



HOUSE OF LORDS

Select Committee on the Rural Economy

Report of Session 2017–19

Time for a strategy for the rural economy

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Select Committee on the Rural Economy

The Select Committee on the Rural Economy was appointed by the House of Lords on 9 May 2018 “to consider the rural economy and to make recommendations”.

Membership

The Members of the Select Committee on the Rural Economy were:

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[Lord Carter of Coles](#)

[Lord Colgrain](#)

[Lord Curry of Kirkharle](#)

[Lord Dannatt](#)

[Lord Foster of Bath](#) (Chairman)

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[Baroness Mallalieu](#)

[Baroness O’Cathain](#) (until 9 October 2018)

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[Baroness Rock](#)

[Baroness Young of Old Scone](#)

Declaration of interests

See Appendix 1.

A full list of Members’ interests can be found in the Register of Lords’ Interests:

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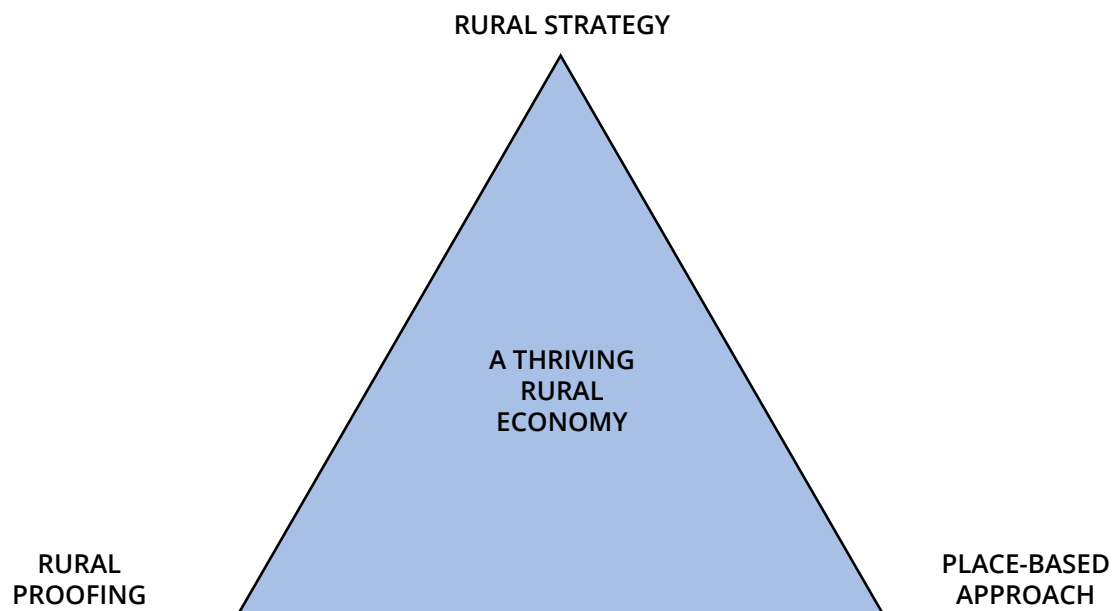
SUMMARY

For many, rural England is a great place in which to live and work or to visit, with the countryside rightly regarded as one of our greatest assets. With a vast range of rural businesses and initiatives, and new sectors growing fast, rural economies are increasingly diverse, dynamic and vibrant. But successive governments have underrated the contribution rural economies can make to the nation's prosperity and wellbeing. They have applied policies which were largely devised for urban and suburban economies, and which are often inappropriate for rural England. **This must change.** With rural England at a point of major transition, a different approach is urgently needed.

Rural England faces new challenges arising from, among others, Brexit, declining farm profitability, an ageing population, climate change and the pressure from often piecemeal and inappropriate development. But there are also new opportunities. In particular, the digital revolution has the ability, properly managed, to transform the rural economy, reverse years of underperformance and improve the quality of life not just for those living in rural areas, but for the nation as a whole.

The urgent challenge is to encourage the new opportunities, release unfulfilled potential and enhance the contribution which rural England can make to the nation while retaining its distinct character.

Figure 1: A thriving rural economy can be achieved by an effective rural strategy underpinned by better rural proofing and delivered through a place-based approach



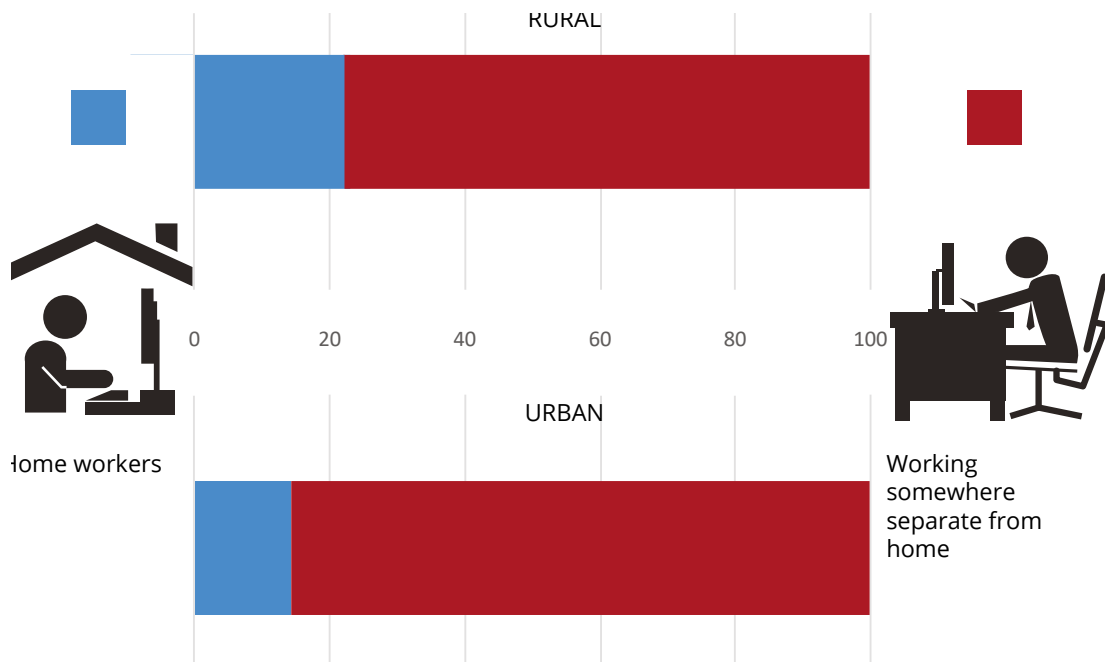
Our proposals to meet the challenge have three inextricably linked and mutually supportive key elements: a coherent rural strategy, re-energised rural proofing, and a “place-based” approach which reflects the diversity of our countryside and the capabilities and knowledge of those who live and work there.

The need for these reforms is apparent from the evidence we have received about key issues facing people in our countryside. Notable among these are

digital connectivity, the unaffordability of housing, economic development and business support, training and skills, the loss of basic services such as banks, buses and shops, and issues of health and social isolation. Our report makes detailed recommendations across this very broad range of issues, reflecting the breadth of evidence we received. A comprehensive and place-based rural strategy, accompanied by re-energised rural proofing, can help ensure that each of these policy challenges is addressed in a way that reflects the diversity of rural economies and rural communities across England.

While the Department for Environment, Food and Rural Affairs (Defra) has an overarching responsibility for “rural affairs”, it is clear that many Government departments have responsibility for issues that impact rural economies. Because of this, our report is addressed to Government as a whole and not to any one department alone.

Figure 2: Rural areas host a significantly higher number of home workers (22%) than urban areas (13%)



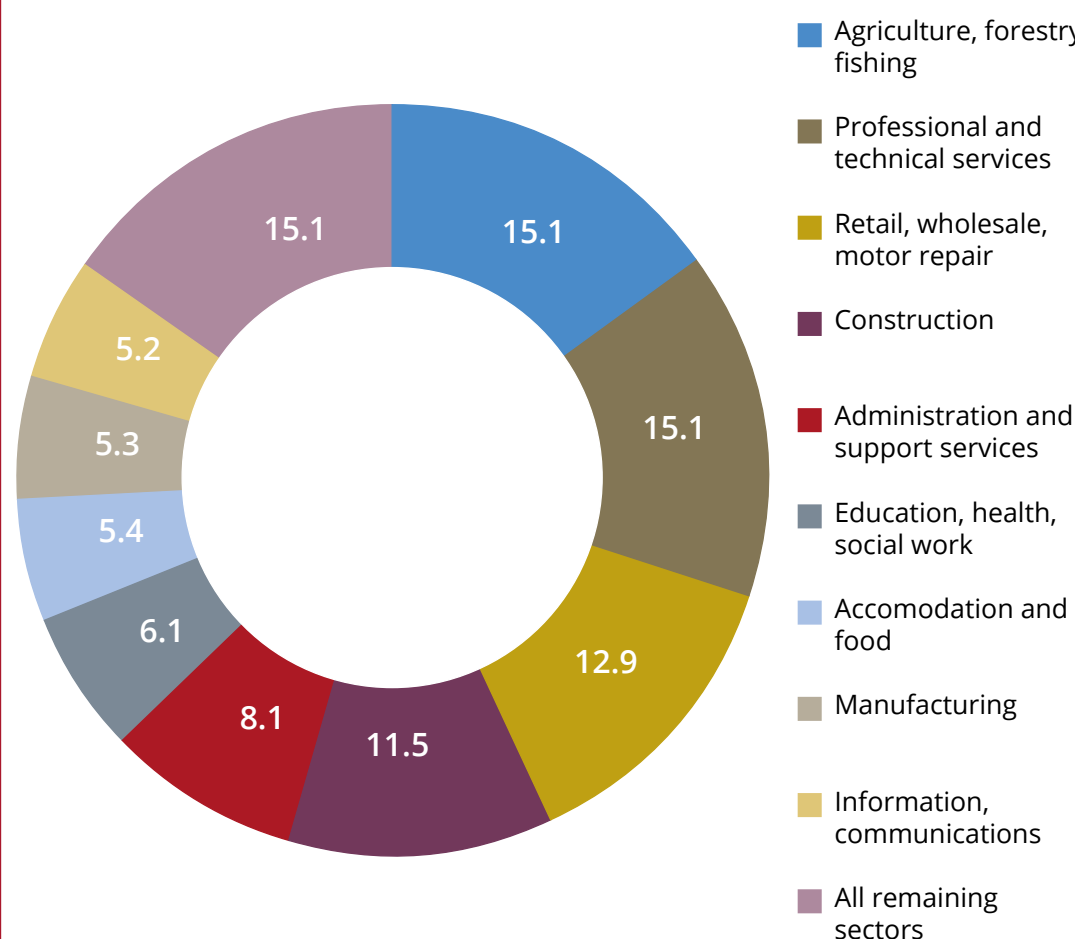
Source: Department for Environment, Food and Rural Affairs, *Statistical Digest of Rural England*, March 2019 Edition: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787699/03_Statistical_Digest_of_Rural_England_2019_March_edition.pdf [accessed 15 April 2019]

Unfulfilled potential; emerging challenges

The rural areas of England cover 90 per cent of its land and house 17 per cent of its people. They may look unchanging, but in reality England’s rural economies have already changed markedly and further change is inevitable. Once dominated by agriculture, they are now as economically diverse as urban economies, contributing a significant amount to the national economy with the potential to flourish and contribute even more to our wellbeing and prosperity. The Secretary of State for Business, Energy and Industrial Strategy has noted that **“some of the biggest economic opportunities are in the rural parts of the United Kingdom”**.¹

1 HC Deb, 12 September 2017, [col 631](#)

Figure 3: Percentage of registered business units in rural England, by sector



Source: Rural Services Network, *It's Time for a Rural Strategy*, March 2019: https://rsnonline.org.uk/images/publications/rural-strategy-2019/rsn_rural_strategy_online.pdf [accessed 15 April 2019]

However, realising this potential requires the adoption of the proposals we recommend, coupled with a better understanding by governments of the challenges and constraints that many rural areas face in providing services and infrastructure. The failure to understand and address these challenges is illustrated by problems such as:

- Unaffordability of housing by comparison with towns and cities;
- Slower broadband and patchy mobile coverage;
- Recent declining service provision, for example public transport and banking facilities;
- Businesses facing skills shortages and difficulty accessing finance.

If rural economies and communities are to flourish, such challenges must be addressed. No resident or business should be disadvantaged unreasonably by their rural location.

In adapting to change it is also vital to retain those things which we value most about our countryside, striving for an appropriate balance between continuity and change. The special character of our landscapes and habitats, as well as the cultural heritage and social inclusivity, are of immense value to rural and urban

residents alike. **Ensuring that change is managed in a way which protects these characteristics of our countryside is another part of the challenge.**

These opportunities and challenges are of such a scale that urgent action is needed. Without a coherent rural strategy from Government opportunities will be missed, potential unrealised, wellbeing diminished and cherished countryside lost. **It is clear to us that, if rural economies are to meet their full potential, doing nothing is not an option.**

The rural economy and public policy

We believe a new architecture is needed urgently to transform the way national and local governments and public bodies think about rural policy-making. In the same way that the Government has recently introduced an Industrial Strategy, we propose the development of a new rural strategy outlining a long-term, overarching vision for the countryside. We recommend that all policies which have an impact on rural areas should seek to achieve the vision outlined in the rural strategy, supported by a more robust and positive rural proofing framework delivered by local bodies as well as national Government.

The essential elements of a comprehensive, overarching, long-term rural strategy for the rural economy would include:

- A clear statement of the Government's aims and objectives for the rural economy;
- The contribution of rural economies to the wellbeing of rural communities;
- The importance of the rural economy to the nation;
- The need to assess and respond to emerging and likely trends in rural economies;
- A clear relationship between national policy and local delivery, incorporating both an enabling framework and specific responsibilities for local bodies, to ensure that policy can respond to rural diversity;
- A comprehensive and publicly accountable approach to rural proofing such that policies across government are consistent with the rural strategy;
- A clearer approach to implementation and monitoring of rural policies; and
- A clear and responsive funding framework.

To enable effective scrutiny of performance, there should be an annual report to Parliament, coordinated by Defra and drawn from all Government departments, setting out the Government's performance against the rural strategy.

Through the "rural proofing" policy, Government is required to ensure that all domestic policies take account of rural circumstances and needs. Although we heard of some positive examples of rural proofing, such as in the development of the Industrial Strategy, we also heard of major and continuing problems including late timing, poor consultation, inconsistency of application and lack of transparency and accountability. There is clearly significant room for improvement in how rural proofing is carried out.

Rural Proofing Process

An effective rural strategy would, we believe, help to improve the consistency and quality of rural proofing by ensuring that Government takes a more deliberate and systematic interest in rural needs and objectives across the policy spectrum. We recommend that, as part of a rural strategy, the Government comprehensively rethinks and reforms the rural proofing process across Government, and at the local level. In particular, these reforms should address issues of timing, stakeholder involvement, transparency, accountability and comprehensive coverage and so remove the appearance of urban bias in public policy. We propose that the annual report to Parliament on the rural strategy should include an update on how departments have fulfilled their rural proofing obligations.

Rural delivery and place-based approaches

The rural areas of England vary enormously, as do the economies within them. Any rural strategy and the policies that flow from it must take these variations into account, and ensure that local communities are fully engaged. We recommend that the national rural strategy enables, and is realised through, a “place-based approach”, meaning one that is connected to local needs and interests, and with the participation of as wide a range as possible of public and private bodies, community groups, businesses and individuals.

Rural economic development will inevitably go through major changes following the departure of the UK from the European Union. EU rural development funding is scheduled to be replaced by the new domestic Shared Prosperity Fund. The lack of detail about the Shared Prosperity Fund has severely hampered the ability of rural businesses and communities to plan for the long term and secure and promote investment. We urge the Government to provide more information as quickly as possible. We also recommend that the Shared Prosperity Fund must incorporate a dedicated, ring-fenced rural funding stream for supporting rural economies and communities, taking into account social as well as economic priorities. Performance in this area should be a key part of the annual report to Parliament on the rural strategy.

Local Enterprise Partnerships (LEPs) were introduced in 2010 to facilitate local economic development. Although there are examples of good practice in the rural economy, in many cases LEPs have failed to take local economic interests or priorities into account. We conclude that overall LEP performance with regard to rural interests is far too variable to give us confidence that they will use their expanded responsibilities to take rural interests seriously, and we recommend a range of measures to strengthen their engagement with rural economies.

The cost of rural service delivery is not well understood by Government, with urban authorities receiving considerably more money per head of population and the additional costs associated with sparsity not reflected in funding settlements. The Fair Funding Review must ensure that rural local authorities are adequately compensated for the additional costs of service provision and that rural local areas are fairly treated in future settlements.

The Government’s plan to allow local authorities to retain a greater proportion of Business Rates has the potential to cause problems, not least for those rural local authorities that have fewer opportunities to generate additional

revenue through it. We believe that Government must ensure that the planned implementation of Business Rate Retention is properly rural proofed, so that it does not disadvantage rural local authorities and hence the citizens of rural England. The pilots of 75 per cent Business Rate Retention must take account of this.

Notwithstanding financial constraints, a range of innovative initiatives are being undertaken by some local authorities to help support business growth and economic development in their areas. Examples of good practice—some of which are included in our report—should be shared more widely in the hope that other councils will follow suit. Additionally, all rural-facing local authorities should adopt local rural strategies as good practice where these are not already in place.

Although currently relatively few in number, community-owned organisations, businesses and amenities (such as sports centres, pubs and shops) are playing an increasingly important role in rural economies. They need more support, especially in relation to grant finance and bidding for service delivery contracts. National and local government should review their procurement policies to support community-owned organisations seeking to win contracts. The Government should use the existing Dormant Assets Scheme to establish a central Community Ownership Fund offering development, revenue and capital funding.

Community-owned organisations, businesses and amenities have often benefitted from “community rights” established in the Localism Act 2011. However, we have concluded that the Community Right to Bid should be replaced with a ‘Community Right to First Refusal’ in relation to “Assets of Community Value” (ACVs) and that such initiatives should be supported by the establishment of a Community Ownership Fund.

Volunteers and voluntary organisations often play a critical role in rural communities, not only in the provision of services such as health and social care, but also in driving forward initiatives to develop local economies, whether through a “Neighbourhood Plan” or the setting up of a community-owned shop. Evidence suggests that, in some rural areas, willingness to volunteer or take up a role as a “community leader” is declining, and it is apparent that the adoption of neighbourhood plans has been greater in more prosperous rural areas. Government must pursue initiatives for developing and maintaining community capacity, participation and leadership in the rural economy, including in those areas where civic engagement may be lower. The Shared Prosperity Fund should incorporate a Community Capacity Fund, which should be used to build capabilities and support community leaders in promoting engagement.

Because they are based within rural communities, Parish and Town Councils can play an important role as economic and community enablers. Not all do. Town and Parish Councils should be encouraged to use their discretionary powers to promote local growth and the Government should provide funding for one of the national organisations which support rural economies to produce a ‘Best Practice Guide’ on the use of such discretionary powers. The Government should not pursue any suggestion of imposing referendum thresholds for Town and Parish Council precepts.

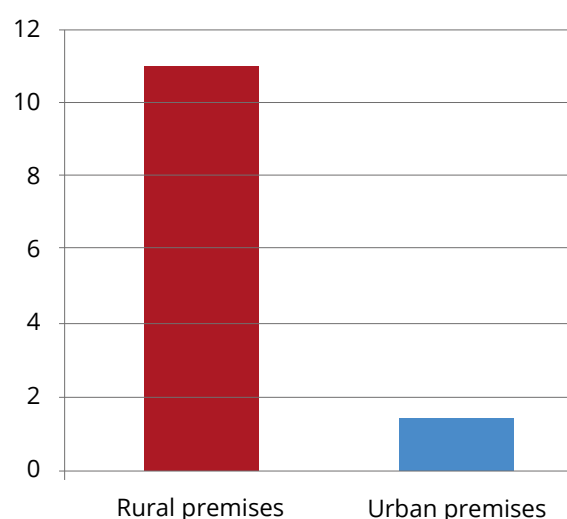
Confronting current challenges

The Committee heard evidence on a number of specific challenges holding back the potential of rural economies and affecting the wellbeing of its citizens in rural areas. These should be addressed more effectively following the preparation of a rural strategy, the introduction of more effective (and positive) rural proofing and the adoption of a place-based approach, as proposed above. In the meantime, we highlight the following issues in particular.

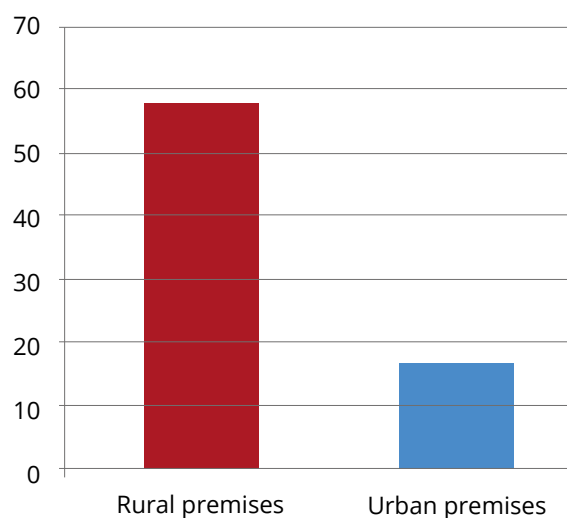
Digital connectivity

Poor digital connectivity has had far-reaching consequences for rural communities and economies. Better broadband and mobile infrastructure has the potential to transform the rural economy with greater potential for home working and small business growth, and fewer constraints on operating from remote locations. While the record of successive Governments on rural connectivity has been poor, recent policy and funding announcements are encouraging and the Government appears to be giving greater focus to rural areas with regard to future connectivity.

Figure 4: Per cent of premises unable to access 10 Mbps broadband



Source: Rural Services Network, *It's Time for a Rural Strategy*, March 2019: https://rsnonline.org.uk/images/publications/rural-strategy-2019/rsn_rural_strategy_online.pdf [accessed 15 April 2019]

Figure 5: Per cent of premises unable to access all 4G mobile networks

Source: Rural Services Network, *It's Time for a Rural Strategy*, March 2019: https://rsnonline.org.uk/images/publications/rural-strategy-2019/rsn_rural_strategy_online.pdf [accessed 15 April 2019]

In relation to broadband, we welcome the Government's intention that all new build properties should have "full fibre" (FTTP) and to provide nationwide full fibre connectivity by 2033, although we remain concerned that homes in smaller developments may still suffer from digital disadvantage without stronger action. We also welcome the principle of the Broadband Universal Service Obligation (USO) which will give people in the UK the right to request a decent broadband connection even earlier. Under the USO, eligible homes and businesses will be able to request a connection at no extra cost to themselves, unless the cost of building it exceeds £3,400. However, we believe the upload and download speeds in the USO commitment are too modest and should be reviewed along with the £3,400 payment threshold. Government should direct Ofcom to conduct an urgent review of the USO, focusing on what minimum commitment would be needed to sustain and support rural businesses and communities.

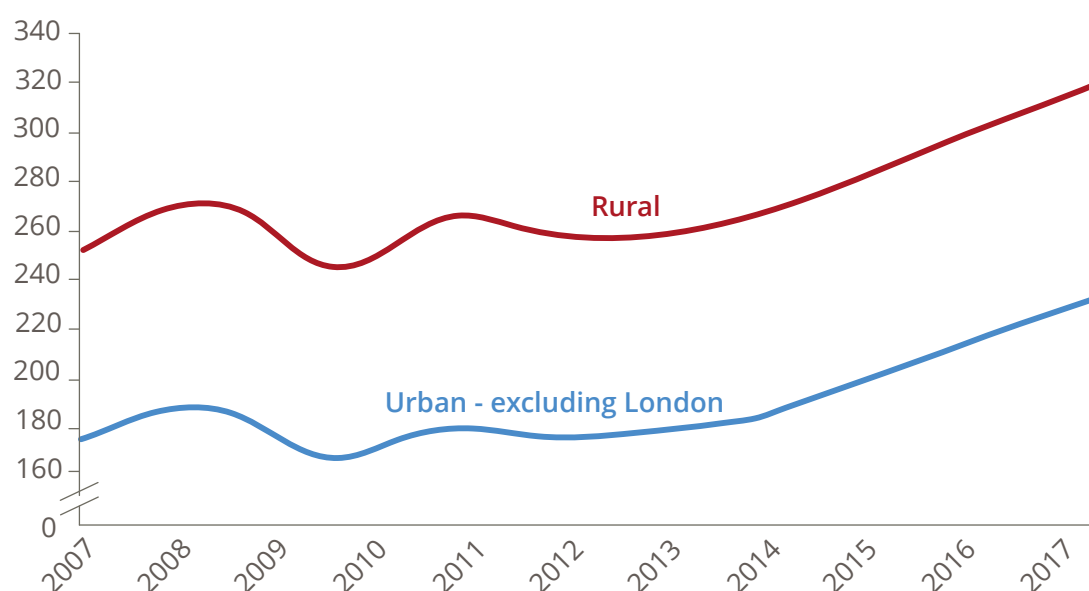
It is important that rural areas, and the businesses within them, are not disadvantaged during the roll-out of the next (5G) generation of mobile connectivity. We were pleased that in 2018 the Government seemed keen to ensure that those mobile operators who plan to bid in the auction for the 700MHz spectrum would be required to ensure rural areas were prioritised, but were disappointed to see that those obligations were watered down in the most recent Ofcom consultation document. We welcome the proposal for Ofcom to review the possibility of introducing roaming in rural areas and would urge Ofcom to begin this review urgently. Government and Ofcom should also encourage operators to share transmission masts more often where this would improve rural connectivity.

Potential new businesses in, and those wishing to relocate to, rural areas need accurate information about existing and planned levels of connectivity, and Ofcom should develop an accurate evidence base for consumers about coverage in specific locations. Moreover, rural businesses often struggle to recruit and retain staff with the digital skills needed to help their business thrive and grow. This "digital skills gap" can put many rural businesses at a disadvantage. Local and national governments must do more to realise the potential of improving digital skills in rural areas.

Housing, planning and rural working spaces

Without an adequate supply of affordable housing and work spaces it is difficult for rural businesses to flourish. However, housing affordability remains a major concern and there is also a shortage of rural workspaces. These present challenges which must be addressed.

Figure 6: Annual average sale prices of houses (£000s), year ending 2007 Q1 to year ending 2017 Q3



Source: Institute for Public Policy Research, *A new rural settlement: fixing the affordable housing crisis in rural England*, June 2018: https://www.ippr.org/files/2018-06/1530194000_a-new-rural-settlement-june18.pdf [accessed 15 April 2019]

New affordable housing

There is a shortage of housing of the right types and tenures, particularly for the working age population, and more support is needed for sensitive, well-designed development on small sites in village locations. At present housing provision in settlements of fewer than 3,000 people is not even recorded by Government collected statistics. Government should remedy this deficiency and work with local authorities and housebuilders to identify opportunities to develop new, well-designed homes, including affordable housing, in village locations.

Small housing schemes make a vital contribution to meeting housing needs in rural areas and fit more sensitively into the landscape. However, at present in most cases, local authorities are not permitted to require affordable housing from developments of fewer than 10 homes, except in designated areas. This rule, introduced in the National Planning Policy Framework (NPPF) in spite of the requirement for rural proofing, has severely limited the provision of new rural affordable housing. The Government must provide a comprehensive exemption to this policy for rural areas.

There needs to be a greater focus on delivery of affordable housing in rural areas more generally. Homes England should restore its rural housing target, which should reflect the rural population share, and its grant rates should reflect the higher cost of development on small sites in rural England.

Cost and availability of land

Another key challenge for rural affordable housing is the cost and availability of land. In particular, sites with the potential to have private housing built on them often command a very high price which can rule out the possibility of affordable housing. There needs to be fundamental action either to reduce the jump in land values caused by development permission or to capture and apportion that gain. Government should urgently establish an inquiry into this question.

The policy of “rural exception sites”—housing sites outside local plans which are brought forward specifically for affordable housing—can help address the problem. However, this policy is not currently reaching its full potential and the delivery of “rural exception sites” is largely concentrated in a small number of local authority areas. Government should publish best practice guidance for the incentivisation and delivery of housing on rural exception sites, and should consider taxation reforms to incentivise landowners to make such sites available for affordable housing.

Community Land Trusts (CLTs)—locally-led charities supporting small-scale new development—play an important role encouraging local participation in meeting rural housing needs, and have the potential to play an even bigger role in the future. We urge the Government to maintain the funding provided through the Community Housing Fund, and to explore further means of providing development finance for CLTs.

The Right to Buy

The ‘Right to Buy’ policy has created challenges for rural affordable housing providers and there are concerns that the (currently voluntary) extension of the policy to Housing Associations may increase these challenges. Since 2012, of every eight homes sold, only one is replaced in a rural community. The Government should consider suspending the local authority Right to Buy or making it voluntary in rural areas. The Housing Association Right to Buy must likewise not be implemented until clarity is available on how replacement homes will be provided.

Housing design

We heard that housing design in England is “shockingly poor” and that there should be a statutory obligation for beauty in new housing. A new Commission entitled “Building Better, Building Beautiful” has been established by Government to consider aesthetics in new development. This body must fully rural proof its proposals and ensure that distinctive rural vernacular is considered in full.

General planning issues

We heard evidence that, despite positive intentions, the planning system more generally is not working as it should in many rural areas. The new National Planning Policy Framework has been welcomed for its new references to rural housing and the rural economy, and for introducing greater transparency to the “viability assessment” process. It still, however, received some criticism for failing to highlight the importance that should be given to the development of new homes in smaller outlying settlements. Sensitive development should be supported in rural villages, to ensure their survival and sustainability. Other policies such as on viability assessments and entry level exception sites should

be monitored to ensure they are operating as intended and helping increase the supply and maintenance of rural affordable housing.

Towards the end of our inquiry, the Raynsford Review of the planning system in England (commissioned by the Town and Country Planning Association) was published. We believe some of the proposed reforms have great potential to strengthen the planning system, including in rural areas, and to give local authorities and communities the tools they need to secure better outcomes for rural development. Furthermore, we believe Government should revisit the merits of a national spatial plan to ensure that planning policy operates in a framework where land use priorities are properly considered above the local level.

Neighbourhood Planning is a particularly positive example of place-based and participatory support for rural economies through planning for new development. There remain challenges, however, including uneven uptake, lack of community capacity, and the risk of neighbourhood plans being overridden in planning approval decisions where there is a wider shortage of local housing sites. Government should proactively encourage uptake of neighbourhood planning. Successful local authorities should be encouraged to share good practice, and greater protections should be put in place for ‘made’ neighbourhood plans to prevent them being overridden in planning decision making.

The availability of rural working spaces is a key concern in rural economies, particularly among small businesses looking to grow. Government must review incentives and planning rules in relation to smaller floorspace developments and undertake an urgent review of the impact of permitted development rights on rural employment space. Local Enterprise Partnerships should be tasked with ensuring economic development is not constrained by the lack of available work places.

Access to skills and rural business support

An overwhelming number of businesses in rural areas are SMEs, often sole traders. In addition to the housing, connectivity, transport and other challenges faced by rural communities, such businesses frequently face difficulties in recruiting and retaining skilled staff and accessing advice and support.

Several recent developments, such as the national Industrial Strategy, the planned Local Industrial Strategies and the Sector Deals, have the potential to address these issues and help improve the productivity of rural economies. To this end, it is vital that Local Industrial Strategies are fully rural proofed, along the lines set out above. The Business Productivity Review must also make rural considerations paramount.

The longer distances to travel and inadequate public transport often hamper attendance at full or part-time training courses at Colleges. LEPs and local authorities should work together to explore public transport solutions and to reinvigorate schemes such as “Wheels to Work and Training” where mopeds (or scooters) are available to students for loan.

Apprenticeships and skills development

The Apprenticeship Scheme ought to provide another route to addressing skills shortages in rural economies. However, the current criteria often favour large firms, making it difficult for rural SMEs to host apprentices, and there are too few land-based apprenticeships. Government should review the funding

arrangements of the Apprenticeship Levy to make it easier for small businesses to engage.

We welcome the planned establishment, by each LEP, of Skills Advisory Panels which will build an evidence base of local skills requirements and, in turn, inform the development of Local Industrial Strategies. Once the skills needs are identified there should be better co-ordination of local education and training opportunities to ensure the availability of provision to meet rural skills needs. The Industrial Strategy also provides an opportunity for better co-ordination of funds to support this provision.

Additionally, Skills Advisory Panels should be required to:

- address the issue of careers guidance;
- provide guidance on pathways of available courses and funding streams;
- identify ways in which rural businesses can be linked more closely to schools, colleges and universities; and
- work with colleges in particular to improve “remote access” to FE courses.

Even with the improvement in skills training, there are concerns regarding the impact on rural businesses of the ending of free movement of workers from the EU. The Government’s post-Brexit immigration proposals should be monitored to ensure that rural businesses’ employment needs, in particular for seasonal work, do not suffer.

Rural business challenges

Rural businesses, like any other, benefit from a range of support, from advice to access to finance. However, many business support measures fail to take into account the small size and dispersed distribution of rural businesses. Lessons could be learned from the Rural Growth Network (RGN) pilot projects which ran from 2012 to 2015, and consideration given to extending RGNs in local authorities’ Growth Deals when these are negotiated with central Government.

We are concerned that the design of business rates does not always reflect the challenges of rural businesses. While rural rate relief and small business rate relief can be helpful, we believe more could be done in this regard. Government should review the impact that business rates revaluation and current multiplier levels are having on rural businesses, and there is an urgent need to review the impact of small business and rural rate relief provisions on local pubs, shops and other businesses that may be providing essential services and amenities.

Existing tax arrangements are complicated for farmers and small businesses to navigate, and can also act as a disincentive to diversification. The situation is even more difficult for tenant farmers, who may also be prevented from diversifying by their tenancy agreements. The Government should investigate whether the current tax system is putting off farmers and rural small businesses from investing in diversification. The Government should also address restrictions on tenant farmers that may prevent diversification.

Access to finance

The closure of rural bank branches presents challenges for businesses that wish to grow and invest. Although banking services are available in rural post office branches, these do not always meet business needs, not least access to loan finance, and more could be done to support rural banking needs for business.

The closure of rural bank branches has also reduced the number of ATMs, while rural shopkeepers are insufficiently rewarded to provide ATMs instead. Government should review the availability and hosting costs of ATMs and deposit mechanisms in rural areas to ensure that rural businesses' needs will continue to be met. Banks should also agree a realistic increase to the fees they pay for cash withdrawal and deposit transactions carried out on their behalf through the Post Office network.

The planned Shared Prosperity Fund should provide a source of financial support for rural businesses looking to grow and invest. This must be a priority for the Government when it consults on the shape of the Shared Prosperity Fund. LEPs and local authorities should also work together to provide "portals" where sources of finance for rural enterprise may be listed.

Business growth sectors

Tourism and the arts and creative industries are two sectors in rural economies with real potential for growth if these issues of skills and business support are addressed.

To be successful, rural tourism needs promotion. Once established, rural-facing Tourism Zones will need to address the issue of attracting funding for this. We welcome plans for the development of a Tourism Sector Deal. It is important that this deal be rural proofed and its implementation monitored in rural areas. LEPs covering areas with notable rural tourist sectors should have a particular focus on the importance and potential of the sector.

Rural arts and creative industries have also been identified as a significant contributor and important source of growth to rural economies. We believe that the time has come for greater focus on the role the arts and creative industries can play in rural regeneration. Arts Council England and other funders should ensure rural communities receive a fair share of future investments. This should include a strategic investment programme for the creative rural economy.

Delivering essential services at the local level

We also covered a number of other key policy areas during our inquiry including transport, crime and rural health services. It is clear across these areas that while many positive initiatives are taking place, the absence of strategic thinking by successive governments has often led to policy failure and to rural businesses and communities being disadvantaged by comparison with their urban counterparts. In each case there is a need for fair funding from central Government that reflects the costs of rural provision and demographic challenges.

Rural transport

Inadequate public transport can deter people from living and working in a rural area, can make accessing markets or training courses difficult, and can prevent potential customers accessing rural suppliers. It is time to consider a new approach, built on existing examples of good practice. Currently there are several "pots" of money in a range of Government departments. Government should consider consolidating all these funding streams into a single public transport support "pot". This would enable local authorities to make a single bid and enable better planning for future service provision.

Similarly, there could be better co-ordination of existing services such as school buses, community transport and minibus patient collection schemes, and a

consolidated support fund should draw upon the successful example of “Total Transport” pilots which sought to maximise benefits from existing transport resources including community transport. Government should also support targeted investment in rural road maintenance.

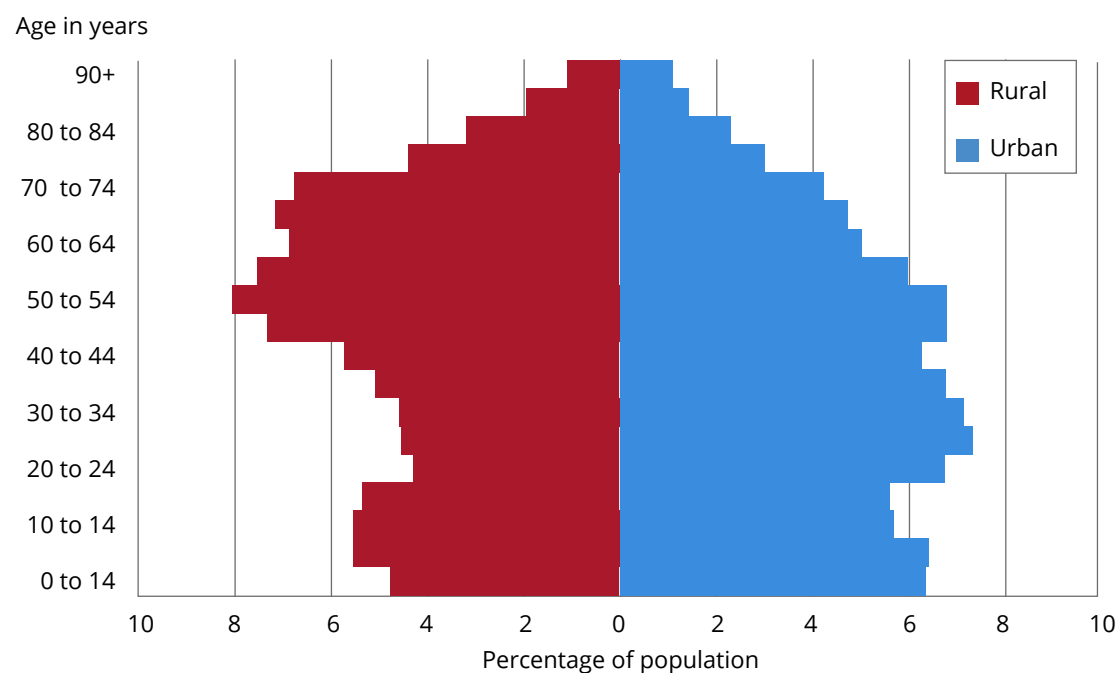
Rural crime

The monetary impact of crime on rural businesses has increased in recent years and surveys have found a negative perception of rural police forces. This situation has not been helped by what some believe is a poor understanding by the Courts Service and the Crown Prosecution Service of the impact of crime on rural communities and businesses and the consequentially low penalties. However, despite rural areas receiving less policing funding per head of the population than urban areas, there are some examples of excellent initiatives, such as “Farm Watch”, to monitor and tackle rural crime. Such initiatives should be shared and adopted more widely among rural police forces. Magistrates, Courts and the Crown Prosecution Service should also be trained to better understand the scale and impact of rural crime.

The ageing population and rural health services

The average age of rural dwellers is higher than in urban areas, and is increasing. This should be reflected in policy and funding allocations for services in rural areas, particularly in respect of the additional costs associated with providing healthcare in rural areas. We view initiatives such as multi-use health centres and hubs as positive means of improving access to services in rural locations. They should be encouraged and promoted.

Figure 7: Percentage of population within age bands by rural-urban classification in England, 2017



Source: Department for Environment, Food and Rural Affairs, *Statistical Digest of Rural England*, March 2019 Edition: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787699/03_Statistical_Digest_of_Rural_England_2019_March_edition.pdf [accessed 15 April 2019]

The Government's investment in digital health, which offers the potential to improve access to health services in rural areas, is welcome. However, given the continued unreliability of digital connectivity in some rural areas, the success of a "digital health" approach will depend on the urgency with which Government addresses the rural/urban digital connectivity divide.

The challenges of rural loneliness and isolation are also apparent, and their health and mental health impacts in rural areas are a particular concern for us. Government must ensure that as it implements its loneliness strategy it pays close attention to the distinctive challenges of combatting isolation and loneliness in rural contexts. We were very concerned to hear that there is no adjustment for the additional cost of providing rural mental health services in England. This must be corrected and we call on Government to take more steps to support rural mental health more widely.

Conclusion

Successful rural economies depend on a wide range of services and support to help individual businesses establish and grow and to attract people to work and prosper in our countryside. We have referred to the challenges created by poor digital connectivity, an inadequate supply of affordable housing, skills shortages and declining business advice and support. These pressing concerns regarding public transport, crime prevention and health, including tackling loneliness and social isolation in rural areas, reflect the weight of evidence which the Committee received. Each requires its own specific response. But beyond this, a comprehensive and place-based rural strategy, accompanied by re-energised rural proofing, can help ensure each of these policy challenges is more likely to be addressed in a way that reflects the diversity of rural economies and communities across England.

A full list of conclusions and recommendations can be found at the end of the report.

Time for a strategy for the rural economy

CHAPTER 1: THE IMPORTANCE OF THE RURAL ECONOMY

Introduction

1. For many, the rural areas of England, covering over 90 per cent of its land mass, are great places in which to live in and work or to visit. In many such areas the economy, despite many challenges, is thriving and helping contribute to the economic growth of the country as a whole.
2. This is not uniformly the case, however. In some rural areas—often those most distant from major conurbations—the rural economy is not always meeting its full potential, while other areas are actively struggling. Our report considers the causes of this underperformance and offers potential solutions.
3. In doing so, we acknowledge that in recent decades life in the countryside has been transformed. Changing living and working patterns, the mechanisation of agriculture and the diversification of the wider economy—among many other factors—have all fundamentally changed rural life.
4. Agriculture once dominated the rural economy, but with pressures on farm profitability and increased diversification it now forms a lower share of rural economic activity. Farming nonetheless remains the backbone of rural life and has a critical role in maintaining the landscapes that make the countryside so distinctive, as well as providing economic and social benefits that help other sectors to thrive.
5. With a wide range of other non land-oriented rural businesses, and newer ones growing fast, the rural economy is as diverse, dynamic and vibrant—in places more so—than its urban counterpart. Rural businesses and communities also have a strong interdependency; where individual sectors are thriving or declining, this can have an impact across the board, be it on service delivery, prosperity or sustainability.
6. Inevitably, areas with lower population density will face greater challenges and constraints in relation to comprehensive service provision. However, in each of the key areas of provision rural areas tend to suffer disproportionate disadvantage by comparison with urban areas. Examples include:
 - Housing costs are higher, and affordability is lower, in rural areas;
 - Broadband speeds are slower, superfast coverage remains limited, and mobile coverage continues to be patchy and inconsistent;
 - Rural bus routes have been severely cut back in response to the withdrawal of local authority subsidies, and many lower income rural dwellers have limited ability to access private transport;
 - Rural firms suffer disproportionate constraints on their ability to do business, including skills shortages and access to finance;

- Rural services and amenities continue to decline, threatening the viability and sustainability of many rural communities; and
 - The distinctive rural character of some areas is threatened by poorly designed and insensitive major developments.
7. This inquiry is highly topical, not least because of the UK's departure from the European Union, which is likely to lead to significant changes in the rural economy. As our report is written, the immediate future of the Brexit negotiations is not clear, but it seems likely that the full detail of the future relationship between the UK and the EU will not be known for some time.
 8. Rural economies and the farming sector in particular are significantly affected by the EU's Common Agricultural Policy, including its rural development "pillar" whose funds are administered in England through the Rural Development Programme for England (RDPE). Some rural areas have also received considerable support from other EU structural funds. The UK will lose access to such funding after its departure from the EU and the Government has committed to replace these funds with a domestic "Shared Prosperity Fund" (SPF). It is not yet clear how such a Fund will be administered or how it will be delivered in rural areas, though the Government promises a consultation this year.
 9. Brexit is, however, far from the only change being faced by rural communities and economies. Increasing digitisation has transformed people's ability to work from remote locations and to establish rural businesses. Demographic change is ongoing, with rural areas housing significantly larger percentages of older people than in urban areas, and rural settlements becoming increasingly popular destinations for second home owners. In parallel with these changes, recent reductions to public service funding have created new challenges for rural service delivery.
 10. Rural areas incorporate an enormous diversity, and their economies are conditioned by a range of factors including topography, demographics, and proximity to larger towns and metropolitan areas. The distinctiveness of rural areas is what makes them so attractive and is therefore particularly important to their economic performance. Our report is written in full recognition of this distinctiveness and our recommendations are intended to help preserve it in the context of future growth and change.

The work of the Committee

11. Our Committee was appointed 'to consider the rural economy, and make recommendations'. This is a vast and ever-changing subject but the evidence we have heard makes clear that a number of opportunities and challenges continue to recur, and only when these are addressed in a comprehensive and enduring way will the rural economy reach its full potential.
12. Some of the challenges to the sustainability and vibrancy of the rural economy, are particularly urgent. This inquiry is particularly timely because the evidence we heard suggests that, without action, the current prosperity, sustainability and viability of much of the countryside is at risk, and areas that are already struggling may not recover.
13. We are clear, however, that we do not want to view the rural economy solely through its associated challenges. We also want to focus on the distinctively

positive aspects of rural life and rural communities, and how they might be harnessed to support thriving economies. All too often lines have been drawn between necessary preservation of rural character and necessary development to support sustainable growth. In fact, the two are complementary, and in carrying out this inquiry we have sought to develop proposals which reflect this.

