

REPORT OF THE RURAL TASK FORCE

TACKLING THE IMPACT OF FOOT-AND-MOUTH DISEASE ON THE RURAL ECONOMY

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SUMMARY

The report fulfils the remit given by the Prime Minister to the Rural Task Force to report to him on the task of dealing with the consequences of the outbreak of foot-and-mouth disease for the rural economy.

The **report**:

- assesses the sufficiency and effectiveness of the measures introduced to mitigate the impact of the disease on the rural economy; and
- identifies what further work needs to be done to help the rural economy recover.

The main **recommendations** are that the Government should:

- help ensure the survival of rural businesses through the coming winter months, when incomes and reserves are likely to be at their lowest ebb; and
- seek to revive the fortunes of the rural economy for the longer term through a “relaunch of the countryside”.

The report is the responsibility of the Task Force, which includes a large number of stakeholder representatives from outside Government besides ministers and officials and agency representatives. (See Annex A for details.) The Government members have been involved in the preparation of the report, but this does not necessarily imply that the Government agrees with the views expressed or with specific recommendations.

The **key findings** of the Task Force are:

(a) that the measures to alleviate the immediate financial difficulties of businesses in rural areas have helped substantially towards that end, but there remains a risk of significant damage to the rural economy during the winter unless further help is provided.

(b) that farming and tourism are interdependent and intertwined with the wider rural economy. Farmers have a vital role in the life of the nation as providers of food and managers of the rural landscape. Future policies for farming must take into account the links with the wider rural economy in a way they have not done in the past.

(c) that countryside tourism, dependent on access to a landscape heavily influenced by farming, is a powerful economic force in many rural areas, frequently worth more to local economies in GDP terms than the farming that supports it.

(d) that many rural areas have a narrow economic base, dominated by farming and tourism. Many rural businesses are vulnerable, for example where they depend mainly on passing trade. Some of the hardest-hit regions have below average incomes. For many reasons the pace and extent of recovery will vary, but could be slow in some areas.

(e) that the full impact on rural businesses will take time to become apparent as debts incurred through loss of income accumulate. A particular concern is the survival of businesses which are currently benefiting from tax, VAT and rate deferment - which have been greatly appreciated - if these end before their income revives.

(f) that the long term impact on farming and tourism remains uncertain, depending on the progress of the disease, factors such as farmers' decisions on restocking, and how quickly the countryside can attract back visitors. The eventual cost to the economy is thus still hard to gauge, and subject to revision as new information becomes available, but is likely to be very substantial, and heavily concentrated in the hardest-hit rural areas.

(g) that many rural areas will find it hard to withstand such a loss and will require significant help to stand on their own feet again. The Task Force has not tried to quantify the investment required; but its recommendations, if implemented in full, would involve significant public expenditure.

(h) that the short term is critical. The rural economy may revive of its own accord in the medium term, but without further help there is a risk of widespread business failures during the winter, thereby risking erosion of the asset base for the future, including deterioration of the physical fabric and de-skilling of the workforce.

CHAPTER 1 - INTRODUCTION

1.1 On 14 March - three weeks after the first confirmed case - the Prime Minister announced that he was setting up a Rural Task Force to advise the Government on the impact of foot-and-mouth disease on the rural economy. The first meeting took place that day.

1.2 The Prime Minister gave the Task Force the following terms of reference:

“To consider the implications of the outbreak of foot-and-mouth disease for the rural economy, both immediately and in the longer term, and to report to the Prime Minister on appropriate measures. In particular to:

- *identify the problems that the FMD outbreak is causing for the wider rural economy;*
- *draw up specific guidance for the public and businesses in accordance with veterinary advice;*
- *identify any initiatives - e.g. from the Rural White Paper - whose implementation might be brought forward to help those caught up in the crisis;*
- *identify potential new actions which would help to kick-start the rural economy again once the outbreak had been eradicated.”*

1.3 In addressing these issues the report considers the impact of foot-and-mouth disease (subsequently referred to as FMD), and the measures to control it, on the broader rural economy. It also considers what further measures may be required to revive the rural economy in the medium term. In doing so it takes the Government’s policies for the rural economy and communities set out in the Rural White Paper (which had received widespread support before the advent of FMD) as a starting point. It recommends review of those policies only where the need for this arises from the experience of the outbreak, but recommends quicker implementation of the White Paper proposals.

1.4 The report does not consider whether the measures taken to control the disease were appropriate in their own terms, nor what changes may be needed within the farming and food industries themselves. Independent inquiries into the lessons to be learned from the outbreak, scientific matters, and the future of farming, were announced on 9 August. The terms of reference for those Inquiries, and other details, are set out in Annex B.

1.5 On 14 August Lord Haskins began work as Rural Recovery Co-ordinator, to help local authorities and other agencies in Cumbria (the area worst affected by the disease) plan for the economic recovery, and to consider what lessons are applicable to other severely affected areas. Lord Haskins’ report to the Minister of State for Rural Affairs is to be published in early October.

1.6 In August the Countryside Agency issued a supplement to their State of the Countryside Report 2001 (Foot and Mouth Disease: the state of the countryside, CAX63). The report aims to inform the debate by providing an assessment of the impact of the epidemic, using a mix of statistical evidence (which remains scarce) and reports from industry bodies and self-assessment surveys.

1.7 Following the General Election on 7 June, the Government established the Department for Environment, Food and Rural Affairs (DEFRA). The new department includes those elements of the former Department of the Environment, Transport and the Regions and Ministry of Agriculture, Fisheries and Food referred to in this report. The new Department has a new “third pillar” of Rural Affairs, and has as a major objective to develop a more integrated approach to policies for rural England, including not only agriculture, but also economic and social development, wildlife and landscape conservation and recreation.

CHAPTER 2 - THE TASK FORCE

2.1 Alun Michael, Rural Affairs Minister in DEFRA, chairs the Rural Task Force. (Until the General Election and the setting-up of DEFRA, the chair was Michael Meacher, Environment Minister in DETR.) The Task Force comprises representatives of a range of governments departments and agencies, and of stakeholder bodies including farming, tourism, local government, small business, conservation and community interests. A full list of members is in Annex A.

2.2 The Task Force was established as a UK-wide body and Ministers from the Scottish Parliament, Northern Ireland Assembly and National Assembly for Wales made a full contribution to its work. However, the Task Force's work has focused primarily on the situation in England, and it remained for the devolved administrations to decide whether to follow similar policies or adopt their own measures. **Except where stated, actions described and recommendations contained in this report mainly relate to England.**

2.3 The former DETR established a dedicated Secretariat, with 6-8 staff headed by a member of the senior civil service, to support the Task Force, advise Ministers on the impact of FMD on the rural economy, and liaise with MAFF (now DEFRA) colleagues responsible for controlling the disease. The secretariat team (now also part of DEFRA) were directly responsible for implementing some of the initiatives deriving from the Task Force's work, in particular on reopening the countryside; others were delivered by other parts of DETR / DEFRA and other Departments and agencies.

2.4 From 14 March the Task Force met weekly until Easter and fortnightly thereafter. Thirteen formal meetings were held. An informal meeting between non-governmental members of the Task Force and the Secretary of State for Environment, Food and Rural Affairs and the Minister for Rural Affairs was held immediately the new Department was established after the general election.

2.5 The Task Force considered papers on the economic impact, national and local, of FMD and the measures to control it; on the Government's proposals for providing help to affected businesses; and on its proposed guidance for reopening visitor attractions and footpaths and encouraging visitors back to the countryside. Many organisations helped by supplying information. Minutes are available via the Task Force's website (<http://www.defra.gov.uk/footandmouth/rural/taskforce/index.htm>); copies of papers are obtainable on request.

2.6 The way was open for views from other organisations to be heard, either through formal presentations (as in the case of Cumbria and Devon), or through the representative bodies on the Task Force, or through meetings and correspondence with Ministers and the Department. Michael Meacher and Alun Michael met a number of groups, for example the UK Rural Business Alliance representing small businesses in Cumbria, North Yorkshire, Devon and Powys, and reported their views back to the Task Force.

2.7 In July a full meeting of the Task Force was set aside for representatives from Cumbria and Devon, the two counties then most severely affected by the disease, to make presentations. The purpose was for the Task Force to familiarise itself with the impact in each of those counties and the plans being developed locally to promote economic recovery. Both counties were drawing up detailed action plans: the Cumbrian Rural Action Zone and Devon Rural Regeneration Pilot. These seek to ensure that existing sources of funding and support are fully exploited, and managed locally in a more integrated and innovative way, besides seeking additional support from central Government.

2.8 The Task Force also discussed the longer-term future for the rural economy and rural communities, including how far the proposals in the Rural White Paper might require review in the light of the impact of FMD. The Task Force's views on medium-term issues are set out in Chapter 7, and its recommendations (on both the short and the medium term) in Chapter 8.

2.9 The Task Force is seen by the members as having been of great value in bringing together a wide range of rural stakeholder representatives along with Ministers with a focus on practical action. Members are concerned that the benefit of this method of working should not be lost. DEFRA Ministers are currently taking forward the proposals in the Rural White Paper for stakeholder consultation, and in doing so are having regard to the lessons learned from the Task Force's work.

CHAPTER 3 - IMPACT ON THE RURAL ECONOMY

Background

3.1 The first case of FMD was confirmed on 20 February in Essex, but the source was traced to Northumberland. Further cases, widely spread across England, Wales and Scotland, plus a small number in Northern Ireland, came to light quickly thereafter. The Government immediately introduced measures to seek to control and eradicate the disease as soon as possible. A ban on meat and live animal exports was imposed on 21 February. Restrictions on the movement of animals were introduced on 23 February; a total ban on livestock movement was in place for ten days. On 27 February local authorities were given additional powers to close public rights of way.

3.2 The Government's priority was, and has remained throughout, to control then eradicate the disease. However, at an early stage in the outbreak, it became clear that the measures put in place to control it were having a major impact on activities other than livestock farming, notably countryside recreation and inbound overseas tourism. The setting up of the Task Force was a response to this recognition.

Assessing the impact

3.3 Given the small and dispersed nature of the businesses affected, it has been hard to obtain dependable information on the impact, not least on tourism and other non-farm businesses.

3.4 Many trade organisations, other public and private bodies and individual firms supplied initial information on the perceived economic impacts, as did the local task forces set up to co-ordinate economic recovery in some of the worst-affected areas. Early attempts to quantify the impact of the disease through self-reporting surveys suggested that many businesses, mostly small and most though not all located in rural areas, suffered immediate and severe hardship. Some could cut their outgoings, but many had heavy fixed costs, including servicing loans, which would not reduce as a result of lack of trade.

3.5 In early April, DETR asked the Government Offices in each Region to commission systematic, representative surveys to assess the economic impact in their regions, comparing effects between business sectors and sizes of business. Some impact assessment work was also done by the Department for Culture, Media and Sport (DCMS), based on tourism surveys. All these surveys were reported to the Task Force.

3.6 Based on the Government Office surveys, about a quarter of all firms had been adversely affected by FMD. Small and large firms were equally likely to have lost some income, but adversely affected small firms tended to lose a larger proportion of their turnover than larger firms. Three quarters of affected firms had neither laid off staff nor reduced working hours (at the end of April), but it is perhaps not surprising that such changes did not occur in the first two months of the outbreak. A few firms reported increasing their turnover, but this was much rarer: no more than 5% in any region showed gains, compared to up to a third losing.

3.7 Over 40% of businesses in Cumbria, Devon and Cornwall surveyed in April/May reported that they had been adversely affected, compared to just over 30% in the South West and North West as a whole. Over a third of affected businesses in the South West said they had lost more than a quarter of their revenue, and about 20% of those affected in Devon said they had lost more than half. Three-quarters of hotels in the South West reported a fall in turnover. The sectors most affected (tourism, agriculture, transport, and “other services”) reported figures suggesting that their contribution to GDP in the South West fell by 7% or more over March and April. Based on the survey findings, the GDP loss to the whole South West economy in March and April was estimated at just over 3%, while lost turnover was around £760m.

