterprises outside its priority areas. CoSIRA have also linked up with the clearing banks besides extending their lending to up to £75,000 a time at 3 per cent below usual market rates. Banks will now lend up to £250,000 to a maximum of 20 years on a recommendation from CoSIRA.

Local government has also encouraged small businesses and rural employment by providing and developing sites, and by direct financial help. Cumbria County Council, for example, has run a scheme since November 1980 to give grants to small businesses where no other public support can be found. Northumberland, Durham, North Yorkshire, Shropshire, and Oxfordshire run variants of this scheme. Some councils - such as the Isle of Wight, Somerset and West Wiltshire - build small workshops. Others - notably Nottinghamshire and Norfolk - have developed sites in conjunction with the private sector. Essex County Council, for example, has encouraged private development of 'craft homes' at South Woodham Ferrers, a new town built almost entirely with private money. Some local authorities help identify redundant buildings for business use, provide information on suitable premises and hold courses and seminars for local entrepreneurs. Much of this activity has resulted from a Department of Environment circular No.22/80 which suggested that local authorities should relax the rules to a certain extent for redundant farm buildings suitable for conversion.

The Manpower Services Commission runs the Job Centres and the Special Employment Measures (SEMs). Since both these operations pose special difficulties in rural areas, the MSC is making efforts to apply its rules more flexibly.

The operation of the Youth Opportunities Programme (YOP) in rural areas is especially difficult. Potential trainees are scattered over large areas; many are reluctant to take urban opportunities and are deterred by the difficulties and cost of travel; other prefer seasonal jobs like fruit-picking. To overcome these problems the MSC has encouraged managers to interview trainees nearer their homes, and provide transport from inaccessible areas. The Development Commission and CoSIRA are now exploring with the MSC the scope for more MSC schemes to be located in rural areas, including placing trainees with firms identified by CoSIRA as possible sponsors, and the potential for voluntary organisations to sponsor rural opportunities. The MSC has also announced that it will allow for extra

expenditure on transport for rural schemes, a change which will be of particular importance when YOP is replaced by the year-long Youth Training Scheme (YTS) from October 1983.

The Community Enterprise Programme (CEP) for the long-term unemployed did not encounter the same difficulties as YOP, since it involved little bureaucracy and supervision, and projects were relatively easy to devise. Parish councils, for example, have been able to sponsor environmental projects. In fact the only major problem was the limited number of places (30,000 nationally) and the new Community Programme, launched last October, will solve this by providing more places - 200,000 nationwide.

Planning in the Countryside

There is a serious conflict in villages over the control of development. At a local level it is generally the latest influx of commuters who resist any further development. They are likely to be Conservative supporters and well versed in the use of the planning system to resist development.

Our approach to planning set out in Circular 22/80, 'Development Control - Policy and Practice' has stated that the planning system should play a helpful part in rebuilding the economy. Our concern for positive attitudes and efficiency in development control does not mean that our commitment to conservation is in any way weakened. We remain committed to the need to conserve and improve the countryside, natural habitats and areas of architectural, natural, historical or scientific interest and listed buildings. There is no change in our policies on national parks, areas of outstanding natural beauty or conservation areas. We want green belts to contain the sprawl of built-up areas and to safeguard the neighbouring countryside from encroachment.

No more than the essential minimum of agricultural land should be diverted to development, nor should land of a higher agricultural quality be taken where land of a lower quality could reasonably be used instead.

The bulk of future development must take place both by re-building within existing towns and by expanding the towns within the limits of employment of local community capacity. Expansion of a town into the surrounding countryside is objectionable on planning grounds if it creates ribbons or isolated pockets of development or reverses accepted policies for separating villages from towns, or if it conflicts with national policies for the protection of the environment such as those for safeguarding green belts, national parks, good farming land, areas of outstanding natural beauty, or high landscape value, or for nature conservation. Such an objection would normally rule out development unless the circumstances of the case were such that there was an exceptional need to make land available for housing. Some villages have reached the limit of their natural growth, but in others, useful provision for housing can be found by infilling on sites within the village itself.

Countryside Conservation

We have introduced the first major measure to deal with countryside conservation since the late 1940s. The Wildlife and Countryside Act 1981 falls into three main parts, which concern the protection of wild birds, animals and plants; the conservation of the countryside, including the natural habitats of wildlife; and public rights of way in the countryside.

The Act extends the advisory duties of the Agricultural Development and Advisory Service (ADAS) of the Ministry of Agriculture, and provides an important new procedure for dealing with applications for MAFF farm capital improvement grants in National Parks and areas of special scientific interest.