14. At their most successful, rural economies have a diversity and dynamism that matches and often surpasses their urban counterparts. Agriculture, farming and other land-based trades continue to define the character of rural areas, but services and the public sector are now the driver of rural economies. Manufacturing also plays a significant role, with knowledge-intensive and creative industries also on the rise. As the Rural Services Network notes, “enterprise and opportunity are abundant with rural areas often providing a breeding ground for high growth business which can migrate to more populated areas as expansion plans require”.²
15. Rural economies are also intricately tied to their communities, with community-run amenities, services and businesses being increasingly important to rural well-being. Initiatives such as community rights, including neighbourhood planning, have seen many communities coming together in an unprecedented way, eroding structural barriers and enabling them to participate in and plan for the futures of their areas and their economies.
16. As we have noted, however, while the rural economy contributes a huge amount to national and local well-being, it is currently not delivering to its full potential, while some areas are in decline or even crisis. This requires urgent action before decline becomes widespread. Doing nothing is not an option.

Box 1: Rural economic potential and the Industrial Strategy

In response to a House of Commons question on the Industrial Strategy and rural areas, the Secretary of State for Business, Energy and Industrial Strategy highlighted the great potential of rural economies, stating that “**some of the biggest economic opportunities are in the rural parts of the United Kingdom**”. He added that he welcomed the contribution of many rural representative groups to the development of the Industrial Strategy.

In response to a further question on the potential for rural enterprise zones, the Secretary of State also noted that “there are particular opportunities for start-ups and smaller businesses to locate in rural areas, where more premises may be available than in towns”.³

17. The actions we set out cover a range of themes of importance to rural economies. While Defra has an overarching responsibility for rural affairs, it is clear that many Government departments have responsibility for issues that impact rural economies. Because of this, our report is addressed to Government overall and not just one Department. Indeed, we have identified a stark weaknesses in policy and practice throughout Government in relation to rural economies. For example, while any economy—urban, rural or otherwise—requires a certain level of service provision to survive and thrive,

² Written evidence from Rural Services Network ([REC0031](#))

³ HC Deb, 12 September 2017, [col 631](#)

our evidence indicated that such provision was particularly lacking in rural areas.

18. The lack of support given to rural areas and economies by comparison with their urban counterparts was, we learned, systemic and structural. Funding settlements do not reflect the additional costs of service provision, and cuts to some services have increased rural isolation. Economic development policy is disproportionately urban-focused, tax policies and incentives often do not take account of rural needs, and workers have difficulty accessing opportunities while businesses struggle to recruit people with the right skills. Broadband and mobile connectivity has consistently lagged behind that in urban areas, and affordable housing of the right types and tenures and in the right locations is increasingly scarce, particularly for the working age population.
19. How has this situation arisen? It is clear from the evidence that the lack of any form of coherent national rural strategy has been a contributor. Successive Governments have identified rural interests as a policy priority, only for them to slip down the list as issues perceived to be larger or more urgent are focused on. This can be seen, for example, in the inconsistent manner in which ‘rural proofing’ has been applied across Government departments. All too often, new policies are inadequately tested for their rural impact.
20. Our report, therefore, will begin by describing the need for a clear and consistent rural strategy. Such a strategy should be based above all on the principle that rural economies and communities are distinctive and have needs that are distinct from—and not merely an adjunct to—those of urban areas.
21. As we set out in Chapter 2, in order for a rural strategy to be successful it needs to incorporate a number of key elements, including a clear statement of aims and objectives; an assessment of the overall contribution of rural economies; a clear responsiveness to emerging trends; a clear and integrated approach to rural policy development, implementation and monitoring across Government departments; and a comprehensive and publicly accountable approach to rural proofing, ensuring national level rural policies are consistent with the strategy overall.
22. Having set out this proposed strategy and its key components, our report will go on to further detail how rural proofing of national, regional and local policies should be improved, including with regard to key issues such as timing, implementation, monitoring and accountability. Our intention is to ensure that rural proofing is a key factor in decision making and no longer seen as an afterthought, complementing the delivery of a rural strategy.
23. Our third chapter will then go on to focus on how a rural strategy would be locally delivered. Noting that policy should be made and implemented as close to the ground as possible, we recommend a “place-based approach”, meaning one that is appropriate to local needs and interests, and with the participation of as wide a range as possible of public and private bodies, community groups, businesses and individuals.
24. Later chapters of the report will focus on specific areas where, we believe, a rural strategy would help ensure that rural economies and communities reach their potential.

25. First among these is the need to continue to improve mobile and broadband connectivity. Progress in this area will help to overcome the challenges of locating in rural areas, support business growth and ensure thriving and sustainable communities, with a potentially transformative impact across rural economies.
26. The second key challenge we identified in our inquiry was the provision of affordable housing and workspaces, supported by an adequate and responsive planning system. We heard a great deal of evidence on housing and workspace shortages in rural areas and on the potential role of national and local planning policies in addressing these problems.
27. There are a range of other issues we also believe are necessary to address when designing and delivering a comprehensive rural strategy, and these are dealt with in the final chapters of our report. These include access to skills and education; rural business support; transport, in particular bus services; health and social care provision; and policing.
28. In the report we are keen to stress that, despite the lack of a coherent rural strategy and despite the challenges faced in rural areas, there are many success stories and many exciting innovations. We believe that more should be done to share such examples and so we have highlighted some of these in inset boxes throughout our report.
29. Because rural policy is a devolved matter, our inquiry has focused on England. However, we acknowledge that there are some policy issues affecting rural economies which are reserved to Westminster and so apply across the United Kingdom. Where appropriate, we have cited evidence and good practice from the devolved nations that may be used to inform policy on the rural economy in an English context.
30. Overall, we are optimistic that with the right changes in approach nationally and locally, there is every chance the rural economy will fulfil its potential and that its challenges will be overcome. This report inevitably concentrates on those areas where improvements are necessary but we have also sought to highlight examples of good performance and to make recommendations for how these can be replicated elsewhere.
31. We hope that this report makes a valuable contribution to ongoing debate on the future of the rural economy and helps draw attention to the urgent challenges that need tackling and opportunities that will ensure it thrives in the future.

Understanding the rural economy

32. We have received a huge amount of evidence on the advantages and disadvantages, opportunities and challenges of rural economies. To put this all into context, we first need to describe what a thriving rural economy might look like. We believe a successful rural economy may be understood as follows:
 - One that provides for the needs of rural residents, businesses and visitors while also making the fullest possible contribution to national wellbeing, fulfilling the economic potential of the countryside;

- One that does not unreasonably disadvantage rural dwellers with regard to quality of life, the provision of goods and services, and employment opportunities;
- One that so far as possible enables people to make the choice to stay in or relocate to rural areas as they prefer, and avoids the need for people to leave rural areas involuntarily;
- One that supports the growth and development necessary to sustain itself while preserving those elements that make the countryside distinctive and attractive; and
- One that responds positively and dynamically to trends in the wider economy and in society and ensures that rural areas are not left behind.

Box 2: Key aspects of the rural economy in England

Below are some key statistics giving an indication of the nature and composition of the rural economy. Further statistics can be found at Appendix 5, along with further detail on definitions of “rural” and on how the figures are collated.

- In 2017 it was estimated that 9.5 million people lived in rural areas in England (17 per cent), compared to 46.2 million people in urban areas (83 per cent).⁴
- The rural economy contributes 15.8 per cent of England’s Gross Value Added (GVA) and in 2017 was estimated to be worth £246 billion. This is a slight decline from 2001 when it was worth 16.8 per cent.⁵
- The employment rate recorded in 2017 was 79 per cent in rural settlements compared to 74 per cent in urban settlements. Unemployment was recorded at 2.7 per cent in rural settlements compared to 4.8 per cent in urban settlements.⁶ Median earnings were £21,400 in predominantly rural areas compared to £22,900 in predominantly urban areas.⁷
- The number of registered businesses per head of population is higher in predominantly rural areas (450 per 10,000 population in 2016) than in predominantly urban areas (380 per 10,000 population).⁸
- In 2016/17 there were 547,000 businesses registered in rural areas, accounting for 24 per cent of all registered businesses in England. Businesses registered in rural areas employed 3.5 million people, accounting for 13 per cent of all those employed by registered businesses in England.⁹
- 2.5 million people are employed in registered rural SMEs, representing 72 per cent of all those employed by registered rural enterprises. SMEs account for 41 per cent of those employed in registered urban enterprises.¹⁰

4 Department for Environment, Food and Rural Affairs, *Statistical Digest of Rural England, March 2019 Edition*, p 11: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787699/03_Statistical_Digest_of_Rural_England_2019_March_edition.pdf [accessed 1 April 2019]

5 *Ibid.*, p 45

6 *Ibid.*, p 31

7 *Ibid.*, p 37

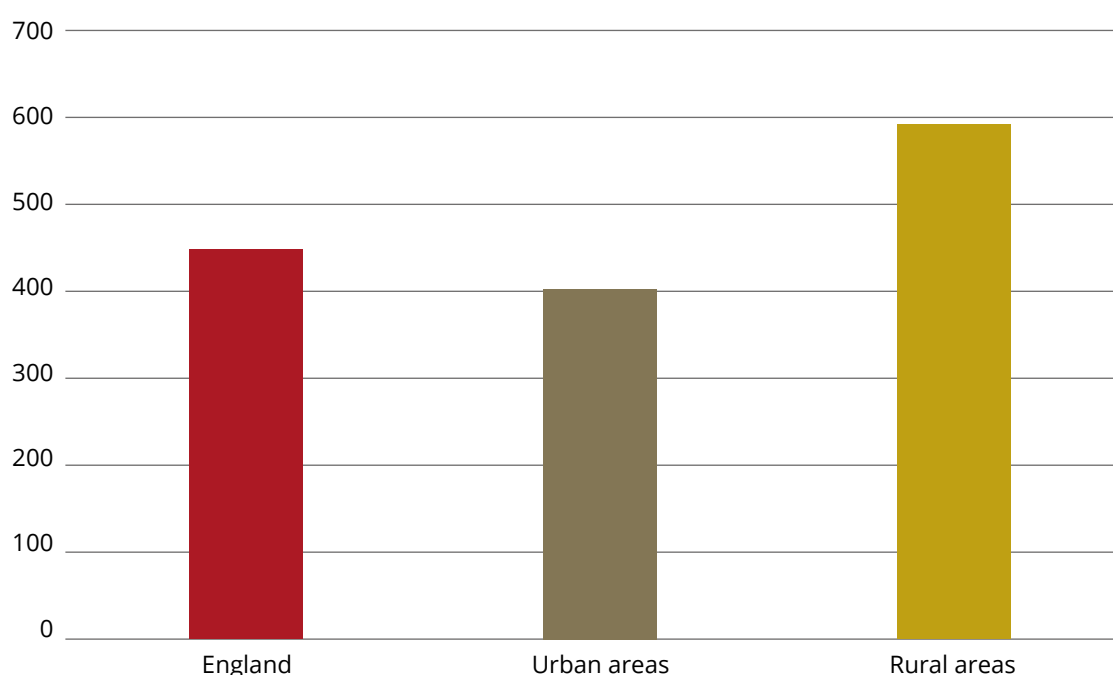
8 *Ibid.*, p 52

9 *Ibid.*, p 56

10 *Ibid.*, p.70

33. To achieve the objectives set out above, the rural economy—like any other form of local economy—requires the adequate provision of certain goods and services from public and private bodies. It is the role of Governments—national and local—and related public bodies and agencies to provide an environment in which businesses can be established, thrive and grow. We believe such an environment would include:
- Good digital connectivity, enabling rural businesses and communities to make use of comprehensive and reliable broadband and mobile networks;
 - A wide range of housing and affordable rural workspaces;
 - Good access to services such as healthcare and education;
 - Plentiful local employment opportunities, and employer access to appropriate skills;
 - A tax system that helps support rural business, and provision for access to finance, support and advice to assist business growth and sustainability; and
 - Efficient and reliable public and private transport networks, and other necessary infrastructure.
34. For the most part, rural England has not suffered the same decline as some of its continental European counterparts which have seen many rural areas depopulate as people move to cities to seek work. Indeed, while agricultural employment has declined substantially over the generations, the countryside remains a place where people want to live, work and visit.

Figure 8: Number of registered businesses (single-site or headquarters) per 10,000 population, by rural-urban classification, in England, 2016/17



Source: Department for Environment, Food and Rural Affairs, *Statistical Digest of Rural England*, March 2019 Edition: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787699/03_Statistical_Digest_of_Rural_England_2019_March_edition.pdf [accessed 15 April 2019]

35. Some key statistics concerning the rural economy can be found in Box 2, and further detailed statistics can be found in Appendix 5. For our report we have chosen to interpret the rural economy in the broadest sense, focusing not just on rurally-oriented trades like agriculture but on all activities that take place in rural areas, while recognising farming and agriculture as the backbone. In taking this approach, we were able to consider how best to support the rural economy in a comprehensive sense, proposing solutions that are intended to have a positive impact across the rural economic spectrum.
36. Additionally, it is important to be clear that there is no one single “rural economy” and it would be a mistake for the Government and other decision makers to act on such an assumption, although rural economies face some common challenges and so policy solutions will likewise sometimes be universally applicable. Rural economic activities are highly influenced by sparsity, location and demographics and are heavily dominated by SMEs. Some rural areas are performing strongly while others are clearly in need of further support, and distance from large cities and metropolitan areas is clearly a major influence. Visiting Herefordshire and the Dearne Valley region of South Yorkshire in the course of our inquiry confirmed our view that the definition of “rural” can encompass places with very different circumstances, and different challenges and opportunities.

Rural policy in England

37. The history of rural policy in England (see Appendix 4) indicates that, while successive Governments’ commitment to the rural economy has sometimes seemed lacking, there have been periodic cases of at least rhetorical commitment, which are then often overtaken by events and shifting Governmental priorities. In addition, we have heard that policy is all too often made by urban-oriented decision makers with little understanding of rural needs and priorities. In light of our inquiry, this affirms the case that there is a need for a clearer, more consistent and accountable rural strategy, which gives rural economies their due importance and which can survive future dislocations of Governmental policy priorities.

Previous scrutiny of the rural economy

38. We are indebted in particular to the House of Lords Select Committee on the Natural Environment and Rural Communities Act 2006 (NERC Committee), which reported in March 2018.¹¹ This Committee focused on a range of issues, some outside our remit, but notably covered the abolition of the Commission for Rural Communities, which had been introduced through the 2006 Act. It also discussed the ongoing problems with national-level rural policy and rural proofing, and the limitations of Defra as the lead department for rural affairs.
39. Our Committee has no formal affiliation with the NERC Committee, and this Committee was not specifically established to follow up or supplement its work. Nonetheless, there has been some natural overlap between the work of the two Committees, in particular with regard to the status of rural policy at a national level and issues with rural proofing, and many common themes which were raised with that Committee also emerged in the course of our inquiry.

11 Select Committee on the Natural Environment and Rural Communities Act 2006, *The countryside at a crossroads: Is the Natural Environment and Rural Communities Act 2006 still fit for purpose?* (Report of Session 2017–19, HL Paper 99)

40. With this in mind, an early witness to our Committee was Lord Cameron of Dillington, former Chairman of the NERC Committee, and where relevant we have cited and acknowledged the work of the NERC Committee in helping to inform our evidence gathering and in identifying themes relating to rural policy that we have sought to pursue in further detail.
41. The House of Commons Environment, Food and Rural Affairs Committee (EFRA Committee) has naturally also covered a range of issues of relevance to the rural economy in recent years. Examples include its inquiry into rural tourism (Spring 2017), its recent report into the preparedness of Defra for Brexit (November 2018) and its ongoing scrutiny of the Agriculture Bill. The Chair of the Committee, Neil Parish MP, was also a witness before our Committee.
42. The rural economy has also been a theme of a wide range of academic study, in particular from the Newcastle University Centre for Rural Economy, whose Professor Jeremy Phillipson gave evidence to us at an early stage. Rurally-oriented interest groups such as Action with Communities in Rural England (ACRE), the CLA, the Countryside Alliance, the Rural Coalition and the Rural Services Network have also produced research and advocacy reports from a range of perspectives. The Committee has made extensive use of these in informing its evidence gathering and during the preparation of its report. We are also grateful to our specialist advisers, Professor Mark Shucksmith and Brian Wilson, for their advice and insight through the course of our inquiry.

CHAPTER 2: THE RURAL ECONOMY AND PUBLIC POLICY

Introduction

43. As noted in Chapter 1, any successful economy is underpinned by the robust and consistent provision of certain goods and services, which create an environment in which business and communities can thrive and grow. It is the role of national and local government and their agencies to facilitate and support this environment and to ensure that no resident or business is disadvantaged unreasonably by choosing to live in a particular part of the country.
44. We note throughout this report that successive Governments have introduced policies and initiatives to boost rural economic growth but that these have often failed to meet expectations. The life span of these endeavours was often too short, and the stop-start approach has a disruptive effect, making it difficult to implement lasting change that will truly benefit rural areas.
45. We believe a new architecture is needed urgently to transform the way national and local governments and public bodies think about rural policy-making. We propose the development of a new rural strategy outlining a long-term, overarching vision for the countryside. We recommend that all policies which have an impact on rural areas should seek to achieve the vision outlined in the rural strategy, supported by a more robust and positive rural proofing framework and delivered by local bodies through a place-based approach. We set this argument out in further detail below.

The case for a rural strategy

46. It is useful to note from the outset of this section that we make a distinction between the terms strategy and policy. By strategy we are referring to an over-arching framework document which would set out the Government's vision, aim and objectives over a multi-year period. This is different to policies, which we view as courses of action adopted for a particular purpose or outcome. During the course of the inquiry, the term policy, rather than strategy, was used sometimes by witnesses to refer to a long-term vision for rural areas but we are clear that there is a difference between a rural strategy and rural policy.
47. When thinking about rural policies, we considered both those that specifically target rural areas or issues and national-level policies which are delivered in rural areas as well as urban. Examples of the latter include policies on transport, housing, education and training and other essential services.
48. Reflecting on the current situation, Jeremy Leggett of ACRE told us that he would "struggle" to point to anything that could be described as a Government-wide rural strategy. He noted that, although there are policies that have an impact on rural areas, there is no "comprehensive cross-cutting" rural strategy that all parts of Government are signed up to in a way that would allow for a consistent approach.¹²
49. Some witnesses felt that rural affairs, and particularly issues around the rural economy, fall into a gap with national level policies on one side and environment and agriculture policies on the other. For example, Dr Hugh Ellis, interim Chief Executive of the Town and Country Planning

12 [Q 33](#)

Association, told us that rural planning suffers from the lack of a clearly articulated outlook for rural areas. He said that “ultimately, one of the great problems for rural planning is that we do not have that national vision and objective for what rural communities might be, given the incredible range of change that is now affecting them”.¹³ A rural strategy would bridge this divide and ensure that rural concerns are not overlooked or discounted when developing policy.

50. Essential elements that would need to be covered in a comprehensive, over-arching, long-term rural strategy would include the following:
 - A clear statement of the Government’s aims and objectives for the rural economy;
 - The contribution of rural economies to the well-being of rural communities;
 - The importance of the rural economy to the country as a whole;
 - The need to assess and respond to emerging and likely trends in rural economies;
 - A clear relationship between national policy and local delivery, with specific strategic and policy responsibilities for local bodies, to ensure that policy can respond to rural diversity;
 - A comprehensive and publicly accountable approach to rural proofing such that policies across Government are consistent with the rural strategy;
 - A clearer approach to implementation and monitoring of rural policies; and
 - A clear and responsive funding framework, in particular to guarantee replacement of EU development funding at levels that do not have a negative effect on the rural economy.
51. Many of the components for a rural strategy listed above will be covered in more depth below and in subsequent chapters. We would also add the need for a complementary spatial policy, along the lines of what already exists in Scotland, Wales and Northern Ireland, to take stock of land use and which sets out a vision for how the country could make the best use of land, whether it be for development, farming, energy, recreation, conservation, or other uses. Chapter 5 will discuss housing and planning matters in further detail.
52. Crucially, for a rural strategy to be successfully delivered on the ground, it must have the buy-in and support of local governments and public bodies. Given their central role in supporting growth in their local economies, Local Enterprise Partnerships (LEPs), must develop local rural strategies that are consistent with the Government’s framework.
53. There are examples of good practice in getting local authorities and LEPs to take ownership of economic growth and development in their area. For example, under the Industrial Strategy (discussed in Chapter 6) each LEP is expected to develop a Local Industrial Strategy. There are also City

Deals, which are bespoke packages of funding and decision-making powers negotiated between central government and local authorities and/or LEPs and other local bodies to boost local productivity and growth. We see no reason why something similar could not be expected of local government and LEPs for addressing rural growth and development.

54. The idea of a rural strategy did not meet with much enthusiasm from the Government. Ministry of Housing, Communities and Local Government (MHCLG) Minister Jake Berry MP, said that he did not think it would be right that the Government would “seek to create some sort of false dichotomy between the rural economy and our economy in general”.¹⁴ He argued that “businesses in rural areas are facing similar challenges to businesses elsewhere in the country” and that “through the Government’s Industrial Strategy and particularly the local industrial strategy ... [the Government] can tackle those common challenges faced by businesses regardless of where they find themselves”.¹⁵
55. The Secretary of State did not discount the possibility of a rural strategy or the potential benefits of producing such a document. He agreed that some parts of rural Britain need “a very different set of solutions and interventions” to support them in boosting productivity and improving quality of life. He argued, however, that rural areas also face similar challenges to those in urban areas. He suggested that it is a question of whether a rural strategy would “provide the degree of focus and additional drive” to boost rural areas or whether it would simply duplicate efforts and add to existing bureaucracy.¹⁶ The Rural Affairs Minister told us that strong rural proofing and mainstreaming rural thinking in all Government departments was preferable to a separate rural strategy.¹⁷
56. **Rural economies are facing significant opportunities and challenges. The UK’s impending departure from the EU, cuts to local authorities’ budgets, new policies being rolled out to improve digital connectivity and boost housing supplies, an ageing population in rural areas, the growth of long-distance commuting, and suburbanisation all make this an ideal moment for the Government to set out its vision for rural areas and to give the nation a clear steer for confronting the challenges and seizing the opportunities facing rural communities and economies. This can be achieved by a comprehensive rural strategy.**
57. **We reject the view that a rural strategy would create a dichotomy between rural and urban, or sideline rural need from mainstream policy development. The success of a rural strategy in boosting rural areas will depend on the ambition and objectives it sets and its implementation. We would support the need for both a high-level framework document being developed at central government level as well as local rural strategies being developed by local authorities and LEPs. Local rural strategies would act along similar lines as City Deals in providing local authorities and LEPs with funding and decision-making powers to ensure that the goals set in the strategy can be achieved.**

14 [Q 263](#)

15 *Ibid.*

16 [Q 298](#) (Michael Gove MP)

17 [Q 298](#) (Lord Gardiner of Kimble)

58. *We are in no doubt that there is a critical need for Government to develop a comprehensive rural strategy which sets out the Government's ambition for rural areas, as outlined above. Development of the document must involve all relevant Government departments and bodies who must then be responsible and accountable for its implementation. To enable scrutiny of performance, there should be an annual report to Parliament, coordinated by Defra and drawn from all Government departments, which would set out the Government's performance against the strategy and include an update on how departments have fulfilled their rural proofing obligations.*
59. *Local Government—together with Local Enterprise Partnerships—and public bodies should develop their own local rural strategies consistent with the Government framework, and be responsible and accountable for their implementation.*

Raising the profile of rural affairs

60. Notwithstanding the importance of the environment and agriculture to the wider rural economy, we believe there is scope for Defra, and indeed all Government departments, to pay more attention to wider rural affairs issues. Paying more attention to rural affairs does not imply any need to pay less attention to the environment, biodiversity, management of natural capital, agriculture and related issues. There is sufficient bandwidth for rural affairs to get as much attention as these areas. Indeed, the interlinkage between the environment, agriculture and rural affairs necessitates that this be the case.
61. We asked our witnesses for their views on the importance of agriculture to the rural economy and on their intrinsic relationship. Minette Batters, President of the National Farmers Union (NFU), pointed out that 72 per cent of the UK is farmed, making it “an incredibly important structure” and that agriculture underpins the food and drink sector.¹⁸ Similarly, the Campaign to Protect Rural England (CPRE) stated that the importance of the land-based sector was amplified by the role it plays in supporting other businesses, providing essential raw materials for food processing as well as providing the scenery and character of the countryside “upon which recreation, tourism, hotels and catering depend”.¹⁹ Community Action Northumberland, the Rural Community Council for Northumberland, noted that the environment was “pivotal” to rural economies and that farming, forestry and land-management sectors help to create the environment to which a vast array of economic activities are attracted.²⁰
62. However, other witnesses felt that Defra's focus on agriculture and the environment did not always mean that rural affairs were receiving their attention. Professor Dwyer of the University of Gloucestershire told us that “Defra has had a policy blind spot about the linkage between agriculture and rural vitality for quite some time”.²¹ The Rural Business Group suggested that the Government had an “outdated notion that ‘rural’ is simply agriculture, farming and landowning”.²² Lord Cameron of Dillington, former Chair of

18 [Q 151](#)

19 Written evidence from CPRE ([REC0140](#))

20 Written evidence from Community Action Northumberland ([REC0049](#))

21 [Q 23](#)

22 Written evidence from Rural Business Group ([REC0165](#))

the House of Lords NERC Committee, told us Defra has been slow to realise that over 90 per cent of the rural workforce “has nothing to do with land management” and that most people in rural areas work in sectors such as services, manufacturing and tourism”. He suggested that cuts to rural affairs (over other portfolios within Defra’s remit) in the age of austerity meant that Defra had become “Def”.²³

63. It is not just Defra which needs to pay greater attention to rural affairs. Over successive Governments, central Government departments have had a patchy record on attention to rural issues. In this regard, we welcome the role of the rural champion to advocate for rural interests and promote rural proofing across Government departments. This role is currently filled within a Defra junior ministerial position and supported by Defra’s Rural Policy Team. Some witnesses noted, however, that no matter how capable the rural champion is, a junior ministerial position could not have enough influence to ensure that policy development across government fully takes account of rural areas. A joint Defra-Treasury ministerial post could be one way to address this, an idea that is discussed further in Chapter 3.
64. Prof Dwyer did not think that the rural champion role was sufficient to ensure that rural issues were high up enough on the Government’s agenda.²⁴ Christopher Price, Director of Policy and Advice at the Country Land and Business Association (CLA), said he did not think that the rural champion role worked well because “there is no particular reason for people in other departments to pay attention to him or her”.²⁵ Lord Cameron of Dillington and Tim Bonner of the Countryside Alliance thought that the rural champion lacked “clout” within Government to be a powerful champion.²⁶
65. Andrea Ledward of Defra defended the effectiveness of the rural champion, telling us that the role “is particularly effective” and that the Department was achieving “quite a high degree of impact across Government in influencing policy development up front and shaping the way policies are being designed”.²⁷
66. **There is room for improvement in terms of how much attention is being paid to rural affairs by Defra and other Government departments. Although they are closely interlinked, Defra needs to be wary of presuming that what is good for the environment or for agriculture is also beneficial for the wider rural economy. Although the role of the rural champion is a good idea, we are concerned that any junior minister in that position would lack clout to raise the profile of rural affairs enough to ensure that rural issues are being mainstreamed into policy development across government. The role of the post-holder is not helped by the lack of a rural strategy.**

Amplifying the rural voice

67. Ensuring that policies will deliver for rural areas relies on a robust evidence base and engagement and consultation with relevant stakeholders. We considered both elements and the extent to which the rural voice was being listened to during the policy making process across Government departments.

23 [Q 12](#)

24 [Q 29](#)

25 [Q 34](#)

26 [Q 18](#) (Lord Cameron of Dillington) and [Q 72](#) (Tim Bonner)

27 [Q 4](#)

68. Within Defra, the rural policy team is the main unit handling rural affairs. It is responsible for engaging with other Government departments to ensure that policies take proper account of the specific challenges facing rural businesses and communities. The team also conducts analysis, monitors current and emerging policy, and offers advice on rural issues. Defra officials told us that it has around 60 staff working on rural affairs. This includes those working in the rural policy team and some who are based in the Rural Development Programme for England (RDPE) team within the future farming directorate.²⁸
69. Andrea Ledward of Defra told us that the Department has “a really good understanding of rural society, economies and communities, and a very strong evidence base” that is regularly updated and “collected through consultation”.²⁹
70. However, many of our witnesses argued that Defra’s evidence base and its understanding of rural areas had declined since the abolition of the Commission for Rural Communities (CRC). Graham Biggs MBE, Chief Executive of the Rural Services Network, told us that rural policy “has been much worse” since the CRC was abolished. He particularly noted the loss of independent analysis and research, and of the advocacy role of the CRC. Margaret Clark CBE, Chair of the Rural Coalition, said that the loss of the CRC had left a “vacuum”.³⁰ Lord Cameron of Dillington lamented the loss of the CRC’s research function, and told us that Defra’s assertion that it collects a wide range of data to inform policy development across Government was “flannel”.³¹
71. The Rural Business Group told us that Government needed to listen more to rural voices that are outside the traditional list of stakeholder organisations.³² Jeremy Leggett suggested that unless the Government actively seeks out a plurality of rural voices then it is only those “whose voices are loud or whose pockets are deep” who are heard.³³ The Secretary of State acknowledged the challenge of listening to rural voices but asserted that it was difficult to find a way to do this that would make everyone happy.³⁴
72. We also sought views on whether a body similar to the CRC should be established. Although the idea of amplifying rural voices in policy making was appealing to some witnesses, they were unconvinced that a new body was the best way to achieve it.
73. Margaret Clark told us that “the rural voice is fragmented” and that creating “a body or a single voice is probably problematical”.³⁵ Councillor Sue Baxter, Chairman of the National Association of Local Councils (NALC), told us that it would be “quite difficult” to have a single voice that represented everybody.³⁶ Richard Baker of the North East Local Enterprise Partnership

28 [Q 4](#) (Andrea Ledward)

29 [Q 4](#)

30 [Q 71](#)

31 [QQ 13–14](#)

32 Written evidence from Rural Business Group ([REC0165](#))

33 Further supplementary written evidence from ACRE ([REC0198](#))

34 [Q 309](#) (Michael Gove MP)

35 [Q 71](#)

36 [Q 95](#)

questioned whether a single independent body could effectively represent the diversity of competing interests in rural communities.³⁷

74. Witnesses who did support the idea of establishing an independent body did so with caveats. Bob Egerton of Cornwall Council saw potential merit in having an independent body if it could provide an opportunity for alternative voices to be heard.³⁸ Mr Parish, Chair of the Environment, Food and Rural Affairs Committee, was not against the idea but told us that how effective it would be in practice would depend on how it was set up and whether it could be adequately resourced.³⁹
75. **We do not propose the creation of a body like the Commission for Rural Communities. However, we are concerned that the Government's understanding of rural affairs has declined since the abolition of the CRC and we support calls for all Government departments to be more proactive in seeking a diversity of rural voices when developing policy.**

Improving rural proofing

76. The Government defines rural proofing as “assessing policy options to ensure that evidence is adequately considered and that the fairest solutions are delivered”.⁴⁰ The NERC Committee referred to rural proofing as the process for “considering the likely impact of policy decisions on rural areas, and, where necessary adjusting the policy to take into account the particular needs of those who live in, work in, or enjoy the countryside.”⁴¹ We use these definitions as the basis for our understanding of the role and purpose of rural proofing.
77. As mentioned above, rural proofing has been the target of considerable criticism over many years. It always seems to fall short of expectations. We were particularly struck by comments from Professor Sally Shortall, who argued that rural proofing as a policy is “fundamentally flawed”. She told us that rural proofing unhelpfully considers rural areas to be homogenous and has not delivered in terms of meeting the needs of rural people.⁴² While we are challenged by this assessment of rural proofing, we believe that there remains an underlying need for a system that compels Government departments to think about rural needs when developing policy and for being held accountable. To that end, we have chosen to focus on how it could be made more effective in future, rather than proposing that it be abandoned.
78. Lord Cameron of Dillington told us that rural proofing had worsened since he conducted an independent inquiry into rural proofing in 2015. Primary among his concerns was the loss of a permanent team that could train departments on rural proofing and be able to see issues from both sides—“the department's side as well as the rural side”.⁴³

37 [Q 106](#)

38 [Q 95](#)

39 [Q 189](#)

40 See ‘Foreword from the Secretary of State for Environment, Food and Rural Affairs,’ Department for Environment, Food & Rural Affairs, *Independent Rural Proofing: Implementation Review*, (January 2015) p 4: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/400695/rural-proofing-imp-review-2015.pdf [accessed 15 April 2019]

41 *The countryside at a crossroads: Is the Natural Environment and Rural Communities Act 2006 still fit for purpose?*, p 4

42 Written evidence from Prof Sally Shortall ([REC0201](#))

43 [Q 17](#)

Box 3: Lord Cameron of Dillington's 2015 independent review of rural proofing

In 2015, Lord Cameron of Dillington undertook an independent inquiry into the implementation of rural proofing in Government. The inquiry explored the current systems, processes and activity on rural proofing, including how departments use the national rural proofing guidance and the extent to which rural proofing is systematically embedded within departmental cycles.

The report noted that rural proofing was not happening anything like universally. Between 2010 and 2014, just over half of departmental impact assessments for different policies had had no assessment of their effect on rural areas, even though the policies in question would impact such areas.

The report made six recommendations on how rural proofing could be improved:

- Defra Ministers should work with Cabinet Office to strengthen and improve rural proofing guidance when the impact of policies is being assessed. Rural proofing must be applied more systematically in Departments and described more openly and transparently;
 - [Supplementary action]—for all departments to routinely invite Defra's Rural Communities Policy Unit to run a rural proofing workshop;
- Defra Ministers should establish an Inter-Departmental Rural Oversight group, which would bring together all the main Departments at a senior level to discuss rural issues and identify where policies or delivery could be adjusted;
- Defra—with support and input from other Government departments—should develop a Rural Proofing Forum, working closely with the Inter-Departmental Rural Oversight Group to share best practice, information and key messages across government;
- All Government departments should adopt the use of Office of National Statistics (ONS) and Government-wide urban/rural classifications in their analysis of data and evidence;
- A clear rural proofing stage built into the collective agreement processes so that departments will have to explain their rural proofing measures in their policy considerations;
- The creation of a permanent forum for discussion of rural proofing at Cabinet level, which could intervene consistently and at key decision points as policy is being developed and encourage interdepartmental cooperation to assist in the delivery of those policies.

Source: Department for Environment, Food and Rural Affairs, *Independent Rural Proofing: Implementation Review* (January 2015): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/400695/rural-proofing-imp-review-2015.pdf [accessed 15 April 2019]

79. The NERC Committee made three main conclusions and recommendations to Government on rural proofing in its final report. It found that Defra did not have the cross-government influence or capacity required to embed rural proofing more widely and recommended that responsibility for promoting and embedding rural proofing should be assigned to the Cabinet Office. The NERC Committee also recommended that the Government should establish a mechanism by which departments report to the Cabinet Office

on the action that they have taken to ensure that rural proofing has taken place.

80. It was also the opinion of several witnesses to our inquiry that rural proofing left much to be desired. For example, Graham Biggs of the Rural Services Network called rural proofing “a busted flush”.⁴⁴
81. However, not everyone agreed that rural proofing was failing. Christopher Price told us that Defra “seems to be quite effective at getting the message [on rural proofing] to other parts of government”. He noted that rural proofing works best “when there is a Minister who wants it to work”.⁴⁵
82. It was also noted that not all policies are poorly rural proofed. Department for Business, Energy and Industrial Strategy (BEIS) officials told us that their department takes rural proofing very seriously, highlighting the Industrial Strategy as evidence of its commitment to robust rural proofing.⁴⁶ Both Prof Phillipson and Christopher Price agreed, telling us that the Industrial Strategy was a good example of rural proofing.⁴⁷
83. Defra also raised several positive examples of its work on rural proofing. It highlighted ongoing collaborative work it was doing with BEIS on the Industrial Strategy and business support, with Department for Digital, Culture, Media and Sport (DCMS) on digital connectivity and tourism, with Department for Transport (DfT) on transport, and with MHCLG on housing, planning and development of the Shared Prosperity Fund. It stated that “there is good evidence that departments are paying attention to the needs of rural businesses”, citing as an example DCMS’ Future Telecoms Infrastructure Review (FTIR), published in July last year, which places a priority on extending full fibre to rural areas (this is discussed in more detail in Chapter 4).⁴⁸ The Rural Services Network also cited the Future Telecoms Infrastructure Review (FTIR) as a good example of rural proofing.⁴⁹
84. Despite these positive examples, we believe there is room for improvement. Rural proofing is currently a negative exercise. It is designed to help departments identify and mitigate against negative outcomes in rural areas. We envisage that, under a rural strategy, rural proofing could become a more positive exercise aimed at ensuring that policies fit within the overall vision and objectives of the strategy and actively contribute to making the countryside a better place to live, work in and visit.
85. We have identified key areas where we see that improvements could be made to rural proofing and expect that the rural strategy could act as a catalyst for implementing reforms to make rural proofing more effective. These are set out below.

44 [Q 84](#)

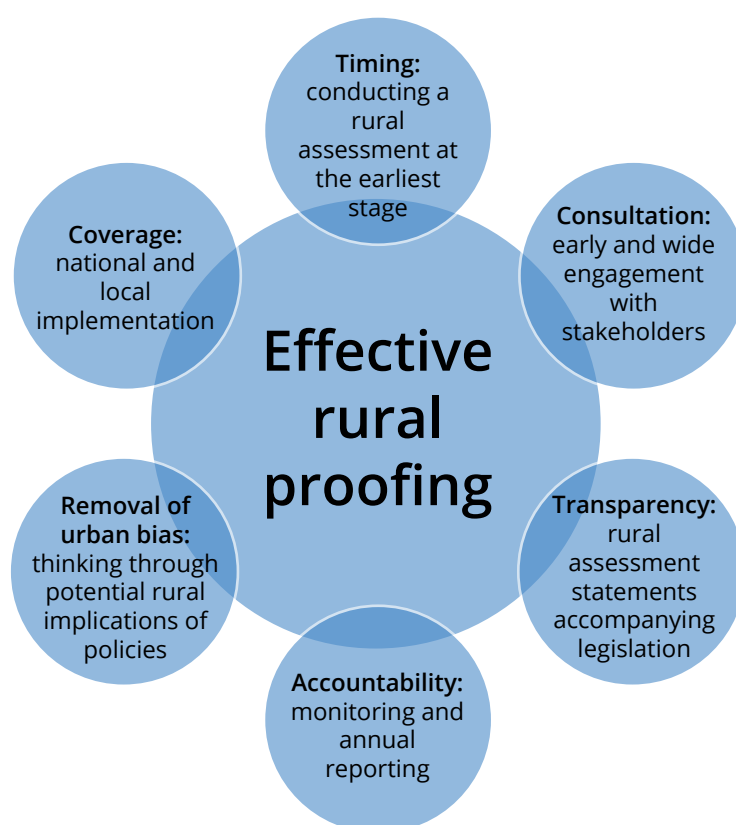
45 [Q 34](#)

46 [Q 47](#) (Sam Lister)

47 [Q 30](#) (Prof Jeremy Phillipson) and [Q 36](#) (Christopher Price)

48 Written evidence from Defra ([REC0146](#))

49 Written evidence from Rural Services Network ([REC0031](#))

Figure 9: The key components of effective rural proofing

Timing

86. The Rural Services Network described rural proofing as “patchy” and only done at the late stages of policy development.⁵⁰ Its Chief Executive Graham Biggs told us that rural proofing needs to happen “right from initial consideration of what a policy or piece of legislation will do”.⁵¹ The Rural Coalition also called for rural proofing to be done at a much earlier stage of policy deliberations than is currently the case.⁵²
87. Defra defended their approach to rural proofing, asserting that “the Government remains committed to rural proofing all policies from the earliest stages”.⁵³ Sarah Severn CBE, Head of Defra’s rural policy team, told us that the Department had taken steps to improve rural proofing guidance and was focused on ensuring that within departments rural proofing is taking place “upstream of policies getting clearance”.⁵⁴

Consultation

88. Rural organisations were keen to be consulted earlier in the policy development process. There are practical limitations around conducting a public consultation too early in the process of developing policy, but there may be scope for rural voices to be heard before a policy reaches its final stages, which we heard often only leaves room for damage limitation.

50 *Ibid.*

51 [Q 84](#)

52 [Q 71](#) (Lord Bishop of St Albans)

53 Written evidence from Defra ([REC0146](#))

54 [Q 7](#) (Sarah Severn CBE)

89. Sarah Lee of the Countryside Alliance told us:

“Rural proofing comes too late in the day. We very much want to see rural consideration right back at initial meetings and at consultation stages. When we receive consultations these days, there are environmental impact assessments and financial budgets at the back. Why do we not have a statement as to whether it has been rural proofed and what the impact will be on those communities?”⁵⁵

90. The Secretary of State and the Rural Affairs Minister emphasised that rural proofing, particularly consultation, should not be something that gets ticked off a checklist but should be a continuous exercise throughout the policy development process.⁵⁶

Transparency

91. It is difficult to ascertain whether rural proofing has been carried out or not, to what extent and what impact this process had on the development of the policy. Rural proofing rarely seems to involve those with a rural interest or specialism outside of Government.

92. Margaret Clark of the Rural Coalition told us there is no external reporting, which makes it difficult to tell whether rural proofing has happened or not.⁵⁷

93. As a case in point, when responding to a question on rural proofing of the Teacher Recruitment and Retention Strategy, the Government’s reply was that the Department for Education was “exploring” how to support all schools, including those in rural areas.⁵⁸ Vague responses along these lines do not give confidence that rural proofing is being carried out in a robust and serious manner.

Accountability

94. Lack of transparency means that there is a concomitant absence of accountability for policies that do not appear to have been adequately rural proofed. There is no information on who has been consulted or who should be held accountable for poor rural proofing.

95. The Lord Bishop of St Albans argued that “unless rural proofing is formally enshrined somewhere in government and there is some sort of responsibility and report back, it will always be difficult to deliver”.⁵⁹ Jeremy Leggett expressed concern that there is a lack of “systematic monitoring or feedback” to determine the impact of policies in rural areas.⁶⁰

96. Defra officials told us that, although there is an expectation of rural proofing in the development of legislation, there is no legal requirement for rural proofing and Defra does not check every piece of legislation brought forward.⁶¹ Defra argued that working with departments on rural proofing

55 [Q 72](#)

56 [Q 301](#) (Michael Gove MP and Lord Gardiner of Kimble)

57 [Q 72](#)

58 Written Answer [HL13214](#), Session 2017–19

59 [Q 72](#)

60 [Q 34](#)

61 [Q 7](#) (Andrea Ledward and Sarah Severn CBE)

while policy was being developed was its preferred approach, rather than checking compliance at the end of the process.⁶²

Removing urban bias

97. Several witnesses noted that poor rural proofing is symptomatic of a larger failure to appreciate the distinctiveness of rural areas. ACRE told us that many of the difficulties of rural proofing had arisen from a “reluctance to fully understand the economics of service provision in rural areas and the impact of centralisation, large scale procurement, outsourcing, etc” and their impact on community-led solutions.⁶³ Wiltshire Council gave the example of the failure to include rurality as a specific deprivation and inequality factor for preparing health and wellbeing strategies as evidence of poor rural proofing.⁶⁴
98. From all outward appearances it seems that policy makers do not—even in Defra—always consider the rural implications of their policies. Taking the Agriculture Bill as an example, Margaret Clark expressed disappointment “with the narrowness and lack of recognition of the wider rural economy” in the Agriculture Bill. She told us that if the Agriculture Bill had been rural proofed it was difficult to see the evidence of that.⁶⁵ Mr Parish, Chair of the Environment, Food and Rural Affairs Committee, was also of the opinion that the Agriculture Bill had not been rural proofed.⁶⁶
99. The Secretary of State defended the Agriculture Bill, telling us that “it was and continues to be” rural proofed and that criticisms had “misunderstood the purpose of the Bill” which is to create a framework for replacing the Common Agriculture Policy and not about other areas related to agriculture.⁶⁷
100. The Countryside Alliance argued that the Offensive Weapons Bill was an example of a policy that had failed to take account of rural implications. Tim Bonner noted that this Bill is concerned with tackling urban knife crime and proposes to do this by making it more difficult to purchase knives online which could affect farmers and other land-based businesses.⁶⁸ The Government has since, however, clarified that knives would still be able to be sent to farms or other agricultural and forestry businesses operating from a residential premise and that most agricultural and forestry related tools would be unaffected by the Bill.⁶⁹

Coverage

101. As noted, not all policies and not all legislation are rural proofed. It may not be practical or desirable for every piece of policy and legislation to be rural proofed, but it is difficult to say where that balance may lie because it is impossible to know when rural proofing has, or has not, taken place. Mr Bonner supported the idea of rural proofing of all legislation and holding an annual debate on rural proofing.⁷⁰ Margaret Clark suggested that

62 *Ibid.*

63 Written evidence from ACRE ([REC0068](#))

64 Written evidence from Wiltshire Council ([REC0131](#))

65 [Q 81](#)

66 [Q 187](#)

67 [Q 301](#) (Michael Gove MP)

68 [Q 72](#)

69 HL Deb, 4 March 2019, [col 452](#)

70 [Q 72](#)

Government departments and public bodies should report annually on their rural proofing activities.⁷¹

Rural proofing at the local level

102. There is currently no requirement for local authorities or public bodies to rural proof local policies. Although LEPs are preparing key documents such as Strategic Economic Plans and, now, Local Industrial Strategies, there is also no requirement on LEPs to undertake rural proofing. The Rural Services Network suggested that, given their role and responsibilities in the development of Local Industrial Strategies, LEP members and officers should receive rural proofing training.⁷² MHCLG Minister Jake Berry told us that he welcomed rural proofing of local industrial strategies.⁷³

Box 4: Rural proofing by public bodies

UK Research and Innovation (UKRI) and Arts Council England gave examples of how they are thinking about rural needs in their work:

Arts Council England: The Arts Council reviewed their approach to rural proofing in 2004. This led them to establish a national rural working group and to publish a report on Arts in Rural England, in which they committed to respond to the needs of rural areas, support artists, improve access for audiences, and build partnerships for growth and campaigning alongside rural organisations. In 2007, the plan was reviewed, and a Rural Stakeholders Group was established. In July 2013 Arts Council England held a rural proofing event facilitated by Defra to look at how the Council operated in and understood rural communities which led to a number of actions being adopted, including a Rural Evidence Review and Position Statement published in November 2013. A new iteration of the Evidence Review and Position Statement was undertaken in 2018.