3.8 The worst outbreak of FMD itself was in Cumbria (with nearly half the UK total of cases), with major outbreaks also in Devon, the Welsh borders, Durham and Northumberland, and North Yorkshire, besides large areas of southern Scotland and mid-Wales. Some of the areas worst affected by the disease are also particularly dependent on countryside tourism, notably the Lake District, Dartmoor and Exmoor, and the Yorkshire Dales. However, the impacts were felt by businesses across the country, not just in rural areas or areas of active disease, although it was most severe in those areas. In the early stages, hotels and other tourism-dependent businesses almost everywhere, including London, were affected by the fall in overseas visitors - for example the East of England economic impact survey in May reported 20% of hotels as adversely affected, compared to 75% in the South West. Many indirectly affected industries are mainly urban, such as outdoor clothing manufacture, with some concentrated in particular towns, for example saddlery in Walsall.

3.9 Estimates of the impact of FMD on the economy as a whole have been published by various forecasters¹, but are necessarily based on a large number of assumptions and subject to revision as new information becomes available. Such estimates suggest whole economy losses for the UK this year ranging from 0.2% of GDP to 0.8% of GDP (£1.6 billion to £6.3 billion). A review of these estimates (by DTZ Pieda for the Countryside Agency) points to a figure of over £3 billion; this appears to be consistent with revenue losses to tourism nationwide in the range £2-3 billion, when losses to farming and other sectors are taken into account. This issue is discussed more fully in the Countryside Agency’s report referred to in paragraph 1.6. Estimates of GDP loss at national level may conceal the extent of the impact in the hardest-hit rural areas, because of the diversion of countryside tourism spending to seaside and urban leisure activities, and within rural areas to places where footpaths were open from those where they remained closed.

3.10 Further survey work on the economic impact of FMD was undertaken for DEFRA by Prism Consulting in September. This surveyed the impact in two districts in each of the South West, North West and East of England. Results are broadly similar to those of the earlier regional surveys. Around 40% of businesses in areas with widespread outbreaks of FMD report being adversely affected, compared with 15% in areas with few or no outbreaks. The agriculture-related and hotel and

¹ Bank of England Inflation Report, May 2001; Goldman Sachs UK Weekly Analyst 6 April 2001; Oxford Economic Forecasting Economic Outlook April 2001; Centre for Economics and Business Research Forecasting Eye 15 April 2001; National Institute of Economic and Social Research Economic Review April 2001.

restaurant sectors are - unsurprisingly - those with the highest proportion of adversely affected businesses, followed by retail and manufacturing. Among affected businesses, 44% describe the impact as severe or very severe, with 21% reporting the loss of over half normal sales revenue between March and August. While most affected businesses report that they remain profitable, 13% report that an expected profit has turned to loss due to FMD. However, two-thirds expect to be back to “business as usual” by mid-2002. Over 40% had sought assistance from some outside organisation - an improvement on the earlier picture. DEFRA will publish the final report when complete later in October.

Farming

3.11 As at 9 October 9,515 farms in Britain have had their livestock compulsorily slaughtered, including 2,026 where the disease has been diagnosed. Including the Livestock Welfare Disposal scheme for unmarketable stock, over 5.5 million animals have been slaughtered. The impact on other livestock farmers from the dislocation to their normal business has also been very severe, arguably more so than on those whose animals have been culled since the latter receive compensation. 139,000 farms have been in designated Infected Areas subject to tight restrictions preventing movement of animals except for slaughter, of which 22,000 remain restricted. There has also been a loss of direct sales (such as farm shops and farmers’ markets), and of non-farming incomes, such as farm tourism. There has been a large drop in demand for farming support services, notably haulage, and livestock markets have been closed entirely. Some offsetting benefit has come from the use of local contractors for disease control work including slaughtering and cleansing and disinfection.

Tourism

3.12 Media coverage of the efforts to eradicate FMD, particularly of the cull and disposal of livestock, was dramatic and compelling. This, together with the closure of almost all footpaths at the start of the outbreak, convinced many prospective tourists from both home and abroad that Britain’s countryside was “closed for business” and encouraged them to turn elsewhere for their holidays. The UK Tourism Survey showed domestic tourism to be 25% below the 2000 level in April and May; the International Passenger Survey shows that since March, inbound overseas tourism has been around 10% below last year’s figure.

3.13 DCMS’s best current estimate is that the revenue loss to the English tourist industry for March to October is likely to exceed £3bn. Some leisure spending appears to have been diverted from the countryside to seaside holidays and city shopping and sightseeing; so not only the proportionate but even the absolute loss to countryside tourism may have been greater still. Paragraphs 5.13-14 discuss the impact on tourism in more detail, including how far the damage to countryside tourism was caused by access restrictions, and how far by media reports and public perceptions of the methods used to dispose of dead animals.

3.14 The drop in visitors reduced trade for a wide range of rural businesses - not just hotels and visitor attractions but pubs, shops, filling stations etc. This demonstrated the importance of tourism, leisure and countryside recreation to rural economies. Despite occasional antagonism between sectors locally, rural people, including farmers, appear increasingly to recognise the inter-dependence of farming,

tourism and the rural economy at large in ways that were not always apparent prior to the outbreak.

Other industries

3.15 Losses extended to other industries besides farming and tourism, many located outside rural areas. They included suppliers to those industries, such as livestock hauliers and makers of farm machinery; activities dependent on countryside access, such as fishing, shooting and the horse business in all its forms; suppliers to countryside users, such as makers of outdoor clothing, hirers of marquees, cycle manufacturers, guidebook publishers, and fishing shops; and activities dependent on overseas visitors such as theatres and language schools. Some little-known businesses suffered heavy losses - for example the maggot-rearing industry reported lost sales of £0.25m per week.

3.16 National as well as local businesses, and a wide range of national and local non-profit-making and voluntary organisations, suffered severely from loss of income and restrictions on their activities. Bodies dependent on countryside recreation including walking and farm holidays were especially badly affected. The Youth Hostels Association forecast in September a loss of over 15% of its revenue for the year. Farm Stay UK reported in June that around half its members had not renewed their subscriptions. The Church of England - which plays a vital role in many rural communities, and whose clergy mainly depend on local contributions, but which was already facing a long-term decline in income - reports that some dioceses envisage a reduction of 25% in clergy numbers, and that some parish churches may not reopen.

Current situation

3.17 At the date of this Report, the FMD outbreak is not over, although new cases of the disease in September were confined to two hot-spot areas around Penrith in Cumbria and Hexham in Northumberland. Nearly 10% of footpaths remain closed, mainly in those two areas. Full information is not yet available on how far trade has recovered where restrictions have been lifted. However, businesses in those areas have lost much or all of their spring and summer season, when they normally earn the bulk of their income. The Task Force's concern is now focused on how far those businesses - particularly small hotels and bed-and-breakfast establishments and others dependent on visitors to the countryside - can survive, deprived of the reserves they expect to live on during the winter and use to reinvest in their property.

CHAPTER 4 - ASSISTANCE TO RURAL BUSINESSES

4.1 As described in the previous chapter, many businesses, mostly small and located in rural areas, suffered immediate financial hardship. The Government, responding to the need and to the advice of the Task Force, introduced a series of measures to alleviate the financial difficulties of small businesses. There are several elements to the eventual package which are detailed below; a summary of the take-up and cost of the measures is at Annex C.

Business rate relief, deferral and appeals

4.2 Local authorities were already empowered to grant relief from rates to businesses suffering hardship. The Government increased its contribution to the cost of relief granted to businesses suffering as a result of FMD from the usual 75% to 95%, for premises with rateable value (RV) under £12,000 in 151 designated wholly or mainly rural districts. Initially the increase in the Government's contribution ran for three months to 30 June and could be worth up to £1290 per property. Later, in response to strong views from the Task Force, local authorities and others, the RV ceiling was increased from £12,000 to £50,000 in 37 districts in the worst affected areas, and the scheme was extended for 6 months to 31 December, giving a potential benefit of up to £16,125 per property. The subsidy rate was also increased to 98% where the net cost would otherwise exceed 0.4% of the authority's net budget.

4.3 Authorities may also defer rates payments for businesses finding it hard to pay their bills. The Government recognised that where authorities used this discretion in relation to FMD, they might face difficulty making their scheduled contributions to the national rating pool. Contributions from the 151 "rural" authorities were therefore partially deferred in the first four months of the financial year.

4.4 Introduction of proposals in the Rural White Paper to extend rate relief to more rural businesses was accelerated. From 5 April 50% mandatory rate relief, previously available only to sole general stores and post offices in small rural settlements, was extended to sole village pubs and petrol stations with rateable value (RV) below £9,000. From 15 August this mandatory relief was extended to village food shops with RV below £6,000. Introduction of a new five-year scheme to encourage farmers to diversify into non-agricultural activities was also brought forward: any property with RV below £6,000, in agricultural use for at least six months in the year to 15 August, can receive 50% mandatory relief, which local authorities may top up to 100%.

4.5 All ratepayers have a right to appeal for a temporary reduction in their rateable value, where their property is adversely affected by a cause such as FMD. The Valuation Office is giving priority to settling appeals from businesses worst affected by the outbreak. Also, in the 151 "rural" areas, the 2000/2001 deadline for all appeals was extended by three months to 30 June. This allowed any successful appeals made before then to have retrospective effect, to the start of the outbreak in FMD-related cases and 1 October 2000 otherwise.

Deferral of tax and VAT payments

4.6 The Inland Revenue and Customs and Excise announced that businesses suffering losses as a result of FMD and the measures to control it could apply to defer any tax, VAT and national insurance payments they were due to make, without becoming liable to pay interest. This measure - which has resulted in the deferral of over £158m of payments due (as at 28 September) - has been particularly widely welcomed. A hotline was also set up to enable businesses to obtain advice on all tax issues from a single source. These measures applied UK-wide.

Extension of the Small Firm Loan Guarantee Scheme (SFLGS)

4.7 The Small Firm Loan Guarantee Scheme guarantees loans from banks and other financial institutions and applies to UK small businesses whose turnover does not exceed £1.5m (£5m for manufacturers). Firms must have a viable business proposal and have tried and failed to obtain a conventional loan because of lack of security. The Government provides an 85% guarantee to a maximum of £0.25m for businesses that have traded for two years or more; for others the guarantee is 70% to a maximum of £0.1m. Loans are repayable over two to ten years and a premium is payable to the Government: 1.5% p.a. on the outstanding amount for loans at variable rates, 0.5% for those at fixed rates. In response to the FMD outbreak, the scheme was temporarily extended to a range of sectors normally excluded. For existing loans, the maximum time for repayment was extended to 11 years and additional capital repayment holidays became possible. The sector extension would allow SFLGS to underwrite £120 million in additional loans. However, take-up to date has remained extremely modest: see paragraph 4.20.

Business Recovery Fund

4.8 The £51m Business Recovery Fund was designed to provide targeted help for businesses, especially small businesses, focused primarily on measures to enable them to develop in the medium term. The Fund was established in two stages: on 14 April, with £15m funding focused on the worst-affected regions, and on 7 May, with an additional £24m spread across all regions, the bulk again concentrated on those worst affected. Regional Development Agencies (RDAs) were asked to manage the Fund, and most were able to expand the amount available by some reprioritisation of previously allocated resources, including EU Structural Funds, to give the £51m total.

4.9 Grants of up to £15,000 were made available for training and re-skilling employees; specialist advice and consultancy; investment to help businesses diversify and refocus their activity and to seek new markets. Up to £7,500 (within the overall ceiling of £15,000) could be used to help meet interest on bank loans. The detailed criteria vary between regions. Some RDAs also held back resources for regional activities such as assistance to Tourist Boards with promotional campaigns. RDAs generally used the local Business Link network to deal with initial grant applications; this allowed early and local access to professional business advice, while RDAs' involvement ensured that the allocation of funding took account of each region's economic and regeneration strategies.