Housing

Housing in rural areas is under considerable pressure from the growth of second homes and weekend cottages. There is anxiety that young people in the villages will not be able to find cheap accommodation, rented or otherwise, and there continues to be pressure for some exemptions from the right to buy

in these areas. This should be resisted.

We have proposed five ways in which housing provision in rural areas might be improved.

First, low cost homes for outright purchase. Builders are willing to build in this price range and local authorities should be willing to give the planning consents to enable builders to do this. The Minister for Housing and Construction, John Stanley, has said he does not accept that builders are unwilling to build houses suitable for low income families in rural areas.

Secondly, shared ownership, which John Stanley has promoted vigorously. Since the election 43 local authorities have provided some 3,000 homes on shared ownership terms. New Towns and housing associations have sold over 2,000 homes. The Development Commission has announced that £500,000 will be made available for shared ownership schemes over two years. At least eleven building societies are prepared to provide mortgages for shared ownership schemes.

Thirdly, deferred purchase schemes. These are schemes which are similar to shared ownership. The deferred purchasers move in initially as licensees, paying a small deposit and an annual rent which covers their share of the mortgage. They then have an option to purchase their homes at any time between two and seven years after occupation, at the original cost of the home.

Fourthly, sale of low cost empty dwellings. We are urging the sale of empty properties held by the public sector. Between April 1979 and November 1981 over 350 surplus water authority dwellings and 200 surplus health authority dwellings were sold. Government departments sold over 6,000 homes, 5,000 of them by the Ministry of Defence, and a further 5,000 sales were in hand. Local authorities and nationalised industries have been urged to follow suit.

Fifthly, renting of empty dwellings. There is considerable scope for letting private sector housing in rural areas on a shorthold basis, but Labour attacks on shorthold have made landlords reluctant to let. The greatest take up of shorthold lettings so far has been in rural areas, especially

Kent, Sussex, Devon, Cornwall, Dorset, Essex, Norfolk and North Yorkshire.

We also favour the adoption of the 'North Wiltshire Scheme' which enables landlords to let their property, with certainty of repossession, to local authorities who in turn let to tenants.

Transport

The recent publication of the Serpell Report has reopened the question of the closure of rural railway lines. This is being dealt with in David Howell's paper on transport.

The years since the war have seen a steep decline in rural bus services. The growth of car ownership (about 70 per cent of households in rural areas own cars) and changes in the rural economy have tended to make conventional bus and train services increasingly uneconomic. But some form of transport is vital for the 30 per cent of households who do not own a car, particularly elderly people, and the large numbers of people in households with one car who do not have access to it for most of the week.

While recognising the need for a substantial element of public support for bus services, we are doing two things: we have encouraged local authorities, individuals and voluntary groups to look for low-cost alternative services to meet local needs, and we have amended the bus licensing laws to remove restrictions which impeded new operators wanting to run new bus services and have enabled councils to apply to set up new 'trial areas' where restrictions on new bus services cease altogether.

Support for Rural Bus Services. We have provided for substantial public support to bus services in rural areas. In 1983-4 the DoT has approved expenditure by the shire counties of £90 million on bus and rail revenue support, an increase of nearly 22 per cent compared with 1982-3. Between the last Transport Supplementary Grant allocation of the Labour Government for 1979-80 and this Government's allocation for 1983-4, accepted expenditure for revenue support in shire counties has doubled, *in Cash terms*

The Transport Act 1980 contained measures to encourage unconventional low-cost transport schemes. Local authorities can now use school buses and post buses to provide transport when they are not being used to carry schoolchildren or mail. The Act removed restrictions on car sharing so that individuals and voluntary groups can set up and advertise voluntary carsharing schemes and run minibus schemes. For example, a large number of social car schemes are in operation, as many as 60 in Shropshire. Several county councils have ensured that their school transport is open to other users. The Act also contained provisions for the county councils to apply for their areas or part of their areas to become 'trial areas' in which quantity licensing controls cease altogether. So far three county councils have taken advantage of this - Norfolk, Devon, and Hereford and Worcester.

Village Schools

Schools are an essential part of rural life. Young families are not going to live and work in rural communities, much as they might wish to, if there are not good and reasonably convenient schools for their children to attend.

We are well aware of the importance of rural schools and of the essential part they play not only in education, but in rural community life generally. Conservative policy proceeds from the belief that as far as possible, and wherever possible, village schools should be retained.