UKRI: While noting that they do not specifically undertake rural proofing, UKRI gave an example of representatives of organisations with a stake in the rural economy serving on UKRI-BBSRC's (Biotechnology and Biological Sciences Research Council) Strategy Advisory Panels, which advise on key areas of UKRI's business and research portfolio. In the last few years, South Norfolk Council, the Agriculture and Horticulture Development Board (AHBD) and the Game and Wildlife Trust have been represented on these panels. UKRI also supports Responsible Research and Innovation, an approach which encourages consideration of the broad social impacts of research and innovation to ensure that it creates value for society in an ethical and responsible way and it expects researchers to consider rural impacts where relevant. UKRI also noted their engagement with rural stakeholders, Defra and relevant public bodies on the delivery of the Industrial Strategy Challenge Fund and the National Environment Research Council's Strategic Priorities Fund, which is developing a new framework for using land assets.

Source: Written evidence from Arts Council England ([REC0151](#)) and UKRI ([REC0196](#))

103. **There is significant room for improvement when it comes to rural proofing. There are considerable weaknesses in terms of timing, consultation, transparency, accountability, urban bias and lack of**

71 [Q 72](#)

72 Written evidence from Rural Services Network ([REC0031](#))

73 [Q 265](#)

coverage, but none of these are insurmountable. The examples of good rural proofing show that it can aid policy coordination across Government departments and is more likely to lead to better outcomes for rural areas. A rural strategy would add further weight to the push for Government departments to get rural proofing right.

104. *The Government needs comprehensively to rethink and reform the rural proofing process across Government, and at the local level, to ensure that relevant policies and legislation are attuned to the needs of rural communities and rural economies. A reformed approach to rural proofing should take into account the following:*

- *A rural assessment should take place at the start of the policy process, including engagement with rural stakeholders, and be treated as integral, rather than as an adjunct to urban-focused policy. No legislation should be brought forward without an accompanying rural assessment statement;*
- *The impact of new policies on rural areas should be systematically and consistently monitored as they are implemented. This would include an update on the performance of rural proofing across government in the Government's annual report on the implementation of the rural strategy (see paragraph 58);*
- *All relevant public bodies should be required to rural proof, monitor and report annually on the rural impacts of relevant policies. This should include non-departmental public bodies, local authorities and other spending bodies such as Local Enterprise Partnerships; and*
- *The Government should put in place the appropriate structures to facilitate this more robust rural proofing regime.*

CHAPTER 3: RURAL DELIVERY AND PLACE-BASED APPROACHES

Introduction

105. The previous chapter discussed how rural economies may be better placed to fulfil their potential by the development of a national rural strategy and better rural proofing. This chapter will focus on how such a strategy can most effectively be delivered.
106. Firstly, we will first describe what place-based approaches mean and how they can be delivered through a rural strategy, before going on to discuss a number of different strands of delivery and the issues they currently face. These include the question of replacing rural development funding from the EU that will disappear after Brexit, and the role of the proposed Shared Prosperity Fund; the local delivery role of Local Enterprise Partnerships and local authorities, including town and parish councils; and the necessity of community participation in rural economic development, including through the exercise of community rights, and the establishment of community-run businesses and services in rural areas.

Understanding place-based approaches in the rural economy

107. The Committee heard a wide range of evidence on the effectiveness or otherwise of the current delivery of rural policies. Through this evidence, a common theme emerged: where delivery has been most effective, it has been through a “place-based” approach.
108. Discussions of “place-based” approaches are commonplace in public policy, but it is less common to find examples of consistent implementation, as successive Governments have had centralising tendencies, often excluding the meaningful participation of localities and communities.
109. In its written evidence, Locality described a “place-based approach” as follows:

“This requires leveraging the local assets and partnerships that exist within a place to reshape local systems to the maximum benefit of people and communities. Local economic development recognises that the power to drive change often lies within the local community and depends on the formation of strong and trusting partnerships between all actors in the local economy”.⁷⁴
110. The key elements of a “place-based” approach to policy implementation might be characterised as follows:
 - Focused on partnerships between public, private and voluntary bodies, and the communities they serve;
 - Emphasis on the importance of collaboration and locally driven solutions;
 - Intended to develop the capacity for community self-help and mutual support, and designing interventions on this basis; and

74 Written evidence from Locality ([REC0119](#))

- Highlighting effective community leadership and its ability to mobilise communities.
111. As examples of ways to facilitate such a place-based approach, Locality highlighted the importance of local commissioning, whereby local community organisations were given opportunities to provide services. It stated that, “we need to move beyond large-scale, top-down procurement approaches, which have been crowding local organisations out of the local public service landscape”.⁷⁵
 112. Locality also noted that community asset ownership was important: Nick Plumb advised that this was often central to the model of Locality members, which he said were used “not only as a base for people in the local place to come together, but also as a way of leveraging in further funding from outside bodies and sustaining their work”.⁷⁶
 113. Place-based approaches were widely praised in other evidence to the Committee, and cited as of key importance in future rural economic development.⁷⁷ The Newcastle University Centre for Rural Economy noted that the LEADER rural economic development programme⁷⁸ delivered through CAP Pillar 2 had taken a place-based approach, combining “small amounts of investment coupled with inclusive place-based strategies” which had “enabled communities to capitalise on their assets and opportunities in order to meet local needs, including those of local economies”.⁷⁹
 114. Officials from BEIS highlighted that place-based approaches were key to the delivery of the Industrial Strategy and that they were a particular priority for the Secretary of State. Sam Lister, Director of Industrial Strategy at BEIS, told the Committee that sector deals—which are intended to build strategic partnerships between industry and Government— “have a place-based element to them” and that place is the “single strongest theme” of the Government’s Industrial Strategy.⁸⁰
 115. The Plunkett Foundation criticised the Government’s approach to place-based investment. It cited research from Power to Change finding that roughly 30 per cent of community businesses were located in rural locations. It added that “it is disappointing therefore, that the majority of government investment in community business is channelled into urban communities as a result of place-based investment strategies that favour areas scoring as most deprived under the commonly used Indices of Multiple Deprivation measures”.⁸¹ Locality made similar comments, stating that “while there has been a welcome increasing focus on regional economic strategy, including within the devolution agenda and industrial strategy, this has lacked a truly neighbourhood-led approach”.⁸² It noted that “many of the greatest opportunities in tackling persistent social disadvantage can be found at the hyper-local level. It is here that we can most effectively break through the silos that only address one aspect of people’s needs and bring services together

75 *Ibid.*

76 This position was also supported by Power to Change ([REC0076](#))

77 For example, in written evidence from The National Trust ([REC0116](#)) and from Herefordshire Council ([REC0092](#)).

78 See paragraphs 122–124 for further detail on the LEADER programme.

79 Written evidence from Centre for Rural Economy ([REC0100](#))

80 [Q 47](#)

81 Written evidence from Plunkett Foundation ([REC0078](#))

82 Written evidence from Locality ([REC0119](#))

around the ‘whole person’.⁸³ The Chief Economic Development Officers’ Society made a similar point, stating that “the silo nature of Government departments ... means that ‘rural issues’ are largely thought of as Defra responsibility and often poorly considered by other departments”.⁸⁴

116. As a past example of a successful place-based approach to rural economic development, Dr Gordon Morris cited the Market Towns Initiative. This was a community-led development programme which operated throughout rural England between 2000–01 and 2005–06, supporting 227 towns in total. Dr Morris noted that its £5m budget went on initiatives including:

- Coordinators to help the participating town partnerships assess their towns’ priorities or needs and identify project work;
- Project managers to help develop projects; and
- Support for the national Market Towns Advisory Forum and the membership organisation Action for Market Towns.

Figure 10: Bewdley, Worcestershire, is an example of a town that took part in the Market Towns Initiative



Source: Tanya Dedyukhina, ‘Bewdley’: [https://commons.wikimedia.org/wiki/File:Bewdley_-_panoramio_\(7\).jpg](https://commons.wikimedia.org/wiki/File:Bewdley_-_panoramio_(7).jpg) [accessed 3 April 2019] (CC BY 3.0)

117. Dr Morris stated that, while not perfect, the Market Towns Initiative and related programmes were “a reflection of a more positive time, during which “rural” was given rare political attention and resources”. He added that

⁸³ *Ibid.*

⁸⁴ Written evidence from The Chief Economic Development Officers’ Society (REC0121)

“this was long-term work... the seeds of success were there, but there was not enough time or political commitment to enable the seeds to grow and flourish”.⁸⁵

118. We are persuaded by the above evidence that for a national rural strategy to be effectively delivered, a place-based approach should be taken. This does, however, require specific commitments to ensure that such an approach is implemented in practice. The remainder of this chapter will discuss those bodies which may be involved in implementing a place-based approach and make recommendations for ensuring they are effective and successful in delivering this aim.
119. *For a national rural strategy and its underlying rural policies to be effective, it is crucial that they are delivered locally using a place-based approach. This must include effective partnership working from all relevant public, private and voluntary bodies, driven by the nature of each local area and with active community participation, breaking down the silos that too often characterise rural policy.*
120. *To ensure that place-based approaches are adopted, they should be set out as a key objective of the rural strategy, with clear guidelines and examples of good practice from existing rural initiatives. Accountability mechanisms for the rural strategy should also ensure that they incorporate checks on whether policies are being delivered in a truly “place-based” manner—for example, checks on community participation.*
121. *In designing place-based approaches, the Government and other relevant bodies should look to previous schemes such as the Market Towns Initiative, a successful example of partnership working, to help deliver local economic development. Such initiatives could be revived or reconceived in a new form, reflecting the new and emerging challenges of today’s rural economies.*

Post-Brexit and the replacement of EU funding streams

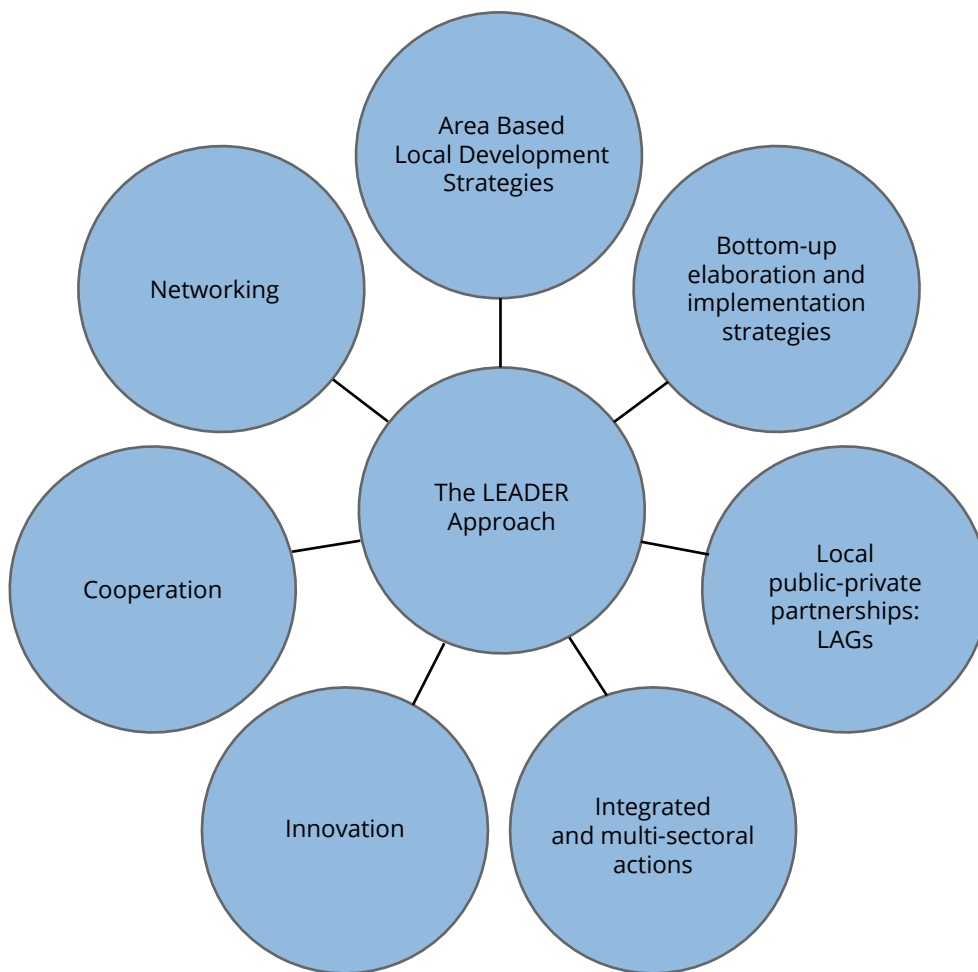
The current system

122. Until now, rural economic development has been supported through “Pillar 2” of CAP funding streams.⁸⁶ This funding is delivered through the Rural Development Programme for England (RDPE) and its LEADER programme. The RDPE’s priorities are to improve the natural environment, increase productivity and efficiency of farming and forestry businesses, and to promote strong rural economic growth. The RDPE is delivered by the Rural Payments Agency and responds to priorities “that are drawn up by LEPs in their local strategies” with projects being overseen by the LEPs.⁸⁷
123. We heard from many witnesses that LEADER funding is vital for rural communities and the rural economy. It is available to local businesses, communities, farmers and foresters and land managers. A total of £138 million has been made available in England between 2015 and 2020 under this scheme. Applications for funding are made to Local Action Groups (LAGs).

⁸⁵ Written evidence from Dr Gordon Morris ([REC0033](#))

⁸⁶ Pillar 1 provides direct payments to farms through the Basic Payments Scheme.

⁸⁷ [Q 60](#) (Joe Tuke)

Figure 11: The seven rules of LEADER

Source: Bosworth, Gary et al, (2013) *A Review of the Leader Approach for delivering the Rural Development Programme for England*: https://www.derbyshireeconomicpartnership.org.uk/images/LEADER_Evaluation_Jan_2014_tcm69-283013.pdf [accessed 15 April 2019]

124. Priorities for LEADER funding are to support micro and small businesses and farm diversification, boost rural tourism, increase farm productivity, provide rural services, and provide cultural and heritage activities.⁸⁸ Crucially, the LEADER approach envisages that LAGs should set their own priorities reflecting their better understanding of local needs and opportunities—an approach which is often described as ‘bottom-up’. This approach is particularly well-aligned to the place-based delivery model that we believe to be most appropriate for rural economic development.
125. We heard a range of evidence praising local LEADER schemes and the benefits they bring to rural economies. Some positive case studies are set out in Box 5. Defra also agreed that LEADER is a success story for rural areas and has played a key role in supporting diversification of rural businesses.⁸⁹

⁸⁸ Department for Environment, Food and Rural Affairs, ‘Rural Development Programme for England: LEADER funding’ (12 October 2017): <https://www.gov.uk/guidance/rural-development-programme-for-england-leader-funding> [accessed 21 January 2019]

⁸⁹ Written evidence from Defra (REC0146)

Box 5: Place-based delivery: LEADER success stories

Hampshire Rural Forum gave credit to the LEADER funding's "bottom-up approach" and told us "there are examples of where the funding has enabled businesses to diversify for example in terms of products and services offered" and where funding has opened up new markets or allowed a business to address seasonal constraints.⁹⁰

The Orkney LEADER programme noted that it has supported over 75 local projects and secured over £2 million between 2013 and 2016 in funding with current projects supporting tourism, cultural heritage, crafts, and food and drink sectors, support for community services and facilities, the natural environment and sustainable energy and small business growth and diversification.⁹¹

126. Despite the importance of these funds for farmers and rural communities, it was also noted by some witnesses that there is room for improvement in the current system when it comes to distributing funding. The NFU told us that RDPE "has been bedevilled with problems" including delays and underspend and complained that there is "too much variation in performance" among LEPs and LAGs in delivering funds.⁹² Leicestershire Rural Partnership, although broadly positive about LEADER, told us that "some businesses have however found the application process very bureaucratic, which has resulted in a drop-out rate of applications of approximately 60 per cent".⁹³
127. Prof Dwyer argued that changes to LEADER over the years were an example of the negative impact of the Government chopping and changing rural policy. She told us that Government's "misunderstanding of the concept of what LEADER is about" and its lack of commitment to LEADER in the long term have "in some ways emasculated" local initiatives.⁹⁴
128. CAP funding is a substantial amount of ring-fenced money. When the UK leaves the EU, funding previously delivered via the CAP from the EU budget will instead come from the UK budget. This means that money will be susceptible to pressures from the HM Treasury. We note that the Secretary of State supported the establishment of a joint Defra-HM Treasury ministerial post so that "the concerns of Defra are heard at the heart of the Treasury and that the Treasury is even more generous in its support".⁹⁵
129. ***To ensure that post-Brexit rural funding is effectively prioritised and delivered, we believe there may be merit in appointing a joint Defra-Treasury minister charged with this specific responsibility. Such an appointment could be combined with or complement an enhanced "rural champion" position as discussed in Chapter 2.***

Post-Brexit funding system

130. In preparation for leaving the EU, the Government has developed a new Industrial Strategy and proposed a Shared Prosperity Fund (SPF) to replace EU funding streams. Defra has also published its 25-year Environment

90 Written evidence from Hampshire Rural Forum ([REC0060](#))

91 Written evidence from Orkney LEADER Programme Local Action Group ([REC0023](#))

92 Written evidence from NFU ([REC0077](#))

93 Written evidence from Leicestershire Rural Partnership ([REC0106](#))

94 [Q 29](#)

95 [Q 323](#) (Michael Gove MP)

Plan, *A Green Future: Our 25 Year Plan to Improve the Environment*,⁹⁶ and a consultation document, *Health and Harmony: the future for food, farming and the environment in a Green Brexit*, outlining how the Government plans to change the way land is used post-Brexit and develop a new, post-CAP arrangement for agriculture in the UK.⁹⁷ The proposals outlined in the Health and Harmony paper formed the basis for developing the Agriculture Bill.

131. The Agriculture Bill was published in September 2018 and provides for a range of enabling powers to ensure “stability” for farmers when the UK exits from the CAP. The Bill also introduces new measures to change the way in which farmers and land managers are supported in the longer term. It will also give Government the power to reform the Direct Payments system.
132. A number of witnesses felt that the Health and Harmony paper and subsequent Agriculture Bill did not give enough attention to the rural economy. Prof Dwyer told us that the omission of food production and food policy from the Health and Harmony paper was an important gap.⁹⁸ Margaret Clark of the Rural Coalition expressed a similar view, telling us that sections in the Health and Harmony Paper covering the rural economy were “very narrowly focused and do not really talk about rural business”.⁹⁹
133. Tim Bonner of Countryside Alliance told us:

“My greatest concern about the Agriculture Bill, Brexit and the way forward for farming is that marginal communities will become increasingly unsustainable. For the first time in 40 years, they will have to compete, as we know, in future spending reviews. Every pound that goes into a farming community will be in competition with the NHS, defence and all the other budgets, which has not been the case for so long. In order to sustain that, we need to make the public good argument on the basis of the landscape of the countryside and the communities within it”.¹⁰⁰

Shared Prosperity Fund

134. The Shared Prosperity Fund (SPF) is the proposed successor to replace European Structural and Investment Funds after the UK leaves the EU. According to the Government, the SPF “will tackle inequalities between communities by raising productivity” and by strengthening the foundations of productivity as set out in the Industrial Strategy.¹⁰¹ MHCLG Minister Jake Berry told us that “it seems clear” that Local Enterprise Partnerships (LEPs) will be “the preferred investment partner” of Government to deliver the SPF and that Local Industrial Strategies would be “the natural blueprint” from which the SPF would look to invest.¹⁰²

96 Department for Environment, Food and Rural Affairs, *A Green Future: Our 25 Year Plan to Improve the Environment*, January 2018: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693158/25-year-environment-plan.pdf [accessed 17 April 2019]

97 Department for Environment, Food and Rural Affairs, *Health and Harmony: the future for food, farming and the environment in a Green Brexit*, Cm 9577, February 2018, p 5: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/684003/future-farming-environment-consult-document.pdf [accessed 21 January 2019]

98 [Q 23](#)

99 [Q 81](#)

100 *Ibid.*

101 HC Deb, 24 July 2018, [col 77WS](#)

102 [Q 273](#)

135. Based on what we have heard from witnesses, we have identified four key principles which should underpin the SPF:
- Funding streams should be simple and accessible;
 - Funding decisions and delivery must be made at the local level, whether that is local authorities, LEPs and/or devolved authorities;
 - Funding priorities must include a focus on developing the rural economy and supporting rural communities; and
 - Funding opportunities must be effectively communicated to rural businesses and communities.
136. Cornwall Council told us that the SPF should adopt a “single pot approach” and be inclusive and simple.¹⁰³ The NFU told us that in order to support agriculture and the wider rural economy, “the delivery of future grant funding needs to be more simplified, accessible and reliable” and called for increased funding for productivity measures”.¹⁰⁴
137. Nick Plumb from Locality drew our attention to its research into principles which should underpin the SPF. He highlighted Locality’s view that local authorities, rather than LEPs, are best placed to deliver the SPF, that it needs to be “directed and designed” at the local level, and that the SPF should “not get swept up in the purely growth agenda” and should “focus on community economic development”.¹⁰⁵
138. The Local Government Association told us:
- “The [SPF] ... presents an opportunity to introduce a localised, place-based fund that meets the challenges of local economies, including the specific issues concerning the rural economy. It should be at least equal in total amount of current EU funding streams, when it is introduced in January 2021. It is an opportunity to adopt a more integrated approach to growth funding and to give rural areas far greater say over how money is spent”.¹⁰⁶
139. While noting that it may be “difficult to come up with a prescription that will work everywhere” when developing a successor to LEADER, Prof Dwyer suggested that there needs to be involvement at the local level so that funding can be “fleet of foot”, and have a “flexible approach to economic development and social and environmental benefit” but also at a higher, county level to provide a strategic overview and link sectors together.¹⁰⁷
140. The CLA warned us that the SPF must not neglect rural hinterlands or leave rural areas further marginalised. It recommended that funding for rural development should be ring-fenced and socio-economic schemes and LEADER should become part of the SPF, with delivery at a local level.¹⁰⁸ John Mortimer of the Swindon and Wiltshire LEP told us that, in developing

103 Written evidence from Cornwall Council ([REC0039](#))

104 Written evidence from NFU ([REC0077](#))

105 [Q 234](#)

106 Written evidence from Local Government Association ([REC0103](#))

107 [Q 30](#)

108 Supplementary written evidence from CLA ([REC0026](#))

the SPF, the Government should take note that the key strength of LEADER is that it is delivered locally.¹⁰⁹

141. Many of our witnesses advocated for the SPF to place priority on supporting local businesses and community activities. The Rural Services Network supported greater incentives under the SPF for investment in technology and innovation to break away from the low-wage economy that is prevalent in many rural areas.¹¹⁰ Hampshire Rural Forum stated that the post-Brexit SPF “should recognise the need for support for small-scale local enterprises, skills and growth so ‘rural’ does not get lost”.¹¹¹ The Chief Economic Development Officers’ Society recommended that any new funding schemes such as the proposed SPF should “build-in” the ability to identify and make awards of direct finance or support services to rurally located businesses.¹¹²
142. The Plunkett Foundation told us that it is “vitally important” that EU funding that has previously been accessed by some community businesses be replaced and remain available to support local action.¹¹³ Jeremy Leggett of ACRE told us that post-Brexit funding “should be about helping rural communities to deal with the impact of market failure in rural areas and should not go into mainstream business development. It should be about helping communities to plug gaps in commercial and public services”.¹¹⁴
143. The UK and Ireland Rural Community Network expressed concern about rural funding in the context of the proposed SPF. It noted that only a small proportion of the EU funds to be replaced by the SPF were specifically rural and warned that when the new fund is introduced, “rural community interest and relevance will be side-lined and lost within the desire to raise productivity and delivery of an industrial strategy”.¹¹⁵
144. **We take it as self-evident that rural economies should not be materially disadvantaged by Brexit. The Shared Prosperity Fund presents an opportunity to deliver investment into rural economies to boost productivity and promote growth and to support social infrastructure, and to replace RDPE and LEADER funding in a way which genuinely reflects and delivers upon rural priorities.**
145. **The Government has yet to provide sufficient detail on the Shared Prosperity Fund, hampering the ability of businesses and communities to plan for the long term and secure and promote investment.**
146. ***The Government must bring forward the consultation on the Shared Prosperity Fund as soon as possible and give much more information on its proposed scope to enable rural businesses and communities to begin planning for the future.***
147. ***The Shared Prosperity Fund must incorporate a dedicated, ring-fenced rural funding stream for supporting rural economies and communities. This should be devised with a clear awareness of the opportunities and challenges of rurality and should reflect ambitions***

109 [Q 112](#)

110 Written evidence from Rural Services Network ([REC0031](#))

111 Written evidence from Hampshire Rural Forum ([REC0060](#))

112 Written evidence from the Chief Economic Development Officers’ Society ([REC0121](#))

113 Written evidence from Plunkett Foundation ([REC0078](#))

114 [Q 42](#)

115 Written evidence from UK and Ireland Rural Community Network ([REC0156](#))

to increase the rural contribution to national and local economic growth. It must also address wider social priorities in rural areas, in recognition that not all rural challenges are reflected in economic statistics. Performance in this area should be a key part of the annual report to Parliament on the rural strategy.

148. *Rural development programmes should be decided and delivered locally to meet local needs. The mechanisms set up to replace LEADER funding should follow the bottom-up and place-based principles of the most successful LEADER initiatives. The Shared Prosperity Fund must be properly rural proofed as it is developed, and Government must be transparent from the outset as to how it is doing this.*
149. *Funding made available through the Shared Prosperity Fund must also be designed to meet the needs of rural SMEs including micro and family businesses which predominate in rural areas. This means providing clear, concise and timely information as well as delivering a simplified and accessible process, which allows for long term planning and investment.*

Place-based delivery of a rural strategy: the role of Local Enterprise Partnerships

150. The Government's delivery of its wider economic strategy is dependent on Local Enterprise Partnerships (LEPs) for local delivery. These bodies are now the main vehicle outside central and local Government for supporting economic development. This section will discuss the role of LEPs in a specifically rural context and consider how they may be reformed to better help rural economies fulfil their potential through a place-based approach.

Box 6: What are Local Enterprise Partnerships?

In 2010, the Coalition Government announced its intention to replace Regional Development Agencies (RDAs) with Local Enterprise Partnerships (LEPs).

The Government describes LEPs as “private sector led partnerships between businesses and local public sector bodies”, with boards chaired by business representatives. There are currently 38 LEPs covering the entirety of England.¹¹⁶

In 2012 the Government announced that £25 million would be made available for “capacity building” for LEPs, but it was not until the 2013 Spending Review that LEPs attracted major Government support, through the Single Local Growth Fund (SLGF). The Spending Review asked LEPs to develop multi-year Strategic Economic Plans, which would be used for negotiations on ‘Growth Deals’ using funds from the SLGF, worth a total of £2bn a year. All (then) 39 LEPs submitted Strategic Economic Plans for approval and the first Growth Deals were announced in July 2014, with further rounds in 2015 and 2017. In 2013 LEPs were also given some oversight responsibility for European development funding. The latest phase of development for LEPs is the introduction of Local Industrial Strategies, which the Government stated would “promote the coordination of local economic policy and national funding streams and

¹¹⁶ Department for Communities and Local Government, *Local Enterprise Partnership National Assurance Framework* (November 2016): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/567528/161109_LEP_Assurance_Framework.pdf [accessed 15 April 2019]

establish new ways of working between national and local government, and the public and private sectors”.¹¹⁷ The Government aims to agree Local Industrial Strategies with all areas of England by early 2020.

151. In July 2018 the Ministry of Housing, Communities and Local Government published a review, *Strengthened Local Enterprise Partnerships*.¹¹⁸ The review largely focused on technical measures including clarifying the role, board diversity and geographies of LEPs, and detailing their future requirement to deliver Local Industrial Strategies.
152. The review only occasionally mentioned rural areas, although it did state that the Local Industrial Strategy should “involve identifying weaknesses in productivity across their local areas or communities and promoting inclusive growth by using existing national and local funding, such as in isolated rural or urban communities”.¹¹⁹
153. Councillor Mark Hawthorne of the Local Government Association criticised the proposal in the review for LEP boards to have a private sector membership of at least two-thirds. He stated that this “could have a detrimental effect on public accountability and, indeed, the representation of rural areas on local LEP boards”, in particular because the limit on public sector representation might exclude some participating local authorities from having board representation.¹²⁰ Councillor Hawthorne also expressed concern that rural authorities were being left behind in the roll out of Local Industrial Strategies, with the first cohort of authorities being mostly urban areas and combined authorities.¹²¹
154. In general, although we did hear examples of good practice, the picture we heard about the performance of LEPs in rural areas was largely negative. Some respondents and witnesses took the view that there was a fundamental problem for rural economies within the form in which LEPs had been introduced.
155. For example, ACRE stated in written evidence that “LEPs have sought Board members who are able to give up a significant amount of time and have a high-level experience in large businesses. This has tended to result in membership being heavily weighted towards major urban business. Once this governance pattern is set it can be hard to overcome it”. ACRE added that Government and LEP priorities tended to be oriented towards “large-scale capital investment” leading to a bias towards larger population centres.¹²²
156. ACRE proposed a number of ways to address these issues, stating that the Government “should require all LEPs with rural areas to have a specified Board member with responsibility for the rural economy, including the non-land based rural economy”.¹²³ It added that the Government should amend the current tasking of LEPs “to ensure greater weight is applied to smaller

117 Department for Business, Energy and Industrial Strategy, News story: ‘Local Industrial Strategies to drive growth across the UK’, 3 December 2018: <https://www.gov.uk/government/news/local-industrial-strategies-to-drive-growth-across-the-country> [accessed 15 April 2019]

118 Ministry of Housing, Communities and Local Government, *Strengthened Local Enterprise Partnerships* (July 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728058/Strengthened_Local_Enterprise_Partnerships.pdf [accessed 15 April 2019]

119 *Ibid.*, p 13

120 Q 99

121 *Ibid.*

122 Written evidence from ACRE (REC0068)

123 Supplementary written evidence from ACRE (REC0169)

economic development schemes and require industrial strategies to allocate resources in proportion to the rural/urban populations of LEP areas”.¹²⁴

157. There were also, however, examples reported to us of existing good practice on rural economies among some LEPs. The South West Rural Productivity Commission was praised by a range of witnesses and respondents. A collaboration between four LEPs, it was described as an initiative “to explore and understand how the economy in rural areas of the South West is performing and identify opportunities to stimulate rural productivity and growth”.¹²⁵

Box 7: The Work of the South West Rural Productivity Commission

The South West Rural Productivity Commission was established by four Local Enterprise Partnerships, namely Cornwall and the Isles of Scilly, Dorset, Heart of the South West (covering the council areas of Devon, Plymouth, Somerset and Torbay) and Swindon and Wiltshire.

The Commission, chaired by David Fursdon, covered a number of key themes in its inquiry including ‘Rural Identity and Sectors’, small and scale-up businesses, workforce and skills, transport and accessibility, housing, planning, communities and workspace, and geography, hubs and spheres of influence.

The report set out 53 recommendations for LEPs, their local partners and Government, but noted five “over-arching” recommendations. These included a call for better connectivity for rural businesses, full implementation of the Government’s rural proofing guidelines and greater promotion of the south west as a destination.

158. The Centre for Rural Economy described the work of the South West Rural Productivity Commission as “good practice” that other LEPs could learn from. It stated that “there are variations in the rural performance of LEPs in relation to awareness, investment, evidence and expertise”, and that it was important for LEPs to develop such collaborative partnerships, particularly in rural areas that span more than one LEP. It added that “forthcoming LEP boundary reviews need to ensure rural areas are properly integrated and are not left to fend for themselves”.¹²⁶

¹²⁴ *Ibid.*

¹²⁵ Written evidence from South West LEPs ([REC0104](#))

¹²⁶ Written evidence from CPRE ([REC0140](#))

Figure 12: Among the recommendations of the South West Rural Productivity Commission was to raise the profile of the south west as a destination



Source: Dietmar Rabich, Wikimedia Commons 'Lynmouth, Devon, England (2013)': [https://commons.wikimedia.org/wiki/File:Lynmouth_\(Devon,_UK\)_--_2013_--_7.jpg](https://commons.wikimedia.org/wiki/File:Lynmouth_(Devon,_UK)_--_2013_--_7.jpg) [accessed 3 April 2019] (CC BY-SA 4.0)

159. The Campaign to Protect Rural England (CPRE) shared the results of a survey it had undertaken with its branches, covering 32 of the 38 LEPs. It stated that “the results suggest that a large majority of LEPs are failing rural communities by ignoring their economic potential, as well as their social needs and environmental quality”. Key findings of the survey included that 60 per cent of respondents felt that LEPs were having a “negative” or “strong negative” impact on rural and countryside policy issues, and that some LEPs had reported it was difficult for them to justify smaller rural projects “because Government funding often focuses on the ability to deliver large scale growth”.¹²⁷
160. Some of these points were echoed in a survey conducted by the Countryside Alliance to inform the written evidence it submitted to us. Comments included one from a rural small business owner who said that “no one with small/micro business experience can sacrifice the time and effort required to get our voice heard, therefore it is not heard and helping”. Another respondent to its survey said that the LEP agenda “seems unrelated to rural life and seeks to impose urban standards/aspirations where they are inappropriate”.¹²⁸
161. Sue Pritchard of the Food, Farming and Countryside Commission also said that there were accountability questions, telling us “there are some serious issues about the volume of public money directed through institutions that

¹²⁷ *Ibid.*

¹²⁸ Written evidence from Countryside Alliance (REC0112)

lack transparency, lack accountability and often act in an unaligned way with other democratic local bodies”.¹²⁹

162. Defra’s evidence highlighted examples of good practice including the South East Midlands LEP, which had produced a rural inclusion plan, and the plans of the North of Tyne Combined Authority to “develop a comprehensive Rural Productivity Plan that aligns with NELEP’s Strategic Economic Plan to deliver an aligned and place-based approach to maximising rural productivity”.¹³⁰
163. Other LEPs have established or supported rural subgroups and partnerships, for example the South East LEP Rural Subgroup which has prepared a Rural Strategy for 2015–2021. We also heard evidence from Councillor Louise Richardson of the Leicestershire Rural Partnership, which works with the Leicester and Leicestershire LEP to identify rural priorities and agree strategies.
164. John Mortimer, a businessman and Chair of the Swindon and Wiltshire LEP, told us that:

“in the time between 2011 and 2016, we succeeded in establishing rural reference groups in each of the Local Enterprise Partnerships in the south-west of England. Every Local Enterprise Partnership there has a clear meeting point for the views of the rural sector to come together and to be fed to the LEP board”.¹³¹
165. Prof Jeremy Phillipson of the Centre for Rural Economy called for an up to date review of how LEPs have engaged with their rural areas, including whether LEPs should report on their rural proofing, whether their investment priorities militate against smaller investments in rural areas, and how they have used their local growth money with respect to rural areas.¹³²
166. **LEPs are being invested with greater significance by the Government through their responsibility for the delivery of Local Industrial Strategies. In conjunction with local authorities, they would clearly therefore have a major role in place-based initiatives to support rural economic development. At present, however, they are not working for many rural areas.**
167. **While we heard some evidence of good practice among LEPs, the poor rural performance of many LEPs to date does not give us confidence that they will use their expanded responsibilities to take rural interests seriously and incorporate them fully into their Strategies and delivery programmes.**
168. *All LEPs containing notable rural areas must adopt a rural economic strategy, within the Local Industrial Strategy or Strategic Economic Plan, or as a standalone document. These strategies should have reference to the rural strategic framework discussed in the previous chapter and take a place-based approach, ensuring that communities and rural businesses are fully involved in their development and implementation and with full reference to local circumstances and*

129 [Q 153](#)

130 Written evidence from Defra ([REC0146](#))

131 [Q 108](#)

132 [Q 29](#)

priorities. Annual reports from LEPs should set out how they have worked to deliver their rural strategy in the relevant year.

169. *LEPs should be required to transparently rural proof their Local Industrial Strategies and Strategic Economic Plans, according to the same principles and guidelines set out for national level rural proofing.*
170. *We welcome the Government's support for SME representation on LEP boards in its LEP review, but further action is needed to reduce the dominance of big urban businesses on LEP boards. All LEPs containing notable rural areas should have a specified board member or 'champion' to focus on the needs of the wider rural economy. LEPs must also seek to engage more actively with communities and other bodies that are engaged in rural economic development and incorporate this work into their strategies.*
171. *The proposal for a minimum of two-thirds private sector membership on LEP boards—in addition to raising wider issues about accountability—means some rural local authorities are likely to lose representation. LEPs should establish rural subgroups or partnerships with wider rural representation from local authorities, public bodies and rural businesses, and should seek to involve SME representatives in these.*

The role of local authorities

172. The Local Government Association stated that “the decision to put place centre stage in the Industrial Strategy is a significant endorsement of the strength of local partnerships to deliver for the national economy as the country prepares to leave the EU”. At the core of such partnerships are local authorities, who have the knowledge, connections and (albeit reducing) resources to ensure that a place-based approach to rural economic development is effectively delivered.¹³³
173. The District Councils' Network noted both the commonality and diversity of the challenges faced by local authorities, stating that “the challenges felt, and impact will naturally range from place to place. However, the socio-economic characteristics for many share common themes such as increasingly ageing populations, a lack of digital connectivity and a greater disparity of both wages and skills provision compared to urban areas”.¹³⁴
174. Local authorities can support rural economies in a wide range of ways, using both statutory and discretionary powers as well as through their service delivery role. For example, the statutory planning policy and decision-making role of district and unitary councils gives them extensive power to shape development according to local needs, while they can also support place-based development and economic sustainability through partnership working, community engagement and business support. We heard a range of evidence of good practice in these contexts but also of the considerable challenges and obstacles councils face in seeking to support rural economic development in their areas.

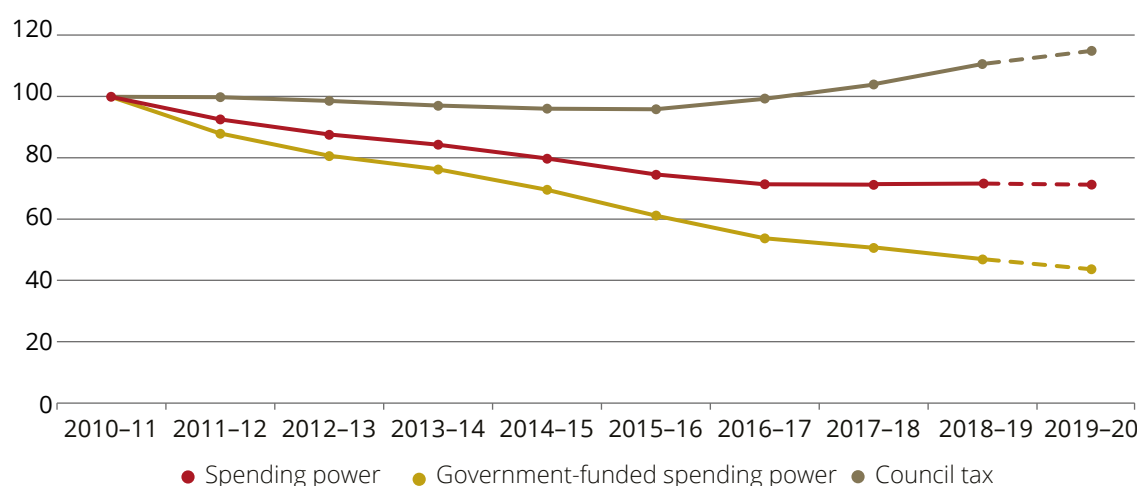
¹³³ Written evidence from LGA ([REC0103](#))

¹³⁴ Written evidence from District Councils' Network ([REC0126](#))

The state of rural local authority services

175. In common with local authorities in larger urban and metropolitan areas, rural authorities have seen significant budget reductions in recent years to help facilitate the Government's deficit reduction programme. While the merits of this programme overall are outside our remit, we did hear a range of evidence on the particular impact of budget reductions on rural services, and how these might be addressed within the Government's overall fiscal programme.

Figure 13: Estimated change in spending power of local authorities in England, 2010–11 to 2019–20



Source: National Audit Office, *Financial sustainability of local authorities 2018*, March 2018: <https://www.nao.org.uk/wp-content/uploads/2018/03/Financial-sustainability-of-local-authorities-2018.pdf> [accessed 15 April 2019]

176. Evidence indicated that the cost of providing rural services may not be fully understood by the Government. East Riding of Yorkshire Council stated that “the higher cost of delivering services in a large rural geographic area with a scattered settlement pattern or dispersed population is not reflected in the Government's Funding Assessment”.¹³⁵ The County Councils Network stated that common challenges of rural service provision included “recruiting and retaining staff, additional cost found in necessary travel times, and the balance between accessibility and economies of scale”.¹³⁶
177. Graham Biggs of the Rural Services Network also drew attention to what he described as the historic underfunding of rural areas. He stated that “urban authorities receive some 40 per cent more per head of population than their rural counterparts ... the gap is too big”. He added that “we are seeing a situation where so much of the budgets of county councils and unitary authorities has to go into meeting their statutory duties that, although there are other things they know that they ought to do, they simply do not have the resource”.¹³⁷ This view was shared by the County Councils Network¹³⁸ and by rural district councils; for example, Maldon District Council noted that rural residents pay a larger share of their earnings in council tax than urban dwellers but receive fewer services.¹³⁹

135 Written evidence from East Riding of Yorkshire Council ([REC0034](#))

136 Written evidence from County Councils Network ([REC0133](#))

137 [Q 86](#)

138 Written evidence from County Councils Network ([REC0133](#))

139 Written evidence from Maldon District Council ([REC0163](#))

178. The Local Government Association told us that the gap in adult health and social care funding had a particular impact in rural areas owing to their larger population of over 65s. It also noted that cuts to bus services had made it harder for older people to travel to their local doctors' surgery or hospital, which "often leads to older residents experiencing 'distance decay' where service use decreases with increasing distance".¹⁴⁰

Rural local government finance

179. The Government has sought to reflect the additional cost of delivery through the inclusion of 'sparsity factors' in funding allocations and through the Rural Services Delivery Grant. The level of this Grant has fluctuated over the years and was set at £81m in 2018/19, an increase of £16m from the previous financial year.¹⁴¹ The Government initially intended that this additional funding would not be renewed for 2019/20, but on 29 January 2019 it confirmed that the Grant would remain at £81m, "maintaining the highest ever levels of funding provided in 2018/19".¹⁴²
180. The Government's new local authority funding formula is due to be introduced in 2020/21. In 2017/18 it undertook a "Fair Funding Review" consultation to assess how allocations might be reformed in the new formula. Joe Tuke of MHCLG told us that the review will "address concerns about the fairness of current arrangements and the current distributions of the overall pot between local authorities".¹⁴³ He added that the department's technical working group on the review was considering a number of service delivery cost adjustments in determining its formula, including the labour costs adjustment, which reflects lower productivity in areas with longer periods of downtime, such as journeys to work or between appointments; and a remoteness adjustment, "where separation from major markets may increase the cost of local authority service provision".¹⁴⁴
181. The Government has yet to announce the outcomes of the Fair Funding Review, but the consultation was largely welcomed in evidence to us (although we note that urban authorities may take a different view). Suffolk County Council noted that the review "provides an opportunity for Government to acknowledge rurality both in terms of resourcing service delivery but also in resourcing infrastructure that would support the rural economy to flourish and grow".¹⁴⁵ Graham Biggs of the Rural Services Network told us that "we are hopeful, and we certainly see signs at the Ministry of Housing, Communities and Local Government, and indeed among colleagues across local government, that there are some rural issues that need to be grasped, such as the cost of providing services in rural areas".¹⁴⁶

140 Written evidence from LGA ([REC0103](#))

141 Local Government Association, *Local Government Association Briefing Debate on the Final Local Government Finance Settlement 2018/19: House of Commons, Wednesday 7 February 2018*: <https://www.local.gov.uk/sites/default/files/documents/LGA%20Briefing%20-%20Final%20Local%20Government%20Finance%20Settlement%2018-19%20-%20Feb%202018.pdf> [accessed 15 April 2019]

142 Ministry of Housing, Communities and Local Government and Rt Hon James Brokenshire MP, *Final local government finance settlement 2019 to 2020: written statement*, 29 January 2019: <https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2019-to-2020-written-statement> [accessed 15 April 2019]

143 [Q 59](#)

144 *Ibid.*

145 Written evidence from Suffolk County Council ([REC0113](#))

146 [Q 86](#)

182. Another finance question that arose in evidence was the developing Government policy of business rates retention. At present, local authorities retain 50 per cent of business rates revenue with the remaining 50 per cent going to central government. A ‘tariff’ or ‘top up’ element is then applied to each local authority’s share to reflect the ‘baseline funding level’, the funding level from business rates that Government determines is needed to deliver local services.¹⁴⁷ Local authorities are then able to retain up to 50 per cent of additional business rates revenue that they raise in the period 2013–20. This is intended to incentivise local authorities to support economic growth and development, on the basis that they will be the direct recipient of some of the extra revenue generated by such growth.¹⁴⁸
183. The Government is currently consulting on how to implement its proposal to increase business rates retention to 75 per cent from 2021 onwards. A previous proposal to move to 100 per cent business rates retention was introduced in the Local Government Finance Bill, but this fell at the 2017 General Election and has yet to be reintroduced. The Government is now considering options within the existing legislative framework.¹⁴⁹ Pilots of 100 per cent retention took place in a number of local authority areas in 2017–18 and 2018–19,¹⁵⁰ and the Government has announced that 75 per cent retention will be piloted in another group of authorities in 2019–20.¹⁵¹
184. Prof Jeremy Phillipson criticised the impact of the retention scheme on rural local authorities, noting that “given that many rural and small authorities have a smaller base of rateable business, lower inward investment potential, a lower public sector grant and revenue base, and less funds for matching private investment, yet often a higher cost base, it follows that rate retention is weighted in favour of larger local authorities with a record for attracting new medium to larger inward investor businesses”.¹⁵²
185. Age UK echoed this view and said it was “concerned about the implications for rural areas” of 75 per cent business rate retention, “as this may lead to councils with predominantly agricultural economies being further reliant on government grants if they cannot raise sufficient funds through local business rates”.¹⁵³
186. **We welcome Government commitments to reflect the additional costs of rural service delivery in future funding allocations. In the meantime, the consolidation of the Rural Services Delivery Grant is a positive step in this direction.**
187. ***The Fair Funding Review must ensure that rural local authorities are adequately compensated for the additional costs of service provision, and that rural areas are fairly treated in future funding settlements.***

147 House of Commons Library, Reviewing and reforming local government finance, Research Briefing, [CBP-7538](#), 14 March 2019

148 *Ibid.*

149 Ministry of Housing, Communities and Local Government, *Business Rates Retention Reform, Sharing risk and reward, managing volatility and setting up the reformed system* (December 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764485/Business_Rates_Reform_consultation_document.pdf [accessed 15 April 2019]

150 House of Commons Library, [CBP-7538](#)

151 HL Deb, 18 March 2019, [col 1347](#)

152 Supplementary written evidence from Prof Jeremy Phillipson ([REC0171](#))

153 Written evidence from Age UK ([REC0097](#))

188. **The planned switch to a local authority funding system based on business rates retention is likely to be cost neutral initially and could prove beneficial thereafter if business growth is strong. However, we are concerned that the emerging system does not account for the interests of rural local authorities, who may be put at a disadvantage where their area has less potential to experience such growth or where their area has many businesses that can claim full business rate relief.**
189. *The Government must ensure that the planned implementation of a funding system based on 75 per cent business rates retention within the local authority sector is properly rural proofed and is designed to ensure that rural authorities are not disadvantaged. We expect the pilots of 75 per cent retention to take account of this as a priority.*

Partnership working and discretionary activity

190. As well as their statutory and service delivery responsibilities, local authorities can also use their powers and resources to support partnership working and collaboration on rural economic development. The general power of competence, by which local authorities may choose to undertake any activity they are not specifically forbidden to do, also widens the scope of Councils' opportunities to support rural economies.
191. The Local Government Association told us that "local leaders are cognisant of the critical role public services can play in supporting the economies of rural communities. Indeed, many councils have rural-specific strategies working in partnership across private, public and voluntary sectors to promote and assist inclusive economic and business growth in rural areas".¹⁵⁴
192. The District Councils' Network cited a range of discretionary initiatives from local authorities which had helped to support rural growth. These included the Oxfordshire Growth Deal, the first of its type, which was agreed between Government and the six Oxfordshire councils in November 2017. The deal provides £60m for affordable housing and £150m for infrastructure improvements, including road and rail.
193. On our visit to Herefordshire in September 2018,¹⁵⁵ we heard evidence of a range of initiatives that the Council was undertaking to support economic growth in rural areas. These included the establishment of the Business Solutions Centre at the Hereford Enterprise Zone, which provided networking opportunities and a range of skills and technology development workshops. The Council had also undertaken strategic land sales to promote new business development in smaller rural towns.
194. East Riding of Yorkshire Council informed us that in addition to its statutory duties to support rural areas, it had also facilitated the East Riding of Yorkshire Rural Partnership "under which sits a linked family of rural forums, networks and parish clusters". The Rural Partnership produces a Rural Strategy in conjunction with the Council, which has been in place since 1998. The Council has also used the Rural Strategy to support and facilitate rural networks.¹⁵⁶

154 Written evidence from Local Government Association ([REC0103](#))

155 See Appendix 6, Note of Committee Visit to Herefordshire: Wednesday 12 September 2018.

156 Written evidence from East Riding of Yorkshire Council ([REC0034](#))

Box 8: Partnership working: local-level rural strategy

We heard evidence of effective partnership working to support the delivery of a rural strategy from the private sector-led Norfolk Rural Strategy Steering Group, which published its first Rural Strategy in 2013 and an updated version in 2017.