4.10 South West RDA quickly set up arrangements so a business could complete a questionnaire over the phone, leading them to be identified as initially qualifying and to receive financial advice from an accountant up to £1,000 fee cost. This professional assessment and advice enabled many businesses to adjust their activities and take

initiatives so they did not need a larger grant, whereas it helped others prepare a well-focused application. SWRDA identified that grant needed to be targeted at businesses that not only needed help but also had the ability to recover. It therefore decided to assess businesses on management competence and long-term viability as well as need for financial support.

4.11 The North West RDA business recovery plan contained several components including grants to Tourist Boards and local authorities for promotion, business survival advice, and direct grant to businesses for marketing and investment and help with interest payments. Provision of grant was linked to advice provided by Business Links to ensure funding was well targeted and that businesses in need were identified.

4.12 Other RDAs adopted variations on the same theme, consistent with the national guidance, with differing balances between types of aid, some with more emphasis on giving businesses quick access to short-term financial assistance, and differing area and sectoral targeting, depending on the amount of funding available and the problems faced by the businesses in their region.

Charitable funding

4.13 The Government set up the “Charity Match Funding Scheme”, administered by the Countryside Agency, with the Government matching public donations to voluntary organisations and charities concerned with relieving distress caused by the outbreak. To be eligible, the organisation must have raised at least £25,000 (later reduced to £10,000, or £5,000 in special circumstances) from public donations, and provide details of how the money would be spent on FMD-related hardship relief.

4.14 Among major organisations receiving match funding were the Royal Agricultural Benevolent Institution (RABI), a charity founded in 1860 for the relief of farmers and farm workers in times of distress, and the ARC Addington Fund, set up at the suggestion of the Archbishop of Canterbury in early March in response to the outbreak to help farms and other businesses dependent on agriculture. Since June non-farming rural businesses have also been eligible for help. RABI has received around £14.75m, including £6.9m of match funding, and given out £8m. ARC Addington has received over £10.5m including £3.3m of match funding and granted £8.6m to over 18,000 applicants. Several smaller and more local charities and community foundations, such as the Craven Trust and Hadfield Foundation, have supported a broad range of local initiatives.

Other measures

4.15 In FMD-affected areas throughout Britain, Job Centres have offered “one-stop shop” advice on benefits and jobs for people from industries affected by the outbreak. On 11 April, DfEE launched Rural Skills Action, a new national service which gives personal advice to rural and leisure industry workers. The service aimed to improve skills among workers temporarily laid off in the then worst-affected areas of Cumbria, Devon and Dumfries and Galloway, and provide job search and re-skilling advice to people across Britain who have lost their jobs permanently. Take-up so far has been low, but the scheme will stay in place for the winter so any future demand can be met.

4.16 Others besides central Government also provided help to affected businesses. For example many local authorities waived or reduced rents on their tenanted farms,

as did some major private landowners including the National Trust and the Duchy of Cornwall; and many local authorities also waived rents due from livestock auctions and markets. Many banks have taken a sympathetic approach to customers in temporary difficulty because of FMD.

How effective was the assistance provided?

Business rate relief, deferral and appeals

4.17 Information to assess take-up and effectiveness of hardship rate relief remains limited. Many local authorities were slow to put schemes in place, and in the early months of the outbreak many chose instead to allow businesses to defer rate payments. Response to regular surveys of take-up by the Local Government Association (LGA) has also been uneven, so no reliable estimate of the total value to business can yet be made. However, feedback indicates that, where available, rate relief is highly regarded by businesses, due to its relative simplicity and the direct cash flow benefit it offers. The Government responded to the strong representations from the Task Force (the LGA in particular) to extend the scheme's period of operation, increase the number of potentially eligible businesses, and reduce the cost falling on the most severely affected authorities. Implementation by local authorities has however been variable (in part because the residual cost after subsidy remains significant for small shire districts); and many severely affected businesses are located in districts where the higher RV ceiling of £50,000 does not apply (see paragraph 4.2). Indeed some - see paragraph 3.15 - are in districts not among the list of 151 "rural" authorities, so that only the normal 75% central funding applies to any relief they may be granted - and authorities may be correspondingly more reluctant to grant it.

4.18 At this stage there appears to have been higher take-up of the option to appeal seeking a temporary reduction in rateable value than of hardship rate relief. By 25 September 73,000 appeals had been received in England citing the outbreak as the cause of a fall in value. The greater popularity of this approach - although the potential benefit may often be less than from hardship relief - may be because businesses are familiar with the appeal process, or because hardship relief is seen as "charity" as distinct from an entitlement.

Deferral of tax and VAT payments

4.19 The provision for affected businesses to defer tax, National Insurance contributions and VAT payments, without becoming liable for interest, has been very popular and widely welcomed, because of its simplicity and because it offers a direct benefit to cash flow. There has been widespread praise for the helpfulness of Inland Revenue and Customs and Excise staff. However, there is a fear among businesses, shared by the Task Force, of the risks of a rising burden of short-term debt, both tax and bank debt, with no certainty when repayment will be required. It is therefore important that tax deferral should extend until business incomes have revived, and thereafter that the tax authorities should act flexibly over timing of repayment.

Small Firm Loans Guarantee Scheme

4.20 The Small Firms Loan Guarantee Scheme was presented as a major element in the package of assistance: if all the additional loans were taken up, it would have represented £120m (gross) out of an estimated £300m total benefits available to business. However, take-up has been extremely modest, with only 18 new loans to

date, and 64 re-scheduled; DTI still forecast that this may pick up in autumn when businesses assess the full extent of the losses they have suffered, but this is questioned by some members of the Task Force. The main reason appears to be that the scheme is designed to help businesses that find it hard to borrow because of lack of collateral (unmortgaged assets), whereas in the FMD crisis, the main problem has been income shortfall. Many tourism businesses in particular have significant assets but could not be confident of their ability to service existing debt, still less take on new debt.

4.21 Although the £120m for additional loans would not have been available for diversion to other forms of assistance (because the actual public expenditure cost, consisting only of any calls on the guarantee, is far less than the gross amount lent, and spread over several years), this is a complex point to explain, and the Government's efforts were concentrated on encouraging people to make best use of the help available. Critics were left with the impression that 40% of total public funds available to help business were directed via a poorly targeted and under-subscribed scheme. The Task Force recognises that the scheme was an appropriate part of a package of assistance, but did not meet the needs of most businesses in difficulty, and therefore did not justify the prominence given to it initially.

Business Recovery Fund

4.22 The Business Recovery Fund was designed to provide a relatively flexible form of assistance, tailored to the needs of individual regions and businesses. National criteria were set by DETR, in consultation with the Treasury, designed to ensure that assistance was given only to viable businesses, and directed towards measures that would improve their prospects for the future after the outbreak, such as marketing and training, and not merely make up for cash flow shortfalls.

4.23 The Fund's existence, and the element of regional flexibility, were generally welcomed, and feedback from those businesses that have received help has been positive. Criticisms have tended to focus on:

- (a) the amount of resources made available overall (around £50m, including £11m of RDAs' reprioritised funds) resulting in the Fund being fully allocated by late July in some regions;
- (b) the relatively low upper limit (£15,000 per business), thus offering little help to medium-sized and larger firms;
- (c) the exclusion of agriculture and transport businesses (as a result of EU State Aids rules, which require EU Commission consent for even "de minimis" assistance to these sectors);
- (d) the perceived slowness of some RDAs (or their Business Link contractors) in processing applications;
- (e) the allegedly excessive level of RDA and Business Link overheads; (f) (the most frequent criticism) the lack of assistance with cash flow losses, which many businesses saw as more critical than the need to reinvest for the future.

Concern was also expressed in Yorkshire and the North-East that the Fund's distribution, determined in May, did not reflect the later resurgence of FMD in those areas.

4.24 The Task Force considers that the Business Recovery Fund was broadly effective in targeting help where it was needed and in enabling regional and local discretion as to how resources were most effectively spent. The national criteria favouring development and training were justified to ensure that money was not used simply to prop up businesses likely to fail anyway, and that businesses planned sensibly for the longer term. However, some of the criteria were too restrictive, and some RDAs applied them more inflexibly than they needed to, and took too long to process applications: the Task Force endorses the approach of those RDAs that provided some very modest help or advice almost “over the counter”. Take-up to date demonstrates a clear case for extending the Fund’s life to deal with continuing problems over the winter. This will also necessitate making more resources available.

4.25 A joint Advantage West Midlands and Government Office for the West Midlands survey in June showed that 70% of those who identified themselves as affected by FMD said they had not sought advice from anyone, and over 60% had made no change in their business, including marketing strategy. This suggests that it was right to target the Fund on helping businesses to develop and adapt, since they will no doubt need to review their business plans if they are to prosper after the crisis. The report, showing that people in need and entitled to help do not seek it, suggests the need to motivate people to seek advice and to provide help in a form which will enable them to move forwards.

Charitable Funding

4.26 There has been widespread praise for the matched funding scheme, and for the Royal Agricultural Benevolent Institution and ARC Addington Fund whose payments helped farmers when no other money was available. Concern was expressed in the Task Force that money was going only to the agricultural sector, when others, especially in tourism, were also experiencing hardship. The slowness in extending help beyond farmers reflected the initial perception that FMD was a crisis for farming alone. It also reflected the relative coherence of the farming community and the comparative difficulty of reaching non-farming businesses, with no national body acting as the voice of small B&B proprietors. The fund organisers, particularly ARC Addington, responded with increasing sensitivity as the outbreak developed and began to help a wider target group. The Rural Stress Information Network contributed to an understanding of the problems, as did the churches, and local organisations such as the Cumbria Crisis Alliance and others representing small businesses.

Rural Skills Action

4.27 It is unclear why take-up of Rural Skills Action has remained low. There is a widely-recognised need to improve skills in tourism, farming, and other rural businesses. However, there is a high level of self-employment and seasonal employment in tourism and farming. Because of this, it appears that, relative to the scale of business losses, very few permanent staff - who formed the potential client group for Rural Skills Action - were made redundant or laid off, and those who were have mostly been able to find other jobs.

4.28 Our **recommendations** relating to help for businesses and others affected by FMD are in Chapter 8, paragraphs 8.4, 5, 6, 8, 11, 19, 21 and 42.

CHAPTER 5 - TOURISM

5.1 Tourist businesses, especially but not only in rural areas, lost a substantial part of their income as a result of the outbreak. In areas such as the Lake District some reported 80-90% falls in revenue in March and April; although some recovery was apparent by May, serious losses continued throughout the main tourism season.

5.2 The Government and relevant agencies initiated a package of financial assistance, information and publicity to try and restore confidence in tourism and visiting the countryside. On 11 April the Department for Culture, Media and Sport (DCMS) set out a recovery strategy which focused on tourism as a national industry and incoming tourism to Britain as a whole.

5.3 DCMS gave the English Tourism Council £3.8m for immediate recovery work, including research, information and promotion, and gave the British Tourist Authority £14.2m for a publicity campaign to attract back overseas visitors. Regional Development Agencies could also use the Business Recovery Fund to support regional promotional campaigns, and several did so.

Publicity and information

5.4 The then Tourism Minister, Janet Anderson, visited New York with industry representatives from 20-22 March to try to counteract negative USA media coverage. The Prime Minister and other Ministers sought to convey the message, at home and abroad, that Britain was open: inevitably an uphill struggle against a background of vivid images of pyres of burning carcasses.

5.5 A series of public information advertisements appeared in national and regional media beginning on 22 March. An associated radio promotion set out the rules for a safe visit to the countryside without risking spreading FMD. This received good coverage, assisted by the Met Office publicising the Task Force's help line during weather forecasts. DCMS issued guidance for people operating visitor attractions which played a part in ensuring that almost all the major attractions were open by Easter. A public information leaflet and poster was produced and widely circulated to Post Offices, tourist offices, libraries and Citizens Advice Bureaux. The Deputy Prime Minister John Prescott, Michael Meacher and other Ministers undertook a series of visits to publicise openings of rights of way.