The problem is that retention of the village school is not always possible. There are now fewer children of school age in this country than in recent years simply because fewer children have been born. Inevitably this means we now have empty desks and empty schools.

Rural schools were already small, simply because the population is sparse. When they get even smaller, two problems arise. Firstly, it becomes excessively expensive per pupil to educate children in very small groups, and even without the present added financial constraints it is foolish to spend public money on keeping empty desks and part-filled schools

Secondly, when the teaching group becomes too small, the children themselves suffer. Their education cannot be as full and complete with only two or three other children of the same age, and one teacher to teach a dozen or so of all ages.

Some schools, rural and urban, therefore have to close, or be amalgamated with others. All the factors bearing on each particular case must be carefully considered, educational value, community value, cost, transport difficulties, social value and so on.

Applications to close a school have to be made by the local authority through the mechanism of Section 12 of the Education Act 1980. Under those procedures full opportunity is given to all interested parties to object to, or support, the proposal, and the final decision rests with the Secretary of State for Education. His very difficult task is to weigh up the arguments in each individual case; there can be no one, uniform approach. He starts however from the belief that rural schools are a valuable asset, but he must be convinced that the school in question is both educationally and financially sound.

Cottage Hospitals

We have shown our support both for cottage hospitals and general practitioners working in rural areas. The vital role of cottage hospitals in providing essential health care and also of stimulating community pride has been recognised. Patrick Jenkin, when he was Secretary of State for Social Services announced that the Government's intention was to move away from the building of large impersonal hospitals towards the building or supporting of smaller hospitals. He said:

'A small hospital may be the heart and soul of a local community, and if it dies, the community suffers a mortal blow'.

Telephones in Rural Areas

There is widespread concern that telephone services will be run down.

This is not the case.

Charges for Rural Services. British Telecom (BT) indicates that rural services are probably profitable. If they do make a loss they will be financed by the access fees, in the same way as the call box and 999 services. At present BT have a standard rate for rentals and local calls throughout the country. Sir George Jefferson, Chairman of BT, has said clearly that he has no reason to expect that BT will want to make changes, in the immediate or medium-term future, to the pattern of rentals or call unit charges in a way that will disadvantage rural customers.

Installation Charges. At present BT charge £70 for a domestic connection, and there is no extra charge for the first 100 hours of work needed. Last year only 0.1% of all installations required more than this. The Telecommunications Bill strengthens the hand of the potential rural customer by allowing him to complain to Oftel if the installation charge is higher than the standard one. Oftel can instruct BT to reduce the charge if the Director decides BT is asking too much. At present POUNC can take up these complaints, but it has no powers over BT. So the new arrangements strengthen the rights of the potential rural customer.

Remote call boxes. If a box produces less than £185 per annum it becomes a candidate for closure since the maintenance costs are about £2000. BT closed 32 boxes in 1979-80, 30 in 1980-81 and 63 in 1981-2. Local authorities have the power to pay a subsidy towards the maintenance of uneconomic boxes and 7 are so maintained in Wales. Maintenance of the call box service will be a social obligation of BT under the Telecommunications Bill. This is the first time that this obligation has been imposed by law. The losses on the service will be financed by the access fees and the provision of call boxes will continue as at present.

Preserving the Heritage

We have introduced a series of fiscal and other measures designed to help and encourage those concerned with the preservation of Britain's rich heritage of houses, estates and gardens, although concern remains about the possible impact of capital taxation on the integrity of great estates, their collections and their land which are important both to the stability of rural life and also a major tourist attraction.

Under the National Heritage Act 1980, the National Heritage Memorial Fund was set up to administer public funds available for the preservation of amenity land, nature conservation, historic buildings and works of art. In the two years 1980-1 and 1981-2 the Fund provided grants or loans amounting to £544,000 for scenic and amenity land, and £245,000 for scientific land and nature conservation.

The impact of the Capital Transfer Tax has been substantially lightened. The starting point for the tax has been raised and the bands broadened. Gifts made more than ten years before death are no longer included with the deceased estate for CTT purposes. It is now possible to defer payment of Capital Gains Tax where assets are transferred to or from members of a family or settlement; and no tax is paid until the recipient realises the asset.

Tax law now permits the establishment of Heritage Trusts, whereby buildings of national interest and land of outstanding natural beauty, together with appropriate funds for their maintenance, can be transferred into settlements without Capital Transfer and Capital Gains Tax. Such a Trust makes it possible for heritage property to be handed on from generation to generation without tax liabilities - thus retaining the vital interest on ownership in the preservation of the heritage.