The achievements of its Steering Group included securing £9m LEADER funding for five LEADER groups in Norfolk and North Suffolk, and the establishment of the Digital Divide Group, which had “made considerable progress in raising the profile of broadband and mobile issues in rural areas and brokering solutions with providers”.¹⁵⁷

The Steering Group has also run conferences and workshops to promote rural economic initiatives, including on “the silver pound” (capitalising on the spending power of older people in Norfolk) and on support for new Community Land Trust projects.

195. Defra noted that “settlement funding to local government is not ring-fenced” and that “this provides local authorities with the flexibility to best determine their spending priorities, enabling them to focus their resources on rural areas, as well as towns and cities”.¹⁵⁸ Nevertheless, with real-terms funding still declining overall, it was observed¹⁵⁹ that increasing cost pressures associated with statutory services meant that local authorities may have a diminishing capacity to support initiatives such as those described above.
196. **Local authorities can play a key role in driving place-based economic growth and sustainability through entering into local partnerships and bringing local stakeholders together to promote rural economic development. As with all areas of discretionary local authority activity, the potential is likely to be constrained by budget cuts which oblige councils to focus on the delivery of statutory services.**
197. *Rural-facing local authorities should adopt rural strategies as good practice where these are not already in place. These strategies should leverage their wider roles and powers to support rural economic development, including through planning policy, support for digital infrastructure and transport provision. They should also consider the interventions that may be necessary to support the prosperity of smaller towns and outlying settlements.*
198. *The Government must give more support to local authorities in devising and delivering place-based approaches to rural development, and funding allocations should reflect this. Government should also promote and share good practice in the development of place-based rural strategies and initiatives and enable access to appropriate advice and support. Government should also consider whether some funding programmes being delivered by LEPs could be more effectively implemented by local authorities.*

157 Written evidence from Norfolk County Council and Norfolk Rural Strategy Steering Group ([REC0087](#))

158 Written evidence from Defra ([REC0146](#))

159 For example, by West Sussex County Council ([REC0166](#)).

Community participation and capacity building

Community involvement in the rural economy

199. In addition to LEPs, local authorities and other public bodies, the other essential component of a place-based approach to the rural economy is the direct involvement of communities themselves.
200. Community participation in the rural economy can take many forms and is highly dependent on place. It can include involvement in initiatives such as local fibre connectivity or community transport; take-up of community rights and community ownership; involvement with service delivery or amenity management; other voluntary activity; and support or participation in the work of parish and town councils.
201. The following section will discuss the major role of communities and local organisations in rural economies, with a particular focus on their role in the delivery of services and running of amenities, as well as the role of parish and town councils. Neighbourhood planning is discussed in further detail in Chapter 5.

Community-run services and community rights

202. Services and amenities run directly by communities have always been a major part of the rural economy, but their role has increased significantly in recent years.
203. Locality, the charity which supports community organisations, informed us that:

“community organisations provide local services, providing person-centred support, preventing escalation of problems and improving people’s lives while reducing pressure on the public sector. They stimulate civic participation through volunteering and community organising, and act as catalysts for community cohesion, bringing together diverse groups to work together for the local neighbourhood”.
204. Locality also highlighted that community organisations can act as local economic multipliers, by ensuring that the wealth they generate is redistributed in their neighbourhoods, that they employ local people and use local supply chains, and invest in people to become economically active.¹⁶⁰
205. One driver of increased community participation in rural economies is the set of “Community Rights” introduced in the Localism Act 2011. These include the “Community Right to Bid”, by which communities may nominate buildings or land to be listed as an Asset of Community Value, meaning that when sold, communities have the right to ‘pause’ the sale for six months to enable local groups to develop a bid to acquire the asset for community use. Also notable is the Community Asset Transfer, the transfer of management and/or ownership of land or buildings from a public body to a community-based organisation at less than market value, to promote social, economic or environmental wellbeing. Unlike the Community Right to Bid, this is a voluntary process entered into proactively by public bodies.¹⁶¹

¹⁶⁰ Written evidence from Locality ([REC0119](#))

¹⁶¹ My Community, *Understanding the Community Right to Bid*, Locality: <https://mycommunity.org.uk/wp-content/uploads/2016/09/Understanding-the-Community-Right-to-Bid.pdf> [accessed 15 April 2019]

Box 9: Community ownership: the Meltham Carlile Institute

The Carlile Institute in Meltham, West Yorkshire, is a Victorian building in the centre of the rural town of Meltham, constructed in 1891. The building had fallen into disrepair and was planned to be sold off by Kirklees Council. In the words of Locality, “there was a danger that this classic piece of 1890s architecture would be lost to the community forever”.

A group of Meltham residents came together to save the building in 2014, forming the Meltham Carlile Community Interest Company. A group of 20 community volunteers now own and manage the building. It is now home to a library, a fully accessible post office, an office for Meltham Town Council, offices for local firms and start-ups and a dance school. It also includes three large spaces used by community groups. Locality states that 6,500 people across three towns now use the building, and it has won a Duke of York Community Initiative Award.

206. ACRE informed us that of these rights, some had been widely taken up while others had not. It stated that the Right to Bid (Assets of Community Value) “has been little used in rural communities because traditionally communities own their assets i.e. the village hall, the playing field, the sports pavilion, the village green”.¹⁶² It added that “Where there is a Right to Bid the six-month moratorium is not long enough for a community to raise substantial amounts of funding”.¹⁶³
207. Locality took a similarly critical view of the operation of the Community Right to Bid, stating that “there are significant challenges with the Right to Bid legislation... crucially, communities do not have a genuine ‘Community Right to First Refusal’. First refusal is not granted to communities, who instead have to compete with commercial bidders at the point of sale. Raising the capital required presents the biggest barrier, and raising the funds within the current window of six months is often not enough time to build community support, set up an incorporated organisational structure and governance model, and complete application cycles for funders and investors”.¹⁶⁴
208. Locality recommended that the Government should use dormant assets funding to establish a central Community Ownership fund, “to unlock sources of development, revenue and capital funding for community ownership”. The fund could offer advice and support, assistance in getting started and developing plans, and provide funding to buy property and deliver building projects. It also recommended a “Community Right to First Refusal” to replace the Right to Bid, with a first right of refusal for communities interested in acquiring land of community value.¹⁶⁵
209. Locality made other policy recommendations which, in its view, would help to support a place-based and community-led approach to rural economic development. These included support for local commissioning and a move away from “top-down procurement approaches” that exclude local organisations and focusing economic development where it is needed to combat existing economic inequalities.

162 Written evidence from ACRE ([REC0068](#))

163 *Ibid.*

164 Written evidence from Locality ([REC0119](#))

165 *Ibid.*

Box 10: Community Initiatives: examples from ACRE

ACRE, which supports community organisations in rural areas, provided us with a number of examples of actions from its network to support communities to retain and develop local amenities. These included:

- Community Action Northumberland took over the management of the West Northumberland Community Buildings Consortium to safeguard its future and maintaining support for 63 village hall members across west Northumberland.
- Devon Communities Together: the community at Hatherleigh has been assisted with their plans to purchase a redundant bank building and turn that into a family-friendly entrepreneurs' hub, shop and cafe.
- Rural Community Council of Essex: Two new halls were opened—one in Chignalls & Mashbury and one in Peldon & Wigborough—after receiving detailed advice from the ACRE Network member. Energy switching advice to halls provided in partnership with Utility Aid resulted in a (collective) saving of £39,000 or 18 per cent on their bills.
- Cheshire Community Action run two community car schemes, which between them served some 250 passengers. Journeys (totalling 30,000 miles in the second half of 2016/17 alone) took passengers to health appointments, on shopping trips and to social activities or visits. They reduced the number missed hospital appointments, helped to address social isolation and gave the volunteer drivers new skills in safety, care and safeguarding.

Source: *Supplementary written evidence from ACRE* ([REC0169](#))

210. Power to Change, which supports community-run businesses, cited its research which found that there are at least 6,600 community-run businesses in England, with roughly 30 per cent of community businesses in rural locations. It noted that “this suggests that community businesses could be more relevant to rural communities than better-served urban areas”. It also noted that the majority of community businesses offer services to the local community, and that “for rural populations these services are likely to be of increased importance due to the reduced access to services in rural locations, and the impact of local government budget reductions”.¹⁶⁶
211. James Alcock of the Plunkett Foundation told us that it had supported 600 community businesses to date and that “these are creating very important contributions to the local economy through the supply chain, so community shops alone will have 100 local suppliers per shop”.¹⁶⁷
212. He also noted, however, that the growth of community businesses was constrained by access to funding, stating that it is “a huge issue” and that, while the Plunkett Foundation had received 800 new inquiries in 2018, “only one in 12 of the inquiries that we have received historically has reached the trading stage. A lot more can be done to convert that”.¹⁶⁸ The Foundation also called for the more widespread availability of grant finance, an emphasis on peer-to-peer learning and a “large scale, rurally-focussed funded

¹⁶⁶ Written evidence from Power to Change ([REC0076](#))

¹⁶⁷ [Q 162](#)

¹⁶⁸ [Q 163](#)

programme which covers the whole of the UK which has not been seen since the Big Lottery Fund's Village SOS".¹⁶⁹

213. Power to Change noted that rural community shops have increased sharply, from 70 in 2000 to 348 in 2016. Power to Change noted that they “provide a range of services to their local communities”, with 59 per cent of rural community shops offering postal services, and some providing consulting rooms for visiting GPs and nurses.¹⁷⁰

Figure 14: Community-run shops such as in Hambledon, Surrey, can help to maintain essential local services and promote voluntary activity



Source: Michael Garlick, 'Hambledon: Community shop, post office and tea room': [https://commons.wikimedia.org/wiki/File:Hambledon-Community_shop,_post_office_and_tea_room_\(geograph_5807210\).jpg](https://commons.wikimedia.org/wiki/File:Hambledon-Community_shop,_post_office_and_tea_room_(geograph_5807210).jpg) [accessed 4 April 2019] (CC BY-SA 2.0)

214. To aid the growth and sustainability of community amenities in rural areas, Power to Change argued that local authority buy-in was particularly important and gave the example of Suffolk where it was partnering with the Council to grow the local community business sector in the county. It noted that local government could transfer surplus assets, such as buildings, to community groups, “providing an asset base for sustainable growth”.¹⁷¹
215. **While still relatively small, community business is growing fast and has huge potential in rural areas. For a place-based approach to be successful, national and local Government and local public bodies must do all they can to support the growth of this sector.**
216. *National and local Government should review their procurement policies to ensure that small and local organisations have the*

169 Written evidence from the Plunkett Foundation (REC0078)

170 Written evidence from Power to Change (REC0076)

171 *Ibid.*

genuine ability to bid for the delivery of services. Such a review should include an exploration of the potential for smaller-scale, locally-driven commissioning with a specific objective to support the growth and economic participation of community organisations and businesses.

217. *The Community Right to Bid should be replaced with a ‘Community Right to First Refusal’, strengthening the power of community organisations to acquire Assets of Community Value by ensuring they have priority in any bidding process.*
218. *Government should make use of the existing Dormant Assets Scheme—where money from dormant bank accounts is directed to good causes—to establish a Community Ownership Fund, providing support for community owned assets and amenities.*
219. *Government must also review how else community rights may be strengthened to support rural economic development and should explore other forms of grant funding to support community ownership and community business more widely.*

Voluntary activity and community leadership in the rural economy

220. As well as helping to provide services directly and maintain local amenities, voluntary and community groups do of course play a much wider function in helping to sustain rural economies. Their role covers almost every facet of rural life and not all of their activities can be covered here, but particularly notable examples are their role in health and social care provision and in tackling both the challenges and opportunities of ageing populations.
221. Age UK informed us that “the voluntary and community sector can benefit the rural economy by building resilience in communities. Local organisations ... are often well placed to work alongside stretched public services because they are physically rooted in (and have intimate knowledge of) the communities they serve”.¹⁷² It noted the voluntary community sector is helping support health and social care professionals by offering preventative ‘social prescribing services’ alongside health and social care interventions.¹⁷³
222. Locality informed us that local leaders could act as “facilitators for community expertise”¹⁷⁴ and highlighted the findings of its Commission on the Future of Localism, which found that community leaders can “embed localism and participation in the culture of our neighbourhoods” by engaging communities that feel powerless and providing the impetus for further community action. This encouragement of local participation would also help to remove hierarchies in community decision-making.¹⁷⁵
223. The Centre for Rural Economy noted that evidence shows people often move to rural areas well in advance of retirement. It stated that “this cohort

¹⁷² Written evidence from Age UK ([REC0097](#))

¹⁷³ Age UK stated that social prescribing services as those which “connect patients to additional sources of practical and emotional support, coordinate interventions and provide a more holistic service, which has been shown to improve patient outcomes and reduce demand on key health and social care services”.

¹⁷⁴ Written evidence from Locality ([REC0119](#))

¹⁷⁵ Locality, *People Power: Findings from the Commission on the Future of Localism: Summary Report*, January 2018: <https://locality.org.uk/wp-content/uploads/2018/03/LOCALITY-LOCALISM-REPORT-1.pdf> [accessed 3 April 2019]

currently provide a valuable resource to help support the rural economy and society, and are often active in developing community run pubs and shops for example”. It added, however, that “many of these people have been able to retire at 60 and there is now a question over the extent to which pension reforms will affect this pool of voluntary labour”.¹⁷⁶

224. In addition to the evidence we received directly, we also heard from a range of community and voluntary organisations during our visits to the Dearne Valley region of South Yorkshire and to Herefordshire. The Dearne Valley is a semi-rural region which was once dominated by the mining industry and is still undergoing economic transition, with many local challenges related to high levels of deprivation as well as the challenges that are common to rural areas across England.
225. We were told that voluntary community organisations can make a particular difference in areas such as the Dearne Valley, but that they required more and better engagement from Local Enterprise Partnerships and other public bodies. A particularly positive example of community engagement we witnessed was the Community Shop project, which supports people in food poverty by supplying discounted supermarket goods. The Community Shop also fulfils a wider social function by providing advice and support to residents suffering from food poverty, and we were also told that it helps to develop community leaders to support civic participation and voluntary activity in the region. It had developed 311 community leaders to date, with 54 in the current cohort.
226. While in Herefordshire we spent some time in the village of Fownhope and spoke to village representatives about their experiences of living and participating in the rural economy. We were told about the Compassionate Community Scheme, which matches people up with those who need company or support. The Scheme has 18 companions who make weekly or fortnightly visits based on referrals from the Medical Centre. These visits can cut down the need to visit the Centre and provided a positive example of bringing people into the community, encouraging sociability and combatting isolation.
227. **Volunteering and community activity have always played a key role in rural areas and their economies, but this role has become increasingly important as local public services have reduced. In this context, it is important that communities with lower levels of civic engagement do not fall further behind and that community participation avoids perpetuating the wider structural inequalities that can lead to entrenched deprivation. There may be a need for intervention and funding from national and local Government to address this challenge.**
228. *In light of the evidence that service delivery is increasingly dependent on volunteers, Government must pursue more initiatives for developing and maintaining rural voluntary capacity and participation. These should focus in particular on rural areas where civic engagement may be lower and incorporate a Community Capacity Fund, targeted to build capabilities and share best practice in such areas.*

176 Written evidence from Centre for Rural Economy ([REC0100](#))

229. *The Community Capacity Fund should also be used to help identify and provide training and financial support for community leaders, or to fund external support where local leadership is limited. The Fund would help support these leaders in enabling local engagement in economic and community initiatives.*

Parish and Town Councils

230. We also heard evidence on the distinctive role of Parish and Town Councils in rural economies and as community enablers. These authorities have the benefit of being closest to the ground of any level of Government, and are also arguably the most diverse branch, ranging from parish councils covering very small villages to town councils covering sizeable towns and exercising a wide range of discretionary functions.
231. The Rural Services Network drew attention to their increasing role, stating that “there is undoubtedly scope for parish and town councils and community groups to do more, managing assets and running services. In some ways, this is a necessity because local government funding has shrunk to such an extent that many services will otherwise disappear”.¹⁷⁷
232. Hampshire County Council noted that it had built on its partnership with the Hampshire Association of Local Councils to develop a Rural Community Fund, which “will partly be used to support Hampshire’s 260+ parish and town councils to design more innovative local solutions that support rural communities and their local economies, and in turn reduce pressure on County Council services”. It cited as a case study an investment from the Fund to help upgrade and develop the infrastructure and services of a village shop in the parish of Chilbolton.¹⁷⁸
233. The National Association of Local Councils (NALC) cited as good practice a joint initiative from a group of parish councils in Kent to finance a community transport minibus scheme to aid accessibility. It also highlighted that a number of parish and town councils had worked in partnership to support rural affordable housing, including Gnosall Parish Council in Staffordshire, which had worked with a housing association and building contractor to identify a rural exception site for the development of shared ownership and affordable rented homes. NALC stated that “we would like to see collaboration like this promoted as best practice to ensure that affordable housing remains at the forefront of rural planning policy”.¹⁷⁹

¹⁷⁷ Written evidence from Rural Services Network ([REC0031](#))

¹⁷⁸ Written evidence from Hampshire County Council ([REC0091](#))

¹⁷⁹ Written evidence from NALC ([REC0041](#))

Figure 15: Gnosall Parish Council in Staffordshire worked with partners to identify a site in the village for the development of affordable housing



Source: MarkovianStumble, 'A view of Gnosall High Street and Gnosall Heath as seen from the top of the tower of St Lawrence's church': https://commons.wikimedia.org/wiki/File:Gnosall_Panorama_from_St_Lawrence%27s_tower_-_July_2013.jpg [accessed 3 April 2019] (CC BY-SA 3.0)

234. Town Centre Managers were cited as a positive initiative in helping promote rural towns. Teignbridge District Council stated that:

“TCMs have a positive effect in keeping our high streets occupied with both shoppers and shops. They also help to brand the town and run events to increase footfall, ensuring the town centre remains a community hub. For smaller towns where a single TCM may not be financially viable, a peripatetic TCM who supports various town centres could be more practical and cost-effective”.¹⁸⁰

235. The Rural Services Network expressed concern at suggestions that Government may seek to require larger parish and town councils to hold referendums if they sought to increase their precepts by over two per cent in a year. It was argued that town and parish discretion over precepts enabled them to expand discretionary activities to help support thriving rural economies and communities, and that it was also necessary to enable them to run services which would otherwise disappear due to local government funding cuts.¹⁸¹ The Government made this proposal in a September 2016 consultation and has not yet implemented it, although it stated in December 2016 that it would keep the situation under review.¹⁸²

236. ***Town and parish councils should be encouraged to use their discretionary powers to promote local growth through strategic investment, asset management and service delivery. With this objective in mind, Government should provide funding for relevant organisations such as NALC and the Rural Services Network to produce a best practice guide on the use of town and parish council discretionary powers to support rural economies.***

¹⁸⁰ Written evidence from Teignbridge District Council (REC0028)

¹⁸¹ Written evidence from Rural Services Network (REC0177)

¹⁸² House of Commons Library, *Council Tax: local referendums*, Briefing Paper, SN05682, 6 February 2019

237. *Local authorities should also work with rural towns to introduce town centre managers where appropriate, as these can help drive new investment and footfall, promoting rural towns as community hubs.*
238. *Government should not pursue any suggestion of imposing referendum thresholds for town and parish council precepts, and instead encourage them to be set locally and responsibly to fulfil local objectives for rural economic development and for other needs.*

CHAPTER 4: DIGITAL CONNECTIVITY

239. Of all the evidence we heard about the specific challenges to rural economies, digital connectivity and housing were the most prominent. In this chapter we look at digital connectivity. Our witnesses were unequivocal that poor digital connectivity has far-reaching consequences for rural communities, economies and for rural businesses and can limit access to transport, health services, education and increase social isolation. Better broadband and mobile infrastructure is urgently needed in rural areas and in this regard we are encouraged by recent policy and funding announcements which appear to be giving greater focus to rural areas.
240. This chapter begins by looking at opportunities and challenges facing the rural digital economy and recent Government announcements and funding initiatives for boosting digital connectivity in rural areas, including commitments outlined in the Government's Future Telecoms Infrastructure Review, the rollout of full fibre and 5G, and other initiatives for improving broadband and mobile infrastructure in rural areas. We then look at the broadband Universal Service Obligation and issues around mobile phone coverage in rural areas. The final section of this chapter looks at digital skills.

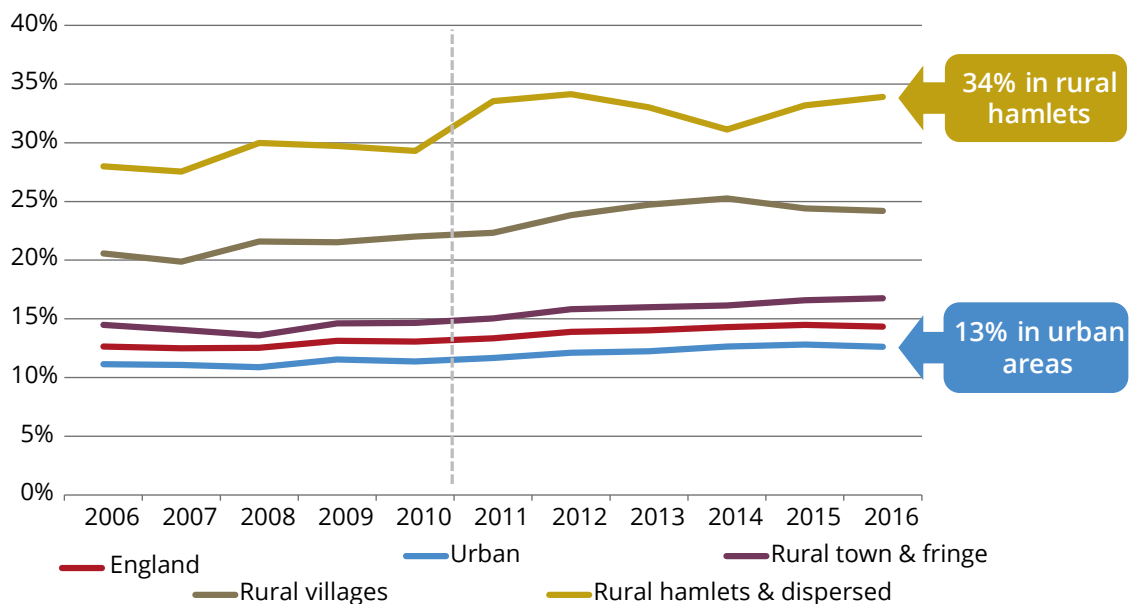
Opportunities and challenges facing the rural digital economy

241. We heard that broadband and mobile infrastructure has the potential to transform the rural economy particularly for home workers, small businesses and those operating from remote locations. For example, the NFU told us that farmers are more likely to invest in and expand their business if they have access to superfast broadband.¹⁸³ Dorset Councils Partnership told us there was great potential to increase home working and to attract creative and technology dependent businesses to rural areas through improved digital connectivity.¹⁸⁴ There are also exciting developments in agricultural technology which are already taking place and which will impact on all of the agricultural sector, making it increasingly essential for farmers to have fast, reliable broadband and mobile connectivity across the entirety of their land.

183 Written evidence from NFU ([REC0077](#))

184 Written evidence from Dorset Councils Partnership ([REC0071](#))

Figure 16: Percentage of home workers from all those employed and age 16 or over, by rural-urban classification, in England (2006 to 2016)



Note: 2006 to 2010 data are classified using the Rural Urban Classification 2001. Data from 2011 are classified using the Rural Urban Classification 2011.

Source: Department for Environment, Food and Rural Affairs, *Statistical Digest of Rural England*, March 2019: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787699/03-Statistical_Digest_of_Rural_England_2019_March_edition.pdf [accessed 15 April 2019]

Box 11: Digital villages

The Prince's Countryside Fund is undertaking a Digital Villages project bringing together digital and rural expertise to explore ways in which digital technologies can be harnessed to address isolation and remote rural service delivery and attract rural business and drive the economy. This will include the development of rural apps for on-demand shuttle services, apps for delivery from local shops, pharmacies and other services and connecting to web-based resources such as business advice and learning.

Source: Written evidence from *The Prince's Countryside Fund* (REC0063)

242. The rollout of 5G and full fibre was seen as both an opportunity and a challenge for rural areas. MHCLG Minister Jake Berry, told us that accessing digital infrastructure was “the biggest challenge facing businesses in the rural economy” and that it was crucial that the Government’s rollout of 5G specifically target rural areas.¹⁸⁵ Professor Claire Wallace of the University of Aberdeen and Councillor Bob Egerton of Cornwall Council told us that there was always a danger when upgrading digital infrastructure that urban areas would improve by a lot while rural areas only improve a little.¹⁸⁶ Similarly, Rural West Sussex Partnership, a rural area partnership of the Coast to Capital LEP, warned that, if done badly, the gap between urban and rural could become a “digital chasm”.¹⁸⁷

¹⁸⁵ Q 276

¹⁸⁶ Q 174 (Prof Claire Wallace) and Q 97 (Cllr Bob Egerton)

¹⁸⁷ Written evidence from Rural West Sussex Partnership (REC0111)

243. When questioned on this subject, James Heath, Director for Digital Infrastructure at DCMS, told us:

“In most of the technology cycles we have had so far, urban areas have tended to benefit before rural areas. That is a fair point. That is one of the key lessons we learned in developing our future telecoms infrastructure strategy, where we look at rolling out of full-fibre broadband, moving urban and rural areas at the same time. As we future-proof the networks, we are trying to avoid the problem we have had in the past of urban moving faster than rural”.¹⁸⁸

Recent policy and funding announcements

244. As noted above, the next big thing for broadband and mobile infrastructure is 5G and full fibre. In this section we look at recent Government policy and funding initiatives to rollout this technology in rural areas.

Box 12: Key Government initiatives and funding announcements for improving digital connectivity in rural areas

Future Telecoms Infrastructure Review (FTIR): The FTIR was announced as part of the Government’s Industrial Strategy and considers changes to the UK telecoms and policy framework. The Review was published in July 2018 and proposes changes including mandatory full fibre broadband for all new build homes and a new priority to connect hard-to-reach rural areas.¹⁸⁹

Rural Broadband Infrastructure Scheme (RBIS): The RBIS was launched in October 2017 with a budget of £30 million and is delivered by the Rural Payments Agency to help rural businesses and communities access superfast broadband. The RBIS targets rural businesses in hard to reach areas not currently scheduled to receive superfast broadband. The scheme can be used to reach residential properties as well as business premises and provides funding for local authorities who are already delivering broadband schemes. The Government announced £45 million in new funding for the RBIS in July last year in addition to the original £30 million, increasing the total pot of funding to £75 million.¹⁹⁰

Gigabit Broadband Voucher Scheme (GBVS): The GBVS provides vouchers to small businesses and local communities to contribute to the cost of installing broadband connections. Businesses can receive a voucher worth up to £2,500 (formerly £3,000) and residents can benefit from a voucher worth up to £500 as part of the project. Residents can pool their vouchers together with SMEs in project schemes.¹⁹¹

188 Q 174

189 Department for Digital, Culture, Media and Sport, *Future Telecoms Infrastructure Review* (23 July 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732496/Future_Telecoms_Infrastructure_Review.pdf [accessed 15 April 2019]

190 Department for Environment, Food and Rural Affairs, Press Release: ‘£45 million investment in rural broadband’, 26 July 2018: <https://www.gov.uk/government/news/45-million-investment-in-rural-broadband> [accessed 15 April 2019]

191 Department for Digital, Culture, Media and Sport, ‘Gigabit Broadband Voucher Scheme’, 20 November 2018: <https://www.gov.uk/business-finance-support/gigabit-broadband-voucher-scheme-gbvs-uk> [accessed 15 April 2019]

Rural Gigabit Connectivity Programme: In October last year the Government announced a £200 million fund to kickstart full fibre broadband. The Fund, which is drawn from the National Productivity Investment Fund, will focus on hard to reach and remote areas of the UK, starting with all primary schools as part of its new “outside in” approach to rolling out full fibre.¹⁹²

Digital Infrastructure Investment Fund (DIIF): The DIIF is a £400 million fund providing equity funding or debt funding with match funding from institutional investors, for network operators who want to build new fibre networks.¹⁹³

Local Full Fibre Networks (LFFN): LFFN is a £293 million programme to stimulate private investment in full fibre solutions across the UK. Funding for the LFFN is also drawn from the National Productivity Investment Fund, of which £740 million has been allocated to LFFN and the 5G Testbeds and Trials (5GTT) Programme (discussed below) over the next four years.¹⁹⁴ The LFFN programme is also currently building fibre along the Trans-Pennine Rail route between Manchester and York, and will also be used to connect 5G masts along the route as part of the 5GTT.¹⁹⁵

Local Full Fibre Network Challenge Fund: In August 2018 the Government announced that £95 million was being made available to local authorities to help roll out full fibre as part of the £190 million Local Full Fibre Network Challenge Fund.¹⁹⁶

Funding for digital innovation in Councils: In September 2018 the Government launched a £7.5 million fund for councils seeking to transform their public services through digital innovation. The fund will be used to provide digital training skills for at least 1,000 staff working on digital solutions at councils.¹⁹⁷

Future Telecoms Infrastructure Review (FTIR)

245. The FTIR sets out proposals for improving the UK’s digital infrastructure and is considered a core part of the Industrial Strategy.¹⁹⁸ It adopts an “outside in” approach to developing full fibre meaning that rural areas will be given equal priority with urban areas.¹⁹⁹ The FTIR notes that the Government is also required, under the Digital Economy Act 2017, to prepare a Statement of Strategic Priorities in relation to telecoms, which Ofcom must have regard to “when carrying out its regulatory functions”.²⁰⁰
246. Following the Review, the Government announced plans to connect 15 million premises to full fibre by 2025 with coverage across all parts of the

192 Department for Digital, Culture, Media and Sport, ‘£200 million to kickstart full fibre broadband across UK’, 31 October 2018: <https://www.gov.uk/government/news/200-million-to-kickstart-full-fibre-broadband-across-uk> [accessed 15 April 2019]

193 Supplementary written evidence from Defra (REC0197)

194 *Ibid.*

195 *Ibid.*

196 Department for Digital, Culture, Media and Sport, ‘£95 million “full fibre” broadband boost for local authorities’, 29 August 2018: <https://www.gov.uk/government/news/95-million-full-fibre-broadband-boost-for-local-authorities> [accessed 15 April 2019]

197 Ministry of Housing, Communities and Local Government, ‘£7.5 million fund for councils’ digital innovation opens’, 21 September 2018: <https://www.gov.uk/government/news/75-million-fund-for-councils-digital-innovation-opens> [accessed 15 April 2019]

198 Department for Digital, Culture, Media and Sport, *Future Telecoms Infrastructure Review* (23 July 2018), p 3: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732496/Future_Telecoms_Infrastructure_Review.pdf [accessed 15 April 2019]

199 *Ibid.*, p 5

200 *Ibid.*, p 3

country by 2033 and for the majority of the population to have 5G coverage by 2027.²⁰¹ Defra noted that “unlike previous mobile generations, 5G networks will not be homogenous and deployment will be in phases rather than a ‘big bang’ and will likely vary by geography”.²⁰²

247. We heard mixed responses to the FTIR. Shropshire Council applauded the Government’s ambition but felt that it didn’t take full account of “the current infrastructure deployment challenges” in rural areas”.²⁰³ The CLA called it “radical and long sighted” but was sceptical as to whether it would be effectively implemented.²⁰⁴

Full Fibre to the Premises (FTTP)

248. We also heard views from witnesses about the move from fibre-to-the-cabinet (FTTC) to fibre-to-the-premises (FTTP). FTTC is where fibre connections are put in place up to a cabinet at which point copper wires are run to individual premises. Because copper wires run slower over distance, the further the property is from the cabinet, the slower the internet connection will be. Kim Mears, Managing Director for Strategic Infrastructure Development at Openreach, told us that although FTTC is “fit for purpose” in most cases, including most rural areas, it does not work so well in areas that are “very rural”.²⁰⁵

Table 1: Premises unable to receive decent broadband from a fixed line

Nations	All	Rural	Urban
England	2% (484,000)	11% (322,000)	1% (162,000)
Northern Ireland	5% (40,000)	17% (38,000)	0.5% (3,000)
Scotland	4% (105,000)	21% (94,000)	0.5% (11,000)
Wales	3% (48,000)	13% (42,000)	1% (6,000)

Source: Ofcom, *Connected Nations 2018*, December 2018: https://www.ofcom.org.uk/_data/assets/pdf_file/0020/130736/Connected-Nations-2018-main-report.pdf [accessed 15 April 2019]

249. In 2016 DCMS brokered a deal between Openreach and the House Builders Federation to provide free FTTP connectivity to new build developments above a certain threshold (originally 250 premises, currently 30 or above). Ms Mears told us that Openreach wants “all new builds to be fibre to the premises from day one” and highlighted efforts to encourage FTTP including the reduced costs for new builds below the 30-build threshold.²⁰⁶ However, we note that much new housing in rural areas falls under the 30-build threshold, as will be discussed in more detail in Chapter 5.

201 *Ibid.*, p 10 and p 16

202 Supplementary written evidence from Defra (REC0197)

203 Written evidence from Shropshire Council (REC0081)

204 Supplementary written evidence from CLA (REC0026)

205 Q 176

206 Q 184

Figure 17: Most rural fibre broadband is currently delivered to cabinets with copper wires running to individual premises



Source: BwanaHewa, 'Openreach fibre broadband street cabinet, rural appearance': https://commons.wikimedia.org/wiki/File:Openreach_Fibre_Broadband_Street_Cabinet,_Rural_Appearance.jpg [accessed 3 April 2019] (CC BY-SA 4.0)

5G Testbeds and Trials (5GTT) Programme

250. According to Defra, the 5GTT programme is a key part of the Government's strategy to roll out next generation 5G technology. Through this programme the Government will fund projects to analyse the challenges faced in different locations across the UK.²⁰⁷ In March 2018, the Government selected six proposals as the winners of the first phase of funding. These include:

- The 5G Rural Integrated Testbed (5GRIT): this will trial 5G technology across a range of rural applications, such as smart agriculture. The project will also provide 5G connectivity to poorly-served communities across the North of England, Scotland and Monmouthshire in Wales.
- The 5G RuralFirst: Rural Coverage and Dynamic Spectrum Access Testbed and Trial project: this is based primarily on the Orkney Islands and in rural Shropshire and Somerset. The project will focus on delivering 5G benefits for rural communities and industries such as agriculture, broadcasting and utilities.²⁰⁸

251. As part of the 5GTT, the Government announced the West Midlands—Birmingham, Coventry and Wolverhampton—as the location for an Urban Connected Communities (UCC) 5G trial in September 2018.²⁰⁹ The

²⁰⁷ Supplementary written evidence from Defra (REC0197)

²⁰⁸ *Ibid.*

²⁰⁹ Department for Digital, Culture, Media and Sport, Press Release, 'West Midlands to become UK's first large-scale 5G testbed', 4 September 2018: <https://www.gov.uk/government/news/west-midlands-to-become-uks-first-large-scale-5g-testbed> [accessed 15 April 2019]

appointment of delivery partners for a Rural Connected Communities (RCC) 5G trial was expected in early 2019, but at the time of writing no announcement has been made.²¹⁰

252. **Both policy and delivery have been poor in the past but recent policy and funding announcements, particularly in relation to the rollout of full fibre and 5G technology, are encouraging. The Government appears to have identified the challenges and we are optimistic about the overall direction of travel outlined in the FTIR which is giving greater focus to rural areas.**
253. **The 5G Testbeds and Trials Programme and efforts to promote fibre to the premises on all new builds, and other initiatives, will be crucial. Efforts to mandate FTTP to all new builds are welcome as are incentives to provide FTTP on housing developments of 30 or fewer units. However, we are concerned that those smaller developments will still suffer from digital disadvantage.**
254. *We welcome the Government's ambition to achieve nationwide full fibre connectivity by 2033 as set out in the Future Telecoms Infrastructure Review (FTIR) but stress the need for effective coordination, monitoring and accountability in its implementation. In particular, this should be achieved through the Statement of Strategic Priorities and through the various rural broadband funding streams and initiatives such as the Rural Gigabit Connectivity Programme and the Gigabit Broadband Voucher Scheme.*

Spectrum auction for 5G

255. A key part of rolling out 5G is ensuring that mobile network operators (EE, Telefonica UK, Three and Vodafone) can deliver 5G services to consumers. To that end, Ofcom is planning to auction off portions of spectrum (airwaves), notably the 700MHz band and 3.6–3.8GHz band, to mobile network operators.²¹¹
256. Sarah Lee of the Countryside Alliance told us that the 700MHz spectrum auction should come with a rural first obligation to ensure that the Government's ambition of achieving 95 per coverage by 2033 could be met.²¹²
257. Defra told us that Ofcom had proposed an obligation as part of the 700MHz spectrum auction to prioritise rural areas.²¹³ DCMS told us that they would welcome a rural first obligation in the spectrum auction but noted that it was ultimately up to Ofcom to make this decision as the independent regulator in charge of overseeing the auction.²¹⁴ Disappointingly, the most recent proposals for auction have watered down obligations in terms of network coverage and delivery timescales for rural coverage since the first consultation was published last July.

210 Department for Digital, Culture, Media and Sport, '5G Testbeds & Trials Programme Update', 10 September 2018: <https://www.gov.uk/government/collections/5g-testbeds-and-trials-programme> [accessed 15 April 2019]

211 Ofcom, *Award of the 700 MHz and 3.6–3.8 GHz spectrum bands* (18 December 2018): https://www.ofcom.org.uk/_data/assets/pdf_file/0019/130726/Award-of-the-700-MHz-and-3.6-3.8-GHz-spectrum-bands.pdf [accessed 15 April 2019]

212 [Q 74](#)

213 [Q 6](#) (Andrea Ledward)

214 [Q 177](#) (James Heath)

258. **It is important that rural areas, and businesses within them, are not left behind during the rollout of 5G for mobile services. We were pleased to learn that in 2018 the Government was keen to ensure that those mobile operators who plan to bid in the auction for the 700MHz spectrum would be required to ensure rural areas were prioritised, but are disappointed to see that these obligations have been watered down in the most recent Ofcom consultation document.**
259. *Ofcom should revisit its latest proposals for the auction of the 700MHz spectrum with a view to strengthening again those obligations which are to be attached to some licence awards, in terms of network coverage and delivery timescales. It will also be important for Ofcom strictly to monitor mobile network operators' progress in achieving their coverage obligations. DCMS and Ofcom should also identify what further actions are necessary to address poor mobile connectivity in areas unlikely to benefit from the spectrum auction.*

WiSpire

260. In February 2018 the National Church Institutions of the Church of England, DCMS and Defra signed an accord to encourage the Church of England to use its buildings and other property to improve broadband and mobile connectivity for local communities.²¹⁵ Before the accord, around 300 churches across the UK had installed digital infrastructure. Since the Accord has been signed, another 33 churches have been granted permission to host digital infrastructure and work has commenced, another 67 have had permission granted but work is yet to start, and 79 further applications are in the pipeline.²¹⁶
261. The Lord Bishop of St Albans said that the idea is to find ways to use church spires to bounce and beam signals off church spires. He noted that this idea works in some areas but not in others, depending on the geographical terrain.²¹⁷
262. Dr Jill Hopkinson of the Church of England described WiSpire as “a very ambitious project” and said that the Church was developing guidance to cover broad questions about church and legal issues to make it easier for churches and network operators to work together. The guidance is expected to be in place by mid-2019.²¹⁸
263. Historic England is involved in this scheme and spoke highly of it. It noted that 65 per cent of Anglican churches and 66 per cent of parishes in England are in rural areas and that their locations at the heart of their communities mean they are often well placed to address connectivity and coverage problems. It also suggested that this initiative helps “social access of rural communities” and that because many rural churches also have links with rural schools, this scheme helps improve digital connectivity for them as well.²¹⁹

215 Department for Digital, Culture, Media and Sport, Press Release: ‘Church spires to boost digital connectivity in rural areas’, 18 February 2018: <https://www.gov.uk/government/news/church-spires-to-boost-digital-connectivity-in-rural-areas> [accessed 15 April 2019]

216 Supplementary evidence from Rt Hon Michael Gove MP, Secretary of State for Environment, Food and Rural Affairs (REC0203). The Secretary of State notes that these figures include only information held centrally by the Church through its on-line application system and does not include paper-based records previously held locally.

217 [Q 73](#)

218 [Q 290](#)

219 Written evidence from Historic England (REC0099)

Community-led schemes

264. The Government also provides support for community broadband initiatives. There are different approaches, such as co-funding arrangements, that communities can take to work with mobile network operators and local authorities to improve local access to broadband and mobile infrastructure.
265. By way of example, Openreach told us about their Community Fibre Partnerships which have worked with “hundreds of communities”, just over half of them in rural areas, to bring fibre to their area via joint funding arrangements.²²⁰
266. While community-led schemes can sound appealing for rural communities, Prof Claire Wallace cautioned that:
- “Only some communities manage to [run successful community broadband initiatives], because a lot of them do not mobilise: they do not have the facilities; they do not have the capacity; they do not have the people to do it. The ones that manage to do it depend on various funding streams, which are erratic. Sometimes they do not work for that reason. The schemes are very fragile and depend very much on one or two people. If those people die, move away or just burn out - quite often they do; they get exhausted from trying to mobilise this kind of support - the scheme collapses”.²²¹
267. David Fursdon, Lord Lieutenant of Devon, also emphasised the frustration felt by local people trying to get access to broadband. He told us that people in rural areas often aren’t aware of what is being done in their area, when they are likely to get connected or what options there are for communities to do something themselves.²²²
268. Kim Mears of Openreach and officials from DCMS confirmed that there is no central point of contact for people wanting to access information about their local area and what options they have for getting connected. James Heath of DCMS suggested that members of the public would have to find out which commercial providers were operating in their area and contact them directly.
269. ***Ofcom must improve access to information about digital connectivity. This should include regularly updated information about when residents and businesses can expect to be connected to digital infrastructure, connectivity options for communities and details of providers operating in their local area, and regular reporting on the progress of 5G rollout in local areas.***

The Universal Service Obligation (USO)

270. While full fibre and 5G represent the forefront of digital technology, the Government has also established a provision to ensure that everyone has access to at least a minimum standard of digital connectivity. The broadband USO is a provision of the Digital Economy Act 2017 and is due to be introduced in 2020. It gives a legal right for eligible consumers and businesses to request a broadband connection of at least 10Mbps and upload speeds of at least

220 Supplementary written evidence from Openreach ([REC0188](#))

221 [Q 176](#) (Prof Claire Wallace)

222 [Q 89](#)

1 Mbps. Once a request has been made, the designated universal service provider has 12 months to deliver that. It is also possible for neighbours to aggregate their demand to get a connection, thereby reducing the cost.²²³ According to Defra, around 701,000 (7 per cent) of rural premises do not currently have broadband that meets the USO standard for download and upload speeds.