5.6 The English Tourism Council (ETC) set up an England visitor hotline on 22 March to reassure and direct callers to sources of the most up-to-date local information on where to visit and what to do; this received over 45,000 calls. The Countryside Agency with the help of the ETC established a weekly update service for Tourist Information Centres, circulating the current status of rights of way, National Parks and National Trails electronically via regional tourist boards. Local Tourist Information Centres were provided with detailed local information by local authorities. The Central Office of Information set up a website - www.openbritain.gov.uk - with information about visitor attractions open: this received 6m "hits" from March to September. It was linked also to the Countryside Agency's site - www.countryside.gov.uk - which itself received 215,000 hits, and provided links to local authority sites giving details of footpaths open and other local attractions. The ETC also engaged in extensive PR activity including over 900 radio

and TV interviews and 2000 press articles.

5.7 The British Tourist Authority (BTA) invited 60 of the world's tourism and travel leaders from the UK's nine most significant overseas markets to a special VIP programme in Britain in mid-April. This resulted in foreign media coverage estimated to be worth over £47 million, including BTA press conferences jointly with UK embassies for the local media.

5.8 The publicity and information effort continues. Alun Michael, Rural Affairs Minister, and Kim Howells, Minister for Tourism, have held frequent discussions within government and with industry representatives. Alun Michael launched the Countryside Agency publicity campaign "Welcome back to the Countryside" on 2 August.

5.9 Unfortunately, public perceptions remain a serious problem. In the latest English Tourism Council (ETC) survey in late August, 24% of those asked agreed that "most places in the countryside are closed"; 54% that "people should keep out of the countryside to avoid spreading FMD"; and 35% that "you couldn't enjoy going to the countryside because you would see the destruction and disposal of animals". This is even though almost all major visitor attractions have been open since Easter, large-scale burning of animal carcasses had also ceased well before August, and over 90% of footpaths were open.

5.10 The impact on tourism of the events in New York and Washington on 11 September cannot be predicted at this stage. The Government, with the BTA, ETC and industry partners, will closely monitor the impact on all parts of the industry, including countryside tourism, and will shortly finalise an action plan to help British tourism prepare for recovery.

Our Assessment

5.11 In the early days of the outbreak the Government and farmers' organisations promoted the message to keep off farmland and exercise extreme caution in proceeding with countryside events and opening visitor attractions where there was any risk of contact with livestock. This message was unsurprisingly interpreted by the media and the public as "Stay away from the countryside". As the impact on visitor-dependent businesses became clear, the Government recognised fairly quickly - especially after the setting up of the Task Force on 14 March - that this message was oversimplified and damaging.

5.12 However, visitors stayed away, despite enthusiastic promotional work by Ministers and strenuous efforts by the Government, other agencies and Task Force members to publicise what was open and encourage visits. The media continued to accompany the message "the countryside is open" with images of burning pyres. While this was the general position, some radio stations and other media outlets gave voice to pleas to "come back to the countryside", and the series of regional visits undertaken by GMTV was a notably positive contribution to letting the public nationally know what was happening. There were also pleas from a minority of distressed or angry farmers for visitors to stay away, encouraging the continuing perception that the countryside was closed. There were even suggestions from some quarters that visitors should stay away, and events be cancelled, in solidarity with

farmers. (This did not reflect the NFU's or CLA's position at national level: their endorsement of the Government's approach in Task Force meetings was greatly appreciated.) As a result of these negative messages, and the continuing footpath closures in some areas, the impact on public attitudes, and therefore visitor numbers, continued throughout the summer.

5.13 It is difficult to apportion the downturn in visitor numbers between FMD and other factors in order to obtain a reliable estimate the final impact of FMD on tourism. The fall in overseas visitors may have reflected the high pound, and economic slowdown in the USA and Japan, but was above all because of the images of disposal of carcasses, the "mega-pyres" in particular, shown in foreign media. The loss of domestic visitors to the countryside was no doubt exacerbated by the poor spring weather, but arose in the first place mainly because of the almost complete closure of footpaths, suspension of sports such as fishing, cancellation of rural events, and closure of many country houses and other visitor attractions. It went on much longer than necessary owing to the slowness of some local authorities to reopen footpaths (see Chapter 6) and delay in reopening some visitor attractions, and because the perception that the countryside was closed continued long after it had ceased to be the reality - indeed still continues (see paragraph 5.9).

5.14 It is also hard to disentangle the impact of access restrictions on the public's enthusiasm for visiting the countryside from that of negative images resulting from the disposal methods used and the media reporting of them. In the early weeks of the outbreak almost all footpaths and most rural attractions and events were closed. Once the extent and duration of the impact on tourism and the rural economy were appreciated, strenuous efforts were made to promote reopening and to publicise what was open, and by late April much of the countryside outside infected areas was open. However, dramatic and distressing pictures of dead animals, burials and burning pyres, and coverage of the anguish of the farming community, naturally dominated the headlines at home and abroad. Tourists, particularly from abroad, remained worried that they could catch FMD, or spread it, or encounter piles of dead animals. English Tourism Council surveys showed that people's reluctance to visit the countryside was partly because they thought there would be nothing to do, but also because they feared seeing something nasty when they got there.

5.15 Looking to the future, provided businesses survive the winter, much of the tourist sector may recover of its own accord, and visitors may be back next year in greater numbers because they did not come this year. However, positive action - information and promotion - will be needed to make sure this happens, particularly against the current background of international tension and concerns about travel safety.

5.16 To achieve sustainable recovery, the tourist sector needs to operate in a coherent way that, especially at local level, is often not apparent now. In many areas it took a long time for the voice of tourism to be heard; farming, by contrast, was well represented. There need to be stronger and more coherent voices for tourism, representing small firms as well as big, and not just hoteliers but also other visitor-dependent businesses. The sector must examine ways to help both itself and the wider rural economy to withstand crises such as FMD, in particular by providing consistently good quality.

5.17 In the short term, rural tourism businesses need help to survive the winter. In the medium term there is a need to “relaunch the countryside” and increase the flow of visitors. This is discussed in more detail in Chapter 7, and our **recommendations** relating to tourism are set out in Chapter 8 paragraphs 8.23, 25, 26, 28 and 30.

CHAPTER 6 - FOOTPATHS AND COUNTRYSIDE ACCESS

6.1 There are 100,000 kilometres of public rights of way in England, many of them little-used field paths, but many critical to the attraction of rural areas - especially hill and coastal areas - to visitors. However, even at the best of times, there can be a lack of enthusiasm about access by walkers and others on the part of some landowners and farmers.

6.2 At the start of the outbreak, MAFF faced an uncertain picture as to how far FMD had spread throughout the country. Because of the risk of the spread of disease, it was decided on 27 February to give local authorities powers to close footpaths and bridleways not only in Infected Areas (as provided for in the pre-existing Foot-and-Mouth Disease Order 1983) but also outside them, subject in the latter case to clearance with MAFF. Many other countryside activities dependent on access to farmland, such as shooting and equestrian events, were prohibited or voluntarily suspended, and many visitor attractions - especially but not only where there was a risk of contact with livestock - were closed.

6.3 A strong message went out from central Government and farmers' organisations that footpaths generally should be closed. The NFU immediately called on local authorities "to close off rural footpaths and rights of way to stop the spread of foot and mouth disease". NFU regional offices contacted authorities to urge them to make use of the powers. NFU President Ben Gill said: "It is imperative that every local council which has rural footpaths and rights of way within its boundaries closes them immediately. There must be a blanket ban across the country. This could be crucial in helping us to stamp out this highly virulent disease. With new outbreaks being confirmed all the time, we are sure every responsible member of the public will support us. Remember the disease could be anywhere - not just in the restricted zones. I implore everyone once again: please, please stay away from the countryside."

6.4 The same message came from the Prime Minister. In his internet broadcast on 27 February he said: "...though we are not at direct risk from this disease, we can play a part, unknowingly, in spreading it. FMD is a highly infectious virus which can be picked up by us on our boots, clothes and cars and carried many miles. By staying away from farmland, by keeping off any footpaths through or next to farms or open land with livestock, we can help the efforts to eradicate this disease. We are giving local authorities today the power to enforce the temporary closure of footpaths and rights of way, but we hope people will voluntarily stay away in any case".

6.5 Official advice from MAFF was more qualified. The first formal guidance to local authorities, in a circular dated 6 March, said "[Power to restrict access outside Infected Areas] should only be used where there is evidence ... that to allow such unrestricted access would pose a potential risk of spreading the disease." However, in the House of Commons on 28 February, Nick Brown, Minister for Agriculture, said "I deliberately left the issue to the discretion of local authorities, on the understanding that they would know best the local circumstances. It is for them to make an assessment of risk. ... Incidentally, if they want advice from me, I suggest that they act on a precautionary basis." (Official Report col. 921). Later in the same debate, he said "I urge local authorities to prosecute people who insist on arguing about those measures [to close paths]." (Official Report col. 931).

6.6 There was huge public sympathy for farmers at the start of the outbreak, and many walkers and other countryside users would have stayed away even if footpaths and events had not been closed. For example the Ramblers' Association so advised its members. Indeed some countryside events were cancelled as a gesture of solidarity with farmers rather than because of any assessment of risk.

6.7 Given the power to close paths, and strong encouragement from Government and farmers to use it, almost all local authorities understandably adopted a precautionary approach and did so. Many used "blanket" powers, enabling them to close all paths without having to erect signs on individual paths. By early March, almost all paths were closed, including some even in towns and many in woodland and across arable land.

6.8 The damaging impact on countryside tourism and the businesses that depend on it, especially in popular walking areas, rapidly became apparent. In some areas visitor numbers fell to nothing: few people stay in the remoter Lake District valleys except to walk in the hills. (This was not the only side-effect of path closures: for example there were reports of children having to walk long distances to school on busy roads.) From late March the Government, advised by the Task Force, moved to encourage reopening of footpaths in line with published guidance based on a veterinary risk assessment.

6.9 On 28 March, following discussions with representatives of councils, countryside users and landowners, MAFF issued guidance to local authorities on public access to the countryside. This provided a framework, based on a veterinary risk assessment, for assessing which paths could be reopened. The approach recommended involved consultation with landowners and managers and detailed risk assessments by authorities. Where there was a degree of risk, use of mitigating measures such as fencing to keep livestock and people separate was recommended. The guidance included a code for walkers which was distributed widely by the Countryside Agency

6.10 Progress remained slow. By Easter (15 April) only 14% of the network was open. In response, on 25 April the advice was amended and supplemented by a detailed matrix and procedure for local risk assessment. Beverley Hughes, Parliamentary Under-Secretary in DETR, met individual authorities to try to persuade them to reopen paths. Government Offices held seminars for local authorities, along with MAFF veterinarians and the Countryside Agency, to promote the new advice.

6.11 Also on 25 April, the Government provided £3.8 million to the Countryside Agency to help local authorities and National Park authorities reopen rights of way. The Rights of Way Recovery Fund provides 75% of the cost of work such as fencing to help reopen paths and access land, and to provide better public information. The usual maximum grant is £45,000 per authority, but exceptionally this can be increased; over £500,000 has been provided to assist reopening in Cumbria.

6.12 Throughout May more paths reopened, but there were still some areas with no cases of FMD but very few rights of way and access land open. On 17 May only 26% of paths were open. Meanwhile, the Veterinary Risk Assessment was revised in response to the sharp decline in the number of cases and the summer weather which

reduces the survival rate of the virus. On 23 May, further guidance was issued, based on the revised risk assessment, this time stating clearly that where there were no recent cases, local authorities should make rapid progress towards reopening all of their rights of way, outside 3km Protection Zones around Infected Premises. The proportion of paths open began to rise more rapidly, to 42% for the late May Bank Holiday and to 64% by 25 June.