271. Under the USO, a Universal Service Provider is required to fulfil all requests up to a cost threshold of £3,400. Defra has told us that, based on Ofcom's analysis, the £3,400 threshold will enable coverage to up to 99.8 per cent of UK premises. Beyond that people will have the option to pay the excess to get connected or subscribe to a satellite broadband service from commercial providers.²²⁴ Under the Digital Economy Act 2017, the Secretary of State has the power to direct Ofcom to review the USO at any time (after consulting with Ofcom). The Act also includes a requirement that the USO be reviewed when the uptake of superfast broadband reaches at least 75 per cent of UK premises.²²⁵
272. Although the USO was generally seen as a good thing by our witnesses, there were three broad criticisms: it lacks ambition, doesn't meet the needs of rural businesses, and it disadvantages remote households.

Lack of ambition

273. Several witnesses were concerned that the speeds promised under the USO would be out of date before they were delivered. Margaret Clark of the Rural Coalition, told us the ambition of 10Mbps was setting the bar too low.²²⁶ Graham Biggs of the Rural Services Network said he found it "incredible" that the USO was only aiming to achieve 10Mbps by 2020, telling us it would be out of date before it started.²²⁷ The Chief Economic Development Officers' Society told us that the Government should ensure the USO is achieved by 2020 and commit to achieving greater than 30Mbps by 2025.²²⁸
274. Defending the USO's targets, Henry Shennan, Deputy Director of Broadband and Telecoms Market at DCMS, told us that the USO is about providing "a safety net" while full fibre is being rolled out.²²⁹ Defra told us that the "speed and quality parameters" of the USO will be kept under review "to make sure the USO keeps pace with consumers' evolving needs".²³⁰

Meeting rural business needs

275. The USO is designed to meet the minimum standards for average family needs rather than what businesses might need. Ruby Peacock from the Federation of Small Businesses told us that for businesses the upload speed can be more important than download speeds and that in this regard, an upload speed of 1Mbps was too slow.²³¹

223 [Q 182](#) (Henry Shennan)

224 Supplementary written evidence from Defra ([REC0197](#))

225 *Ibid.*

226 [Q 73](#)

227 [Q 89](#)

228 Written evidence from Chief Economic Development Officers' Society ([REC0121](#))

229 [Q 182](#)

230 Written evidence from Defra ([REC0146](#))

231 [Q 169](#)

276. James Alcock, Executive Director of the Plunkett Foundation, agreed with Ms Peacock and added that the USO is vital for community businesses “to thrive and survive”.²³² Prof Claire Wallace said that although the USO speeds might be okay for households and some businesses, it would not be adequate, for example, for tourism and creative businesses in rural areas. She also felt that it would not be adequate for many farming applications.²³³

Disadvantaging those living in remote areas

277. On disadvantaging remote households, the County Councils Network expressed concern for those households that fall outside the £3,400 threshold noting that, if those properties falling outside the limit are not grouped, their options are more limited, and it is likely that the isolated households will be most affected.²³⁴ The Chief Economic Development Officers’ Society called for the cap on costs to be removed.²³⁵ The CLA expressed concern about the threshold, noting that “the remoteness of many rural areas and the distances involved” could mean that the cost for some communities would be significant.²³⁶
278. **We welcome the principle of the USO which will give people in the UK the right to request a decent broadband connection. However, we believe the upload and download speeds are too modest in the USO commitment and should be reviewed along with the £3,400 payment threshold.**
279. *Ofcom has a duty to review the USO if directed to do so by the Government and report on any provision that is being or may be made for broadband connections or services. We recommend that the Government direct Ofcom to conduct such a review as soon as possible, focusing on what minimum commitment would be needed to sustain and support rural businesses and communities, especially in remoter areas, and including both download and upload speeds.*
280. *Ofcom should also re-assess the £3,400 payment threshold so that rural homes and businesses are not excluded. This must include consideration of home workers and businesses operating from home in remote areas.*

Mobile phone coverage

281. We also heard that mobile phone coverage can be unreliable in rural areas with frequent ‘not-spots’ and poor connections, particularly in remoter areas.
282. The NFU told us that poor mobile coverage significantly disadvantages businesses who need to be away from a set office/business space or for people who are working remotely.²³⁷ The Association of Convenience Stores cited the results of its Voice of Local Shops Survey in February 2018 which found that “31 per cent of convenience retailers still find that poor mobile phone coverage is making it difficult or causing delays to completing tasks in the business, disproportionately impacting retailers in rural locations”.²³⁸

232 *Ibid.*

233 [Q 182](#)

234 Written evidence from County Councils Network ([REC0133](#))

235 Written evidence from Chief Economic Development Officers’ Society ([REC0121](#))

236 Supplementary written evidence from CLA ([REC0026](#))

237 Written evidence from NFU ([REC0077](#))

238 Written evidence from Association of Convenience Stores ([REC0150](#))

283. Confor, a not for profit membership organisation promoting forestry and wood-using businesses, expressed concern that poor phone coverage has health and safety implications for people working in remote areas. It also noted that people who are often working in the field risk losing business if they cannot be contacted while working.²³⁹
284. Presenting the view of the mobile network operators, Mobile UK, the trade association for the UK's mobile network operators (EE, Telefonica UK, Three and Vodafone) stated that the industry was reinvesting over £2 billion annually in new network equipment (around 15 per cent of all mobile revenues) to improve capacity, footprint and performance. It added that in the last five years there has been a 3.9 million hectares reduction in the area of the UK with no mobile signal, and in the same period, 13.8 million hectares (an area roughly the size of England) has been upgraded to 4G across the UK by all four operators.²⁴⁰
285. Mobile UK noted that many sites currently operated by mobile operators are “loss making”—perhaps around 50 per cent across the UK—in that the cost of building and operating is not justified by the level of traffic handled. It noted that, although operators have an incentive to cover additional areas to attract customers, this involves high operational costs which must be balanced against the estimated benefits.²⁴¹ It added that mobile operators can also be faced with “very challenging technical barriers” in rural areas, including a lack of suitable transmission sites with access to power, backhaul and access tracks.²⁴²

‘Not spots’

286. James Heath of DCMS explained to us that there are “total not-spots” where there is no coverage from any of the four mobile networks operating in the UK and “partial not-spots” which may have coverage from one or two operators but not all four.²⁴³ He told us that coverage from any mobile phone network operator is about 90 per cent of the UK landmass and coverage by all four main mobile network operators is about 75 per cent; and for 4G and internet data it is around 65 per cent, adding that “those numbers are accelerating quickly”.²⁴⁴
287. Ofcom maintains a map of mobile phone coverage across the UK which reports on information provided by mobile operators about the coverage available from their service. The Local Government Association, referring to mobile coverage, noted that Councils have expressed concern that in some instances Ofcom's data is not reflective of the realities on the ground.²⁴⁵ Rural West Sussex Partnership referred to Ofcom's coverage maps as “fictitious” and suggested that proper mapping would show a more accurate picture of ‘not-spots’ that need to be addressed.²⁴⁶

239 Written evidence from Confor ([REC0145](#))

240 Written evidence from Mobile UK ([REC0070](#))

241 *Ibid.*

242 *Ibid.*

243 [Q 177](#)

244 *Ibid.*

245 Written evidence from LGA ([REC0103](#))

246 Written evidence from Rural West Sussex Partnership ([REC0111](#))

288. However, Mobile UK told us that measurements of coverage “improved markedly” more recently and we note that Ofcom has recently updated its figures to align better with consumer experience.²⁴⁷
289. ***While we recognise that Ofcom has updated their aggregate statistics on rural mobile coverage better to align with consumer experience, we believe it should be required to develop an accurate evidence base for consumers about phone coverage in specific locations. Without this, it is not possible to identify the full scale of the problem or to assess how best to go about fixing it.***

Roaming and mast sharing

290. Several witnesses saw scope for mobile operators to be doing more to improve mobile coverage in rural areas, including allowing roaming and mast sharing. York, North Yorkshire and East Riding LEP stated that there should be more collaboration to improve coverage, identifying a problem of “mobile operators routinely pursuing independent installations rather than shared solutions”. They suggested that changes to planning rules might improve this situation.²⁴⁸ Councillor Sue Baxter, Chair of NALC, also saw potential for mobile operators to do more to allow roaming.²⁴⁹
291. Providing an industry perspective, Richard Wainer, Head of Policy and Public Affairs Networks at BT Group Corporate Affairs, told us there is “extensive sharing already” through the creation of two joint ventures—one between EE and Three and another between O2 and Vodafone—“to achieve better coverage” and reduce capital and operational costs. He argued that greater planning freedom to build larger masts would “enable a higher incidence of mast sharing” as they provide more space for multiple operators to install their equipment and operate from the site. He told us that it is often the case that when looking to deploy new sites, BT are restricted by local planning authorities and by potential site providers in terms of the type and size of the infrastructure that can be built. He also warned that, although sharing can be a good thing, “infrastructure-level competition has been the main driver of industry investment” and that this should not be jeopardised.²⁵⁰
292. Mr Wainer also told us that BT was “unconvinced” that roaming would be an effective solution for delivering increased coverage in rural areas. He explained that roaming would not address not-spots as those areas have no existing coverage from any provider and that mandating roaming would “significantly dilute” the incentive for operators to extend their coverage as it would no longer differentiate them from their competitors in the market.²⁵¹ He suggested it would be better to focus on reducing barriers, such as planning regulations.²⁵²

247 Written evidence from Mobile UK ([REC0070](#)) and Ofcom, *Connected Nations 2018 UK Report* (18 December 2018) p 4: https://www.ofcom.org.uk/_data/assets/pdf_file/0020/130736/Connected-Nations-2018-main-report.pdf [accessed 15 April 2019]

248 Written evidence from York, North Yorkshire and East Riding LEP ([REC0138](#))

249 [Q 97](#)

250 Written evidence by BT Group ([REC0206](#))

251 *Ibid.*

252 *Ibid.*

Figure 18: Greater mast sharing has been identified as a way to improve mobile coverage in rural areas



Source: mattbuck, 'A nicely picturesque antenna cottage at Low Newton-by-the-Sea in Northumberland': https://commons.wikimedia.org/wiki/File:Low_Newton-by-the-Sea_MMB_01.jpg (CC BY-SA 2.0)

293. James Heath of DCMS told us that Government was exploring various ideas with Ofcom to improve mobile coverage in rural areas including the extent to which roaming can help solve partial not-spots (as distinct from total not-spots). He also saw potential for the Government to play a role in encouraging infrastructure sharing for all four operators and removing barriers to rollout such as making it quicker and easier for masts to be put in place.²⁵³
294. The Government's draft Statement of Strategic Priorities, which Ofcom must have regard to, proposes that Ofcom "fully consider the costs and benefits" of introducing roaming in rural areas "to improve consumer choice and address partial not-spots" and to "maintain the option of requiring roaming by including appropriate provisions when granting rights of use of spectrum".²⁵⁴ The draft Statement was open for public consultation between 15 February and 27 March 2019.
295. *We welcome the proposal that Ofcom should review the option of introducing roaming in rural areas to address partial not-spots and would urge Ofcom to begin this review as a matter of urgency. Government and Ofcom should also encourage mobile network operators to share transmission masts more often at locations where they offer a practical means to improve rural connectivity. Mast sites*

²⁵³ Q 177

²⁵⁴ Department for Digital, Culture, Media and Sport, 'Statement of Strategic Priorities for telecommunications, the management of radio spectrum and postal services, Consultation document', 15 February 2019, p 19: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779226/SSP_Consultation_-_Publication_Version_2_.pdf [accessed 15 April 2019]

should nonetheless be chosen sensitively, especially in areas of high landscape value.

Digital skills and the rural digital economy

296. Rural businesses often struggle to recruit and retain staff with the digital skills needed to help their business thrive and grow. Small businesses and start-ups that do not have in-house digital skills have trouble finding external sources of IT support.²⁵⁵ This digital skills gap can put many rural businesses, which are operating in a competitive market, at a disadvantage compared to their urban (and international) competitors.
297. Ruby Peacock of the Federation of Small Businesses told us about research conducted by the Federation into digital skills shortages which found that a fifth of its small business members had had trouble finding staff with suitable digital skills and that this was holding them back from adopting different digital technology.²⁵⁶
298. On our visit to Herefordshire we heard that some local businesses had experienced difficulties recruiting staff with the right digital skills. Muddy Boots, a software company supporting food supply chains, told us that they had had to look beyond the local area to find the right digital skills and even internationally. ATN Europe, an international firm specialising in night vision equipment and Caplor, a family business based on a 300-acre farm, both admitted having difficulty in recruiting locally. A notable contrast was Naked Creative, a web design and graphic design agency, who told us that they did not have problems hiring talent and that they sought to attract young people with a view to giving them an opportunity to gain early-career industry experience before they moved on.²⁵⁷

Box 13: Local initiatives to improve digital skills

ACRE provided us with a number of examples of good practice in promoting digital skills in rural areas:

- Cornwall Rural Community Charity works in partnership with Cornwall Council's Digital Outreach Team, Isles of Scilly Council, Age UK and Pub is the Hub to host training sessions in basic digital skills. 150 training sessions have been held providing training to 350 students, many taking place in village halls.
- Gloucestershire Rural Community Council delivered one-to-one training sessions to 25 people who were isolated or who had been victims of fraud. The Council recruited a network of 10 volunteers to support older people with IT skills and launched a computer club in the Forest of Dean, which provided a six-week course for digitally excluded people.
- Community Action Nottinghamshire supported IT training for those aged over 55 who had no digital skills, or only basic knowledge. Five tutors delivered 11 courses operating out of a range of local community venues. In total 65 people accessed the course and were able to build confidence and improve their digital skills.

Source: Supplementary written evidence from ACRE ([REC0169](#))

255 Written evidence from Rural Business Group ([REC0165](#))

256 [Q 165](#)

257 See Appendix 6, Note of Committee Visit to Herefordshire: Wednesday 12 September 2018.

299. Training opportunities for staff were criticised for being too far away, too expensive, and unsuitable for the needs of rural businesses. Muddy Boots said that training and support offered from LEPs and local authorities tended to be inferior and not geared to the type of business they operate.²⁵⁸ Lord Cameron of Dillington told us that for a small business in a rural area, a half day's training could take a day and half because of travel times, noting that this can be ill-afforded by those running a small business.²⁵⁹ Margaret Clark from the Rural Coalition also noted the problem of distance.²⁶⁰
300. Some witnesses suggested that rural SMEs are not always aware of the benefits that digital skills and new technology could bring to their businesses. Prof Jeremy Phillipson told us that businesses need to “upskill” to take advantage of new technologies and make sure that small businesses can “make the most of digital”.²⁶¹ Christopher Price of the CLA emphasised the importance of training people to use new technologies to ensure that they can be exploited to maximum effect.²⁶²
301. Turning to solutions, James Heath told us that DCMS is working with “the CLA, farming bodies and all the operators” through the “Business Connectivity Forum” to get a better understanding of the barriers to take-up of digital technology.²⁶³ The CLA also told us the Forum²⁶⁴ is working to promote greater awareness of digital technology in central and local government; incentivising the digital industry to focus on reducing the gap between supply and demand by encouraging greater awareness of the benefits of broadband access, and encouraging greater awareness among rural businesses of the advantages of improving digital connectivity and developing digital skills.²⁶⁵
302. Tim Bonner suggested that Government investment in improving digital skills in rural areas would go a long way to boosting rural economies.²⁶⁶ Libraries Connected, the Society of Chief Librarians, highlighted the role that local libraries can play in supporting access and IT training in rural communities.²⁶⁷ Networking and information sharing was also seen as a way to promote the rural digital economy. Muddy Boots told us that they network with businesses in Bristol supporting local start-ups and that similar networking opportunities would also be of benefit to rural areas.²⁶⁸ Herefordshire-based companies Naked Creative and Sun Velo argued that more “incubator hubs” and workspaces for start-ups would better allow for networking and information sharing among small businesses.²⁶⁹
303. **Training opportunities are limited and often too distant or too expensive for rural SMEs to participate in; the case for developing and improving digital skills is not being delivered to rural businesses.**

258 *Ibid.*

259 [Q 18](#)

260 [Q 75](#)

261 [Q 28](#)

262 [Q 39](#)

263 [Q 183](#)

264 CLA refers to it as the Rural Connectivity Forum.

265 Supplementary written evidence from CLA ([REC0026](#))

266 [Q 75](#)

267 Written evidence from Libraries Connected ([REC0048](#))

268 See Appendix 6, Note of Committee Visit to Herefordshire: Wednesday 12 September 2018.

269 *Ibid.*

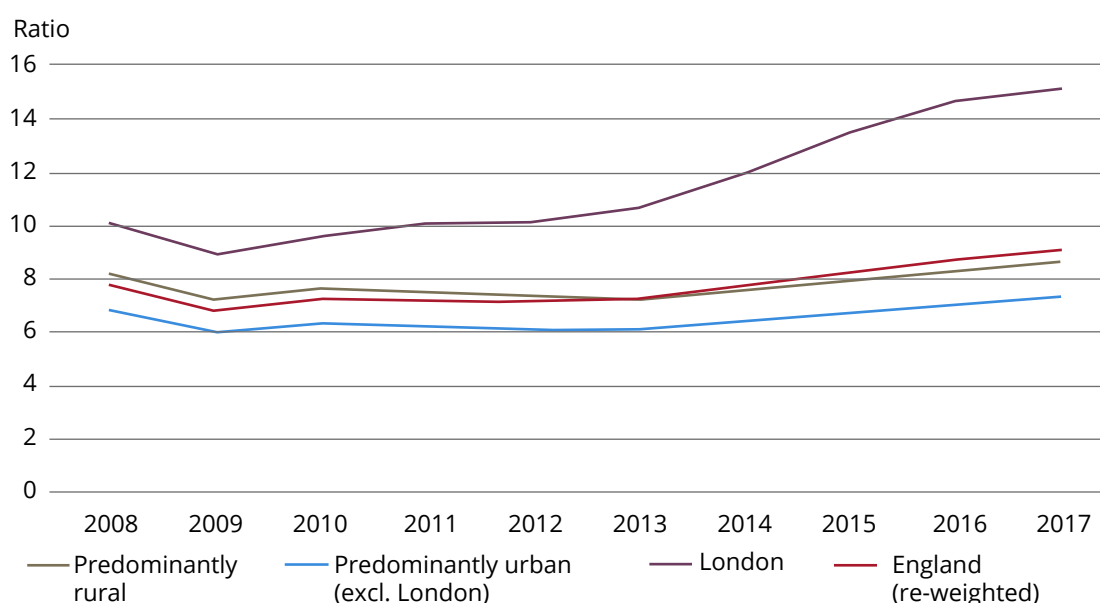
304. *Local and national governments must do more to realise the potential of improving digital skills in rural areas, including supporting the establishment of digital enterprise hubs; promoting networking opportunities; facilitating knowledge sharing and the dissemination of good practice among rural businesses; and enabling more effective IT support for small rural businesses and start-ups.*

CHAPTER 5: HOUSING, PLANNING AND RURAL WORKING SPACES

Introduction

305. Along with digital connectivity, the most prominent theme we heard in much of the evidence was on the need for sufficient housing and affordable workspaces to help underpin the rural economy while respecting the distinctiveness and appeal of the countryside.
306. Although housing affordability is a challenge across the country, statistics indicate that it is a particular issue in rural areas. For example, in 2017 the average lower quartile house price was 8.6 times the average lower quartile earnings, compared with 7.4 times in predominantly urban areas (excluding London).²⁷⁰ In 2018, average rural house prices in rural areas were £329,700, nearly £90,000 higher than those in urban areas excluding London.²⁷¹ While price-to-earnings ratios vary considerably across rural England as they do in urban areas, it is clear that affordability is a serious challenge.

Figure 19: House prices as a multiple of earnings: ratio of lower quartile house prices to lower quartile earnings (residence-based), by Local Authority Classification, in England, 2008 to 2017



Source: Department for Environment, Food and Rural Affairs, *Statistical Digest of Rural England*, March 2019: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787699/03_Statistical_Digest_of_Rural_England_2019_March_edition.pdf [accessed 15 April 2019]

307. This creates a challenge for the progress of the rural economy because, if rural areas are less affordable than their urban counterparts, people of working age are inevitably less likely to choose to live and work in rural areas.

270 Department for Environment, Food and Rural Affairs, *Statistical Digest of Rural England: February 2019 Edition*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782147/02_Statistical_Digest_of_Rural_England_2019_February_edition.pdf [accessed 5 March 2019]

271 Department for Environment, Food and Rural Affairs, *Rural Economic Bulletin for England*, December 2018: <https://www.gov.uk/government/publications/quarterly-rural-economic-bulletin/rural-economic-bulletin-for-england-december-2018> [accessed 5 March 2019]

This creates a knock-on effect with regard to employment opportunities, skills shortages, business growth and the sustainability of rural services and amenities. It is clear, therefore, that tackling the rural housing challenge is a key part of addressing the wider challenges of rural economies.

308. We also heard, however, that new housing often met community resistance because it lacked sensitivity to its surroundings or because it was not perceived to meet local need—exacerbated by planning rules which, it was argued, failed to provide for appropriately designed housing of the right types and tenures.
309. A related challenge is the availability and affordability of rural working spaces, particularly for smaller businesses. We heard that rural SMEs often started in private homes, but that when they attempted to pursue ambitions to expand would often find that there was little appropriate workspace available in rural locations. This would often either constrain those businesses' ability to grow or lead to their relocation to urban areas, in both cases having a damaging effect on rural economies.
310. Underlying these challenges is the role of the planning system in rural areas. Planning rules have a fundamental role in all rural development and where there are deficiencies in the system they can often be resolved by planning reform. Shortly after we began our inquiry, the Government published a revised National Planning Policy Framework (NPPF), which sets the national-level policies by which local authorities are required to abide in drawing up local plans and deciding on planning applications.
311. We heard that, while some changes to the NPPF were welcome, there were still policies that did not reflect the interests of rural areas. Similarly, we also heard of challenges with local planning policy, especially with regard to village housing development and workspace shortages. We also heard evidence on the recently published Raynsford Review, which proposes wide-ranging reforms to strengthen the English planning system.
312. Neighbourhood planning has been identified as a significant move forward in terms of community participation and engagement. It is also, however, not without its limitations and challenges, in particular with regard to consistency of implementation and interactions with the wider planning system. We discuss these issues below. We will also reflect on the important role of Community Land Trusts in bringing forward appropriate new housing in rural communities.
313. In considering the question of how a place-based rural development policy should work, we first need to consider what it is intended to achieve. We take the view that no-one should be unreasonably disadvantaged by choosing to live or work in a rural area, and that—so far as possible—no one should be forced out or prevented from locating to rural areas by constraints that do not apply in an urban context.
314. We believe that the development aspect of a place-based rural strategy should be designed with this in mind, so that some of the issues set out above can be addressed in a more consistent and systematic way and help ease some of the constraints on rural economies. In this chapter we will deal with each of the issues set out above, and make recommendations for how they may be addressed in the context of a rural strategy.

Housing in rural areas

315. As noted above, the average house price in rural areas is just over £90,000 more than other areas outside of London (Q2 2018 figures). This gap widened somewhat over the course of a year, having been just over £26,000 in Q2 2017.²⁷² This clearly points to a large and growing affordability challenge for rural housing, particularly in light of lower average earnings from rural employment.
316. As well as overall cost, evidence indicated that there is also a wider challenge relating to the supply of housing of the right types and tenures - including owner-occupied, private rented, and affordable housing - in the right rural locations to support the working age population. For example, the Rural Housing Alliance informed us of research findings that a family with one child, earning one full time and one part time median wage in a mainly or largely rural area would spend 31 per cent of their income in rent, which is notably higher than in urban areas outside major conurbations.²⁷³
317. The Rural Housing Alliance also told us that the working age population in rural areas is projected to decline by 75,000 people between 2014 and 2038. It stated that “the key to ensuring viable, mixed communities in rural areas is building more affordable housing” but that “all too often, young people are forced to leave rural areas they grew up in because they cannot afford housing costs”.²⁷⁴ This clearly raises a significant challenge to rural economies.
318. Debate over housing policy in England has often viewed as being polarised between those who believe in the urgent need for new housing and other development in all locations, and those who resist all new developments as a blight on their localities. The evidence we heard confirmed that this polarisation is far from the reality of rural opinion on new housing; most recognise the need for it to take place while believing that it can be brought forward in a way that reflects local need and is designed and planned in a way that respects and engages with local communities while protecting designations such as Green Belt. Sensitively developed new housing can also have a positive impact on rural economies by helping to make services and amenities viable.
319. For our purposes we will consider the challenges of provision of all tenures of housing in rural locations, including market and affordable housing. The evidence we heard suggests that successive Governments have not properly attuned their housing policies to rural needs, which has helped exacerbate the challenges of affordability, availability and sensitive growth. In this section we will discuss the evidence we heard with regard to both private and affordable housing as well as on the need for new homes to be brought forward with the engagement and participation of existing communities.

Housing delivery issues in rural areas

320. We heard a range of evidence on overall delivery of new housing in rural areas. Issues of particular focus included housing in small village settlements and on smaller sites, support for small and medium sized building firms, and on the need for new homes to be adaptable and energy efficient.

272 *Rural Economic Bulletin for England, December 2018* [accessed 5 March 2019]

273 Written evidence from Rural Housing Alliance ([REC0053](#))

274 *Ibid.*

321. At present, the Government does not record the level of housing completions in individual settlements of fewer than 3,000 people, although figures are available in aggregate. Some evidence suggested this was reflective of the Government's lack of interest in housing in small settlements, which has been matched by a lack of attention to the rural consequences of wider housing policy.
322. Simon Gallagher of MHCLG told us that data was available at aggregate level but acknowledged there was an absence of information on "the granularity in those areas". He added that "the bit I am always careful about is putting burdens on local authorities or local communities in collecting information. There are always balances to be struck. If we can find efficient and effective ways of gathering data, I am very keen on that".²⁷⁵
323. Chris Carr of the Federation of Master Builders, an association representing small and medium sized building firms made reference to a survey of builders which had been carried out by his organisation. This found that the top five constraints on their ability to deliver new homes were a lack of available and viable land, the planning system, a lack of developer finance, a shortage of skilled workers, and the cost of Section 106 contributions.²⁷⁶ He argued that new housing development was often oriented towards larger sites of 200 units or more, "which causes more disruption to that village than anything else". He added that "we need to look at breaking those parcels down and, through the local plan, delivering smaller and more sustainable sites".²⁷⁷
324. The National Trust made reference to the Government's Housing Delivery Test, which will trigger a presumption in favour of sustainable development where delivery has been found to be below 75 per cent of the housing required in an area. In the words of the National Trust, "this means that there is an incentive to developers not to build, but to wait until delivery is below the required level to drive the release of additional green field sites, as a cheaper option than developing on more difficult brownfield sites".²⁷⁸
325. The Rural Housing Alliance noted the rapidly ageing rural population, referring to a report from the Housing and Care for Older People All-Party Parliamentary Group (APPG) on housing for older populations. Recommendations of the report included that MHCLG should "strongly encourage all homes to be built to the Lifetime Homes standards of accessibility that serve the needs of people of all ages", that local authorities should ensure specific sites are allocated for older people across all tenures, and that all masterplans for new settlements should incorporate a proportion of housing of different kinds specifically for older people.²⁷⁹
326. The Rural Housing Alliance also noted that rural households are more likely to be in fuel poverty than urban households, and that to combat this "Government should support the very highest standards of energy efficiency for new homes (or at least those built with Homes England funding)".²⁸⁰
- 327. For the rural economy to thrive, there needs to be an adequate supply of new housing in the right places and of the right types, brought**

275 [Q 61](#)

276 [Q 132](#)

277 *Ibid.*

278 Written evidence from The National Trust ([REC0116](#))

279 Written evidence from Rural Housing Alliance ([REC0053](#))

280 *Ibid.*

forward in a sensitive way which respects and engages with local communities. We heard evidence that this is not enough of a priority for the Government, and the rural economy risks falling behind as a consequence.

328. *The absence of data on new housing in settlements of fewer than 3,000 people is a significant weakness in the ability to assess the success and sustainability of rural communities. The Government must explore means of gathering this data, make greater efforts to identify housing shortages in smaller rural villages and, where possible, work with local authorities and housebuilders to identify opportunities to develop new homes in village locations. This will help ease the burden on larger settlements where large schemes are being proposed, improve the sustainability of smaller villages, and ensure that development is more sensitive to local scale and context, minimising local community opposition.*
329. *Government must also review the rural impact of the Housing Delivery Test and particularly whether it is incentivising developers to seek to build on greenfield sites over and above brownfield sites that should have priority in the planning system. The review should focus on whether the test acts as a disincentive to brownfield development.*
330. *Government should also introduce stronger policies to support the sustainability and adaptability of rural housing for older populations, including making provision for new homes to be constructed to Lifetime Homes standards, and supporting energy efficiency measures to reduce the cost of heating and ease fuel poverty. Local authorities should also ensure that sufficient housing for older people is allocated through local plans.*

Rural affordable housing

331. In addition to the question of housing delivery, we received a considerable amount of evidence on rural affordable housing, and the greater challenges of delivering and maintaining it in recent years.

Box 14: What do we mean by ‘affordable housing’?

Affordable housing is a specific form of housing defined in the National Planning Policy Framework (NPPF) as “housing for sale or rent, for those whose needs are not met by the market”.

The NPPF divides affordable housing into four categories, namely affordable housing for rent (rented homes below market value, including social rented homes such as council housing); starter homes, which are discounted homes for first time buyers; other discounted market sale housing; and other affordable routes to home ownership, such as shared ownership.

New affordable housing is delivered through two main routes: direct construction, often by housing associations and to a lesser extent by local authorities; and through affordable housing contributions from private developers, known as “Section 106” contributions. These might include a proportion of homes in a new privately constructed scheme being designated as affordable or, more rarely, a financial contribution made to the local authority to subsidise new affordable housing in a different location.

Owing to the legacy of past decades of large-scale council house construction, many affordable homes are still owned and managed by local authorities, particularly those for social rent. This stock has been depleted somewhat by the “Right to Buy” policy by which tenants are entitled to purchase their council home at a discounted rate.

332. Our evidence focused on the distinct challenges of supplying and maintaining an adequate supply of rural affordable housing, and the policy changes that could be made to assist this. The key issues that recurred in our evidence were:
- The inability to secure affordable housing contributions on new sites of 10 units or fewer;
 - The absence of a rural housing target from Homes England, and inadequate grant rates to support affordable housing on small rural sites;
 - The shortage of affordable land for new affordable housing, and challenges around the supply of “rural exception sites”; and
 - The depletion of stock caused by the Right to Buy for local authority homes, and the constraints on replacing the homes sold with new affordable housing; and
 - The challenges of the emerging Housing Association Right to Buy policy.
333. We now deal with each of these challenges in turn.
334. In 2014 the Government announced a new policy to prohibit local authorities from seeking contributions to new affordable housing where new housing developments comprised fewer than 10 units. There are partial exemptions

in ‘designated rural areas’, where policies may set out a threshold of 5 units or fewer.²⁸¹

335. Much of the evidence we heard on this policy argued that it had been introduced with a disregard for rural settlements, where a considerable proportion of new homes are on smaller sites, and that it had had the dual effect of reducing affordable housing and increasing community opposition to new schemes.
336. Jo Lavis of Rural Housing Solutions pointed out to us that development sites in rural areas are small; that there are often no opportunities to spend income from affordable housing contributions in the same locality; and that the “designated rural areas” exemption covers less than 40 per cent of rural parishes.²⁸²

Box 15: Designated rural areas

There is a partial exemption to the 10-unit affordable housing threshold for ‘designated’ rural areas. The National Planning Policy framework defines designated rural areas as “National Parks, Areas of Outstanding Natural Beauty and areas designated as ‘rural’ under s157 of the Housing Act 1985”.²⁸³ In these areas, local authorities may seek affordable housing contributions on developments of between six and nine units, though these may only be in the form of a financial contribution.

As well as National Parks and AONBs, other areas may be designated by the Secretary of State as ‘rural’ for the purpose of affordable housing contributions. At present, however, this covers less than 40 per cent of rural parishes, meaning many rural parishes are not able to seek affordable housing contributions on such small sites.²⁸⁴

337. Jo Lavis added that the policy would have a consequential effect on land prices, noting that “without an affordable housing requirement these small sites will attract a higher land value which, coupled with the rolling need for a five year land supply, will result in landowners holding on to potential rural exception sites in the hope they will be allocated”.²⁸⁵
338. The Rural Housing Alliance noted that in 2012/13 66 per cent of affordable housing built in settlements of 3,000 or less was through Section 106 contributions, “so this 10-home threshold has cut off a key flow of affordable housing in rural areas”.²⁸⁶ Hastoe Housing Association argued that thresholds should be set locally to suit local circumstances.²⁸⁷
339. A contrary view was expressed by the Countryside Alliance, which stated that requirements for affordable housing contributions on small sites “had the effect of making some developments financially unviable and worsening

281 Ministry of Housing, Communities and Local Government, *National Planning Policy Framework*, CP 48, February 2019: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/740441/National_Planning_Policy_Framework_web_accessible_version.pdf [accessed 15 April 2019]

282 Supplementary written evidence from Rural Housing Solutions (REC0191)

283 Supplementary written evidence from Jake Berry MP, HM Government (REC0193)

284 Supplementary written evidence from Rural Housing Solutions (REC0191)

285 *Ibid.*

286 Written evidence from Rural Housing Alliance (REC0053)

287 Written evidence from Hastoe Housing Association (REC0176)

the housing crisis”.²⁸⁸ In defending the threshold policy, Simon Gallagher of MHCLG told us that “the background ... has always been the need to strike the balance between enabling smaller housebuilders and developers to come into the market, and getting the affordable housing that we want. There is a balance to be struck there”.²⁸⁹

340. **It is clear from most of the evidence we have received that the affordable housing unit threshold policy does not work for rural areas. As well as severely limiting the supply of much-needed rural affordable housing it is also likely to increase the hostility of communities to new development, in the knowledge that small housing schemes may no longer meet genuine community need. There is little evidence that requirements for affordable housing contributions made small housing sites unviable for development in the past.**
341. *Government should provide a full and comprehensive exemption for all rural areas from the policy to limit affordable housing contributions on small sites. Local authorities should be free to work with developers to seek the necessary level of affordable housing contributions on all new housing sites to help meet the fullest range of rural housing needs.*
342. We also heard evidence on the limitations of the Government’s wider ambitions on rural affordable housing delivery, and in particular the role of Homes England, a non-departmental public body sponsored by MHCLG which supports the funding and delivery of affordable housing across England.
343. Among others, East Riding of Yorkshire Council stated that “greater emphasis from Government needs to be placed on rural housing needs”, with a specific Homes England target for rural housing delivery, and higher grant rates to reflect the additional costs of delivery in rural areas.²⁹⁰ The Rural Services Network stated that such a rural homes programme must be “designed to boost delivery at small rural settlements” and should aim to meet the shortfall in delivery identified by the 2014 Rural Housing Policy Review.²⁹¹

288 Written evidence from Countryside Alliance ([REC0112](#))

289 [Q 63](#)

290 Written evidence from East Riding of Yorkshire Council ([REC0034](#)). This point was supported by the Hampshire Alliance for Rural Affordable Housing ([REC0120](#)) and the Rural Housing Alliance ([REC0053](#)).

291 Written evidence from Rural Services Network ([REC0031](#))

Box 16: Cornwall: good practice in affordable housing delivery

Cornwall Council told us that it “has the ambition to be the top provider of affordable homes across English councils” and noted that land value uplift can support the provision of infrastructure.

It gave the example of its Growth and Investment programme, which is seeking to deliver 1,000 affordable homes over four years “with an additional focus on care and specialist housing provision which could increase this number”. Delivery is through partnership with the Local Enterprise Partnership, housing associations, health colleagues and the private sector.

The Council stated that “this partnership approach has resulted in Cornwall benefiting from commitments from housing associations to deliver 8,000 homes (of which 6,000 will be affordable) over the 2016–21 period, leveraging a total investment of £600m”.

Source: Written evidence from Cornwall Council ([REC0039](#))

344. Simon Gallagher of MHCLG told us that “we have asked Homes England to build up its strategic partnerships with the housing association sector, so it can have different providers in different places ... Homes England is working not just with the big guys to deliver but with the smaller providers, which can work differently in smaller communities”.²⁹² MHCLG Minister Jake Berry also informed us that the Government’s Housing Infrastructure Fund was free for rural areas to bid to, and would help enable infrastructure to be delivered before new housing development comes forward, easing the strain of new housing on local areas.²⁹³
345. Defra noted that Homes England had spent £142.3 million on rural schemes through the Affordable Homes Programme from 2012/13 to 2016/17 and that it was seeking to support community-led development through the Community Housing Fund, with rural areas having received £60 million from this fund in 2017–18 and a further £163 million being made available in the next two financial years.²⁹⁴
346. ***Homes England should restore its rural housing target, and this target should reflect the rural population of England. The Government and Homes England should also work more closely with rural affordable housing providers to ensure that grant rates reflect the higher cost of development on small rural sites. Government should also ensure that a fair share of the Housing Infrastructure Fund goes to rural areas to help aid the viability of new development of all types.***
347. The availability and cost of land for new affordable housing was also a frequent theme of evidence. Jo Lavis of Rural Housing Solutions observed that market value for housing land is substantially influenced by planning policy. Where sites may be for market housing, this has the effect of raising landowner expectations of price (“hope value”) reducing housing affordability as developers seek to build higher value housing and minimise or exclude affordable housing to ensure viability and protect profits.²⁹⁵

292 [Q 61](#)

293 [Q 268](#)

294 Written evidence from Defra ([REC0146](#))

295 Written evidence from Rural Housing Solutions ([REC0080](#))

348. Jo Lavis argued that the Land Compensation Act 1961 should be reformed so that land that is purchased under compulsory purchase orders is bought at its current use value, not its potential value, to enable more widespread affordable housing delivery on rural sites.²⁹⁶ The Royal Town Planning Institute (RTPI) stated that “there should be a fairer way of sharing land value uplift between landowners and the community, to fund the housing and infrastructure the country needs”.²⁹⁷
349. The Housing Association Karbon Homes argued that “we believe that land owners want to see affordable housing built for social and business reasons. However, understandably, many have expectations of land values that make it economically unviable to develop affordable homes”. It added that “the National Planning Practice Guidance should not rely on the use of current, inflated land values to evaluate costs and look to provide a fair approach that balances land owner and developer profits with meeting affordable housing need”.²⁹⁸
350. Jo Lavis also cited a paper from the Royal Institution of Chartered Surveyors (RICS) which included recommendations for incentivising the release of land for affordable housing. These included conditional exemption from Inheritance Tax and extending Capital Gains Tax business asset roll over relief.²⁹⁹ Somerset County Council also argued that “private land owners need to be incentivised to bring forward housing land at an affordable price”.
351. Rural exception sites can be a key mechanism for delivering affordable housing in rural areas. These sites are brought forward outside local planning allocations on the basis that they will provide affordable housing in perpetuity. As the sites would not otherwise be granted planning permission, rural exception sites avoid the problem of inflated land values of potential market housing sites and enable landowners to support thriving rural communities and economies.
352. The Campaign to Protect Rural England stated that “successful schemes built through the rural exception site policy demonstrate how the use of strict planning rules can help to hold down land values and support the development of truly affordable homes”.³⁰⁰
353. The Rural Housing Alliance stated that rural exception sites are “a tool that aren’t used enough”. It cited data indicating that only 1,071 homes were built on rural exception sites in 2016/17. It also noted that some local authorities, such as Cornwall, are very proactive, and that just five local authorities built 45 per cent of all affordable homes on rural exception sites since 2011.³⁰¹
354. In order to address the under-use of rural exception sites, the Rural Housing Alliance recommended that the Government should exempt sales of land for such sites from Capital Gains Tax when they are developed to meet a proven need for affordable homes. It also proposed that there should be guidance or a best practice guide illustrating how the more proactive local authorities such as Cornwall are using them to deliver new housing.³⁰²

296 *Ibid.*

297 Written evidence from Royal Town Planning Institute ([REC0175](#))

298 Written evidence from Karbon Homes ([REC0074](#))

299 Written evidence from Rural Housing Solutions ([REC0080](#))

300 Written evidence from Campaign to Protect Rural England ([REC0140](#))

301 Written evidence from Rural Housing Alliance ([REC0053](#))

302 Written evidence from Rural Housing Alliance ([REC0053](#))

355. Jo Lavis noted that other planning policies might militate against the introduction of rural exception sites, including the requirement for a rolling five-year land supply of deliverable sites within local plans. She stated that “while this is helpful, it does also mean that landowners are likely to withhold release of rural exception sites in the expectation of their land being allocated, triggering a higher land price”.³⁰³
356. Jo Lavis also argued that the requirement in the NPPF that affordable housing landlords must be Registered Providers should be widened so that private landowners were able to develop and provide affordable housing on their own initiative. She stated that without this opportunity, landowners are “likely to only offer affordable sale housing”.³⁰⁴
357. **Rural exception sites are an important contributor to rural affordable housing, but evidence suggested that they are not yet meeting their potential, with delivery being heavily concentrated among a small number of local authority areas. In addition, wider Government policy may disincentivise landowners from bringing forward rural exception sites for rural affordable housing.**
358. *The Government should publish best practice guidance for the incentivisation and delivery of rural exception sites, drawing on the example of authorities such as Cornwall which has particularly high delivery rates. The Government should also undertake further research to understand why rural exception site delivery is so concentrated and so poor across much of the country.*
359. *Government should also amend policies which restrict private landowners from becoming registered providers of affordable housing. The Government should consider taxation reforms to incentivise the availability of rural exception sites, including Capital Gains Tax, Inheritance Tax and Business Rate reliefs where appropriate.*
360. **There is also a wider challenge of land values in relation to affordable housing delivery. Because the grant of planning permission can be so lucrative, rural housing sites often command very high prices which leads to the exclusion of affordable housing as the cost of the land makes it unviable.**
361. *Increasing the supply of affordable housing in rural areas will continue to prove difficult unless fundamental action is taken which either reduces the jump in land values typically arising from development permission or which captures and apports that gain. This is a complex issue which requires serious study. Government should establish an inquiry to examine this question within the next six months and should ask that enquiry to report back with policy recommendations within the following twelve months.*

303 Written evidence from Rural Housing Solutions ([REC0080](#))

304 *Ibid.*

362. We also heard evidence on the important role of Community Land Trusts (CLTs) in the provision of affordable housing in rural areas.³⁰⁵ The National CLT Network informed us that there are currently 100 active CLTs in rural England and at least another 100 communities setting CLTs up. Across England, at least 69 CLTs have completed schemes providing 868 homes, of which 85 per cent are affordable and most are rural. Some CLTs work on their own, while others partner with housing associations.³⁰⁶
363. CLTs were cited positively by a number of witnesses including Jeremy Leggett of ACRE who said they were “seeing huge enthusiasm from local people to have the housing they want as long as they can be in control of it” through such a mechanism. Margaret Clark of the Rural Coalition stated that they “are playing a much bigger role in a number of rural areas” but that they need “certainty of funding”.³⁰⁷ MHCLG Minister Jake Berry stated that CLTs were “novel schemes” and cited the example of a project in Cornwall where 20 homes had been built in an area with “an acute affordability crisis”.³⁰⁸
364. Martin Collett of the Rural Housing Alliance said that CLTs may be “disruptive” to housing association programmes but that they work well when in partnership with housing associations, although he expressed scepticism that they would be able to deliver homes on the same scale as the housing association sector.³⁰⁹ By contrast, however, the National CLT Network cited other views from housing associations including the Aster Group which had stated that CLTs are “extremely effective at unlocking smaller parcels of land for development” and that “involving the community in a project also ensures they are at the heart of the development”.
365. The National CLT Network praised the Government’s £163 million Community Housing Fund (CHF), which is intended to permanently increase the size of the sector and its development capacity. It stated that “the continuation of this fund will be critical for the growth of our sector”. It also noted that development finance was difficult to access for new entrants and called for a Government guarantee scheme to complement CHF funding.³¹⁰
366. ***Community Land Trusts play an important role in the provision of affordable housing in rural areas and have the potential to play an even bigger role in the future. We urge the Government to ensure that the funding provided through the Community Housing Fund is consolidated in the long term. Government should also introduce a guarantee scheme to support development finance for CLTs.***
367. Finally, we heard evidence regarding the impact of the Right to Buy on local authority housing, and some concerns about the impact of the ‘Voluntary Right to Buy’, a policy agreed between the Government and the National Housing Federation by which Housing Associations would offer the Right to Buy to tenants on similar terms to those offered to Council tenants at

305 Community Land Trusts (CLTs) are “a means by which local communities can take ownership of land and other assets for the social, economic and environmental wellbeing of their local area”. (written evidence from the National CLT Network ([REC0208](#)). They have mostly been used in rural areas to develop and manage affordable housing.

306 Written evidence from National CLT Network ([REC0208](#))

307 [Q 77](#)

308 [Q 269](#)

309 [Q 131](#)

310 Written evidence from National CLT Network ([REC0208](#))

present. The policy has yet to be implemented but is currently being piloted in a number of areas.