6.13 Local authorities' response to the Government's pressure varied. Some were keen to encourage visitors back, and reopened promptly, prioritising popular paths, trails and public access areas, often with the cooperation of land managers. Many others acted with extreme caution, in line with the views of local farmers. While NFU and CLA leaders nationally did not dissent from the Government's approach, many individual farmers retained an acute and understandable fear that walkers would transmit infection and were reluctant to allow anyone onto their land, least of all walkers who from their perspective had no need to be there. Some confusion was caused by advice to farmers which urged them to keep visitors to a minimum and require them to take strict biosecurity precautions: this was directed at visitors to the farmstead who were likely to have direct contact with animals, but was sometimes misinterpreted as applying also to walkers. There was some countervailing pressure from bodies representing ramblers and hoteliers, but it was much more muted, and threatened mass trespasses did not materialise.

6.14 Lincolnshire and the East Riding of Yorkshire, for example, had no cases of disease but were most reluctant to reopen footpaths, even on arable land. Other councils faced worse pressures but sought to cope with the problem. Cumbria - although worse affected by the disease than any other county - sought to promote a balanced approach, which recognised the importance to the area of hill-walking visitors, despite initial fears and the reservations of a new administration following the June local election.

6.15 Following the General Election, Alun Michael, Minister of State for Rural Affairs and other ministers continued to stress that closures of footpaths or other land should not be out of proportion to the risk. On 22 June he announced that the Government proposed to revoke any remaining blanket closures, subject to exceptions only if authorities could show good reason, in terms of disease control or the logistics of re-signing.. With effect from 20 July the Government revoked blanket closures except in those counties most affected by the disease, resulting in the proportion of paths and access land open rising to 85%. This has increased to 92% early October as local authorities continue to respond, and infected area status is progressively lifted across the country. Most (though still not all) of the remaining closures are in the areas of intensive biosecurity ("blue zones") around disease hotspots, or are otherwise justified in terms of the veterinary advice.

Our Assessment

6.16 In the circumstances of the start of the outbreak, MAFF's action to give power to local authorities to close paths throughout the country, and urge them to use it widely, was reasonable in the light of the unexpected pattern of spread of the disease. Most people recognised the need to react in a precautionary manner, which included closing public rights of way and access land. The wide geographical spread of the disease was unprecedented and - at that stage - there was little understanding outside

the veterinary profession of how it spread and of the very low probability of walkers spreading it. Nor was the scale of the likely loss of visitors resulting from the closure of paths and other attractions appreciated, and the damage this would do to other businesses, not only in tourism but local services such as shops and pubs. To the extent that the impact on countryside recreation was considered, the view was taken that the sooner necessary tough measures were taken to control the outbreak, the sooner the countryside could return to normality.

6.17 However, once those powers had been conferred and that advice given, it was very hard for the Government to persuade local authorities and farmers to accept updated advice. Many authorities responded positively to the Government guidance, but others could have moved much more quickly. Many appear to have taken the view - partly in response to pressure from farmers, possibly in some cases for other reasons - that any risk of spreading FMD, however slight, must be avoided, regardless of the impact on other businesses and activities. The suffering of the farming community was obvious - and real - but that of other businesses was often hidden and seen in a less personal or “human” context than that of farmers. Many people, including farmers, now acknowledge how the experience of FMD increased understanding of the inter-dependence of farming and tourism, and the damage caused by the loss of visitors to businesses and services from which all rural residents benefit. This perception was far less widely shared at the start of the outbreak. The Government’s approach, although based on scientific and veterinary advice, was not trusted, partly because it represented an apparent reversal of earlier advice.

6.18 In conclusion, while an ultra-precautionary response could be justified in the early days of the outbreak, and was then widely welcomed by the NFU, CLA and farmers generally, it is a blunt instrument appropriate only when time is of the essence and in areas of active disease. Closures can be, and were, implemented almost overnight, but it has taken much longer - in some cases over six months - to reverse them. In an uncertain situation, it is likely that authorities given a precautionary power will use it to the full unless there is very firm guidance about the appropriate parameters. The problem is that the content of guidance will always depend on how accurately the circumstances of an outbreak can be and are anticipated, and on the best assessment of the risks available at the time.

6.19 Our **recommendations** relating to footpaths and countryside access are at Chapter 8 paragraphs 8.30 and 34.

CHAPTER 7 - REVIVAL OF THE COUNTRYSIDE

7.1 Besides reviewing the short-term measures put in place to mitigate the impact of FMD, the Task Force went on to consider what further actions, in addition to those already proposed in the Rural White Paper, may be needed to restore the rural economy to health. This chapter provides background to the recommendations for revival of the countryside and of local rural economies in the medium term, set out in the following chapter. Annex E sets out some even more provisional thoughts from the Task Force directed towards the long-term sustainability of the countryside.

Reinvesting in rural life

7.2 The impact of FMD on rural life in many communities has been profound in the short term, and the longer-term outlook remains uncertain. Livestock farming has suffered a collapse in income and morale. Businesses that depend on visitors have been equally hard hit. A wide range of other service providers and businesses have also been badly affected. The traditional landscape of some upland areas has suffered from the loss of grazing sheep, though there may have been offsetting benefits from the regeneration of natural vegetation in the absence of both livestock and walkers.

7.3 The effects have been seen in stress and hardship to individuals; the isolation of communities; and the strains on local services, including shops, pubs and post offices. Hardship grants and counselling have helped in the worst affected areas; but communities, with the help of Rural Community Councils, churches and the voluntary sector, will need to rebuild their social contacts and networks, and the financial base for community activity.

7.4 The pattern of rural economic activity consists of a broad range of inter-related sectors, including private and public services, forestry, quarrying, and some new small businesses. However, especially in some upland areas, local economies depend very heavily on farming (sheep farming in particular) and tourism - with the landscape influenced and maintained by farming being the major attraction for walkers and other visitors. This inter-dependence of farming and tourism has been the saviour of many farming enterprises by bringing a welcome second income from visitors, but it exposes some problems:

- farming and tourism generally do not work together on such matters as assessing supply and demand, marketing, and quality standards;
- such a concentration on two sectors is risky when a disruption to business - such as FMD - can affect both;

Inadequate priority has in the past been given to addressing these problems by promoting diversification of local rural economies.

7.5 The impact of the measures to control FMD has also shown that visitors are a critical component of the customer base of numerous businesses and activities, many of which fall outside the traditional tourist sector. Reduced mobility in the countryside resulted in a contraction of local markets.

7.6 Likewise, training and business advice are crucial to the revival of rural economies. Modern businesses need a well-trained workforce, and neither farming nor tourism perform well in this respect. Learning and Skills Councils, Regional Development Agencies, local education authorities, the Small Business Service, Regional Tourist Boards and DEFRA all have relevant programmes. The issue may be more about how to motivate take-up on the part of employers and employees.

7.7 Market towns and other service centres may hold the key to many aspects of rural economic revival. Although some have been suffering from economic decline - and many have suffered severely from the impact of FMD, most obviously where livestock markets have closed - they form natural hubs for the surrounding countryside. A revival of the countryside based on reinvigorating market towns as service centres is seen as having considerable social and economic benefits.

7.8 The policy background which guides and controls rural life is also part of any economic revival.

- National public policies are all-important. Many have been developed in response to major urban problems, and may not be well adapted to deal with features of rural life such as the prevalence of micro-businesses and self-employed people and the scattered nature of small-scale enterprises and markets.
- Regional bodies are in a good position to tailor national policies to the rural needs of their region. Regional Development Agencies and Government Offices have an increasing role in regeneration across all sectors, including important responsibilities for delivering the Government's rural policies. There is a similar risk that urban perspectives may sometimes dominate at regional level, although both RDAs and Government Offices were very closely involved in the efforts to combat the impact of FMD in their areas.
- Local authorities have a key role in contributing to rural revival. They have an extensive range of relevant functions, among them establishing local strategic partnerships, preparing community strategies and development plans, and facilitating rural regeneration initiatives, besides delivery of key public services. Their statutory power to promote the social, economic and environmental well-being of their areas is of growing importance. Again, where an authority covers both a major urban area and a large rural hinterland, getting the balance right poses a real challenge.

A changing role for land managers

7.9 Agriculture and the attendant skills of farmers have been the mainstay of rural economies for centuries. But this is changing, indeed has changed. Although farming occupies 80% of the UK land area, it is currently in its worst recession since the 1930s.

7.10 For many years, since World War 2 but more so in consequence of the EU's Common Agricultural Policy, policy on farming has developed separately from policy on most other rural activities, with priority given to maximising output of food. This has given agriculture a negotiating strength, but has contributed to lack of awareness of the growing importance of other economic activity in rural areas. As agricultural

policy and practice change, farming has become one important rural activity among many. The viability of farming is still based on the need to make a profit, but it is now generally seen as having to deliver wider environmental, social and economic objectives too.

7.11 Opinion on what the countryside is “for” is shifting. This is not new, but a perception of the countryside as a place to enjoy, rather than simply for food production, has highlighted and intensified concern about the decline in flora, fauna, habitats, soils, historic features and scenery over the last half century. National policies for agriculture, with their focus on food production, have not yet fully adjusted to this shift.

7.12 Standards on the farm are changing too. English farming has always prided itself on the quality of its products, but in recent years has had to respond to calls for increased standards of animal welfare, safety, environmental protection and traceability. Such standards are often reflected in assurance schemes that increasingly cover the whole supply chain. It is important that farmers, in pursuing these standards, are not disadvantaged by cheap imports from countries with lower welfare and environmental standards. The large food retailers have a key role in recognising the impact of their practices on the viability of rural areas, for example in relation to travel times and distances for animals going to slaughter.

7.13 Some farmers are responding by delivering a more varied range of products. Many have established multiple enterprises and their skills in non-farming activity are growing. Some, though, are not well-prepared to diversify, and investment funds can be hard to find. Three broad (and overlapping) directions for diversification exist:

- better marketing, including adding value to existing products on the farm, direct selling, and the growth of local co-operatives or collaborative marketing groups;
- new uses for the land, including cultivation of non-food products (timber, biomass, etc); public access and landscape management, and enterprises not related to agriculture;
- cooperation between farmers with shared interests to access opportunities that cannot be tapped by the individual small farm, such as investment in new ventures.

The trend towards part-time farming can also help to retain the social fabric of the countryside, but relies on the existence of enough off-farm employment opportunities.

7.14 Reconnecting farming with the consumer is a necessary part of this change. Farmers and farming have become steadily more distant from their consumers. Stories of urban children not knowing that bacon comes from pigs may be overstated, but are symptomatic of an industry isolated from its public. Concerns over pesticide residues, public health (notably salmonella and BSE), animal welfare and “food miles” have exacerbated this situation. The rift needs to be repaired urgently with efforts to change the misconceptions on both sides. “Eat the view” campaigns, and a change in the buying practices of supermarkets to favour regional or local products, can play their part. We should also help farmers to understand urban perspectives, and

recognise that visitors to the countryside should be welcomed and encouraged to take an interest in the rural economy if they are to become advocates for rural areas rather than returning to towns and cities irritated by feeling unwanted.

The role of tourism and tourists

7.15 Tourism has become an essential part of the rural economy upon which businesses of all kinds depend - for example on Exmoor, nearly 90% of jobs are estimated to be tourism-related. But all is not well with the industry. Tourism is bound to be characterised by many small, independent enterprises, with its operators sometimes failing to “pull together” or see themselves as a single sector. Indeed wide variations are inevitable, since what attracts visitors is generally the destination not the tourism business itself. It is also an industry where some sectors are growing - family theme parks, for instance - but others struggle, as in many traditional seaside resorts.

7.16 FMD has had a devastating effect on many tourism businesses. In the short term, tourism needs to attract visitors back into the countryside and revive images of a “green and pleasant land” which have been dented by scenes of slaughtered animals and burning pyres.

7.17 Beyond this, the tourism business must examine ways to help both itself and the wider rural economy to withstand such crises. Assistance for tourism enterprises has traditionally emphasised the supply side of the industry, with much effort being expended on developing facilities and attractions. This remains important, but attention to the demand side has lagged behind: more simply put, help should go only to facilities that are wanted and will be used. This requires a better understanding of what attracts visitors, including good information, high quality and local identity.