368. Some evidence included calls for the suspension of the Right to Buy in rural areas, on the basis that it depleted rural affordable housing and that replacement affordable homes were very difficult for local authorities to secure in the same locality where homes were sold.³¹¹ The Rural Services Network stated that sales had reached one per cent of the housing stock between 2012 and 2015 but that only one replacement home was built for every eight rural homes sold in this period, with these homes rarely being in the same location..³¹²

369. Defra stated that:

“The Right to Buy scheme has always sought to balance the benefits of helping social tenants into home ownership with the need for rural affordable housing. Where homes are sold in rural areas, landlords can require owners to resell only to people who have lived or worked locally for at least three years, or to sell them back to the landlord. This allows tenants to become home owners and keeps homes available for the local community”.³¹³

370. The National Housing Federation gave some details in written evidence with regard to the operation of the Voluntary Right to Buy and existing pilots. It stated that Housing Associations would be able to designate homes that would not be sold and give the tenant the ability to “port” their discount to another home. It added that it expected different housing associations to take different approaches in rural areas, and that rural exception sites would be excluded as they were required to be affordable in perpetuity.³¹⁴

371. **The Right to Buy for council tenants has enabled home ownership for some, but has caused a significant depletion of affordable housing in rural areas. The problem is particularly acute in rural locations where it may be difficult or impractical for homes sold to be replaced by a new affordable home in the same locality.**

372. *Current replacement rates for rural council homes sold under the Right to Buy policy are woefully inadequate. The Government should therefore consider suspending the local authority Right to Buy or making it voluntary for local authorities in specific locations, to ensure that much-needed affordable housing is not lost where it would be difficult or impractical to replace it.*

373. **Regarding the operation of the ‘Voluntary Right to Buy’ for Housing Associations, we welcome the assurance that there will be exemptions where housing is designated as affordable in perpetuity, such as rural exception sites. Nevertheless, questions remain over how the policy will operate in practice in rural areas.**

311 For example written evidence from Campaign to Protect Rural England ([REC0140](#)) and Chartered Institute of Housing ([REC0154](#)).

312 Written evidence from Rural Services Network ([REC0031](#)). The same point was made by Martin Collett, [Q 138](#) (Rural Housing Alliance).

313 Written evidence from Defra ([REC0146](#))

314 Written evidence from National Housing Federation ([REC0180](#))

374. *The Housing Association Right to Buy is inappropriate in many rural areas as it will often be impossible to provide a replacement home in the same locality. The policy must not be implemented in rural areas unless and until clarity is available on how it would ensure adequate local replacement of affordable homes sold, or comprehensive exemptions are in place where replacement is not possible.*

Sympathetic housing design

375. We also heard evidence on another key question in the rural housing agenda—that of the quality of housing design. Hugh Ellis of the TCPA told us that “the standard of domestic design in this country is shockingly poor... it is a very curious idea that, as a nation, we have a very strong sense of particular regional identities in literature but very, very little attempt to express it through what we design ... Beauty in design should be a statutory obligation. Since you can have areas of outstanding natural beauty, why can you not have areas of outstanding beauty in the built environment?”³¹⁵

Figure 20: The need for housing design sympathetic to existing local vernacular was identified as being very important for rural communities



Source: Alan Walker, ‘Village Scene, Bampton, East Riding of Yorkshire, England’: https://commons.wikimedia.org/wiki/File:Village_Scene_-_geograph.org.uk_-_1778553.jpg [accessed 3 April 2019] (CC BY-SA 2.0)

376. MHCLG Minister Jake Berry noted that neighbourhood plans gave local communities “the ability to come up with local design standards, which enables people to protect or encourage the local vernacular when seeing development in their area”.³¹⁶ The Rural Affairs Minister also told us that “most of the rural housing associations I see are very conscious of design, because that is how the parish council will actively approve a bid. They want to see buildings filled by people who want to remain in the community”.³¹⁷

315 [Q 144](#)

316 [Q 271](#)

317 [Q 302](#)

377. The Secretary of State told us that the Prime Minister has “set up an advisory body, working out of MHCLG, to look at precisely these questions ... the critical thing to do is to think about fitting in with the existing environment and using, exactly as you say, aesthetic judgements as part of what is important”.³¹⁸ The new Commission, named “Building Better, Building Beautiful”, had its draft terms of reference published in November 2018.³¹⁹
378. *It is to be welcomed that the Government has established an advisory body within MHCLG to consider aesthetics in new developments. This body must fully rural proof all of its proposals and ensure that, in developing its ideas, distinctive rural vernacular is considered in full, to help win community support for future development. Government should also consider how such proposals might be reflected in future national planning policy and guidance.*

Planning in rural areas

379. Planning policy is the driver of all development in rural areas and is intended more widely to identify land use priorities and address competing interests. Any successful planning system should be one which enables rural economies to grow and thrive, while helping preserve and maintain those distinctive aspects of the countryside that make it so appealing, such as landscapes, open spaces and local amenities. The National Planning Policy Framework stresses the need to secure “net gains” for economic, social and environmental objectives in new development,³²⁰ and the Government recently announced that it would use the forthcoming Environment Bill to mandate biodiversity net gain for development in England.³²¹
380. We heard evidence that, despite positive intentions among many local authorities, the planning system was not currently working as it should in rural areas. We now turn to these challenges and how they may be addressed.

318 [Q 299](#) (Michael Gove MP)

319 Ministry of Housing, Communities and Local Government, ‘Building Better, Building Beautiful Commission: draft terms of reference’ (3 November 2018): <https://www.gov.uk/government/publications/building-better-building-beautiful-commission-draft-terms-of-reference> [accessed 20 March 2019]

320 Ministry of Housing, Communities and Local Government, *National Planning Policy Framework*, CP 48, February 2019: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779764/NPPF_Feb_2019_web.pdf [accessed 26 March 2019]

321 The Rt Hon Philip Hammond MP, *Spring Statement 2019: Philip Hammond’s speech*, 13 March 2019: <https://www.gov.uk/government/speeches/spring-statement-2019-philip-hammonds-speech> [accessed 26 March 2019]

Figure 21: Recent changes to planning policy and guidance in England

	Pre-2004 Pre-2004	Post-2004 Post-2004	Post-2010 Introduced by 2011 Localism Act	Post-2018 Changes introduced by 2017 Neighbourhood Planning Act and 2018 draft NPPF
NATIONAL	Planning policy guidance notes	Planning policy statements	National Planning Policy Framework and Planning Practice Guidance	National Planning Policy Framework and Planning Practice Guidance
REGIONAL	Regional planning guidance	Regional spatial strategy		
	London Plan: Spatial Development Strategy	London Plan: Spatial Development Strategy	London Plan: Spatial Development Strategy	London Plan: Spatial Development Strategy
COUNTY	Structure Plan		Duty to Cooperate	Duty to Cooperate
				Strategic priorities Development plan document
LOCAL	Local Plan	Local development framework	Local Plan	Local Plan
NEIGHBOURHOOD	Village/Parish Plan	Village/Parish Plan	Neighbourhood development plan Village/Parish Plan	Neighbourhood development plan Village/Parish Plan

■ Required by legislation ■ Required by policy expectation
■ Optional for statutory weight ■ Optional non-statutory

Source: TCPA, *Planning 2020: Final Report of the Raynsford Review of Planning in England* (November 2018): <https://www.tcpa.org.uk/Handlers/Download.ashx?IDMF=30864427-d8dc-4b0b-88ed-c6e0f08c0edd> [accessed 15 April 2019]

The new National Planning Policy Framework

381. Following its introduction in 2012, the National Planning Policy Framework (NPPF) has been the foundation document of all planning policy in England. A revised version was introduced in July 2018, just as our inquiry was beginning, and Defra stated that its policies “are now up-to-date and do not currently require any further revision”.³²² The NPPF sets out that in rural areas, planning policies should be “responsive to local circumstances and support housing developments that reflect local needs”.³²³
382. Margaret Clark of the Rural Coalition told us that “the words in the NPPF are positive. It says some very positive things about the rural economy and rural housing, and the new definitions of affordability are quite helpful... the fundamental problem with the NPPF is delivery”.³²⁴

322 Written evidence from Defra ([REC0146](#))

323 *Ibid.*

324 [Q 77](#)

383. As noted above, one criticism of planning policy in England has been that it is perceived to discourage development in smaller rural settlements. A recent report by the CLA, “Sustainable Villages”, notes that:
- “Local authorities use ‘sustainability assessments’ to score settlements on the range of services available there or in close proximity. Villages are then placed in a hierarchy according to their score, with the Local Plan allocating new housing to those towards the top of the hierarchy. Settlements where development is allocated by the plan are deemed to be sustainable, while those with fewer services are deemed unsustainable”.³²⁵
384. East Lindsey District Council informed us that “whilst the NPPF states that housing and employment should be near services and facilities, it is not clear what this means... therefore, for the decision maker (in terms of the NPPF) it is more appropriate to place rural housing in settlements which have a range of services and facilities leaving much smaller settlements with little or no growth”.³²⁶
385. Matt Thomson of CPRE cited national policies introduced in the 1990s which stated that, in his words, “if a village is remote and does not have transport links, development in that village will therefore be unsustainable”. He added that, “people are still applying those planning policies, even though they are not in national planning policy any more”.³²⁷
386. This point was also supported by Martin Collett of the Rural Housing Alliance, who said that “local planning authorities too often look at sustainability in a traditional sense. They do not look at changing culture and working patterns, connectivity and broadband... it looks at a village from perhaps 10, 20 or 30 years ago and considers sustainability in those terms, which are no longer suitable”.³²⁸
387. The new NPPF was welcomed for its commitment to earlier and more transparent ‘viability assessments’ by which the cost of affordable housing and other contributions were tested earlier in the process to ensure that they did not render development unviable.³²⁹ Such tests have been criticised in recent years for the perception that they favour developer interests, with developers being able to argue that certain contributions would make developments unprofitable and local authorities lacking the resources to challenge their claims. Guidance accompanying the new NPPF makes clear that viability studies should inform local plans instead of being used to challenge them retrospectively.
388. Some concern was expressed about the new policy of “entry level exception sites” (ELES) contained in the NPPF. Operating on a similar basis to rural exception sites, these would offer affordable homes per the statutory definition that would be suitable for first time buyers, including shared ownership and starter homes. Hastoe Housing Association stated that “although the ELES policy was amended in the final NPPF to remove open market homes and

325 CLA, *Sustainable Villages: Making Rural Communities Fit for the Future* (November 2018): https://www.cla.org.uk/sites/default/files/FINAL_CLA%20StrongFoundations%20Sustainable%20Villages%20lo%20res.pdf [accessed 14 March 2019]

326 Written evidence from East Lindsey District Council ([REC0132](#))

327 [Q 148](#)

328 [Q 134](#)

329 For example, by Hampshire County Council ([REC0091](#)).

limit their use in Green Belt/AONBs,³³⁰ the policy is still likely to raise land values compared to traditional rural exception sites ... the Government must monitor the policy to ensure it does not damage the delivery of rural affordable housing on rural exception sites or significantly raise land values in rural England”.³³¹

389. **The National Planning Policy Framework makes some welcome changes to support the rural economy, particularly with regard to viability assessment reforms, and in its new references to the rural economy and rural housing. It is also welcome that the document states that planning policies should identify opportunities for villages to grow and thrive, making clear that housing in smaller villages without local services is not necessarily “unsustainable”. There may still be scope for stronger support for new housing in small settlements as a means of supporting rural economies, however.**
390. *The Government should revise national planning practice guidance to clarify that sustainable development should be supported in rural villages, to ensure their survival and appropriate growth. Guidance against the designation of villages as “unsustainable communities” should be enforced more strongly where appropriate.*
391. *The Government should also monitor new NPPF policies on viability assessments and entry level exception sites to ensure they are operating as intended and helping the supply and maintenance of new rural affordable housing. It should bring a report to Parliament on the outcome of its monitoring within three years.*

Other planning reform issues

392. Towards the end of our inquiry, the Raynsford Review of Planning was published. This review, initiated by the TCPA and informed by a task force chaired by former housing and planning minister Nick Raynsford, was set up “to identify how the government can reform the English planning system to make it fairer, better resourced and capable of producing quality outcomes, while still encouraging the production of new homes”.³³²
393. Recommendations included a new legal duty to deliver sustainable development in England, a cross-sector compact on the values of planning, a strengthened legal status for local plans, an expectation for local authorities to be “master-developers” to ensure plans are delivered, powers to control the conversion of office and commercial buildings to housing, stronger mechanisms for accountability and community participation in the planning system, a duty to local planning authorities to plan for high-quality and affordable homes, effective land assembly and land value capture powers for public authorities, and reforms to Section 106 and Community Infrastructure Levy contributions.³³³
394. Describing the Raynsford Review to us, Hugh Ellis of TCPA stated that “involving people in national or regional planning questions is very difficult,

330 Areas of Outstanding Natural Beauty

331 Written evidence from Hastoe Housing Association ([REC0176](#))

332 TCPA, *Planning 2020: Raynsford Review of Planning in England* (November 2018): <https://www.tcpa.org.uk/Handlers/Download.ashx?IDMF=30864427-d8dc-4b0b-88ed-c6e0f08c0edd> [accessed 5 March 2019]

333 *Ibid.*

but we have not tried to do that ... national policy statements, for example, which have been issued successively over the last six or seven years, feature hardly any community debate”.³³⁴ He added that “we need a much more comprehensive planning system that can deal with issues that arise in rural areas beyond economics and housing. That is a question ... that the country has never wanted to address”.³³⁵ He also told us that “in the Raynsford Review final report, we are recommending a very strong duty on sustainable development with a very important caveat: that it is also focused on the health, safety and well-being of individuals and communities”.³³⁶

395. Hugh Ellis also referred to the work of the National Infrastructure Commission and in particular its proposals for a growth corridor between Oxford, Cambridge and Milton Keynes. He stated that “the NIC’s projects, whether they are good or bad, do not relate in any clear way to local planning and do not have any relationship with it ... as to how we could organise it better, it would be easy: by giving the NIC a clearer role and repurposing Homes England, for example”.³³⁷
396. **The Raynsford Review makes an important contribution to the debate over planning reform in England. Although not specifically rural proofed, many of its recommendations are much-needed in a rural context and would lead to much better and consistent outcomes in rural development, helping strengthen rural economies more widely.**
397. *We take particular note of the proposals in the Raynsford Review to enhance the ability of local authorities to plan for the needs of their localities, and to ensure a higher level of community participation and engagement in the planning process. We recommend that the Government gives serious and urgent consideration to these proposals in particular, with a view to adopting them as policy, and that it should also give full consideration to how they may be applied and implemented in rural contexts.*
398. *Government must ensure that the work of the National Infrastructure Commission complements, rather than displaces, the role of local planning. Projects such as the proposed Oxford-Milton Keynes-Cambridge corridor must be developed with this in mind.*

Spatial planning in rural areas

399. We also heard evidence on the legacy of the withdrawal of regional spatial plans in England, and their replacement with a legal “Duty to Cooperate” (DTC) on strategic planning matters that cross administrative boundaries. The DTC requires local authorities to work together to ensure that strategic priorities are properly coordinated and to address development requirements which could not be wholly met within a single authority’s boundary.
400. The new NPPF strengthens the DTC by requiring strategic planning authorities to prepare statements of common ground, setting out cross-boundary matters being addressed and progress in cooperating to address these.

334 [Q 145](#)

335 *Ibid.*

336 [Q 148](#)

337 [Q 145](#)

401. Hugh Ellis of the TCPA stated that “without communities knowing what strategic priorities are out there, they are constantly undermined. For me, a national spatial plan is essential. Almost every other advanced economy has one. Would it be putting lines on maps? No, it would bring all the data together; it would understand threats, risks and opportunities; it would lay them out clearly so local planning could respond to that agenda”.³³⁸
402. Matt Thomson of the CPRE stated that the withdrawal of spatial planning had meant that planning had lost its role of balancing land use priorities. He said that “we have completely forgotten the ‘managing competing demands’ bit, to the extent that the current NPPF just talks about the achievement and delivery of sustainable development. All it is talking about now is development; it is not talking about managing different interests in land. We really need to go back to that”.³³⁹
403. Neil Parish, Chair of the House of Commons Environment, Food and Rural Affairs Committee, expressed interest in spatial planning, stating that “at some stage we probably need to sit down and ask, ‘what is our land for? What are our priorities?’ You know very well that in some areas pressure is much greater than in others. Around areas of large conurbation, you are going to see a lot of pressure for development ... we need affordable homes; we probably need more homes. It is just about where we need to build them”.³⁴⁰
404. Although not formally committing to a regional spatial plan, the Secretary of State told us that “one thing that we are doing in the Environment Bill is working on the provision in the 25-year Environment Plan to do just that and to think spatially ... a critical thing is that the Bill will, we hope, provide mapping and other tools that will be the vehicle by which some of these other concerns can be appropriately met”.³⁴¹
405. ***Government should revisit the merits of a spatial plan for England, particularly as it relates to rural areas, to ensure that planning policy operates in a framework where land use priorities are properly considered above the local level. This will help ensure that the right type of development is brought forward in the right places, enabling sustainable and growing rural economies and communities. Government must carefully consider how such a plan may be developed at a local and regional level, focusing on how groups of local authorities may be encouraged or required to work together to develop and implement the plans.***

Neighbourhood planning

406. Among the most significant planning reforms for rural areas in recent years has been the advent of neighbourhood planning, by which parishes and other neighbourhood groups can work together to identify priorities for development in their area. If agreed by referendum, neighbourhood plans become part of the statutory plan, and must be adhered to when new development proposals are brought forward.
407. Locality, which supports communities in developing Neighbourhood Plans, stated that almost 600 neighbourhood plan referendums have been held

338 [Q 145](#)

339 *Ibid.*

340 [Q 197](#)

341 [Q 300](#)

across England and that a majority of neighbourhood plan groups have been established in rural areas.

408. Locality also noted that “for many which set up neighbourhood forums independent of parishes, this represents their first foray into local democracy, and setting up a neighbourhood forum and developing a neighbourhood plan leads to further community-led action. This process can be the catalyst to unlock the power lying latent in communities”.³⁴² Lewes District Council stated that all of its “made” neighbourhood plans in rural areas identify the need to protect and/or encourage provision for the rural economy, including employment opportunities.³⁴³

Figure 22: St Ives in Cornwall helped ensure new housing would be protected for full time residents through a provision in its Neighbourhood Plan



Source: Ruben Felgenhauer, ‘St Ives, Cornwall’: [https://commons.wikimedia.org/wiki/File:St_Ives,_Cornwall_\(32197869646\).jpg](https://commons.wikimedia.org/wiki/File:St_Ives,_Cornwall_(32197869646).jpg) [accessed 3 April 2019] (CC BY-SA 2.0)

409. It was also noted that neighbourhood planning could facilitate innovative and radical solutions to local challenges, for example the provision in the Neighbourhood Plan in St Ives, Cornwall, to ensure that new homes could only be sold to people who would use the property as their principal dwelling. The Royal Town Planning Institute noted, however, that “smaller rural communities in remote areas, or without the necessary skills base, can lack the capacity to develop an effective Neighbourhood Plan. Continued support and resourcing will be needed to enable all communities to benefit from this opportunity”.³⁴⁴ Matt Thomson of CPRE also stated that there should be more focus on “upskilling and resourcing communities” to deliver neighbourhood plans in areas where regeneration is needed.³⁴⁵

342 Written evidence from Locality (REC0119)

343 Written evidence from Lewes District Council (REC0021)

344 Written evidence from Royal Town Planning Institute (REC0175)

345 Q 141

Box 17: Neighbourhood Plans and support for the rural economy: Lewes District

Lewis District Council informed us that all six of its ‘made’ Neighbourhood Plans affecting rural parishes identify the need to protect and/or encourage provision for the rural economy.

Many of these Neighbourhood Plans have also identified that there are clear constraints in this respect, with lack of high-speed internet, access to parking and limited public transport services currently limiting growth. All of the ‘made’ Plans contain policies seeking to improve—or at least retain—employment opportunities and in so doing, guide development proposals within their respective areas.

The Council noted that these Plans demonstrate both the positive influence of local communities and of the way they have identified challenges to rural economies that could be addressed in part by more proactive local planning.

Source: Written evidence from Lewes District Council (REC0021)

410. Joint evidence from South Hams and West Devon District Councils also expressed concern about the representativeness of Neighbourhood Plans, stating that “the experience in this part of the world is that these groups can become dominated by the affluent, educated retired people who have a vested interest/personal preference in resisting development... the Government could help make NPs more inclusive by improving funding and rewarding an innovative agenda; and requiring (and funding) greater involvement by all local agents/service providers/LPAs”.³⁴⁶
411. It was also noted that neighbourhood planning—and by extension community confidence in the planning system as a whole—could often be undermined where policies were overridden by the Presumption in Favour of Sustainable Development, for example where the principal authority was found not to have an adequate supply of future housing sites. ACRE and Jo Lavis of Rural Housing Solutions argued that ‘made’ neighbourhood plans should have five-year protection against developments that would otherwise be triggered through the presumption.³⁴⁷ Changes to the NPPF made in 2018 provide some protection for Neighbourhood Plans made in the last two years, but these are still subject to minimum requirements in relation to past local authority housing delivery and supply of future housing sites. If these requirements are not met, Neighbourhood Plans may still be overridden by the Presumption in Favour of Sustainable Development.
412. Simon Gallagher of MHCLG expressed sympathy with this view, stating that it was a “big question” as to “how to ensure they continue to have validity where there is a local authority that does not have a plan in place or a five-year land supply ... where communities put a lot of investment into producing a neighbourhood plan, which takes time, resource and a lot of social debate in the community, to discover that the plan has very little planning weight is really damaging for that community”.³⁴⁸

³⁴⁶ Written evidence from South Hams District Council & West Devon Borough Council (REC0159)

³⁴⁷ Written evidence from Rural Community Council of Essex (REC0117) and Rural Housing Solutions (REC0080)

³⁴⁸ Q 65

413. Professor Gavin Parker told us that:

“ ... the emphasis on the number of plans being produced and the overriding emphasis on housing has meant that neighbourhood planning has severely underperformed its potential. If we started from a wider perspective, thinking about the needs and the issue of, in this case, rural areas and rural communities, and worked forward from that, we would have a far better-quality plan”.³⁴⁹

414. **Neighbourhood planning is of crucial importance in a place-based approach to rural economies. While it is a valuable tool, however, its take-up has been patchy, often in ways which reflect existing economic inequalities. It also risks being undermined where local authorities do not have adequate housing sites in place and so Neighbourhood Plans may be overridden in favour of the Presumption in Favour of Sustainable Development.**

415. *Government should proactively encourage uptake of neighbourhood planning, particularly in areas with lower levels of civic engagement. This should be done through support to local authorities, and engagement and training for community leaders and organisations through bodies such as Locality. Those local authorities that have promoted neighbourhood planning across their geographic areas could be treated as exemplars and encouraged to share good practice.*

416. *While recognising the need for sustainable development and adequate housing land supply, the overriding of neighbourhood plan policies in planning decisions where there is found to be a shortage of local housing sites can undermine faith in the development system. There should be a five-year protection of ‘made’ neighbourhood plans which presumes against their being overridden in all but the most exceptional circumstances.*

Rural workspaces

417. Finally, the issue of affordable rural workspaces and their relationship to the planning system was raised in evidence. It was noted that individuals who launched businesses from home often found it hard to find affordable rural office space if they were looking to expand their businesses. It is not clear that the planning system or the market has kept pace with changing working patterns and with increasing demand for flexible and rural affordable working spaces, and this is placing constraints on rural economies.

418. Professor Michael Dower stated that “a crucial need, in many rural areas, is for the provision of workspace in order to enable existing enterprises to grow, to accommodate new locally-grown enterprises, and to attract companies from elsewhere and inward investment”. He added that 30 years ago, new rural workspaces would often be provided by local authorities or the Rural Development Commission. Now, such developments were largely left to the market, but despite the fact that land was allocated for commercial use, “this land is very often left undeveloped, because landowners often prefer to get a higher or easier return from residential development, or the infrastructure costs are too high and the return on investment is uncertain”.³⁵⁰

349 [Q 147](#)

350 Written evidence from Prof Michael Dower ([REC0062](#))

419. Prof Dower proposed that there should be “unambiguous zoning of land for employment use”, to remove the ‘hope value’ element offered by residential use and that there should be proactive liaison between local authorities and potential commercial site developers.³⁵¹
420. During our visit to South Yorkshire, it was noted by attendees to our roundtable event that, in poorer areas, property developers were not interested in smaller floorspace developments for SMEs because additional costs are not reflected in the rental value and they are therefore seen as being risky and unviable.
421. Arts Council England called for the creation of “digital enterprise hubs” in rural towns “which business can use or visit for better connectivity, start-up workspace, hot-desk space and digital training”.³⁵² Swindon and Wiltshire LEP informed us that Wiltshire Council had sought to increase affordable workspace through an initiative named The Enterprise Network, which “provides a network of rural and urban based Enterprise Centres, providing start-up and grow-on space for micro and small businesses as well as light industrial units”.³⁵³
422. Class Q Permitted Development Rights, which enable the conversion of barns to residential use without the need for planning permission, are another example where planning legislation has been skewed in favour of development without regard for other economic consequences. We agree with Professor Gavin Parker who stated that as a result of these rights “there is a potential net loss of possible future employment sites, which is key within the rural economy”. Not only may the rural economy suffer, but these rights can lead to inappropriate development in rural areas.³⁵⁴
423. ***The Government should take proactive steps to support the delivery and maintenance of affordable rural working spaces. In particular, it must review incentives and planning rules in relation to smaller floorspace developments and promote good practice initiatives such as flexible workspaces at rural enterprise hubs. It should also undertake an urgent review of the impact of Class Q Permitted Development Rights on the availability of rural employment space. In addition, Local Enterprise Partnerships should be tasked with ensuring economic development is not constrained by the lack of available work places and should work closely with planning authorities to facilitate this.***

351 *Ibid.*

352 Written evidence from Arts Council England ([REC0151](#))

353 Written evidence from Swindon and Wiltshire Local Enterprise Partnership ([REC0139](#))

354 [Q 149](#)

CHAPTER 6: ACCESS TO SKILLS AND RURAL BUSINESS SUPPORT

Introduction

424. Locating and sustaining a business in rural areas presents both opportunities and challenges. We have already discussed, for example, the challenges of poor connectivity (see Chapter 4). In this chapter we turn our attention to a range of challenges that rural businesses face and which we place under two broad categories: access to skills and rural business support. As with other topics discussed in this report, these issues will be integral to a rural strategy.
425. This chapter is divided into five sections. Before we look at access to skills and rural business support, the first section takes a step back to identify characteristics of rural businesses and key challenges. The second section provides an overview of the Industrial Strategy, which sets out the Government's overarching plans for boosting productivity and growth and includes a range of initiatives that will impact directly on rural businesses. In the third section we turn our attention to issues around access to skills, including access to education, careers advice, apprenticeships, local delivery of education and training in rural areas and access to migrant workers. This section will also look at the potentially significant role of the proposed Skills Advisory Panels. The fourth section looks at rural business support covering access to advice, rural growth networks, business rate relief policies, challenges around diversification, and access to finance. The final section considers what this all means on the ground by looking at tourism and the creative industries sectors in rural areas.

Characteristics of rural businesses and challenges

426. There were 547,000 businesses registered in rural areas in England in 2016/17, accounting for 24 per cent of all registered businesses and employing 3.5 million people (13 per cent of all those employed by registered businesses in England).³⁵⁵ As mentioned in Chapter 1, rural areas have proportionately more small businesses than urban areas and although agriculture has a significant physical presence in rural areas, it is just one part of a diverse rural economy. The Federation of Small Businesses highlighted that the overwhelming number of businesses in rural areas are SMEs, including sole traders.³⁵⁶
427. Prof Phillipson noted that distinctive challenges facing rural businesses include their “thinner labour market”, constraints in relation to local markets and “issues of sparsity in business networking”.³⁵⁷ He added that small businesses also often struggle with “regulation ... the complexities and challenges of tax issues and [national insurance] ... staff recruitment and skills issues, finance and the availability of premises to grow their businesses”.³⁵⁸
428. A number of witnesses were keen to emphasise that many of the challenges faced by rural businesses were also faced by rural communities as a whole.

355 Department for Environment, Food and Rural Affairs, *Rural businesses* (22 February 2018) p 1: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/682985/Businesses_February_2018_Digest.pdf [accessed 15 April 2019]

356 Written evidence from Federation of Small Businesses ([REC0162](#))

357 [Q 23](#)

358 [Q 25](#)

These included lack of affordable housing, inadequate public transport, poor access to education and training, and a thin jobs market. The Federation of Small Businesses told us that rural businesses “are unfairly penalised by inadequate infrastructure, from poor roads to poor mobile and broadband connections which prevent growth and investment”.³⁵⁹ Sarah Severn of Defra told us that when talking to SMEs and other rural stakeholders the issues which most frequently came up in terms of the support they needed were digital connectivity, access to skilled workers, improved transport and business support.³⁶⁰

429. A connection was also made by several witnesses between the difficulty that rural businesses face recruiting and retaining skilled staff and the poor provision of essential services for attracting young people to live and work in rural areas. The Prince’s Countryside Fund noted that without infrastructure, housing, schools and other services, attracting jobs and businesses becomes very difficult.³⁶¹ ACRE told us that young people “can often feel driven away” from their local community by a lack of affordable housing, jobs and a need to move away to access post-16 education.³⁶²

The Industrial Strategy

430. Boosting productivity is at the core of the Government’s Industrial Strategy. It seeks to tackle the “long-tail of underperformance” of UK businesses, which is holding back UK growth, wages and living standards.³⁶³ The Strategy identifies “five foundations of productivity”—ideas, people, infrastructure, business environment and place, and sets out a mix of policy interventions to address each of these. These include increasing the National Productivity Investment Fund, investing in digital connectivity, creating a new National Retraining Scheme, conducting a review of business productivity and new investment into research and innovation. Each LEP is expected to develop and agree with Government a Local Industrial Strategy to ensure local delivery.

Skills

431. The National Retraining Scheme will support people to re-skill, beginning with a £64 million investment for digital and construction training, and outlines plans to invest in skills to support growth and tackle regional differences in skills. Sam Lister from BEIS told us that “unquestionably, the skills challenge is massive; it is very significant”. He noted that it was no coincidence that so many of the policies listed in the Industrial Strategy are being led by the Department for Education.³⁶⁴
432. We also heard from BEIS that the Business Productivity Review is looking at “the long tail and the fat middle”, meaning the long tail of small underperforming businesses and the “very large quantity” of SMEs which “tick over” year to year without going out of business but also without being especially productive. Mr Lister saw this as “a very significant rural issue”

359 Written evidence from Federation of Small Businesses ([REC0162](#))

360 [Q 5](#)

361 Written evidence from The Prince’s Countryside Fund ([REC0063](#))

362 Written evidence from ACRE ([REC0068](#))

363 Department for Business, Energy and Industrial Strategy, *Industrial Strategy: Building a Britain fit for the future* (28 June 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf [accessed 15 April 2019]

364 [Q 49](#)

and one which the Review would provide recommendations for addressing.³⁶⁵ Defra told us that the Business Productivity Review’s recommendations “will be particularly relevant to the rural economy, given the high proportion of SMEs in rural areas”.³⁶⁶

Research and innovation

433. Research and innovation are another integral part of the Industrial Strategy with potential to impact rural businesses significantly. Under the Industrial Strategy the Government has set up a Challenge Fund, which is part of its £4.7 billion investment in research and development over four years and is part of the National Productivity Investment Fund. The Challenge Fund is delivered by UK Research and Innovation (UKRI), the national funding agency for investing in science and research in the UK.
434. Joe Manning, Deputy Director of Local Industrial Strategies at BEIS, told us there were several exciting developments being taken forward under the Government’s innovation agenda in rural areas.³⁶⁷ However, Prof Phillipson told us that rural areas “should be a much more prominent focus” in the Industrial Strategy and in terms of its innovation agenda, especially given that they are facing key challenges around mobility and ageing and great opportunities around the role of rural in clean growth strategies.³⁶⁸
435. The NFU felt that innovation in new agricultural technologies as outlined in the Industrial Strategy represented “a significant potential area for growth”, noting advances in biological and chemical sciences and engineering with “significant possibilities” arising from “data science, analysis of very large data sets, and software design”. It noted, however, that tapping into the opportunities requires new knowledge and skills to be adopted along with investment in new equipment.³⁶⁹ Like the NFU, Staffordshire County Council saw the potential for growth in the take-up of new technology in farming as a key way to improve productivity and saw this as a way to help rural economies move away from a reliance on low-skilled, low-wage labour.³⁷⁰

365 [Q 47](#)

366 Written evidence from Defra ([REC0146](#))

367 [Q 51](#)

368 [Q 30](#)

369 Written evidence from NFU ([REC0077](#))

370 Written evidence from Staffordshire County Council ([REC0073](#))

Figure 23: Farming productivity is being aided by the deployment of new technologies



Source: PxHere, unnamed image: <https://pxhere.com/en/photo/525955> [accessed 4 April 2019]

436. At the NFU Conference in February 2019, the Secretary of State noted that farming is “being transformed by technologies” and suggested that investment in R&D to tap into these developments “will make individual farm businesses more productive” and encourage “collaboration and cooperation in the adoption of new technologies”.³⁷¹

Sector deals

437. Another key component of the Industrial Strategy is the proposal for Sector Deals. As noted in Chapter 3, these are partnerships between government and industry focused on boosting productivity in that sector. These are not only about investment and growth but also about ensuring that there is a skilled, diverse workforce for the future. There are eight sector deals in place with others including a Food and Drink Sector Deal and Tourism Sector Deal under negotiation.³⁷²
438. The Food and Drink Sector Deal, for instance, aims to target 97 per cent of food and drink manufacturers that do not actively take advantage of export markets. Three key actions proposed in the deal are the creation of a food and drink export portal, the creation of a market research unit and the provision of market access assistance to help businesses target markets that

371 Rt Hon Michael Gove MP, ‘A World to Win’: Speech to National Farmers Union, 19 February 2019: <https://www.gov.uk/government/speeches/a-world-to-win> [accessed 15 April 2019]

372 As of December 2018, there are Sector Deals for Life Sciences, Automotive, Creative Industries, Artificial Intelligence, Construction, Nuclear, Aerospace, and Rail. See Department for Business, Energy and Industrial Strategy, ‘Introduction to Sector Deals’ (updated 6 December 2018): <https://www.gov.uk/government/publications/industrial-strategy-sector-deals/introduction-to-sector-deals> [accessed 15 April 2019]

offer excellent opportunities but can be difficult to access such as China, India, Japan, USA and UAE.³⁷³

The Industrial Strategy and rural businesses

439. We asked our witnesses whether the Industrial Strategy is likely to deliver the support that rural businesses need. Ruby Peacock of the Federation of Small Businesses welcomed the focus in the Industrial Strategy on technical education, leadership and management skills, and support for innovation. She told us that “new-to-firm” innovation, such as new systems, is “particularly important” for driving up productivity.³⁷⁴ John Mortimer of the Swindon and Wiltshire LEP said he particularly liked the Government’s vision on innovation as set out in the Strategy.³⁷⁵
440. However, Graham Biggs of the Rural Services Network warned that “a lot of business activity in rural areas” is “unseen by policymakers” by nature of their small size and is “being ignored in the Industrial Strategy”.³⁷⁶ James Alcock of the Plunkett Foundation expressed disappointment “that rural was not really differentiated” in the Industrial Strategy and that community businesses were not mentioned at all.³⁷⁷
441. **We welcome the Industrial Strategy’s emphasis on skills, research and innovation and its support for Sector Deals. We see potential for Sector Deals to help boost the rural economy provided they are properly rural proofed and successfully implemented. There is a lot in the Industrial Strategy that is very relevant to rural businesses with the potential to provide a real boost for productivity and growth.**
442. *We particularly welcome the development of local industrial strategies, which will be crucial for ensuring that rural needs are part of the wider plans for local delivery. We stress the need for all local industrial strategies to be fully rural proofed.*
443. *The Business Productivity Review has the potential to genuinely help rural businesses tackle low productivity and find solutions to boost their businesses. Given that so many SMEs are based in rural areas, it is essential that the Review make rural considerations paramount and that it too should be rural proofed.*

Access to skills

444. In this section we look at issues around access to skills for rural businesses. This includes access to education; careers advice; higher education; apprenticeships; local delivery of education and training, including the role of Skills Advisory Panels; and access to migrant workers.
445. Although there is a greater proportion of rural residents with high level qualifications and skills compared to urban areas, this presents a skewed picture because many people in rural areas commute to urban areas for work. According to Defra, “in terms of where people work, the proportion

373 Food and Drink Federation, ‘Food and Drink Manufacturing Sector Deal Proposal’: <https://www.fdf.org.uk/food-and-drink-manufacturing-sector-deal.aspx> [accessed 15 April 2019]

374 [Q 167](#)

375 [Q 111](#)

376 [Q 83](#)

377 [Q 167](#)

of skilled workers is higher in urban workplaces than in rural workplaces, suggesting that higher skilled jobs tend to be in urban areas”.³⁷⁸

446. We heard evidence that issues around access to education and training in rural areas can make it difficult for businesses to recruit the skills they need. Ruby Peacock from Federation of Small Businesses cited their own research which found that “a third of small businesses” which had tried to recruit staff in the last 12 months had been unable to find someone with the right skills, and that skills shortages were especially acute in skilled trades such as construction.³⁷⁹

Access to education

447. Several witnesses identified poor transport as a key issue around accessing education. Jeremy Leggett told us that students in rural areas are doubly disadvantaged: first by lacking transport options to access post-16 education, and then by the limited number of institutions and courses on offer in rural areas.³⁸⁰ Derbyshire Rural and Farming Network suggested that there are lower levels of apprenticeship take up in rural areas by comparison with urban areas partly because of poor public transport.³⁸¹ We also heard that lack of transport can affect access to employment, particularly for young people.
448. Two main solutions were put forward for improving access to education and work: initiatives such as ‘Wheels to Work’ (and ‘Wheels to College/Training’) and improvements to bus services. (Further issues around rural transport are discussed in Chapter 7)
449. Several witnesses mentioned the success of the Wheels to Work initiative, a vehicle loan scheme (mostly scooters and mopeds) aimed at supporting young people in rural areas gain access to education and employment. Lord Cameron of Dillington said that the scheme had been very successful in enabling young people without access to vehicles to secure employment or education opportunities.³⁸² However, the Centre for Rural Economy told us that Wheels to Work schemes were often reliant on short-term funding.³⁸³

Box 18: Wheels to Work and Training

Rural Action Derbyshire told us of their Wheels to Work scheme which is a moped hire scheme for people aged 16-60. From 2013–2017 the scheme provided 391 clients with a moped, 546 with bicycles and provided 108 children with initial transport costs to enable them to access work and training. The scheme is supported by the local authority and has received funding from Big Lottery. An independent evaluation suggested that the scheme delivered £5 for every £1 invested in benefits to clients, tax payers and the environment and had exceeded expectations.

378 Written evidence from Defra ([REC0146](#))

379 [Q 165](#)

380 [Q 38](#)

381 Written evidence from Derbyshire Rural and Farming Network ([REC0101](#))

382 [Q 18](#)

383 Written evidence from Centre for Rural Economy ([REC0100](#))

Leicestershire Rural Partnership told us about their local Wheels to Work scheme. Between April 2017 and March 2018, 31 clients took advantage of the scheme, of whom over 55 per cent were aged between 16 and 24, 80 per cent were male and 38 per cent joined the scheme through word of mouth. Access to employment was the biggest reasons for joining the scheme at 85 per cent, apprenticeships 12 per cent and higher education 3 per cent.

In Ryedale District, the local community set up the Ryedale Community Transport (RCT) to meet local transport needs, including development of a successful Wheels to Work scheme for local young people to access work and educational opportunities using rentable mopeds. Users have reported positively on the scheme.

Source: Derbyshire Rural and Farming Network ([REC0101](#)), Leicestershire Rural Partnership ([REC0106](#)) and Community Transport Association ([REC0160](#))

450. John Birtwistle, Head of Policy for UK Bus at FirstGroup plc, was less in favour of wheels to work and education schemes on the basis that they reduce the number of bus users which can impact on the sustainability of routes on which many people, including students, might rely. He told us rural areas are very reliant on public transport for access to education and training. He argued that rural areas are vulnerable to a vicious cycle whereby poor access to public transport encourages more people to drive, which in turn reduces bus usage which can impact the viability of certain routes, resulting in poor access to public transport and more people turning away from using buses.³⁸⁴
451. ***Bus routes remain an essential service for people needing to access education and training. We would encourage education institutions, local authorities and bus service providers to cooperate on exploring public transport solutions for getting students to local education institutions.***
452. ***Although we recognise the concern of bus service providers, we still see merit in initiatives such as “Wheels to Work” and training. Government should work with LEPs and local authorities in seeking to reinvigorate these types of programmes, with a focus on securing longer-term funding and more comprehensive coverage for people needing to access employment and education.***

Careers advice

453. Careers advice for students and information sharing between education institutes and rural businesses was also put forward as an area that needs more attention. Dorset Councils Partnership argued in favour of ensuring that schools and colleges provide guidance on career choices.³⁸⁵ During our visit to Herefordshire we heard that too much emphasis was given to passing exams rather than on future careers. Frank Myers, Chair of the Marches LEP Business Board, told us that much more needed to be done to help students think about the relevance of what is being taught in schools to future career options.³⁸⁶
454. BSW Timber, a family-owned integrated forestry business, suggested that businesses should be given the opportunity to contribute to the careers advice

384 [Q 198](#) and [Q 205](#)

385 Written evidence from Dorset Councils Partnership ([REC0071](#))

386 See Appendix 6, Note of Committee Visit to Herefordshire: Wednesday 12 September 2018.

schools offer their students. In this way, it argued, young people could learn early on in their education what kind of opportunities the local area offers.³⁸⁷ George Dunn of the Tenant Farmers Association told us that encouraging more people to work in the agricultural sector could be achieved by providing education, work experience opportunities and funding for colleges.³⁸⁸

455. Dr Willett of the Department of Politics at the University of Exeter argued that there was a need to share information in rural areas more effectively and that one straightforward way to do this would be to provide information about local skills gaps and training routes, which would enable school children and adults to improve their understanding of career choices in the context of all local opportunities.³⁸⁹
456. We note that the Government has announced the introduction of T levels for post-16 students. T levels will be two-year courses and will provide students with a mixture of school learning and work experience to equip students with the experience to pursue skilled employment, further study or a higher apprenticeship. Among the list of T level courses are two land-based courses—agriculture, land management and production, and animal care and management—which could potentially offer a valuable route to land-based careers. The first T level programmes will start from September 2020; the two land-based courses are scheduled to be rolled out “from 2022 onwards”.³⁹⁰

Higher education

457. Cornwall Council provided a positive example of the role that universities can play in rural areas. It told us that universities operating in Cornwall—Falmouth University, University of Exeter, and University of Plymouth—have had a major impact as “anchor institutions”, boosting Cornwall’s Gross Value Added (GVA) and providing research facilities and opportunities for business collaboration. It also noted that incubation facilities (with funding from the EU) have been able to provide opportunities for students to develop their business ideas locally.³⁹¹ During our visit to Herefordshire, we heard about the Council’s plans to establish a local university which it expected would enable students to study locally.³⁹² We also heard about a similar proposal to establish a university in Somerset.³⁹³
458. Councillor Mark Hawthorne of the Local Government Association, however, was not convinced that the potential of local universities was being reached everywhere. He told us there is a “real disconnect” between what is provided in terms of education and training and what is needed and that, for example, in places like Gloucestershire higher education and further education institutions “are not necessarily in tune with what the local economy is producing”.³⁹⁴

Apprenticeships

459. In 2015 the Government set a target of having 3 million new apprentices by 2020. There were 375,800 apprenticeship starts reported for the 2017–18

387 Written evidence from BSW Timber ([REC0105](#))

388 [Q 154](#)

389 Written evidence from Dr Joanie Willett ([REC0030](#))

390 Department for Education, ‘Introduction of T Levels’: <https://www.gov.uk/government/publications/introduction-of-t-levels/introduction-of-t-levels> [accessed 15 April 2019]

391 Written evidence from Cornwall Council ([REC0039](#))

392 See Appendix 6, Note of Committee Visit to Herefordshire: Wednesday 12 September 2018.

393 Written evidence from Councillor Andrew Hadley ([REC0061](#))

394 [Q 98](#)

academic year. This compares to 494,900 and 509,400 starts reported in the equivalent period in 2016/17 and 2015/16 respectively.³⁹⁵

460. In the 2018 Budget the Government announced a package of reforms to the apprenticeship scheme including the provision of up to £5 million to the newly formed Institute for Apprenticeships and National Apprenticeship Service in 2019–20 to identify gaps in the training provider market and increase the number of employer-designed apprenticeship standards available to employers. All new apprentices will start on these new courses from September 2020.³⁹⁶ It is hoped that the work of the Institute for Apprenticeships in ensuring quality throughout the apprenticeship system will benefit rural areas and the economy.
461. Witnesses saw several problems with the apprenticeship system. The Centre for Rural Economy argued that apprenticeship criteria often favour larger firms, making it difficult for rural SMEs to host apprenticeships.³⁹⁷ It also advocated changing the age limits on apprenticeships, telling us that there is a higher proportion of older people in rural areas with some industries attracting working age people at a later stage in their careers.³⁹⁸

Box 19: UK Research and Innovation support for apprenticeships

UK Research and Innovation (UKRI) told us that the UK's Research Councils and institutes they support are well placed to inform and drive the development of technical and apprenticeship programmes in specific sectors and disciplines. For example:

- The Science and Technology Facilities Councils are working with the UK Atomic Energy Authority and Oxfordshire Advance Skills to train apprentices in engineering and advance manufacturing at its training centre in Culham. Over 150 apprentices have been trained since 2015, going on to work at STFC's sites and industrial employers in rural Oxfordshire;
- The Medical Research Council has been developing trailblazer apprentice programmes in animal technology, with support from major employers in the field, and has supported the development of the Bio-Informatics apprenticeship standard;
- The Catapult centres, a network of centres designed to transform the UK's capability for innovation and drive economic growth, train hundreds of apprentices and doctoral students. For example, in 2017 the Cell and Gene Therapy Catapult was awarded £1.5 million from the Industrial Strategy Challenge Fund to develop a first-of-its-kind apprenticeship in Advanced Therapy Medicinal Products.