7.18 The industry is also marked by variable quality. Some businesses offer high quality facilities, experience and welcome, but it is well known that many need to catch up. Enhancing the quality of tourism establishments is an essential part of a rural recovery, linked to the overall experience of a visit, the design of facilities, promotional support, and the rural setting. Achieving high quality will reap dividends in enticing visitors back to the countryside. Improving quality, though, should not be a reason for excessive price increases - there is already a widespread perception that holidaying in Britain is expensive.

7.19 The growth of information technology (IT) in the tourist industry is important to recovery. Providing detailed, accurate information for visitors - before as well as during their visit - is part of a pleasant, inviting and “come again” experience. IT also offers scope for more flexible delivery of up-to-date information tailored to the requirements of the visitor and the qualities of the locality. Finding out about and booking visits in this way can become an intrinsic part of enjoying the countryside and benefits the operator too. Access to IT and “broadband” is also essential if there are to be flexible options for employment in rural areas outside farming and tourism, and for improving the quality and accessibility of rural public services.

7.20 Rural destinations need “attractors” to generate and retain visitor interest. Those fundamental to the revival of rural tourism are:

- the sheer diversity of the countryside: landscape and scenery, the different styles of town and village, local customs, and the visible evidence of its long and varied history, together produce a rich local distinctiveness that forms one of the countryside's greatest selling points: this cannot be created but can be protected;
- access in all its forms, to the countryside and within it;
- biodiversity, both as a pleasant background of plants and animals to a visit, and access to nature reserves to attract visitors with an enthusiasm for the natural world;
- local produce: promoting local products provides a strong selling point for tourism, supports valuable outlets for the farming industry, and helps to retain a greater share of visitor spending within the locality.

All of these are closely linked either directly to farming, or to the landscape maintained by farming.

7.21 Our **recommendations** relating to revival of the rural economy and rural communities in the medium term are set out in Chapter 8, paragraphs 8.8, 11, 13, 15, 17, 19, 21, 23, 25, 26, 28, 30 and 32.

CHAPTER 8 - RECOMMENDATIONS

8.1 This chapter sets out the Task Force's recommendations - short and medium-term - for reviving the rural economy in the aftermath of FMD.

Short-term measures

8.2 If rural areas are to recover, assistance is needed not only for farming: wider business recovery is essential. While significant help is available, through tax deferral, hardship rate relief and the Business Recovery Fund (BRF), this is not enough; the BRF in particular is almost exhausted, and some types of business in need are excluded under current national rules or local criteria. Lack of knowledge of the help available remains a problem: in the most recent survey (see paragraph 3.10), only 36% of affected businesses were aware of the government measures to help businesses and how to access them. We need to build on the success of the measures taken to date to help more businesses through additional funding and advice.

8.3 Whilst some have argued that assistance should be targeted primarily on helping businesses to change and adapt, many small businesses have made the straightforward plea that their priority is cash to survive through the winter. Tourism businesses are likely to recover provided visitors return in spring: the risk is that many may not survive until then.

8.4 The Government should review the effectiveness of the various forms of assistance currently provided, and whether more can be done to encourage take-up of the advice and help available.

8.5 The Government should continue to provide assistance in the forms currently available until it is clear that the impact of the crisis is over. This should include extending tax deferral, the extra central subsidy for hardship rate relief, and matched funding for charitable donations, to the end of the financial year. The Government should also review the case for extending matched funding to public contributions raised by a wider range of charities, including environmental charities - see paragraphs 8.20-21.

8.6 The Government should urgently provide the resources for the continuation and expansion of the Business Recovery Fund; it should review the criteria for the fund with a view to making them less restrictive, particularly to clarify that winter building renovation is eligible. The Government should also support the establishment of a Small Business Service/Business Links' pool of micro-business recovery experts.

Sustaining rural businesses

8.7 The future of farming is outside the Task Force's remit, and is being considered in detail by the Policy Commission on Food and Farming. We have to recognise, though, that FMD has had a devastating effect on individual farmers - those who have lost their livestock and those who have been unable to sell or move their animals for up to seven months. The situation provides an opportunity to encourage farmers to tackle a range of environmentally important jobs that can be neglected when farms are busier.

8.8 The Government and agencies should work with farmers to prepare farm reinvestment strategies, focused initially on the areas where stock has been culled. Such strategies could include increased take-up of agri-environmental schemes, renovation of pollution control equipment, restoration of landscape features, and staff retraining. Additional funds would permit wider take-up of these schemes.

8.9 Business advice is available from a number of organisations, principally Business Links. The Farm Business Advice Service, funded by DEFRA and delivered through Business Links, provides farmers with three days of free one-to-one basic advice. (An enhanced service being rolled out in summer 2001 provides 5 days of free advice to any farmer who has had stock compulsorily slaughtered as a result of FMD.) Some Regional Tourist Boards provide advisory services to small tourism businesses. The Small Business Service (which manages Business Links) is seeking to ensure better co-ordination of the work of Business Links and other advisory services.

8.10 Continued provision of high-quality advice is essential for business recovery and the revival of rural economies. There is also room for more specialist advice (and for promoting that advice) in the tourism sector, where the Regional Tourist Boards have a particular role; and for wider availability in the agricultural sector, where the need among farmers subject to movement restrictions is at least as great as among those culled out. Other small rural businesses such as village shops and pubs, and new business start-ups, would also benefit from easier access to specialist advice.

8.11 Publicly funded advisory services should be provided by a variety of organisations, though the Small Business Service's efforts to deliver better co-ordination are welcome. In particular:

- **the Small Business Service and Regional Tourist Boards should establish a specialised support service to help tourist businesses generally, and in particular movement into and out of tourism, reflecting the need to balance the supply and demand sides of the industry;**
- **the Small Business Service and DEFRA should further extend the capacity of farm business advisers to provide comprehensive individual advice on development and diversification, in the context of the whole farm, its local economy and its environment.**

Expanding markets and increasing value added

8.12 Many products of rural businesses - including farming - are subject to long supply and marketing chains, which disconnect the producer and consumer and allow profit to "leak". Rural businesses need to establish more direct contacts with suppliers and consumers so more of the profits can be kept within their firm and locality. Campaigns such as the Countryside Agency's "Eat the View" programme and the recovery plans of Food from Britain, and quality assurance schemes such as the "Freedom Foods" initiative and the NFU's "Red Tractor" branding scheme, all have a part to play, as does regional branding such as "Taste of the West". Support might come from a variety of sources, including the existing England Rural Development Programme. Farmers should be encouraged to join collaborative

marketing groups, which offer professional expertise and provide the scale and continuity of supply required by major buyers, and use collective buying power to reduce input costs.

8.13 Rural businesses and business organisations should:

- **develop local supply chains and marketing networks, linking them to locally-based purchasing schemes, co-operatives and investment credit facilities;**
- **promote local distinctiveness, using the identity of a region or locality, branding products accordingly and linking the brand name to high quality;**
- **encourage local enterprises - particularly hotels and restaurants - to buy food and services locally, and promote the fact that they do;**
- **develop partnerships with major retailers, linked to a large-scale consumer campaign backed by both parties: this should include promotion of local produce underpinned by stricter labelling rules to ensure authenticity.**

8.14 Farmers' markets are an example of direct selling from producer to consumer, and which help to bridge the divide - actual and perceived - between town and country. Some 300 markets have been established in recent years but there is room for more, and for those that exist to operate more frequently.

8.15 A new impetus for farmers' markets should be given through promotional campaigns and advice. DEFRA and stakeholders should set an achievable aim - perhaps an increase of a third, to 400 by the end of 2002 - with a long term aim of a weekly market in most towns.

Revitalising rural communities

8.16 Market towns provide a potential engine of local rural regeneration. Rural residents look to market towns for services, public and private, that cannot economically be provided in villages; but in many areas the amount and variety of service provision in market towns themselves - notably retailing, but also public services - are in retreat. Some regeneration and support programmes are already in place to help reverse the trend, but there is a need to do more to develop and promote this approach in more areas.

8.17 The Government should support local strategic partnerships in rural areas in promoting market town regeneration programmes. Extra resources may be needed to help towns in areas badly affected by FMD.

8.18 Efforts are needed to revive community activity and sustain the viability of community facilities in areas affected by the disease, where lack of passing trade has hit village shops and post offices and cancelled events have affected community facilities. The Countryside Agency supports a number of community initiatives and local services through its "Vital Villages" programme. Churches and charities have played an important role in sustaining community life during the outbreak, as have parish councils and other local organisations, but their activity has been limited by lack of resources.

8.19 The Government should recognise the impact of FMD on the rural voluntary and community sector, and offer additional help to affected communities, using existing schemes such as those run by the Countryside Agency and others.

8.20 A number of charities and support services have worked hard to deal with the hardship resulting from FMD for individuals and communities. The Government has supported this work through a special “gift aid” (matched funding) scheme, which has encouraged the public to donate generously. However, many environmental and leisure charities, for example the Youth Hostels Association, have also suffered a severe drop in their income, but have not been eligible for matched funding or other help, and could be helped to recover via the gift aid approach.

8.21 A special, time limited, gift aid scheme should be introduced, to include environmental and recreational charities, directed principally at activities and areas affected by FMD.

Relaunching the countryside

8.22 The difficulty that visitors experienced in obtaining detailed, accurate information - and the reluctance of many people to travel without it - was a significant lesson from the epidemic. In the early stages many information sources - including helplines - were vague and unsatisfactory. This resulted partly from absence of up-to-date information in a fast-moving situation, but was also because systems were not geared up to provide it. (For example, as part of their evaluation of the Rights of Way and Access Land (ROWAL) Recovery Fund, the Countryside Agency examined the quality of information provided by local authorities on footpath re-opening on their websites. The study found wide variations, and recommended setting general standards for presenting rights of way information; work on this is in hand, with the support of the LGA.) The growth of information technology (IT) in the tourist industry will be an important element of recovery, but needs to be of a much higher standard. IT offers scope for more flexible delivery of up-to-date local information tailored to visitor requirements.

8.23 A co-ordinated and user-friendly information initiative should be developed to provide visitors with the facts they need and the confidence that they are welcome in the countryside. This should include a web-based database, to which all Tourist Information Centres should have access, providing information on access to footpaths, national trails and other attractions.

8.24 With the countryside closed or perceived as closed, not only did farmers, tourist establishments and service providers lose much of their income, but negative perceptions of the countryside also grew among urban residents. It is important to restore people’s image of the countryside - as an attractive place to be, besides where their food comes from. A well planned promotional campaign early next year could do much to attract visitors back and revive the rural tourism industry.

8.25 A major promotional campaign should be developed to relaunch the countryside, based on a distinctive “brand” and theme. This would need to be co-ordinated nationally but branded and delivered regionally and locally. It would use the theme of recovery post-FMD to promote growth in sectors which

were already fragile. It should also seek to revitalise communities and engage businesses not traditionally connected with tourism, including banks and supermarkets, and engage urban communities in “joining up” town and country. The campaign should be based on a series of “welcome back” events and festivals for visitors during Easter 2002 and later in the year, with festivals and events officers employed by local authorities to plan for the year and to encourage local activity.

8.26 Tourism publicity and media campaigns should be co-ordinated nationally, in conjunction with regions and the private sector, to include themed breaks based on specific leisure activities; countryside events and festivals; special offers for travel and attractions running through 2002; and a place for local communities, products and services.

8.27 Farm tourism organisers are establishing a promotional and marketing campaign entitled “Welcome to the Countryside”. This will co-ordinate activity between businesses, and improve the marketing and quality of farm visits, education and accommodation.

8.28 DEFRA and DCMS should support the “Welcome to the Countryside” initiative.

8.29 The impact of FMD - footpath closures in particular - has shown how important attractive countryside - and access to it - are to local economies. Progressive implementation of the Countryside and Rights of Way Act will give organisations such as National Parks and local authorities a chance to promote access through a co-ordinated local programme. There is also a need to promote greater knowledge of rural issues in urban areas and a more positive attitude to visitors - especially by farmers - and greater understanding of urban perceptions and concerns.

8.30 Local authorities, and conservation and access organisations, should develop proposals to enhance access to the countryside. In particular authorities should identify those footpaths and trails that generate significant income within local economies and draw up programmes for their improvement. Conservation bodies and land managers should encourage access to wildlife sites, based on good conservation, visitor management and interpretation.

Other recommendations

8.31 Local implementation It is important that the Task Force’s recommendations are implemented locally in the context of integrated regeneration action plans and with the active support of all local stakeholders. A flexible approach will need to be taken that meets the needs of different localities. Developing and supporting local ownership will help ensure that as a package, these recommendations will be more than a sum of their parts.

8.32 The Government and its agencies, together with other national, regional and local stakeholders, should continue to support local regeneration partnerships in developing and implementing post-FMD plans, in particular those being developed in the worst-affected areas, especially - but not only - Cumbria and Devon.

8.33 Footpath closure powers The experience of the FMD epidemic has given all concerned a better understanding of the impact of the blanket closure of rights-of-way and access land (besides cancellation of events and closure of visitor attractions) on visitors to the countryside and the businesses that cater for them, and the importance of countryside access to local economies.

8.34 In anticipation of any future outbreak of FMD (and other animal diseases), a protocol should be developed, based on a veterinary risk assessment, as to how widely, and for how long, footpath closures and restrictions on access are likely to be justified, and what conditions should be placed on closure powers. This should take account of the impact on walkers and the businesses that cater for them besides the requirements of disease control. Clear guidance on where closure is justified should be issued at the same time as the powers are conferred.

8.35 Media strategy Media response to a crisis is important. There is a clear difference between public information provided by the Government, and the journalistic coverage to be expected of a free press during the worst-ever outbreak of FMD. But the public gain their understanding and information mainly from the media, who can therefore help turn a crisis into a disaster. There is rightly no equivalent of a D notice for issues not related to national security. However, the Task Force believes that more might have been done to inform editors, particularly national and international broadcast media editors, of the facts about how FMD is spread, and the impact that coverage of the outbreak was having on tourism and the rural economy and communities.

8.36 For example, when the Government stressed that walking in the countryside was now generally safe, based firmly on the veterinary advice, and the lack of any case where FMD was known to have been spread by walkers, the reaction of many journalists was, as one put it to Alun Michael, “Surely you realise that statement is counter-intuitive?”. Also, while the message about the need for strict bio-security on the part of those working with animals was entirely consistent with the advice that footpaths could safely be reopened, the reasons for the difference were too complex to convey via the media, and it was therefore easily portrayed as inconsistent.

8.37 These concerns about media handling go wider than DEFRA, and there are lessons to be drawn from the experience of the epidemic for Government as a whole.

8.38 A review should be carried out of media and public information strategy during the course of the outbreak.

8.39 Data availability The Task Force’s work was difficult in part because of the lack of accurate and up-to-date information about the extent of the damage being done to small businesses. Given the limitations on ad hoc surveys, undue emphasis was therefore placed in some quarters on employment statistics as a measure of trends in local economic activity. However, when the impact was concentrated on sectors such as farming and tourism with high levels of self-employment and seasonal and casualwork, employment data are a poor measure of the losses that businesses may be suffering in the short term

8.40 The Government should review the data sources - national, regional and local - available to monitor the impact of a crisis such as FMD on businesses such as farming and tourism, in particular on incomes from self-employment.

8.41 Monitoring and review The FMD outbreak is not yet fully over. Very few culled-out farms are yet free to re-stock, and many thousands of farms remain subject to restrictions on animal movements and tight bio-security precautions. Nearly 10% of footpaths are still closed. Information on the impact on the national economy, local rural economies, and individual farming, tourism and other businesses remains incomplete. Some businesses may fail during the winter as a result of revenue losses sustained during the summer. It is too soon to say how soon people will recover their appetite for visiting the countryside. Our recommendations above represent our best judgement of what is needed at the time of writing; however, it is important that the Government keeps the health of the rural economy under close review, and is prepared to take further action if required.

8.42 The Government should keep the health of the rural economy at large, including farming and countryside tourism, and the impact of the measures already taken and those recommended here, under close review over the coming winter, spring and summer, using ad hoc surveys given the limitations of regular data sources. It should be willing to take further measures if the impact of the FMD outbreak turns out to be even deeper and more lasting than now appears.

**RURAL TASK FORCE
October 2001**

ANNEX A

Members of the Rural Task Force (at 5 October)

Chair: Alun Michael MP, Minister of State for Rural Affairs, DEFRA¹

British Hospitality Association	Bob Cotton
British Tourist Authority	Bernard Donoghue
British Waterways Authority	Paul Wagstaff
Country Land and Business Association	Anthony Bosanquet
Countryside Agency	Ewen Cameron
Countryside Alliance	Richard Burge
Department for Culture, Media and Sport	Kim Howells MP, Minister for Tourism ¹
Devon and Cornwall Business Council	Tim Jones
Department for Education and Skills	Michael Richardson
Department of Trade and Industry	Nigel Griffiths MP, Parliamentary Under-Secretary for Small Business ¹
Department for Transport, Local Government and the Regions	Stephen Cloughton ¹
Department for Work and Pensions	Jonathan Lindley
English Tourism Council	Mary Lynch
Federation of Small Business	Stephen Alambritis
Forestry Commission	Bob McIntosh
HM Treasury	Andrew Smith MP, Chief Secretary
Local Government Association	Cllr Pat Aston / Cllr Christine Read
National Assembly for Wales	Delyth Evans AM
National Federation of Women's Institutes	Jill Cobley
National Trust	Peter Nixon
Newcastle University	Neil Ward
National Farmers Union	Michael Paske
No10 Downing St	David North
Northern Ireland Executive	Joan Cassells
Office of the Secretary of State for Wales	Don Touhig MP ¹
Scottish Executive	Neil Ritchie
Small Business Service	Tim Evans
South West Regional Development Agency	Sir Michael Lickiss / Jeremy Pope
Rural Group of the Bishops of the Church of England / ARC Addington Fund)	The Bishop of Blackburn, Jeremy Martineau

Secretary:

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¹ Until the General Election on 7 June, the Chair was Michael Meacher, Minister for the Environment in DETR; the Ministry for Agriculture, Fisheries and Food was represented by Elloit Morley MP; DCMS was represented by Janet Anderson MP; DTI was represented by Patricia Hewitt MP; and OSSW was represented by Mike Hanson MP.

ANNEX B

Inquiries into the outbreak of Foot-and-Mouth Disease

Three independent inquiries into the lessons to be learned from the FMD outbreak and the future of farming and the countryside were announced by the Government on 9 August. The independent inquiries, which will report to the Prime Minister and the Secretary of State for Environment, Food and Rural Affairs, Margaret Beckett, are:

- Inquiry into the lessons to be learned from the FMD outbreak of 2001 and the way the Government should handle any future major animal disease outbreak, to be chaired by Dr Iain Anderson;
- Scientific review by the Royal Society of questions relating to the transmission, prevention and control of epidemic outbreaks of infectious disease in livestock, to be chaired by Sir Brian Follett FRS;
- Policy Commission on the Future of Farming and Food, to be chaired by Sir Don Curry.

Inquiry into the lessons to be learned from the FMD outbreak

The Inquiry into the lessons to be learned from the FMD outbreak of 2001 will be headed by Dr Iain Anderson, working with the Cabinet Office Civil Contingencies Secretariat. Dr Anderson will offer recommendations to the Prime Minister, the Secretary of State for the Environment, Food and Rural Affairs and the devolved administrations, within six months of his starting a full programme of work.

Terms of reference: “To make recommendations for the way in which the Government should handle any future major animal disease outbreak, in the light of the lessons identified from the handling of the 2001 foot and mouth disease outbreak in Great Britain.”

The recommendations should be addressed to the Prime Minister and the Secretary of State for Environment, Food and Rural Affairs, and to the devolved administrations in Scotland and Wales.

Timetable: The Inquiry will not begin until the outbreak is over and should aim for completion within 6 months. If there are important emerging recommendations which should be passed to the Government sooner, the Inquiry may publish interim findings.

Scientific review by the Royal Society

The Royal Society will lead a scientific review of the complex issues arising from serious animal disease outbreaks. It has agreed to provide its recommendations by summer 2002. The review will be carried out by a committee chaired by Sir Brian Follett FRS and including veterinary scientists, virologists and epidemiologists, and representatives of farming and consumer groups.

Terms of reference: “To review scientific questions relating to the transmission, prevention and control of epidemic outbreaks of infectious disease in livestock in Great Britain, and to make recommendations by Summer 2002.”

The inquiry should take close account of related inquiries, notably the administrative inquiry into the handling of the 2001 foot and mouth outbreak and the Policy Commission on the future of agriculture. It should cover:

a)Transmission/Prevention

The research base for identifying present and future risks of disease – what we know about

risks to Great Britain posed by animal disease world-wide; whether we know enough; and whether early warning/horizon scanning arrangements are scientifically and logistically adequate. The availability, scientific efficacy and adequacy of preventive measures (including vaccination) in the light of assessment of the risks, including the risks associated with current and future livestock practices.

b) Controls

The availability, scientific efficacy and safety of current technology (including vaccines) and methods for the surveillance, control and eradication of infectious livestock diseases in Great Britain. The potential for enhanced use of quantitative epidemiological models in understanding and predicting the spread of disease and the impact of policy options.

The review should:

- pay particular regard to any hazards to human health;
- identify any actual or potential constraints such as ethics, costs and benefits, economic incentives and social concerns.

Policy Commission on Farming and Food

The Policy Commission will advise on how to create a sustainable, competitive and diverse farming and food sector within a thriving rural economy which advances environmental, health, and animal welfare goals. The Commission will have a key role in informing the Government's approach to policies affecting rural areas in future.. The Commission will cover England only. The Commission will decide its own working methods, working in an open and inclusive manner involving a wide range of stakeholders, supported by a Secretariat in the Cabinet Office.

Terms of Reference: "To advise the Government on how we can create a sustainable, competitive and diverse farming and food sector which contributes to a thriving and sustainable rural economy, advances environmental, economic, health and animal welfare goals, and is consistent with the Government's aims for Common Agricultural Policy (CAP) reform, enlargement of the EU and increased trade liberalisation."

Coverage: In carrying out its tasks the Commission should take account of the following institutional factors:

- domestic agriculture and food policy is governed to a significant extent by EU law and the sectors operate within the framework of the EU single market.
- while responsibility for UK negotiations on EU matters such as the Common Agricultural Policy rests with the Government, agricultural policy within Scotland, Wales and Northern Ireland is the responsibility of the devolved administrations. UK policy towards the CAP is decided by the Government in consultation with the devolved administrations in accordance with concordats drawn up as part of the devolution settlement.

Working Methods: The Commission should set its own working methods but the Government envisage an open process, drawing in advice from a wide range of stakeholders, supported by a Secretariat in the Cabinet Office. The Commission will have access to civil service technical advice and support as required. The Commission will be able to draw upon high-quality expertise in economics and on the EU legislative and policy framework, as well as knowledge of successful international models for agricultural reform.

Timetable: The Commission is asked to report to the Prime Minister and the Secretary of State for Environment, Food and Rural Affairs by 31 December 2001.