Source: Supplementary evidence from UKRI ([REC0196](#))

395 Department for Education, *Apprenticeship and levy statistics: December 2018*, (20 December 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766962/Apprenticeship-and-levy-statistics-December-2018-2.pdf [accessed 15 April 2019] The Government has urged that caution be used in comparing the numbers pre and post introduction of the apprenticeship levy as such a significant change is likely to impact on apprenticeship starts as employers get used to the new system.

396 HM Treasury, *Budget 2018* (29 October 2018) p 75: <https://www.gov.uk/government/publications/budget-2018-documents/budget-2018> [accessed 20 April 2019]

397 Written evidence from Centre for Rural Economy ([REC0100](#))

398 *Ibid.*

462. Jo Bruce, Director of UK Rural Skills, felt that there is a “stigma” attached to apprenticeships that they are of less value than attending university.³⁹⁹ She expressed concern that too many students were being pushed towards higher education and not provided with enough information about alternative career paths such as apprenticeships and other qualification routes.⁴⁰⁰ Angela Joyce, Principal and CEO of Warwickshire College agreed saying there is “a huge misunderstanding and misperception” around apprenticeships and that a lot of work needs to be done “to generate a parity of esteem”.⁴⁰¹

Apprenticeship levy

463. As of May 2017, the apprenticeship scheme introduced an apprenticeship levy on UK employers to fund new apprenticeships. Under the terms of the levy, an employer must pay the levy each month if they have an annual pay bill over £3 million or are connected to other companies or charities for Employment Allowance which in total have an annual pay bill of over £3 million. Employers with an annual pay bill of £3 million or less pay no levy. From May 2017, employers not paying the levy, who offer apprenticeships to 16 to 18-year olds, receive 100 per cent of the cost of the training from the Government, up to the maximum funding bands. Employers have to pay for those aged 19 and over and the Government will pay the remaining 90 per cent, up to the maximum funding bands.⁴⁰² The Government also recently changed the limit on the amount of Apprenticeship Levy that large employers were able to transfer to smaller companies from 10 per cent to 25 per cent.
464. Sam Lister of BEIS noted that for SMEs, “the Government is carrying most of the burden” of the funding. Ruby Peacock of the Federation of Small Businesses also supported this, telling us that “the vast majority” of its members do not pay the apprenticeship levy.⁴⁰³

Land-based apprenticeships

465. Several witnesses called for more Government support for land-based apprenticeships to support rural business growth and employment opportunities. There are currently 37 apprenticeship standards in the fields of agriculture, environment and animal care but only 17 of these are approved and the remaining 18 are still in development.⁴⁰⁴

399 [Q 249](#)

400 *Ibid.*

401 [Q 250](#)

402 ‘Apprenticeship levy: Everything you need to know’, *The Independent* (5 April 2017): <https://www.independent.co.uk/news/business/news/apprenticeship-levy-schools-hmrc-government-need-to-know-business-a7667886.html> [accessed 15 April 2019]

403 [Q 166](#)

404 Written evidence from Landex ([REC0122](#))

Box 20: Increasing apprenticeships in National Parks

National Parks England noted that the Government's 8 Point Plan for National Parks England included a target to double the number of apprenticeships within National Parks by 2020 and to raise apprenticeship standards. It noted that figures for March 2018 showed that there has been a 91 per cent increase in the number of apprenticeships and that the number of National Park Authorities (NPAs) hosting an apprenticeship has doubled since 2016. It also drew attention to the Countryside Worker apprenticeship scheme developed by an employer group led by the North York Moors NPA. It noted that since April 2018 it has been possible for apprenticeship levy-paying employers to transfer funds to other employers to pay for training and assessment for apprenticeship standards and suggested that it would be worth exploring whether suitable employers would transfer funds to National Parks to support the provision of apprenticeships for young people in remote rural areas.

Source: Written evidence from National Parks England ([REC0161](#))

466. The Countryside Alliance called for encouragement of more land-based education, including land-based apprenticeships.⁴⁰⁵ However, Angela Joyce told us that affordability can be a real barrier for land-based SMEs to offer apprenticeships. She told us:

“It is sometimes a challenge for colleges to get together a viable group of apprentices. While the apprenticeship might well be work-based in the main, there will likely still be some college time. If you have an SME wanting one apprentice, not every college can afford to train that one apprentice on his or her own”.⁴⁰⁶

467. Jo Bruce of UK Rural Skills also highlighted some of the challenges of offering land-based apprenticeships. She told us:

“From a farming point of view, it is time. It is not cost. Time is the most valuable asset. From an apprenticeship point of view, at least 20 per cent of an apprenticeship has to be learning with somebody. It is not working. It is learning. To have that one-to-one mentoring is really difficult from a farmer point of view. ... How do you get the message across that, without reinvesting in our young people and giving them this time, there will be nobody to do these jobs in the future?”⁴⁰⁷

468. ***The current criteria of the apprenticeship scheme often favour large firms, making it difficult for rural small businesses to host apprentices. Government should review the funding arrangements of the Apprenticeship Levy to make it easier for small businesses to engage.***
469. ***There are opportunities to support new land-based apprenticeships and a further increase in the amount of Apprenticeship Levy that may be transferred from large to small firms should be considered.***

405 Written evidence from Countryside Alliance ([REC0112](#))

406 [Q 249](#)

407 *Ibid.*

Local delivery of education and training

470. Several witnesses felt that skills delivery is too centralised and does not engage enough with local government or other stakeholders.
471. Councillor Mark Hawthorne, of the Local Government Association, told us about research conducted by the LGA which found that there are around 20 different national systems in place across eight Government departments, spending about £10 billion a year (2016/17) with no duty to discuss with councils how provisions will be delivered on the ground. He criticised its over-centralisation which requires local authorities to bid for funding, telling us, “you can bet your bottom dollar that it will be rural areas that lose out”.⁴⁰⁸ The District Councils Network also criticised the over-centralisation of the system, telling us that it is failing to have an impact on the varying social and economic challenges faced by rural economies. It added that “the need for greater skills identification and training should be delivered by authorities that are closest to local business and that have the greatest understanding of specific labour requirements” in the local area.⁴⁰⁹
472. Councillor Hawthorne saw devolution deals as a way forward but expressed frustration that devolution deals “never arrived for rural localities”. He told us that, although devolution deals all differ from each other, devolution of responsibility for transport, business support and further education appear to be common to all, and suggested that rural areas would also benefit from devolution of such powers.⁴¹⁰
473. While noting these criticisms, we are aware that the Industrial Strategy and associated changes such as the establishment of Skills Advisory Panels (discussed below) are expected to address at least some of these concerns.

Skills advisory panels

474. As mentioned, LEPs are expected to develop local industrial strategies to inform local delivery of the Industrial Strategy. As part of this process LEPs are also being asked to establish Skills Advisory Panels (SAPs), to build an evidence base that will inform the analysis that feeds into local industrial strategies. Almost all LEPs and Mayoral Combined Authorities have an employment and skills sub-board and it is expected that, where these exist, they will take on the function of SAPs.
475. SAPs aim to bring together local employers, universities, colleges and other skills providers to conduct analysis and pool knowledge on skills and labour market needs. Each SAP will get £75,000 to grow their analytical capability and will be expected to agree local skills needs priorities and to determine how these will be met through local provision. Membership of the SAPs should include all types of skills providers, employers from both large and small enterprises and both private and public sectors, the voluntary and community sector and other key local stakeholders (including at least one local authority for areas outside of Greater London and without a Combined Authority Mayor).⁴¹¹

408 [Q 98](#)

409 Written evidence from District Councils Network ([REC0126](#))

410 [Q 98](#)

411 Department for Education, *Skills Advisory Panels: Guidance on the Role and Governance* (December 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/762629/Skills_Advisory_Panels-Guidance_on_the_Role_and_Governance.pdf [accessed 15 April 2019]

476. Sam Lister of BEIS told us that SAPs are fundamental to how the Industrial Strategy and local industrial strategies are expected to be rolled out at the local level. Professor Melanie Welham of UK Research and Innovation echoed this view, telling us that the SAPs are part of the Government's broader agenda to ensure that the UK has the skills and qualified individuals to deliver on the ambitions set out in the Industrial Strategy.⁴¹²
477. Angela Joyce, of Warwickshire College, told us that SAPs could prove beneficial provided they built on existing structures, tapped into the expertise that Colleges already have in curriculum planning and their knowledge of labour markets and that they created a "link with other sector-based groups" to support local, evidence-led decision making.⁴¹³
478. **We agree that the current skills system is too centralised and that the dilution of funding streams over multiple Government departments is unhelpful. In this regard, devolution of funding for skills training is welcome and we are encouraged by the possibility for change through the development of local industrial strategies and the establishment of Skills Advisory Panels.**
479. *There should be particular focus on rural skills within local industrial strategies. This could include improvements to the accessibility of training, measures to support rural apprenticeships, and schemes to make further education options more accessible. For this purpose, Skills Advisory Panels must have sufficient influence within LEPs.*
480. *We see potential in the proposed Skills Advisory Panels. In conducting their analysis on local skills and labour market needs, Skills Advisory Panels should also seek to:*
- *Address careers guidance as part of their remit, not least to point to the changes in land-based occupations which now require higher skills and offer good career opportunities*
 - *Provide guidance on pathways for potential students, trainees, apprentices and employers explaining the range of funding streams available. This would help to overcome the complexities of the current system and before rationalisation—which we think should happen—is introduced;*
 - *Identify ways in which rural businesses can be linked more closely to schools, colleges and universities and for these groups to collaborate more effectively when designing courses; and*
 - *Improve remote access to further education college courses.*

Migrant workers

481. Discussions on access to skills invariably led to witnesses expressing concern about access to migrant workers after the UK leaves the European Union (EU). The two sectors which came up most frequently in this context were agriculture and tourism, although we recognise that other sectors are also likely to be impacted including construction and the health and social care sectors.

412 [Q 246](#)

413 Supplementary written evidence from Warwickshire Colleges Group ([REC0186](#))

482. Minette Batters, President of the NFU, told us:

“Looking at the permanent sector, a vast proportion of our herdsmen, for instance, have come from the EU. We are predominantly foreign-owned processing, so anywhere between 55 per cent and 90 per cent of people working in our processing industry are from the [EU27]. We look at our meat official veterinarians, and 95 per cent of those are currently from the [EU27]”.⁴¹⁴

483. George Dunn of the Tenant Farmers Association told us that the situation of near full employment and the “cultural dislike” among British people of working in the horticulture, agriculture and food processing sectors make them reliant on migrant labour.⁴¹⁵ The NFU told us that another reason efforts to recruit local labour often failed was because most farms are located in rural areas with low unemployment, meaning that there aren’t enough local people to fill vacancies.⁴¹⁶

484. Gill Haigh of Cumbria Tourism told us that the tourism sector in Cumbria faced “a significant challenge” with a shortage of skilled labour and expressed concern about the impact of Brexit on their future ability to recruit labour from the EU.⁴¹⁷ She told us:

“As we go through our Brexit plans, it is really important to understand that, in somewhere like Cumbria, where we have a resident population of less than 500,000, with tiny proportions of unemployed in the main tourism areas, businesses will fail without that level of low-skilled support, as well as other levels of skills.”⁴¹⁸

485. Of considerable concern to the agriculture sector is the availability of seasonal workers post-Brexit. In September, the Home Secretary, The Rt Hon Sajid Javid MP, announced a two-year pilot programme to allow for the recruitment of 2,500 non-EU migrants a year to alleviate an anticipated shortage of seasonal workers after Brexit. Speaking at the NFU Conference on 19 February 2019, the Secretary of State noted that this scheme “has the potential to expand as the market requires in the future”.⁴¹⁹

486. The NFU, quoting figures from Defra, told us that there are 476,000 people employed on agriculture holdings in the UK, of which an estimated 67,000 are seasonal workers. The NFU believes this figure is a significant underestimate and that the horticulture sector alone needs 80,000 seasonal workers per year. The vast majority of agricultural seasonal workers currently come from the EU.⁴²⁰

487. George Dunn referred to the pilot seasonal agricultural workers scheme as “a good start” but noted that it “falls a long way short” of what is needed.⁴²¹ Minette Batters also saw it as a positive step but told us that the numbers in the pilot did not match demand.⁴²²

414 [Q 154](#)

415 [Q 154](#)

416 Written evidence from NFU ([REC0077](#))

417 [Q 114](#)

418 [Q 118](#)

419 Rt Hon Michael Gove MP, ‘A World To Win’: Speech to National Farmers Union, 19 February 2019: <https://www.gov.uk/government/speeches/a-world-to-win> [accessed 15 April 2019]

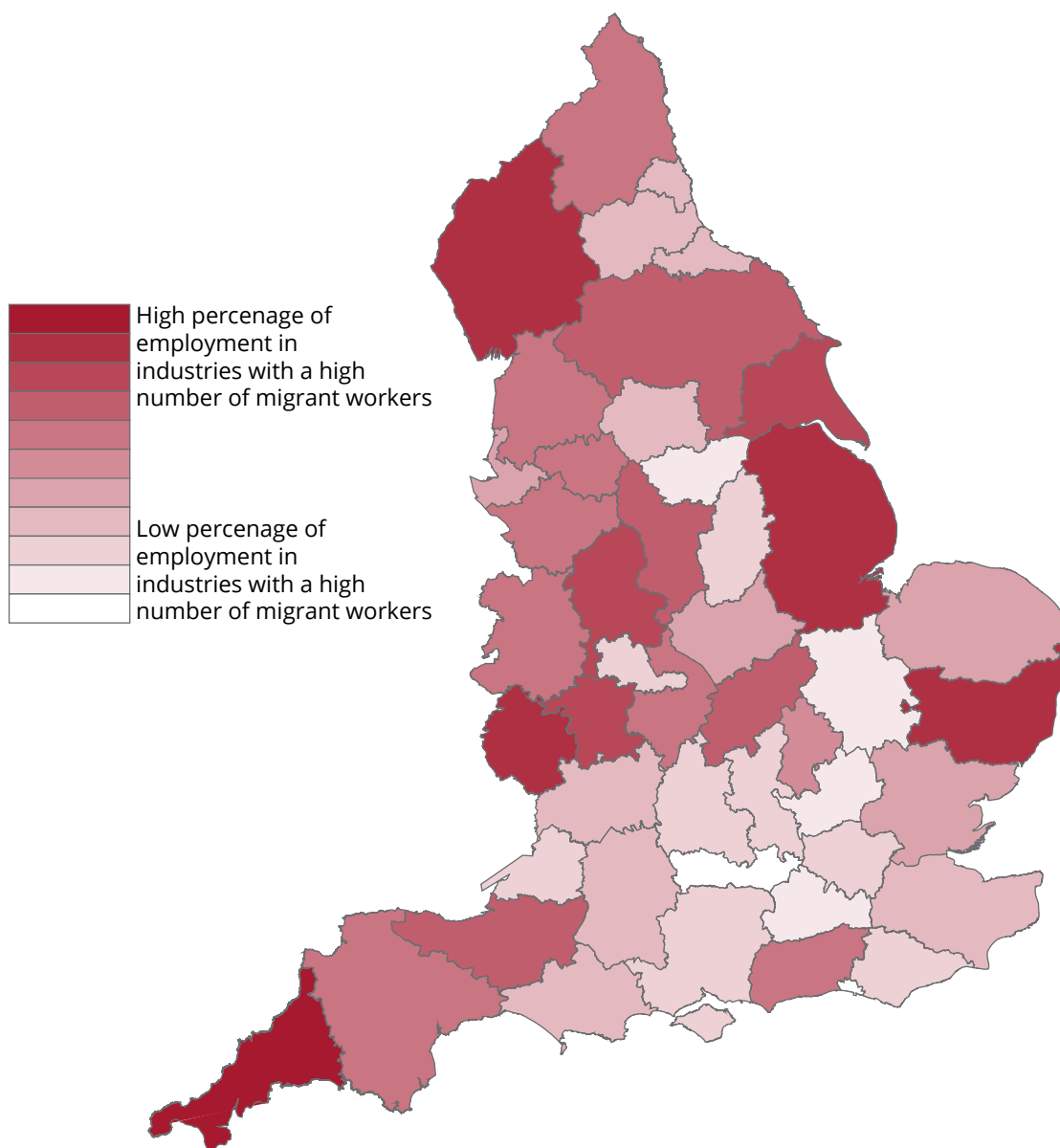
420 Written evidence from NFU ([REC0077](#))

421 [Q 154](#)

422 [Q 154](#)

488. *The Government's post-Brexit immigration proposals should be monitored to ensure that the employment needs of rural businesses, particularly for seasonal work, do not suffer.*

Figure 24: Map showing the exposure of England's 47 strategic authority areas to a post-Brexit Labour shortage



Source: Written evidence from County Councils Network ([REC0133](#))

Rural business support

489. In this section we turn our attention to the issue of rural business support, looking at access to advice, rural growth networks, business and rural rate relief policies, challenges around diversification, and access to finance.
490. Business support was a frequent theme of evidence. York, North Yorkshire and East Riding LEP described business support as “more complicated in rural areas” with businesses having to be more resilient and self-sufficient due to their geographic isolation.⁴²³ Prof Phillipson told us that a lot of

⁴²³ Written evidence from York, North Yorkshire and East Riding LEP ([REC0138](#))

business support measures “can almost implicitly disadvantage rural businesses because of their small size and dispersed distribution” and that it is common for rural firms to perceive, rightly or wrongly, that business support services are there for urban-based, higher growth, larger businesses, and not for them.⁴²⁴

491. Despite the challenges, many of our witnesses saw reasons to be optimistic about the prospects of rural businesses and saw plenty of potential growth areas. Several witnesses cited positive examples of rural business support arising from LEADER funding (see Chapter 2). Others, for example the Local Government Association, saw scope to improve exports and foreign direct investment for rural businesses by reforming the institutional landscape to make it less complex for businesses and investors.⁴²⁵ We have already noted elsewhere in this chapter that we welcome the goal of the Food and Drink Sector Deal to improve exports.

Access to advice

492. Witnesses told us that access to advice and sharing of good practice was important for supporting rural businesses. Cheshire West and Chester Rural Growth Board, an independent body which was set up to provide advice to the council on how best to invest in and support rural economic growth and development, noted that offering specialist advice to help identify alternative ways of operating or making changes to improve efficiency can make the difference between survival and going out of business.⁴²⁶
493. Anna Price, Director and Co-Founder of the Rural Business Group, told us that many rural small businesses do not necessarily know where to go to get support and can be turned off by too much “red tape”.⁴²⁷ Ribble Valley Borough Council cited a survey commissioned by Defra in 2013 which found that access to government business support programmes “may be improved if information and advice on how to apply for support is proactively provided... by a stable set of intermediaries”.⁴²⁸ A revitalised and digitised Market Towns Initiative (as discussed in Chapter 3) might play an important intermediary role in providing better access to business support for rural companies.

Rural growth networks

494. Rural Growth Networks (RGNs) were a pilot project which ran from October 2012 to September 2015, with £12.5m in funding from Defra and £1.6m from the Government Equalities Office. Delivered through LEPs, the pilots were set up in response to the Rural Growth Economy Review which identified barriers to rural economic growth.⁴²⁹ Five RGN pilots were established—in Cumbria, Heart of the South West (Devon and Somerset), North East, Swindon and Wiltshire, and Warwickshire. RGNs were not rolled out more widely following the project but some projects funded by the RGNs continue.

424 [Q 25](#)

425 Written evidence from the LGA ([REC0103](#))

426 Written evidence from Cheshire West and Chester Rural Growth Board ([REC0147](#))

427 [Q 162](#)

428 Written evidence from Ribble Valley Borough Council ([REC0152](#))

429 Department for Environment, Food and Rural Affairs, ‘Rural economy growth review’ (29 November 2011): <https://www.gov.uk/government/publications/rural-economy-growth-review> [accessed 15 April 2019]

495. The Centre for Rural Economy told us that RGNs were “a successful pilot ... that demonstrated practical ways in which the growth potential of rural businesses could be enabled via networks of Rural Enterprise Hubs”.⁴³⁰ An evaluation of the RGN pilots stated that they achieved most success in terms of improving business support, networking and training opportunities, and that they also increased the stock of business accommodation focused on start-ups and micro-enterprises.⁴³¹
496. The RGN in the North East is an exception in that it is the only RGN that was awarded continuation funding after the RGN pilots ended. Richard Baker from the North East LEP explained to us that £6 million had been invested into a rural growth network programme via their local Growth Deal allocation. Growth Deals are a partnership between the Government and LEPs where the Government will respond to offers made by LEPs for initiatives to boost growth. Community Action Northumberland referred to the North East RGN as “a great success”, noting particularly its Rural Business Support Programme.⁴³²
497. **Rural Growth Networks offer a promising way of ensuring that attention is given to rural economic growth and support. It is disappointing that this programme has not been rolled out more widely.**
498. *More local authorities should be encouraged to include the establishment of, and funding for, Rural Growth Networks in their Growth Deals.*

Business rates and rate relief

499. Witnesses raised two main concerns with regard to business rates: the high cost of rates and eligibility for rate relief.
500. Broadly speaking, business rates are calculated by multiplying the rateable value of a business property by a multiplier (expressed as pence per pound). There are two multipliers: the standard multiplier and a small business multiplier, the former being higher. Local authorities are responsible for collecting business rates and are able to retain a portion of the rates collected (retention of business rates is discussed in Chapter 3).
501. A revaluation of rateable values for calculating business rates was introduced from April 2017. Although there is a transitional scheme in place to support businesses affected by the revaluation, witnesses expressed concern about the burden rates place on rural businesses. The Countryside Alliance told us that “many small businesses” had faced rate rises by “as much as 300 per cent”, with businesses requiring a lot of space such as riding stables and garden centres being particularly affected.⁴³³
502. The Association of Convenience Stores expressed concern about the calculation of rateable value for convenience stores attached to rural petrol forecourts. Convenience stores operating on a forecourt face a rateable value calculation are based on turnover. This compares to other convenience stores whose rateable value is calculated on the size of the premises, in the

430 Written evidence from Centre for Rural Economy ([REC0100](#))

431 Written evidence from East Riding of Yorkshire Council ([REC0034](#))

432 Written evidence from Community Action Northumberland ([REC0049](#))

433 Written evidence from the Countryside Alliance ([REC0112](#))

same way as other business premises. The Association told us that this made rateable values significantly higher for convenience stores attached to petrol forecourts compared to other stores.

503. Some witnesses also felt that the current system fails to take account of the wider role that some rural businesses play in providing essential services and amenities to their local community. For example, we heard from Pub is the Hub that, although some rural pubs host the last remaining village store and post office or run community events, these are not factored into decisions on calculating rates or determining eligibility for relief.⁴³⁴
504. Rate relief for rural businesses is offered via business rate relief or rural rate relief.⁴³⁵ On the whole, small business rate relief and rural rate relief schemes were welcomed as policies that aid the viability of rural businesses. For example, South Lakeland District Council praised small business rate relief as “a genuine positive initiative that is well received”.⁴³⁶ However, some evidence indicated that the current rate relief system still does not take proper account of the challenges of rurality.
505. Small business rate relief is available to businesses whose property’s rateable value is less than £15,000 and where the business only uses one property.⁴³⁷ Businesses receive 100 per cent rate relief for properties with a rateable value of £12,000 or less. Properties with a rateable value between £12,000 and £15,000 face a rate of relief that is graduated from 100 per cent to 0 per cent.
506. Businesses are eligible for rural rate relief if they are located in a rural area with a population below 3,000 and it is either the only village shop or post office, with a rateable value of up to £8,500, or the only public house or petrol station, with a rateable value of up to £12,500.⁴³⁸ Under current law rural rate relief is 50 per cent. However, in practice it is 100 per cent. This is because the Government agreed from 2017–18 to offer 100 per cent relief and to compensate authorities for revenue foregone via a section 31 grant.⁴³⁹ The Local Government Finance Bill 2017 included a provision to set rural rate relief at 100 per cent but the bill failed to get approved before the 2017 General Election was called and has not been re-introduced.
507. **Many rural businesses operate in a different context, and with different challenges, to businesses in larger towns and urban centres. While rural rate relief and small business rate relief reflect these challenges to an extent, more could be done to reflect the challenges of rurality in business rate design.**
508. ***The Government should review the impact that the revaluation and current multiplier levels for business rates are having on rural businesses, particularly stables and garden centres. There is also an urgent need to review the impact of small business and rural rate***

434 Written evidence from Pub is the Hub (REC0085)

435 There are other forms of reliefs both mandatory and discretionary but here we are only focussing on small business and rural rate relief schemes.

436 Written evidence from South Lakeland District Council (REC0148)

437 When a business acquires a second property, they can keep getting any existing relief on the main property for 12 months and even after this if none of the other properties have a rateable value above £2,899 and the total rateable value of all properties is less than £20,000 (£28,000 in London). See: HM Government, ‘Business rates relief’: <https://www.gov.uk/apply-for-business-rate-relief/small-business-rate-relief> [accessed 15 April 2019].

438 Written evidence from Defra (REC0146)

439 Local Government Finance Act 2003, [section 31](#)

relief provisions on rural pubs, local shops and other businesses that may be providing essential services and amenities to the local community beyond their primary commercial activity.

Diversification

509. According to the Farm Business Survey results for 2017/18, the latest figures available, 66 per cent of farm businesses in England had some diversification activity in that year, an increase of 2 per cent from 2016/17. The main diversified activity is letting out buildings for non-agricultural use. Total income from diversified activities in 2017/18 was £680 million, an 8 per cent increase from 2016/17 (£620 million). Diversified enterprises accounted for 22 per cent of total farm business income in 2017/18 (£3,090 million), although there is wide variation between farms.⁴⁴⁰
510. We heard that diversification, particularly of farm businesses, has become much more common in recent years and has changed the nature of farm management. NFU Mutual, which insures around three quarters of farms in the UK, stated that many of its customers were looking at diversification as a way of increasing their revenues and protecting their businesses from market volatility.
511. However, we also heard of barriers to turning an idea for diversification into a reality. NFU Mutual told us that “not all farmers are well-equipped to plan, introduce and manage diversification”.⁴⁴¹ Christopher Price of the CLA and Rebecca Burton of the National Trust told us that farmers often need support to get a business diversification idea off the ground.⁴⁴²
512. George Dunn of the Tenant Farmers Association noted that there are often restrictions within tenancy agreements that prevent tenant farmers from diversifying their business. He told us that tenant farmers should have the right “to service a notice on their landlord to say they want to do something outside the scope of their tenancy agreement for public goods purposes or for diversification purposes, so long as the landlord has the opportunity to make a reasonable objection”. He acknowledged that this may require a change in the law.⁴⁴³ When debating the Agriculture Bill in November 2018, the Government agreed that tenancy reform is needed including in relation to tenancy agreements and announced that it was working on a draft consultation on tenancy law in follow up to recommendations made by the Tenancy Reform Industry Group in 2017.⁴⁴⁴

440 Department for Environment, Food and Rural Affairs, ‘Farm Accounts in England: Results from the Farm Business Survey 2017/18’, 13 December 2018, pp 18–19: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/763943/fbs-farmaccountsengland-13dec18.pdf [accessed 15 April 2019]

441 Written evidence from NFU Mutual ([REC0118](#))

442 [Q 37](#) (Christopher Price) and [Q 116](#) (Rebecca Burton)

443 [Q 159](#)

444 HC Public Bill Committee, 20 November 2018, [col 532](#)

Box 21: Diversification case studies: Bolesworth Estate and Caplor

Bolesworth Estate is a rural enterprise that includes farming, property, leisure and tourism, including the Cheshire Ice Cream Farm which operates from one of the Bolesworth sites and is a farm-based attraction which hosts Europe's largest ice cream parlour. This attraction employs over 70 people and supplies 1,000 pubs, restaurants and retail units throughout the UK and is one of the ten most visited free to enter sites in England.

Caplor is a third-generation family business based on a 300-acre family farm. Farming is now mostly outsourced to contractors, and there is a property business with multiple residential and property lets and a letter agency business in South Wales. Caplor's commercial focus is as regional market leader in renewable energy installation, mostly commercial but also some residential. Its main focus is Solar PV, and also offers other renewable solutions and consultancy. One of Caplor's branches is an independent charity which has been running since 2014 and which works with other NGOs with a focus on supporting organisations and developing capacity in leadership and management.

Source: Written evidence from Rural Solutions Limited ([REC0043](#)) and Appendix 6: Notes from Committee visit to Herefordshire, Wednesday 12 September 2018

513. We also heard that diversification can give rise to complex taxation issues. The law firm Mills & Reeve explained to us that agricultural property relief (APR) and business property relief (BPR) were the two main tax relief options for diversified farms. APR only applies to agricultural property while BPR applies to interests in, or assets used in, a predominantly (more than 50 per cent) trading business. It noted that, from a commercial perspective, it would usually make sense for a typical landed estate comprising agricultural land, a portfolio of let residential properties and various diversified activities—from weddings and events to letting land for a solar or renewable energy farm—to set up as a predominantly trading business so that it can qualify for BPR. However, it noted, this may be at odds with how the business is run in practice if, for example, different family members are responsible for different parts of the business. Mills and Reeve noted that complex tax arrangements can “put off” business owners from diversifying into activities that might be treated as ‘investments’ because this “may lead to the business becoming a predominantly investment business which does not qualify for BPR. We heard that succession planning for farms can also run into pitfalls around inheritance tax and capital gains tax.”⁴⁴⁵
514. *Existing tax arrangements are complicated for farmers and small businesses (including sole traders) to navigate, and can also impose real financial disincentive to investing in diversification. The situation is even more difficult for tenant farmers, who may also be prevented from diversifying their businesses due to restrictions in their tenancy agreements. The Government should investigate whether the current tax system is putting off farmers and rural small businesses from investing in diversification with regard to both complexity and financial disincentives. As part of its review into tenancy agreements, the Government should also address restrictions on tenant farmers that may prevent diversification.*

445 Written evidence from Mills & Reeve ([REC0205](#))

Access to finance

515. Very few businesses can thrive and grow in the long term without access to finance. In this regard rural businesses have been particularly hard hit by the closure of rural banks, which often provided a direct route for businesses to contact a bank manager who would be able to offer finance with a particular awareness of local and rural contexts. With the loss of rural branches, such rural knowledge and accessibility is in decline, creating challenges for rural businesses that wish to grow and invest.
516. We are reaching a tipping point for the cashless society. While this may present opportunities for rural economies in the future, for the time being it may risk penalising some rural dwellers, at least for as long as digital connectivity and digital skills in rural areas lag behind. In March 2015 the banks published an Access to Banking Protocol which reaffirms the banks' collective commitment to financial inclusion and included a section covering the process surrounding closure decisions, including the need for community engagement and an impact assessment of the closure on the community, on branch users and on available alternatives. An independent review of the Access to Banking Protocol published in 2016 found that although efforts were being made by banks, there was room for further improvement in the way banks communicated and their engagement with customers and stakeholders. Following the review, a new Access to Banking Standard was published in 2017 outlining a commitment for improved engagement with customers on decisions to close branches.⁴⁴⁶
517. It was suggested that the Post Office in some cases can fill the gap left by banks. Citizens Advice noted the importance of post offices in delivering services to small businesses. It stated that 39 per cent of rural small businesses use a post office at least weekly compared with 33 per cent in urban areas, while 74 per cent of rural small businesses use a post office at least monthly compared with 65 per cent in urban areas.⁴⁴⁷
518. Bank closures have also meant the loss of ATMs in rural areas. In some cases, rural shops have filled this gap with 44 per cent of rural shops providing a free to use cash machine.⁴⁴⁸ However the Association of Convenience Stores explained to us that reductions to interchange fees (from 25 cents to 23.75 cents in July 2018 and to 22.5 cents on 1 January 2019), servicing costs, cash replenishment, business rates and other expenses around maintaining a cash machine, undermine their commercial viability.⁴⁴⁹ In January 2019, the UK cash machine network, LINK, announced that they would introduce an extra payment for companies operating free-to-use ATMs in remote locations and commissioned an independent review into access to cash which published its final report in March 2019. Among its proposals was a 'Guarantee to Cash Access' for all, including those in remote and rural areas.⁴⁵⁰

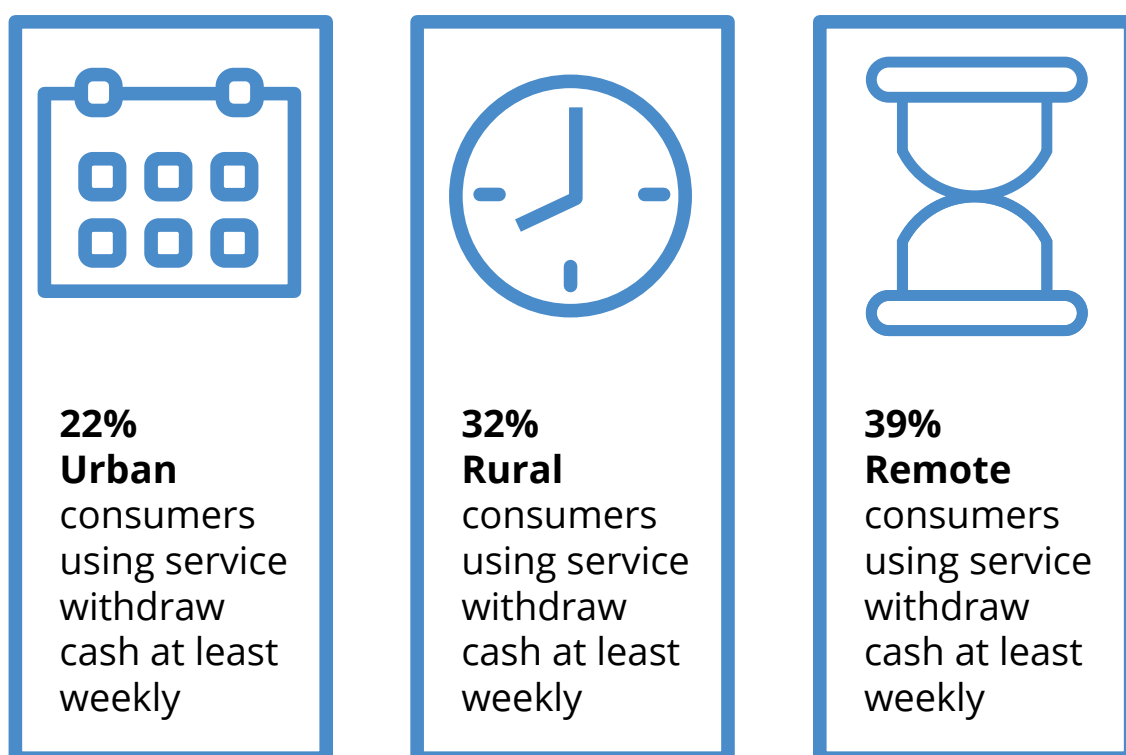
446 House of Commons Library, Bank branch closures, Briefing Paper, [SN00385](#), 19 October 2018

447 Written evidence from Citizens Advice ([REC0110](#))

448 Association of Convenience Stores, *The Rural Shop Report 2019* (27 February 2019): https://www.acs.org.uk/sites/default/files/acs_ruralshopreport2019_d7_v2_14.02.19_aw_ol_lr_spreads.pdf [accessed 15 April 2019]

449 Written evidence from Association of Convenience Stores ([REC0150](#))

450 Access to Cash Review, *The Access to Cash Review: Final Report*, March 2019: <https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf> [accessed on 15 April 2019]

Figure 25: Cash withdrawal levels in urban, rural and remote areas

Source: Written evidence from Citizens Advice ([REC0110](#))

519. Defra informed us that it supports the Post Office Banking Framework Agreement, which enables 95 per cent of small business customers to carry out everyday banking at Post Office branches, over half of which are in rural areas.⁴⁵¹ Citizens Advice expressed concern, however, that post offices were not always suitable to provide basic banking services. It recommended that Government should undertake research to assess consumer access to, and satisfaction with, banking services at post offices.⁴⁵²
520. Around 98 per cent of the post office network is run by Sub-Postmasters, mostly individual independent business people. Sub-Postmasters often run post office services within their existing shop as part of their wider offer. The National Federation of Sub-Postmasters told us that “banking transactions can be labour intensive and time consuming for Sub-Postmasters and the amounts paid for these transactions are very poor”. Individual banks pay Post Office Ltd to perform transactions and Post Office Ltd in turn pays Sub-Postmasters for each transaction performed. Its observational research indicated that Sub-Postmasters are paid less than £2 per hour (well below the National Minimum Wage) for business banking transactions, which “doesn’t even come close to covering the costs of delivering these services”. The National Federation also noted that Sub-Postmasters are still limited in the range of transactions they can offer and that “the banks have not been forthcoming in their support for post offices delivering banking services”.⁴⁵³ We also note that an increased reliance on local shops to take on banking and post office roles comes with an increased risk of crime and greater need

451 Written evidence from Defra ([REC0146](#))

452 Written evidence from Citizens Advice ([REC0110](#))

453 Written evidence from National Federation of Sub-Postmasters ([REC0040](#))

for security for those businesses as they are more likely to hold cash on the premises.

521. Anna Price of the Rural Business Group told us that for some small and micro businesses in rural areas, very small amounts of loan funding can go a long way, but that access is a barrier.⁴⁵⁴ James Alcock of the Plunkett Foundation told us that a similar problem existed for community businesses where a majority of government-funded loan schemes tend to go to “much bigger-scale community-owned projects” while smaller scale projects such as a village shop or pub get overlooked.⁴⁵⁵
522. It was suggested that the Shared Prosperity Fund could incorporate a funding stream for awards of direct finance to rurally located businesses. Ruby Peacock of the Federation of Small Businesses advocated creating a small loan system using funds from the Shared Prosperity Fund “that you could put LEPs in charge of, so they are able to offer small government loans to businesses in those areas that traditionally struggle with access to finance”.⁴⁵⁶ The Rural Services Network also supported establishing a dedicated business support programme as part of the Shared Prosperity Fund.⁴⁵⁷
523. **Although the closure of bank branches in rural areas has reduced opportunities for face-to-face banking, rural businesses still need access to bespoke financial support as well as loans to grow and diversify their business. The withdrawal of commercial operators from rural locations has left some businesses increasingly reliant on the Post Office network, which will not always meet the needs of businesses. This makes it all the more important for LEPs and Councils to provide information on sources of finance to help rural businesses meet their business banking and financial needs.**
524. *Access to cash is an essential service for businesses, including access to out of hours deposit mechanisms such as can be provided by cash machines. Government must review the availability of ATMs in rural areas and in particular the sustainability of the current costs, including costs for security measures, for rural businesses hosting these machines and taking on banking functions in cases where bank closures have also led to the closure of bank operated cash machines.*
525. *Banks should agree an increase, to a realistic level, in the fees that they pay for cash withdrawal and deposit transactions carried out on their behalf through the Post Office network. Post Office Ltd should then ensure that a sufficient proportion of those fees are passed on to individual post offices, so that those running them are properly remunerated for the effort involved. There should also be ongoing monitoring of the Access to Banking Standard to ensure it is being effectively implemented by the banking industry.*
526. *The Shared Prosperity Fund should be a source of financial support for rural businesses looking to grow and invest, and it is to be*

454 [Q 163](#)

455 *Ibid.*

456 [Q 171](#)

457 Written evidence from Rural Services Network ([REC0031](#))

hoped that the Government treats access to finance as a priority when it consults on the shape of the Shared Prosperity Fund. Local authorities and LEPs should also be proactive in advising rural businesses as to where financial assistance and advice can best be sourced in rural areas.

527. *LEPs and local authorities should work together to provide ‘portals’ where sources of finance for rural enterprise may be listed.*
528. *Business support measures should be embedded in Local Industrial Strategies to enable targeted approaches to rural business support, based around local circumstances and identified needs. This would include measures to promote and improve access to finance, which is a particular area of concern for rural businesses in light of widespread rural bank branch closures.*

Case studies for effective business support

529. Rural tourism and the arts and creative sector provide two examples of sectors within the rural economy for which addressing the issues of skills and business support could lead to significant growth. We discuss these sectors in turn below, highlighting their current and potential worth to rural economies and outlining measures which could support them as they grow in size and importance.

Support for rural tourism

530. Tourism was identified as a major and growing contributor to rural economies. VisitBritain estimates that tourism is worth around £11.5 billion to the rural economy.⁴⁵⁸
531. Many of our witnesses were optimistic about the potential to grow rural tourism. Stevens and Associates, a tourism consultancy, said that tourism has the potential to impact positively on the economy of all rural communities, including in the remote peripheral areas of the UK⁴⁵⁹. Arts Council England told us that there was real potential for the cultural sector to contribute to rural tourism growth.⁴⁶⁰
532. The National Trust told us that heritage tourism has a lot to offer rural economies, noting that most of their historic houses and mansions are in rural settings. They also noted that heritage sites such as castles are a popular draw for international visitors.⁴⁶¹ Historic England also saw the potential of sustainable, heritage related rural tourism.⁴⁶²

458 [Q 114](#) (Patricia Yates)

459 Written evidence from Stevens and Associates ([REC0051](#))

460 Written evidence from Arts Council England ([REC0151](#))

461 Written evidence from National Trust ([REC0116](#))

462 Written evidence from Historic England ([REC0099](#))

Figure 26: Heritage sites such as castles can attract visitors from far afield and help sustain and grow rural economies



Source: Meria Geoian, “North side of Orford castle with tree square turrets, Suffolk”: https://commons.wikimedia.org/wiki/File:Orford_castle_14-10_MH-GB_8622.jpg [accessed 3 April 2019] (CC BY-SA 4.0)

533. We also heard that the tourism sector is negotiating a Sector Deal with the Government. The priorities for a tourism sector deal include:

- A 10-year tourism and hospitality and skills campaign to boost recruitment, skills and longer-term careers, providing the industry with the workforce it needs;
- Boosting productivity by extending the tourism season year-round and increasing global market share in the business visits and events sector;
- Increasing inbound visits from more markets by 2030 by making it easier for overseas and domestic visitors not only to travel to the UK but explore more of it; and
- Creating ‘tourism zones’ to build quality tourism products that meet visitors’ needs and expectations, extending the tourism season and fixing localised transport issues to improve the visitor experience.⁴⁶³

534. Witnesses expressed hope that a tourism Sector Deal would provide more systematic and consistent support to the sector. One part of this Deal that was perceived as particularly important was the policy of tourism zones, which according to Cumbria Tourism would require LEAs, Local Authorities and Destination Management Organisations (DMOs) to “work together to make

⁴⁶³ VisitBritain, ‘A sector deal for UK tourism’: <https://www.visitbritain.org/sector-deal-uk-tourism> [accessed 15 April 2019]. The Sector Deal bid proposes that five tourism zones would be piloted over five years.

plans that deliver on productivity against key performance indicators”.⁴⁶⁴ As in other cases, the current performance of LEPs in relation to rural tourism was seen as inconsistent.

535. In terms of challenges for growing rural tourism, it was noted that public funding for tourism promotion was significantly constrained, particularly since the abolition of the Regional Development Agencies. Cumbria Tourism stated that while it and its tourism promotional role was almost exclusively commercially funded, private sector investment continued to be challenging because urban tourist locations naturally had more and larger private sector chains and businesses which would be willing to provide funding.⁴⁶⁵
536. Echoing comments elsewhere in the report about the interlinkage of business and provision of essential services, the National Trust emphasised that improving local infrastructure was essential to supporting rural tourism.⁴⁶⁶ Historic Houses told us that “there is still a lack of basic travel infrastructure and information sharing between public transport and tourist destinations that deters both domestic and inbound tourists from visiting rural attractions”.⁴⁶⁷ Gill Haigh told us that transport and digital connectivity were critical to attracting tourists and ensuring that they enjoyed their visit, as well as for attracting people to live and work in the area.⁴⁶⁸
537. We also heard that more needs to be done to promote tourism as a career development option. Patricia Yates of VisitBritain told us that too often jobs in tourism were viewed as being short term and that it was crucial to do more to promote career paths within the sector.⁴⁶⁹
538. **To be successful, rural tourism needs promotion. Once established, those Tourism Zones which include rural areas will need to address the issue of attracting funding for the promotion of rural tourism in their areas.**
539. *The Tourism Sector Deal has potential to provide a more consistent and systematic support to the rural tourism sector. It is important that this deal be rural proofed and its implementation monitored in rural areas in particular.*
540. *Where appropriate, tourism support should be a key part of local industrial strategies, and LEPs covering areas with notable rural tourist sectors should have a particular focus on the sector’s economic importance and potential. There should be more focus by LEPs on tourism as a rural career option.*

Support for rural creative industries

541. Finally, we heard evidence on another rural business sector with great potential but in need of further support, that of rural arts and creative industries. Prof Jeremy Phillipson described the creative industries in rural areas as “a particular important source of growth” for the rural economy.⁴⁷⁰ CaDRE (Creative and Digital Rural Economy), a coalition of rural NGOs,

464 [Q 121](#) (Gill Haigh)

465 [Q 115](#) (Gill Haigh)

466 Written evidence from National Trust ([REC0116](#))

467 Written evidence from Historic Houses ([REC0142](#))

468 [Q 114](#)

469 [Q 118](#)

470 [Q 24](#)

universities and rural arts and media organisations, stated that the creative rural sector is currently estimated to be contributing around £2 billion Gross Value Added (GVA) per annum to the national economy.⁴⁷¹

542. Prof Claire Wallace of Aberdeen University noted that “creative industries have been very predominant in rural areas” but that they were particularly dependent on strong connectivity to advertise their products, and would sometimes leave rural areas because of the lack of good quality connections.⁴⁷² Prof Melanie Welham of UKRI stated that there is a creative industries cluster being supported through the Industrial Strategy Challenge Fund, which is seeking to engage with small rural businesses in the creative sector.⁴⁷³

Box 22: Rural Creative Industries: Barrington Court, Somerset

The National Trust told us about an investment it had received through LEADER funding to support development of farm buildings in Barrington Court, Somerset. The funding helped the Trust to convert part of the old farm buildings into new workspaces for a “creative cluster”, with five independent artisan workshops specialising in a range of crafts including carpentry, textiles, pottery, woodcarving and jewellery.