ANNEX C

Take-up and cost of measures to help business

1. This Annex summarises the information available on take-up and cost of measures to limit the effects of FMD on the rural economy, mainly through help to affected businesses. Table C1 provides a breakdown of the Business Recovery Fund by region; full information on the regional distribution of other measures is not available. Except where stated, information is correct to 25 September, and is the latest available at 5 October. Except for tax deferral and the grant to the BTA, the figures relate to England. No totals are shown since the various measures differ in type: some are grants, while others offer a cash-flow benefit by deferring payments otherwise due. Information on the working of the measures and commentary on their effectiveness can be found in the main text.
2. The Business Recovery Fund (see paragraph 4.8-12 and 4.22-25). The BRF amounts to £51m, consisting of £39m extra Government funding and £12m re-prioritised by the RDAs, including £8m EU Objective 2 funding. Nearly 4000 grant offers worth £27m have been made, with nearly £20m paid to businesses. RDAs have also committed £5.7m from the Fund to business advice, and £10.1m to other measures, mainly promotion of tourism.
3. Deferral of tax, VAT and National Insurance contributions (see paragraph 4.6 and 4.19). 19,500 business have been helped through interest-free deferral of £158m of payments due. The cost to the Government consists of the financing cost in the interim pending eventual payment.
4. Extension of the Small Firms Loan Guarantee Scheme (see paragraphs 4.7 and 4.20-21). The scheme can now underwrite an extra £120m in additional loans. 18 new loans have been made in consequence of FMD, totalling £0.85m, with 6 of these, totalling £0.2m, under the extended criteria. A further 64 loans have been rescheduled. The cost to Government depends on how far the guarantee is called on if firms fail to repay.
5. Increased contribution from central Government to the cost of hardship relief from business rates (see paragraphs 4.2 and 4.17). Full information is not yet available, but data from the LGA's latest survey (dated 8 October) shows that the 127 mostly rural authorities that responded had received applications from 6500 businesses, and had so far granted nearly 3000 of these, while rejecting only 366. A very rough estimate of the benefits to business (in the areas of the responding authorities only) is in excess of £20m. The cost to Government consists of the increased central contribution (raised from 75% to 95% or 98%), or the full amount of relief granted if authorities would otherwise not have been prepared to grant it.
6. Deferred payment of rates (see paragraph 4.3). Local authorities have allowed deferred payment of rates for 6000 businesses (information from 127 local authorities at 8 October). There was a small cost to Government from allowing rural authorities to defer contributions to the national non-domestic rate pool.
7. Scope to apply for temporary reductions in rateable value, and three month extension of the deadline for appeals against business rate revaluation in rural areas (see paragraphs 4.5 and 4.18). In England the Valuation Office have received 73,000 appeals relating to FMD (25 September) and are giving these priority. No estimate of the number of appeals allowed and therefore of the cost is yet available.
8. Bringing forward proposals in the Rural White Paper for extra mandatory rate relief for village shops, pubs and filling stations (see paragraph 4.4). The full year benefit from these measures, which were implemented ahead of schedule in 2001 in response to FMD, is

estimated at £24m. The incidence of this cost as between central Government and local authorities collectively depends on decisions taken annually in the local government finance settlement.

9. Matching public donations to voluntary organisations providing hardship relief (see paragraphs 4.13-14 and 4.26). The scheme, run via the Countryside Agency, operated until the end of September, and by 24 September had matched £11m of donations in England), giving a total benefit to recipients of £22m (not all of it yet distributed).

10. An extra £18m was provided for tourism promotion (£3.8m to the English Tourism Council and £14.2 million to the British Tourist Authority) - see paragraph 5.3.

11. £3.8m was provided in grants via the Countryside Agency to local authorities to help with the cost of measures to re-open public rights of way and access land - see paragraph 6.11.

12. The cost of Rural Skills Action - see paragraphs 4.15 and 4.27 - has been absorbed by DfEE/DWP.

Table C1: Business Recovery Fund: by region (03/10/01)

	NWDA	SWRDA	Yorks Forward	Advantage West Mids	OneNorth East	EEDA	SEEDA	EMDA	TOTAL
Total allocated by Govt	11.0	11.0	2.5	5.5	5.5	1.0	1.0	1.5	39
RDA Allocations:									
a) Direct grants to business									
Allocation	6.6	9.2	2.0	4.0	2.3	0.4	1.0	1.4	26.9
Approved for payment	5.9	6.3	2.0	3.3	1.8	0.04	0.6	1.3	20.54
Still to approve	0.7	2.9	0	0.9	0.5	0.36	0.5	0.1	7.56
<i>Applications approved</i>	<i>1540</i>	<i>775</i>	<i>585</i>	<i>335</i>	<i>570</i>	<i>4</i>	<i>93</i>	<i>95</i>	<i>3985</i>
<i>Applications being processed</i>	<i>450</i>	<i>3001</i>	<i>0</i>	<i>150</i>	<i>100</i>	<i>60</i>	<i>88</i>	<i>385</i>	<i>4234</i>
b) Business advice									
Allocation	2.6	1.9	n/a	n/a	0.3	0.6	0.2	0.06	5.7
Spent / committed	2.6	1.9	n/a	n/a	0.2	0.33	0.1	0.05	5.13
c) Tourism/other support/recovery									
Allocation	2.7	1.7	0.5	1.5	2.9	0.5	0.3	0.01	10.1
Spent / committed	2.7	1.6	0.5	1.3	2.1	0.06	0.1	0	8.36
Totals									
Allocated by RDA	11.9	12.8	2.5	5.5	5.5	1.5	1.5	1.5	42.7
Spent/committed	11.2	9.0	2.5	4.6	4.1	0.43	0.8	1.4	34.03

Notes to Table C1

1. Some £8m of EU Objective 2 Funding is excluded from the Table. It brings the total available via the Fund to over £51m.
2. Yorkshire Forward have been allowed to vire an extra £4m into rural recovery from underspend on the Single Regeneration Budget; they intend to use this for regional strategic interventions related to FMD. This is not included in the table, nor in the figure of £51m quoted in paragraph 4.8 and in the note above.

ANNEX D

FMD: chronology relevant to the impact on the rural economy

20 Feb	First case confirmed.
21 Feb	Ban on exports of meat and live animals
23 Feb	Livestock movements suspended
27 Feb	Local authorities given extended powers to close rights of way
1 March	Countryside Agency estimates FMD implications for rural businesses - potential £2 billion loss
5 March	DCMS guidance “Visiting the Countryside for Tourism, Sport or Recreation”
6 March	MAFF circular to local authorities on use of footpath closure powers
14 March	Rural Task Force set up and holds first meeting
16 March	Power to impose <u>new</u> blanket footpath closures repealed Guidance on visiting the countryside published by DETR Countryside Agency website linked to local authority rights-of-way information launched
20 March	Parliamentary statement by Michael Meacher: package of assistance for affected businesses
21 March	Inland Revenue and Customs & Excise set up joint helpline
22 March	First “visiting the countryside - how you can help” advert MAFF summary footpath risk assessment published Government help to reduce rates bills for small rural businesses announced
28 March	DETR / MAFF guidance on access to the countryside published, including code for walkers DCMS visitor attractions guidance published Countryside Agency launch matched funding scheme for public donations to hardship relief Daily total of FMD cases peaks at 50
4 April	DCMS guidance for staging events published NCC website “openbritain.gov.uk” launched
6 April	DCMS announces £6 million funding for tourism advertising
11 April	Business Recovery Fund announced (£15M for Regional Development Agencies in 4 worst affected areas)
15 April	14% of footpaths open for Easter
18 April	Inland Revenue and Customs and Excise confirm that no interest will be payable on deferred tax or NIC for businesses hit by FMD

25 April	DETR publish matrix to guide local authority decisions on reopening footpaths, and announce £3.8m ROWAL Fund to assist with cost
6 May	Daily average of new cases falls below 10
7 May	Extension of Business Recovery Fund announced; extra £24m, coverage extended to all regions
17 May	26% of footpaths open
23 May	Revised guidance to local authorities on footpath reopening, plus full revised veterinary risk assessment Rural Task Force hears presentation from Cumbria Crisis Alliance
31 May	42% of footpaths open for late May bank holiday
7 June	General Election
9 June	DEFRA established; Alun Michael appointed Minister of State for Rural Affairs, replaces Michael Meacher as Task Force chair
14 June	55% of footpaths open
22 June	DEFRA announces intention to revoke most blanket footpath closures
10 July	Rural Task Force meets Cumbria FMD Task Force and Devon Forward Partnership
20 July	Most blanket footpath closures revoked
27 July	85% of footpaths open for school holidays
2 August	Countryside Agency “Welcome back to the Countryside” campaign launched
3 August	Lord Haskins’ appointment as Rural Recovery Coordinator announced
9 August	Three Inquiries into FMD outbreak announced Over 90% of footpaths open
17 September	New regime for controlled autumn movement of livestock came into force

ANNEX E

The Rural Economy in the longer term

1. The main Report concentrates on the Task Force's core brief on how rural businesses can be helped to survive in the aftermath of FMD and revive in the months that follow. However, members of the Task Force were strongly of the view that the problems consequent on FMD exposed the fragility of the rural economy at large, including countryside tourism, as well as the farming economy. This has reinforced the case for long-term strategies on the part of the Government to strengthen sustainable rural economies. This approach fits well, in the Task Force's view, with the Prime Minister's decision to establish a Department for Environment, Food and Rural Affairs.

2. The Rural White Paper set the scene for a thriving rural England. While such an objective goes beyond the Task Force's remit to address the impact of FMD on the rural economy and rural communities, the points that follow were made by members of the Task Force in our discussions of the longer term, and are set out here for further consideration. We consider that rural economies are unlikely to prosper unless we:

(a) base public policy and practical activity on the need for all aspects of rural economies to move forward together;

(b) continue to press for the Common Agricultural Policy to be reformed quickly enough and radically enough to meet the needs not only of agriculture but also of wider social, economic and environmental well-being;

(c) aim for a broad and sustainable base to rural economies, which can dilute the impact of setbacks in any one sector or dominant firm; and seek a better balance between local, national, and wider markets for most businesses;

(d) recognise that visitors and tourists are a long-standing and crucial part of the customer base for many rural businesses;

(e) find ways to overcome the potential disadvantages of distance, for example by strengthening regional supply chains, expanding the use of ICT in the business sector, and developing innovative approaches to supporting business networks and services;

(f) develop the awareness of inter-dependence within rural areas between farming, tourism, and other businesses, and promote a more co-operative and mutually supportive approach to local economic development;

(g) increase the scope and range of rural staff training programmes, aimed at updating the skills and awareness of employers, employees and sole traders;

(h) target support at micro-businesses, sole traders and self-employed workers in rural areas, particularly those with high-value and low-volume products, helping them to promote their goods and services, widen their customer base, and research product demand;

(i) work to develop planning policies that seek to harness change by encouraging the right sort of development rather than refusing the wrong sort;

(j) expand and improve public and private services in rural areas, notably transport;

- (k) seek to develop and expand local markets for agricultural produce and products processed on the farm;
- (l) increase welfare and environmental quality, and ensure that farmers are not disadvantaged by cheap imports of food and materials from countries with lower standards;
- (m) forge better connection between farmers and consumers: farmers need to be more entrepreneurial and react to changing markets; consumers need a more informed understanding of the effects of their purchasing choices; and tourist businesses need to make stronger and more consistent connections with local produce and services;
- (n) encourage the tourist industry to co-ordinate business activity within a locality or region, striving for higher quality accommodation, activities and attractions, and matching supply with the demand;
- (o) regard the countryside, with its scenery, biodiversity and access, as a primary element of economic well-being - and safeguard it accordingly;
- (p) consider a range of fiscal and financial measures to aid rural recovery: for example, review the rating burden on small rural businesses; encourage investment in rural areas; help existing employers; and assist would-be entrepreneurs to set up their own businesses;
- (q) promote effective delivery of the England Rural Development Programme, and support this and other avenues for transferring financial support from agricultural commodity production to agri-environmental and diversification schemes in support of sustainable rural development;
- (r) adjust agricultural techniques to achieve environmental and welfare targets, helping to devise ways of working that enhance the environment, and introducing farm health plans, linked to controlled restocking of disease-free animals, as part of a wider quality assurance system covering the health and welfare of stock from birth to slaughter, training, management practices, and the environmental resources of the farm.