The National Trust stated that “this adds a new element to our visitor experience, supports local artists and traditional skills, and makes great new use of old buildings, bringing them back to life and helping to preserve them for the future”.⁴⁷⁴

543. Arts Council England stated that “many rural destinations rely upon the cultural offer as a fundamental of their tourist economy”. It noted in particular that basing a destination’s offer on culture supports good jobs as “evidence indicates that jobs in the cultural sector attract higher pay and have higher skill levels than in the economy as a whole”.⁴⁷⁵ It set out some of the challenges faced by the cultural sector in rural areas, including the impact of demographic and socio-economic changes, limited employment opportunities and reductions in local government support for culture.⁴⁷⁶

471 Written evidence from CaDRE ([REC0108](#))

472 [Q 177](#)

473 [Q 243](#)

474 Supplementary written evidence from National Trust ([REC0181](#))

475 Written evidence from Arts Council England ([REC0151](#))

476 *Ibid.*

Box 23: Rural arts: The Rural Diversity Network

Arts Council England cited The Rural Diversity Network (RDN) as an example of good practice in rural arts. Set up by Cornwall Museums Partnership in 2017, it is part of its Arts Council supported Change Makers programme, and was established to raise awareness of geographic exclusion and “to balance cultural policy that is currently heavily centred on the visible diversity of big cities”.

Arts Council England stated that:

“Through online awareness raising and events such as Rethinking Diversity in Rural Regions, in January 2017, and Unlock the Rock, co-organised with Tate St Ives in March 2018, the network aims to provide a voice, another view and campaigning for equity of cultural opportunity based on Defra’s guidance of rural proofing. RDN currently has 55 members from across the UK and internationally. Any member can use the umbrella of RDN to start new collaboration, create their own campaigns and events that promote rural diversity”.

Source: Written evidence from Arts Council England (REC0151)

544. CaDRE stated that “there has, as yet, been no strategic government, public, Arts Lottery or private sector investment support targeted specifically to the creative rural economy sector”. It argued also that the rural creative sector had not received fair access to Arts Lottery funding, and cited a report from Professor John Holden in 2012 stating that:

“it is clear that there has been a strong and ongoing tendency for arts and cultural policy and funding over the past ten-fifteen years to be overwhelmingly preoccupied with the discourse of urbanism and in primarily serving the needs of the urban creative industries and post-industrial urban regeneration”.

It called for the establishment of a creative and digital rural economy strategic investment programme to help the sector fulfil its potential.⁴⁷⁷

545. This argument was supported by Kate Bramley of the Badapple Theatre Company based in rural North Yorkshire. She stated that the creative arts can have a significant positive impact in rural areas including through promotion of volunteering and social inclusion, diverse mental health benefits for older people participating in local events, support for community venues and local business, and a stronger sense of place and belonging through shared culture.
546. She stated, however, that “since the closure of Yorkshire Forward some years ago there is no dedicated business support that rural businesses like ours can access for free, and the proportion of dedicated arts funding to urban centres far outweighs the tiny amount of support for rural areas ... any proportional support that can come from government that resets the balance away from London-centric and urban spending cannot come too soon for us and the communities we serve”.⁴⁷⁸
547. **It is clear that the creative and arts industries in rural areas already contribute a significant amount to the rural economy and also have wider positive impacts in supporting rural businesses**

⁴⁷⁷ Written evidence from CaDRE (REC0108)

⁴⁷⁸ Written evidence from Kate Bramley (REC0168)

and communities, as well as supporting high-quality jobs. We also recognise that they have potential to grow further and make an even bigger contribution to rural economies.

548. *Arts Council England and other public arts and creative sector funders should ensure that rural communities receive an equitable share of their future investments. This should include a strategic investment programme for the creative rural economy to help fulfil its potential. There should also be a wider review of other measures necessary to ensure the potential of rural creative industries is achieved.*

CHAPTER 7: DELIVERING ESSENTIAL SERVICES AT THE LOCAL LEVEL

Introduction

549. The issues we have covered above make clear that a comprehensive and place-based rural strategy will need to address a range of policy challenges in a way that genuinely reflects the interests of rural economies. This chapter will address some of the other key policy areas on which we have heard evidence in the course of the inquiry. The chapter covers, transport, crime and health services, including tackling loneliness and social isolation in rural areas.
550. As with digital connectivity and housing, it is clear across these areas that—while some positive initiatives are being undertaken, and there are many examples of good practice—the absence of strategic thinking by successive governments has often led to policy failure and to rural businesses and communities suffering from inadequate support and provision compared with their urban counterparts. Each section of this chapter will summarise what we heard of the challenges and opportunities and how a rural strategy might go about addressing them. In each case there is a need for fair funding from central Government that reflect the costs of rural provision and differing demographic challenges.

Rural transport

551. Witnesses told the Committee that good transport connectivity is a critical issue for rural businesses and communities, “a lifeline”⁴⁷⁹ connecting people to jobs, customers to businesses, providing access to essential services such as education, health and getting people to surrounding towns and cities.
552. Witnesses were unequivocal in their view that rural transport services are generally in a state of decline. The Campaign to Protect Rural England told us there had been “a ‘perfect storm’ of cuts to public transport and the erosion of local services in recent years”, whereby transport services had been cut while local amenities were also disappearing”.⁴⁸⁰
553. Passenger numbers on buses have declined significantly. Written evidence from the LGA set out the scale of decline, noting that passenger bus journeys outside London had fallen almost 6 per cent in the last decade and distance travelled on council-supported buses had decreased by over 50% over the same period.⁴⁸¹ Darren Shirley of the Campaign for Better Transport attributed the decline to affordability, stating that “When a service cannot cover its costs for concessionary travel for older people, and when its support is being reduced, it has to put up fares. When fares go up, you end up with that cycle of decline”.⁴⁸² It was also observed that where bus services are pared back to a minimum, they become unattractive to users because of their infrequency, and so ridership levels fall even further.⁴⁸³

479 [Q 198](#) (John Birtwistle)

480 Written evidence from CPRE ([REC0140](#))

481 Written evidence from the LGA ([REC0103](#))

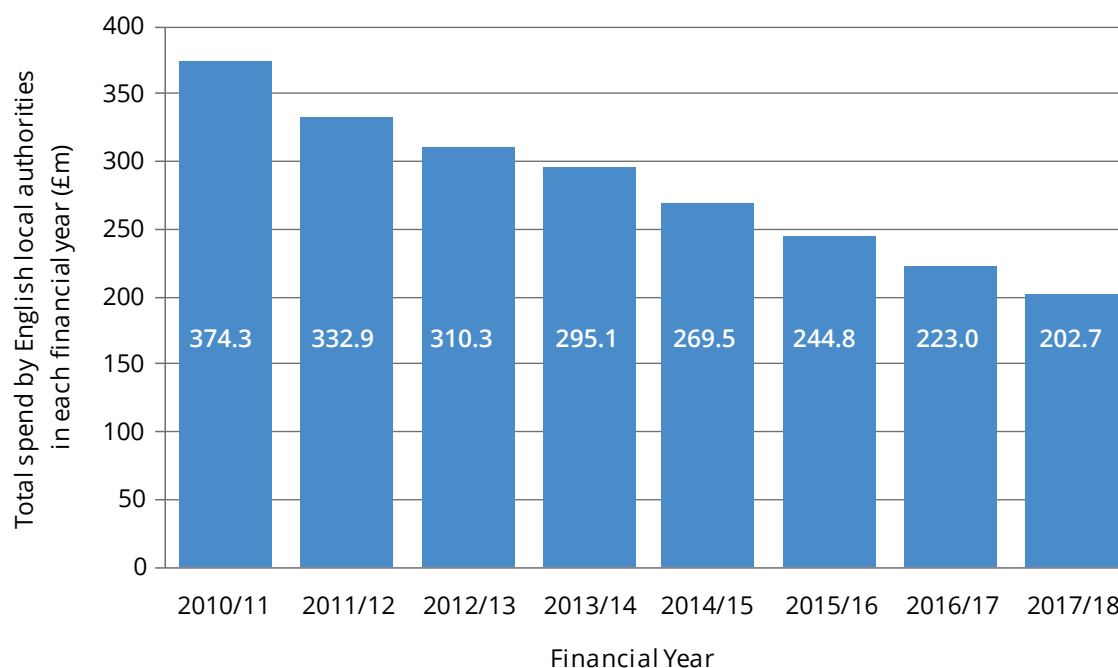
482 [Q 201](#) (Darren Shirley)

483 Written evidence from Bus Users UK ([REC0134](#))

Rural bus services

554. Ben Coulson of Bus Users UK identified three areas in which significant budget cuts had led to a decrease in funding for rural bus services: reductions in local authority expenditure, cuts to the Bus Service Operators Grant since 2004, and cuts to reimbursement for free pass holders in rural areas.⁴⁸⁴ The Campaign for Better Transport noted that 3,088 bus services have been reduced, altered or withdrawn since 2010/11 and that in 2017/18 there was a net reduction of £20.2m to supported bus services⁴⁸⁵ in England.⁴⁸⁶ Witnesses cited the reduction in local authority discretionary expenditure as a key reason for the very sharp fall in supported bus services, as budget cuts combined with increased demand for statutory services⁴⁸⁷ such as social care meant that non ring-fenced provision was diverted to other critical areas. John Birtwistle, Head of Policy—UK Bus at FirstGroup plc told the Committee that “this has meant that the duty on local authorities to identify socially necessary services under the 1985 Act has not been matched by a duty to provide necessary bus services”.⁴⁸⁸ It was reported that some local authorities were no longer providing any discretionary support to local bus services.⁴⁸⁹

Figure 27: Total spend by local authorities in England on supported bus services (all sums adjusted to 2018 using RPI)



Source: Campaign for Better Transport, *Three stages to better bus services: using the Bus Services Act*, July 2018: <https://bettertransport.org.uk/sites/default/files/pdfs/bus-services-act-guidance.pdf> [accessed 15 April 2019]

484 Q 198

485 “Supported bus services are those subsidised by local authorities because they are not provided by commercial bus companies. They serve communities where no alternative route exists, meaning that any cut or alteration can often have a huge impact on residents and local economies”. Campaign for Better Transport, *Buses in Crisis*, 2018: <https://bettertransport.org.uk/buses-in-crisis-2018> [accessed 5 March 2019]

486 Q 198 (Darren Shirley)

487 Statutory services are those that local authorities are required by law to provide, as opposed to discretionary services for which there is no equivalent legal obligation.

488 Q 198

489 Northamptonshire and Cumbria were mentioned by John Birtwistle in oral evidence Q 198.

555. To address the spiral of decline in funding, witnesses supported better allocation of funding for local buses (through ring fencing of transport budgets⁴⁹⁰) and the establishment of a clear investment strategy for buses.
556. Darren Shirley of the Campaign for Better Transport suggested that transport funding could be consolidated into a single investment pot, bringing together funds that currently exist across multiple agencies such as MHCLG, DfT and the NHS funding, in a single place to which local authorities could seek access rather than having to bid into multiple pots. He argued that this could also involve longer-term funding to enable better planning for future service provision.⁴⁹¹
557. In addition to reviewing funding allocations, witnesses also informed us that a “Total Transport” initiative may be a positive way of addressing rural transport challenges. Defra stated that the DfT has funded 37 Total Transport pilot schemes to improve rural transport and that “the schemes include integrating separate but overlapping transport services such as minibus patient collections with other types of passengers”. It argued that the initiative “has shown that taking a more holistic way of looking at what transport services already exist, and working in partnership across organisations, can help to provide alternative and better value transport solutions”.⁴⁹²
558. Darren Shirley told us that the pilot provided insights on what can be done to address rural transport challenges using an integrated approach to passenger transport, and outlined the key lessons from the scheme, including the importance of local knowledge, strong partnership relationships, flexibility and integration of provision, and an understanding of the needs of the community.⁴⁹³ He also called for a clear bus investment strategy from government, pulling together different actors, setting out policy and powers needed and tying the strategy to future funding.⁴⁹⁴
559. Demand-responsive transport was mentioned by several witnesses as an important element for future rural “total transport” solutions in some areas, given its potential to meet demands that were not previously met by traditional transport services.
560. The Community Transport Association stressed the importance of the “multi-modal” nature of transport connections in rural areas. It noted that community transport often forms the first or last mile of a journey, transporting users from rural homes to public transport stops. It argued that provision in future could focus on more ‘demand-responsive’ services, which in turn would help boost patronage of existing services.⁴⁹⁵
561. Several witnesses noted the role of technology could ensure that demand-responsive travel is more affordable to use and cost effective to operate.⁴⁹⁶ For example, ACRE noted that public and community based rural transport could benefit from better broadband connectivity and better mobile data coverage by enabling better information about the operation of services and

490 [Q 208](#) (John Birtwistle)

491 [Q 201](#)

492 Written evidence from Defra ([REC0146](#))

493 [Q 200](#)

494 *Ibid.*

495 Written evidence from Community Transport Association ([REC0160](#))

496 [Q 204](#) (Darren Shirley)

also enabling more sophisticated demand responsive services.⁴⁹⁷ Ben Colson of Bus Users UK noted, however, that printed timetables would remain essential in many areas owing to limited availability and usage of digital technology in some rural localities.⁴⁹⁸

Community transport and Section 19 & 22 permits

562. Many witnesses noted that community transport, in its various forms, is a significant provider of transport in rural areas, either operating minibuses services or volunteer car schemes.

Figure 28: Community transport plays an important role in supporting accessibility in rural communities and their economies



Source: The TAS Partnership Ltd, 'Cumbria CT, Holker Hall, Cumbria': [https://commons.wikimedia.org/wiki/File:Cumbria_CT,_Holker_Hall,_Cumbria,_1st_June_2013_\(2\)_13583277443.jpg](https://commons.wikimedia.org/wiki/File:Cumbria_CT,_Holker_Hall,_Cumbria,_1st_June_2013_(2)_13583277443.jpg) [accessed 4 April 2019] (CC BY 2.0)

563. Several witnesses raised concerns about the threat from potential changes to the use of Section 19 and 22 permits for minibus operation, recently put forward by the DfT⁴⁹⁹, which they argued could seriously affect the sector's ability to deliver services. These permits allow the holder to operate transport services for hire or reward without the need for a full public service vehicle (PSV) operator's licence. The Government recently consulted on reforms to guidance on the issue of such permits to ensure their compliance with EU competition law, following concerns from some private providers that some not-for-profits were effectively providing commercial services.
564. Locality noted that the proposed changes recommend a change to what should be defined as 'non-commercial' activity and argued that whether an organisation receives payment for delivery of transport services is not the most appropriate measure of commercial activity. It noted that community transport providers may receive payment for their services—including from

497 Supplementary written evidence from ACRE (REC0169)

498 Q 204

499 Written evidence from East Riding of Yorkshire Council (REC0034), Locality (REC0119) and Suffolk County Council (REC0113)

organisations and individuals—to cover costs of running the service rather than as a commercial activity. Locality suggested that a more appropriate application of the exemption should be based on the legal status of the organisation.⁵⁰⁰

565. In March 2019 the Government published a response to its consultation on the use of Section 19 and 22 permits. It made no announcement on changes to guidance for the ‘non-commercial exemption’ for PSV licences as this was subject to legal action. It did, however, announce that a “short distance” exemption would be implemented, exempting operators from PSV licences where they are only engaged in journeys of short distances. Although there would be a set “short distance” of 10 miles specified in legislation, this could be varied on a case by case basis in areas of lower population density.⁵⁰¹

Investment in rural road networks

566. Several witnesses drew attention to the need for more investment in the maintenance of rural road networks. Herefordshire Council highlighted that dispersed populations and single carriageway road networks “place a significant burden on those travelling on the network” and that extended and variable journey times put rural communities and businesses at a disadvantage.⁵⁰²
567. Ruby Peacock of the Federation of Small Businesses told us that local transport infrastructure, in particular the need for government funding to improve the local roads network, was a high priority for small businesses.⁵⁰³
568. Horsham District Council stated that one approach being considered in their area is to promote growth of some types of businesses on key transport routes close to existing villages and towns, for example A roads. It suggested this might promote rural employment opportunities and attract investment to improve access into more rural areas.⁵⁰⁴
569. **Public spending cuts have had a significant impact on rural transport provision and in particular rural bus use. In addition, complex funding streams and poorly integrated services mean that rural economies are often held back by transport connections that are poorer than they need to be.**
570. ***Government should undertake a full review of funding streams to rural public transport as part of a new rural strategy. The aspiration should be to develop a “single transport investment pot” that could be used to better support rural transport using a place-based approach, in collaboration with local authorities and other public bodies. Within this, Government should work with local bodies to support the expansion of demand-led services.***
571. ***Such a programme should draw upon the examples of Total Transport Pilots, which successfully sought to maximise benefits***

500 Written evidence from Locality (REC0119)

501 Department for Transport, *Government response to the consultation on the use of section 19 and section 22 permits for road passenger transport in Great Britain* (March 2019): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786482/government-response-community-transport-consultation.pdf [accessed 20 March 2019]

502 Written evidence from Herefordshire Council (REC0092)

503 Q 164

504 Written evidence from Horsham District Council (REC0056)

from existing transport resources including pooling resources from the public sector.

572. *The programme should also seek to explore the potential of community transport as a means of supporting and supplementing existing routes. In this context, Government should reconsider proposals to change guidance on eligibility of Section 19 and 22 permits issued to not-for-profit community transport providers. The introduction of a short-distance exemption is welcome, but Government must ensure that new guidance on the non-commercial exemption does not threaten the viability of community transport operators.*
573. *Government should also support targeted investment in the maintenance of rural road networks in collaboration with local authorities, to identify those networks outside the major routes where investment would be most important in supporting rural economic development.*

Rural Crime

574. As in urban areas, crime can have a significant impact on rural businesses, economies and communities. We learned, however, that the impact in rural areas can be greater, not least because of the isolation of some business properties (including farms), the larger areas and distances for police to cover and a lower police funding per head of population in rural areas than urban areas.
575. There are two ways of looking at rural crime. The first is to look only at crimes that have a specific rural element. Taking this view, the Metropolitan Police classify rural crimes into four categories:
- Agricultural: covers working farms, farm machinery, buildings and small holdings;
 - Equine: covers working stables and equestrian centres including tack theft and livestock worrying;
 - Wildlife: covers hare coursing, poaching and interfering with protected species; and
 - Heritage: covers offences which harm the value of England's heritage assets and their setting, including lead theft from churches, damage to ancient monuments and illegal metal detecting.⁵⁰⁵
576. Alternatively, rural crime can be taken to include any crime committed in a rural area. In this report, we take the broader view of rural crime as any criminal activity that takes place in a rural setting.
577. The Rural Crime Network Survey for 2018, which was commissioned by the National Rural Crime Network, a body made up of 30 Police and Crime Commissioners, found a poor perception of policing in rural communities. The survey found that only 27 per cent of 20,000 respondents believed their local police were doing a good job. 69 per cent of farmers and rural-specific

⁵⁰⁵ Metropolitan Police, 'What is rural crime?': <https://www.met.police.uk/advice/advice-and-information/rc/rural-crime/what-is-rural-crime/> [accessed 15 April 2019]

business owners have been a victim of crime over the past 12 months and 60 per cent said they were fairly or very worried about being a victim of crime in future.⁵⁰⁶

Costs of rural crime

578. The monetary impact of rural crime has worsened in recent years, with the Rural Crime Network survey finding that the average cost of a crime to the victim had increased from £4,000 to £4,800 between 2015 and 2018.⁵⁰⁷ Sarah Lee of the Countryside Alliance, who also sits on the board of the National Rural Crime Network, told us that the financial impact of crime on rural businesses averages about £5,000, a potentially significant amount for a small rural business, and in increase of 13 per cent since 2015.⁵⁰⁸
579. Graham Biggs of the Rural Services Network told us that the main economic impact from rural crimes comes from the theft of agricultural implements and machinery.⁵⁰⁹ We also heard that the full cost of rural crimes is being underestimated. By way of example, Deputy Chief Constable Craig Naylor, the lead for rural crime for the National Police Chiefs' Council explained that if a harvester is stolen, the cost of the stolen harvester will be recognised through the insurance claim while the cost of a crop not being harvested goes unreported.⁵¹⁰
580. Graham Biggs also told us that rural police forces are underfunded and receive less per person funding than urban counterparts.⁵¹¹ According to the National Police Chiefs' Council, on average, the 12 most rural police forces receive £100 per head of population compared to £158 for the 12 least rural forces, representing a difference of £58 (37 per cent) less funding for most rural police forces.⁵¹² Julia Mulligan, Chair of the National Rural Crime Network and the Countryside Alliance also highlighted funding for rural police forces as a concern.⁵¹³
581. Concerns were also expressed over the closure of rural police stations and of some magistrates' courts that serviced rural areas. Julia Mulligan told us:
- “The force I operate in has 11,000 police officers, which is down in the last five years from over 13,000. We are in a position where, with the current budget situation, we will have to cut again next year. We will be a good percentage point down from what our operating model was less than five years ago. Our demand has gone up”.⁵¹⁴

Challenges of policing in rural areas

582. As with other rural services, rural policing faces challenges of distances and sparsity. The Lord Bishop of St Albans commented on the absence of police

506 National Rural Crime Network, 'National Rural Crime Survey 2018': <https://www.nationalruralcrimenetwork.net/research/internal/2018survey/> [accessed 15 April 2019]

507 *Ibid.*

508 [Q 80](#)

509 [Q 92](#)

510 [Q 220](#)

511 [Q 92](#)

512 Supplementary written evidence from the National Police Chiefs' Council ([REC0195](#))

513 [Q 221](#) and supplementary written evidence from Countryside Alliance ([REC0178](#))

514 [Q 211](#)

in rural areas, noting that “if you call the police in a remote rural area there is probably no policeman for 20 or 40 miles”.⁵¹⁵

Box 24: Farm Watch in Lincolnshire

Deputy Chief Constable Craig Naylor told us about Farm Watch, a community network system modelled on along the lines of Neighbourhood Watch schemes. He told us that in Lincolnshire there is a WhatsApp group for farmers to give information directly to the local police. He told us, “this works particularly well in incidents of hare coursing or people poaching on farms”. There are 200–300 people on the Lincolnshire WhatsApp group who can notify the group the instant they notice any suspicious or criminal activity on their land. When they notify the group, they are not just alerting the police, but also other local farmers and land-owners in the group.

Source: [Q 215](#)

583. A significant challenge raised by witnesses was the burden being put on rural police forces due to gaps in the provision of essential services for mental health and other acute services. Deputy Chief Constable Craig Naylor explained to us:

“In a rural community, such as Lincolnshire or North Yorkshire, it can be an hour to an hour and a half drive to get from a crisis situation to a crisis bed. Very often, it is a police officer who is doing that transportation, and then sitting with a person in crisis while they are assessed and accepted into the health system. ... an awful lot of good effort and good work is done by police forces across England and Wales to minimise that demand through the employment of mental health nurses and triage cars, but this demand is significant. In 20–25 per cent of our call demand, we can be dealing with concern for welfare, missing from home and mental health issues every day of the week. When you add travelling distance and travelling time, the impact becomes significant”.⁵¹⁶

Box 25: Scotland Partnership Against Rural Crime (SPARC)

SPARC is a collaboration between NFU Mutual and Scottish police forces, promoting partnership working with rural stakeholders to reduce rural crime. Funding has gone towards training officers in the investigation and prevention of a range of rural crimes and is used to support operations to detect vehicle and livestock theft, as well as establishing new schemes to prevent dog attacks on livestock. To help deliver this initiative SPARC has worked with NFU Scotland, Scottish Land and Estates, the Crown Office and the Scottish Government among others. In the three years since SPARC was established, tractor and quad thefts have fallen by almost half.

Source: Written evidence from NFU Mutual ([REC0118](#))

584. Fear and the perception of crime in rural areas was also viewed as a problem. The Countryside Alliance told us the fear of crime is having a “detrimental effect” on the quality of life of people living in rural areas and drew our attention to the Rural Crime Network survey findings that 39 per cent of rural people are worried about becoming a victim of crime compared to 19

⁵¹⁵ [Q 80](#)

⁵¹⁶ [Q 211](#)

per cent nationally. Others felt that the view that the police can't or won't help was fuelling underreporting of crime, a problem which Graham Biggs described as "serious".⁵¹⁷

Fly tipping

585. Fly-tipping was raised by several witnesses as a challenge in rural areas. The Lord Bishop of St Albans and Julia Mulligan both saw the fly-tipping is a serious problem in rural areas.⁵¹⁸ Sarah Lee of the Countryside Alliance called fly-tipping a "disgraceful crime".⁵¹⁹

Figure 29: Rural locations are particularly susceptible to fly-tipping, and perpetrators can be hard to detect



Source: Chris Denny, 'Flytipping, Blackacre Lane': https://commons.wikimedia.org/wiki/File:Flytipping,_Blackacre_Lane_-_geograph.org.uk_-_1773409.jpg [accessed 3 April 2019] (CC BY-SA 2.0)

586. In June, the Government announced a review to look at ways to crackdown on Organised Crime Groups who profit from waste crime. The review considered the types of crimes being committed and the perpetrators, the impacts of serious and organised waste crime on the environment, communities and the economy, and how such crimes can be tackled. The report was published in November 2018 and new financial penalties were introduced to crack down on fly-tipping in January this year. Under the new

517 [Q 92](#)

518 [Q 80](#) (Lord Bishop of St Albans) and [Q 209](#) (Julia Mulligan)

519 [Q 80](#)

penalties, any household which fails to pass their waste to a licensed carrier, and whose waste is found fly tipped, could face fines of up to £400.⁵²⁰

587. While these new initiatives are welcome, we note that two issues particularly raised by witnesses were that existing laws and penalties were not being applied and that the cost of clean-up for rubbish dumped on private property falls to the land owner.⁵²¹ When asked about Defra's efforts to address fly-tipping, the Rural Affairs Minister told us that the review and new, harsher penalties had been undertaken in response to the seriousness of the problem.⁵²²

Criminal justice and sentencing in rural areas

588. Julia Mulligan told us that weak sentences were often passed for rural crimes because the Courts Service and Crown Prosecution Service have a poor understanding of the impact of crime in rural communities and on rural victims.⁵²³ Deputy Chief Constable Naylor told us of an example:

“Things such as hare coursing can have a significant impact on a farm. When people drive, run, put dogs across a field that has been sown, that crop is ruined. You can have thousands of pounds worth of crop ruined by that. We then prosecute. You go to court, you end up with a £150 fine for someone who has been doing it, and they are handed their dogs, the vehicles and everything back”.

589. Deputy Chief Constable Naylor added that the sentencing guidelines can give a penalty of up to £5,000 but that the higher fines were not being issued.⁵²⁴

590. ***The impact of rural crime on rural economies is a significant concern. More needs to be done by Government to better understand, track and respond to rural criminality. Initiatives such as Farm Watch and WhatsApp groups between farmers, land-owners and police forces to monitor and report on rural crime should be shared widely among rural police forces and rolled out more widely.***

591. ***We welcome new measures to tackle fly-tipping and the introduction of tougher new penalties, but we would also like to see new measures introduced to ensure that farmers and land-owners do not have to pay for the cost of clean-up of rubbish that is dumped on their land.***

592. ***Magistrates, Courts and the Crown Prosecution Service should be trained to better understand the scale and impact of rural crime. Reforms to sentencing guidelines should be considered, where appropriate, to widen the range of possible sentences to better reflect the seriousness of some crimes.***

Rural health services

593. We also heard a range of evidence on the challenges of providing satisfactory health care services in rural areas. As well as the common difficulties

520 Department for Environment, Food and Rural Affairs, News story: ‘Fly-tipping: New financial penalties in government fight against waste crime’ 7 January 2019: <https://www.gov.uk/government/news/fly-tipping-new-financial-penalties-in-government-fight-against-waste-crime> [accessed 3 April 2019]

521 [Q 80](#) (Lord Bishop of St Albans) and [Q 209](#) (Julia Mulligan)

522 [Q 311](#)

523 [Q 221](#)

524 *Ibid.*

associated with any rural service delivery, health services present a specific challenge owing to the older population of rural areas. The average age of the population is nearly six years higher in rural than in urban areas (44.6 per cent to 39 per cent) and nearly a quarter of rural residents (24.5 per cent) are over 65. Statistics also indicate that the number of over-65s is increasing much more sharply in rural areas (37 per cent between 2001 and 2015) than in urban areas (17 per cent).⁵²⁵ This inevitably places a greater challenge on rural health services owing to greater incidences of chronic illness, disability and mortality.

Box 26: Forest of Dean Community Hospital

Forest Economic Partnership (FEP) informed us that as part of developing healthcare provision in the Forest of Dean district, the local NHS has been “actively involved with an Independent Citizens’ Jury” who were asked to consider the location of a proposed new community hospital for the area.

The Citizens’ Jury considered a range of information, including travel and access issues, taking into account the challenges of transporting patients living in more rural areas. Based on this assessment, the Citizens Jury recommended that the hospital be located near to the town of Cinderford, which was endorsed by the NHS. FEP stated that “this evidence-based decision will support the long term economic future of the Forest of Dean”. This provides a positive example of community involvement in future healthcare planning which helps ensure that the interests of rural residents are fully taken into account.

Source: Written evidence from Forest Economic Partnership ([REC0129](#))

Service delivery challenges

594. The Rural Services Network informed us that, despite their older population, rural areas receive slightly less funding per resident under NHS allocations to Clinical Commissioning Groups (CCGs). During our visit to Herefordshire, we heard from local leaders and business groups that a “one size fits all” approach to healthcare did not work for rural areas, and that the local NHS trust was in considerable debt, through inadequate funding rather than poor financial management.
595. These points were echoed in further detail by Billy Palmer of the Nuffield Trust, who told us that there were two main adjustments for rurality, an emergency ambulatory care adjustment and an adjustment for “unavoidable smallness” which accounted for about an additional £45 million to predominantly rural areas. This was, however, offset by accounting for historical expenditure in the formula, which took away £46 million. As he stated, “you are at pretty much net zero. You have failed to give them any additional money”.⁵²⁶
596. Professor Richard Parish of the National Centre for Rural Health and Care also expressed concern that rural health allocations did not account for additional costs associated with seasonal labour, tourism and second home ownership. He stated that “the health services have to retain a capacity that

525 Age UK, ‘Rural Ageing (England)’, (July 2018): https://www.ageuk.org.uk/globalassets/age-uk/documents/policy-positions/housing-and-homes/ppp_rural_ageing_uk.pdf [accessed 15 April 2019]

526 [Q 278](#)

deals with the peaks as well as the troughs, so there are added costs in that as well”.⁵²⁷

597. Defra informed us that the ageing society was one of the “grand challenges” set out in the Government’s Industrial Strategy and that, in studying this issue, it intended to look at specific issues in rural communities. Its research streams included ‘healthy ageing’, new products and services to support earlier diagnosis, and ‘leading-edge healthcare’, which would develop new technologies for improving quality of treatment and speed up access to new medicines.⁵²⁸
598. It was noted in a range of evidence that social care funding was a particular challenge in rural areas. Age UK informed us that the number of people with social care needs living in rural areas is predicted to reach 930,000 by 2029, requiring an additional £2.7bn a year if these needs are to be met through publicly funded social care.⁵²⁹ The Rural Services Network also argued that there was a case for statutory social care provision being fully funded by central Government rather than through Council Tax. It added that “this would address the current unfairness in the system and would make it easier to cope with future demand”.⁵³⁰
599. Access to services was identified as a particular challenge in evidence to us. For example, during our visit to Herefordshire, we were told that the medical centre in the village of Fownhope had approximately 5,500 registered patients of whom only around 1,000 live in the parish of Fownhope itself, with a large proportion of patients living in isolated locations. While Community Transport Schemes existed, they are not able to respond at short notice to assist all patients in need of transport, meaning many people are dependent on taxis.
600. South Northamptonshire Council called for the “provision of multi-use health centres in accessible locations that enable a potential patient to get the majority of their needs met within one location rather than having to drive to another location for treatment”. As an example, it cited wellbeing centres that can be designed as dual use functions with indoor leisure facilities, “undertaking a promotional and educational aspect, encouraging prevention as well as cure”.⁵³¹
601. Community Pharmacy Wales and the Pharmaceutical Services Negotiating Committee (PSNC) both advocated greater utilisation of community pharmacies to deliver healthcare needs for rural communities. PSNC drew attention to the Essential Small Pharmacies, Local Pharmaceutical Services (ESPLPS) scheme which they said sustained predominantly rural pharmacies for many years in places where they would otherwise would not have been financially viable, though they noted that this scheme closed in March 2017. The PSNC argued that to improve and maintain health services in rural areas, a credible successor to the ESPLPS scheme should be introduced, to safeguard patient access to smaller pharmacies in rural areas, with additional funding.⁵³²

527 [Q 278](#)

528 Written evidence from Defra ([REC0146](#))

529 Written evidence from Age UK ([REC0097](#))

530 Written evidence from Rural Services Network ([REC0031](#))

531 Written evidence from South Northamptonshire Council ([REC0094](#))

532 Written evidence from Community Pharmacy Wales ([REC0027](#)) and Pharmaceutical Services Negotiating Committee ([REC0157](#))

602. We also heard evidence highlighting possible technological means to address challenges in rural healthcare provision. For example, the District Councils Network stated that “the digitisation of public services offers an important opportunity to support sustainable local services in more remote district council settings and overcome the barriers of sparsity”. It added, however, that “this is dependent on the right digital infrastructure” and that “without this, the provision of essential services continues to remain at risk”.⁵³³ It also stated that while the Government was planning to invest £4.2 billion in digital health, these services would be harder to use in rural areas because of poor connectivity.⁵³⁴
603. Defra stated that “the Government recognises the additional challenges in providing services in rural areas”, and added that “clinical commissioning groups in predominantly rural areas in England receive 17 per cent of funding, which is in line with the proportion of the population that they cover”.⁵³⁵ We note, however, that this does not appear to take account of the additional costs of rural health provision that may require funding of a greater level per head than in urban areas.
604. **We welcome the Government’s promise that its Industrial Strategy research into the “grand challenge” of ageing will incorporate specific issues identified in rural communities. Nonetheless, the Government’s statement that it funds clinical commissioning services to the proportion of the population that they cover indicates that it still does not understand the additional challenges and costs associated with rural service provision.**
605. *Government must ensure that the challenges and costs of providing health services in rural areas are properly reflected in funding allocations to Clinical Commissioning Groups. This should include proper recognition of sparsity costs as well as a recognition of the ageing population of rural areas.*
606. *The Department of Health and Social Care together with NHS England should also take further steps to improve the availability and accessibility of rural healthcare provision, including support for the development of multi-use health centres or hubs. The Government’s investment in digital health is welcome, but the success of this approach will depend on the urgency with which it addresses the rural-urban digital connectivity divide.*
607. *Government should also take steps to improve rural pharmaceutical services. This might include reopening the Essential Small Pharmacies and Local Pharmaceutical Services (ESPLPS) scheme, which helped rural pharmacies in places where they would not otherwise have been financially viable.*

Loneliness, isolation and other mental health challenges

608. We also heard evidence on the challenges associated with tackling loneliness, isolation and associated mental health issues in rural areas. As Prof Michael Dower noted in evidence, “social isolation in loneliness ... is found in many rural areas, but often overlooked and invisible”. He added that “much is

533 Written evidence from District Councils Network ([REC0126](#))

534 *Ibid.*

535 Written evidence from Defra ([REC0146](#))

already done by village communities, churches and voluntary organisations to alleviate this isolation and loneliness”, and that dependence on voluntary effort was likely to become more marked because of financial pressure on local authorities.

Box 27: The Rural Coffee Caravan

The Prince’s Countryside Fund cited the example of The Rural Coffee Caravan, a charity set up in 2003 to tackle rural loneliness. Its caravan and campervan travel around rural communities “to act as a meeting place and allow access to life-improving information in a friendly nonthreatening environment”.

Examples of its initiatives include MeetUpMondays, in which hospitality businesses are invited to tackle isolation by inviting local communities into their venue on a Monday for free food and drink and to engage in social interaction. The Fund stated that “it’s purely social, and it’s always in a commercial venue that is open most days. This makes it a very consistent offer and leads to a robust strengthening of the community”.⁵³⁶

609. Age UK noted that “loneliness is not the same as social isolation, but social isolation is a risk factor for becoming lonely”. It added that it was important for solutions to be tailored to individuals in rural environments, where older people already face more obstacles in accessing services and social activities, and “may have greater difficulties in dealing with their loneliness than those in urban environments”. It stated that voluntary sector organisations and public services in rural areas should “develop strategic partnerships to identify and reach out to isolated or lonely older people. This should include finding appropriate ways to share information to identify people who may be at risk of becoming lonely”.⁵³⁷
610. Prof Richard Parish noted that there were well-observed economic consequences to loneliness, including an increased risk of health problems ranging from high blood pressure to Alzheimer’s. He also stated that people who are lonely tend to be admitted to residential care on average earlier than others. With regard to solutions, he argued that better provision of sheltered housing was important, but that there was less of this in rural than in urban areas.⁵³⁸
611. During our visit to Herefordshire, we were told about the Compassionate Community Scheme in Fownhope, which matches people up with those who need company. The Scheme has 18 companions who make weekly or fortnightly visits based on referrals from the Medical Centre. We were told that these visits also cut down the need to visit the Centre and can reduce hospital stays as it brings people into the community, encouraging sociability and combatting isolation. While it was not difficult to get volunteers in the village, they were mostly retired people and it was much harder to get younger people to volunteer.
612. Locality stressed the role of community organisations in tackling loneliness, noting that “they offer safe and welcoming spaces and provide inclusive services, where people from different backgrounds and with different experiences of life can come together and meet their neighbours

⁵³⁶ Written evidence from The Prince’s Countryside Fund ([REC0063](#))

⁵³⁷ Written evidence from Age UK ([REC0097](#))

⁵³⁸ [Q 283](#)

... Community organisations are often adept at asset-based approaches, enabling people to see their strengths, contributions, skills and knowledge, and unlocking the potential of this for the individual and the community”.⁵³⁹

613. Dr Rashmi Shukla of Public Health England stated that PHE was “working to develop a metric for loneliness in our Public Health Outcomes Framework”. She added that “we are beginning to report on it for local areas. Once you start reporting on it, you start measuring it and you then know what you are dealing with” She also cited the example of ‘village agents’, who are used by local authorities to help connect people suffering from isolation.⁵⁴⁰
614. Defra noted that the Government would be publishing a loneliness strategy, which was subsequently published in October 2018. This stated that Defra would “support community infrastructure and community action to tackle loneliness in local areas”, and that the department would also convene a rural stakeholder group to advise and support the work of Government departments and help with the local communication of initiatives and good practice.⁵⁴¹ Defra also informed us that the Government has announced a £20 million loneliness grant fund for charities and community groups to help isolated people and those suffering from loneliness.⁵⁴²
615. Prof Richard Parish expressed concern that there was considerable underreporting of mental health challenges in rural areas, in particular because “there is a culture of self-reliance and a more pronounced stigma in rural communities about mental health”. This was compounded by the fact that confidentiality was more easily compromised because of the closer-knit nature of rural communities when compared with their urban counterparts.
616. Prof Parish added that mental health provision was much poorer across the board in rural areas, both with regard to trained personnel and support services such as community mental health teams.⁵⁴³ This point was echoed by Billy Palmer of the Nuffield Trust, who stated that there is no adjustment for the cost of mental health services in rural England.⁵⁴⁴ Professor Parish also called for a programme of mental health first aid training in rural areas to help members of the public recognise the early signs of potential mental health problems and enable early intervention.⁵⁴⁵
617. Isolation among farmers and agricultural workers was also identified as a serious mental health challenge. Dr Rashmi Shukla told us that “the report last year by the Office for National Statistics looking at a five-year period of suicides by occupation does show that agricultural workers have a higher risk of suicide”. She added that Public Health England was developing local real-time surveillance data on suicides, both to support the bereaved and to identify particular hotspots where suicide risks were higher.⁵⁴⁶

539 Written evidence from Locality ([REC0119](#))

540 [Q 283](#)

541 Department for Digital, Culture, Media and Sport, *A connected society: A strategy for tackling loneliness: laying the foundations for change* (October 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/750909/6.4882_DCMS_Loneliness_Strategy_web_Update.pdf [accessed 15 April 2019]

542 Written evidence from Defra ([REC0146](#))

543 [Q 285](#)

544 *Ibid.*

545 *Ibid.*

546 [Q 283](#)

618. **Isolation, loneliness and associated physical and mental health challenges are key issues in rural communities. In this context, it is particularly important that policy solutions are rurally oriented, taking account of the greater challenges of combatting isolation in sparsely populated locations.**
619. *The Government's loneliness strategy is to be welcomed, as is the commitment to support community infrastructure and community action to tackle loneliness in rural areas. Government must ensure that, as it implements its strategy, it continues to pay close attention to the distinctive challenges of combatting isolation and loneliness in a rural context. Government should promote and spread good practice among rural voluntary and community organisations in this regard.*
620. *It is of great concern that there is no adjustment for the additional cost of providing rural mental health services in England. Government must remedy this and ensure that sufficient staff and support services are available to tackle rural mental health. It must also take wider steps to address rural mental health, such as supporting mental health first aid training schemes which will enable early intervention.*

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Chapter 2: The rural economy and public policy

1. Rural economies are facing significant opportunities and challenges. The UK's impending departure from the EU, cuts to local authorities' budgets, new policies being rolled out to improve digital connectivity and boost housing supplies, an ageing population in rural areas, the growth of long-distance commuting, and suburbanisation all make this an ideal moment for the Government to set out its vision for rural areas and to give the nation a clear steer for confronting the challenges and seizing the opportunities facing rural communities and economies. This can be achieved by a comprehensive rural strategy. (Paragraph 56)
2. We reject the view that a rural strategy would create a dichotomy between rural and urban, or sideline rural need from mainstream policy development. The success of a rural strategy in boosting rural areas will depend on the ambition and objectives it sets and its implementation. We would support the need for both a high-level framework document being developed at central government level as well as local rural strategies being developed by local authorities and LEPs. Local rural strategies would act along similar lines as City Deals in providing local authorities and LEPs with funding and decision-making powers to ensure that the goals set in the strategy can be achieved. (Paragraph 57)
3. We are in no doubt that there is a critical need for Government to develop a comprehensive rural strategy which sets out the Government's ambition for rural areas, as outlined above. Development of the document must involve all relevant Government departments and bodies who must then be responsible and accountable for its implementation. To enable scrutiny of performance, there should be an annual report to Parliament, coordinated by Defra and drawn from all Government departments, which would set out the Government's performance against the strategy and include an update on how departments have fulfilled their rural proofing obligations. (Paragraph 58)
4. Local Government—together with Local Enterprise Partnerships—and public bodies should develop their own local rural strategies consistent with the Government framework, and be responsible and accountable for their implementation. (Paragraph 59)
5. There is room for improvement in terms of how much attention is being paid to rural affairs by Defra and other Government departments. Although they are closely interlinked, Defra needs to be wary of presuming that what is good for the environment or for agriculture is also beneficial for the wider rural economy. Although the role of the rural champion is a good idea, we are concerned that any junior minister in that position would lack clout to raise the profile of rural affairs enough to ensure that rural issues are being mainstreamed into policy development across government. The role of the post-holder is not helped by the lack of a rural strategy. (Paragraph 66)
6. We do not propose the creation of a body like the Commission for Rural Communities. However, we are concerned that the Government's understanding of rural affairs has declined since the abolition of the CRC and we support calls for all Government departments to be more proactive in seeking a diversity of rural voices when developing policy. (Paragraph 75)

7. There is significant room for improvement when it comes to rural proofing. There are considerable weaknesses in terms of timing, consultation, transparency, accountability, urban bias and lack of coverage, but none of these are insurmountable. The examples of good rural proofing show that it can aid policy coordination across Government departments and is more likely to lead to better outcomes for rural areas. A rural strategy would add further weight to the push for Government departments to get rural proofing right. (Paragraph 103)
8. The Government needs comprehensively to rethink and reform the rural proofing process across Government, and at the local level, to ensure that relevant policies and legislation are attuned to the needs of rural communities and rural economies. A reformed approach to rural proofing should take into account the following:
 - A rural assessment should take place at the start of the policy process, including engagement with rural stakeholders, and be treated as integral, rather than as an adjunct to urban-focused policy. No legislation should be brought forward without an accompanying rural assessment statement;
 - The impact of new policies on rural areas should be systematically and consistently monitored as they are implemented. This would include an update on the performance of rural proofing across government in the Government's annual report on the implementation of the rural strategy (see paragraph 58);
 - All relevant public bodies should be required to rural proof, monitor and report annually on the rural impacts of relevant policies. This should include non-departmental public bodies, local authorities and other spending bodies such as Local Enterprise Partnerships; and
 - The Government should put in place the appropriate structures to facilitate this more robust rural proofing regime. (Paragraph 104)

Chapter 3: Rural delivery and place-based approaches

9. For a national rural strategy and its underlying rural policies to be effective, it is crucial that they are delivered locally using a place-based approach. This must include effective partnership working from all relevant public, private and voluntary bodies, driven by the nature of each local area and with active community participation, breaking down the silos that too often characterise rural policy. (Paragraph 119)
10. To ensure that place-based approaches are adopted, they should be set out as a key objective of the rural strategy, with clear guidelines and examples of good practice from existing rural initiatives. Accountability mechanisms for the rural strategy should also ensure that they incorporate checks on whether policies are being delivered in a truly “place-based” manner—for example, checks on community participation. (Paragraph 120)
11. In designing place-based approaches, the Government and other relevant bodies should look to previous schemes such as the Market Towns Initiative, a successful example of partnership working, to help deliver local economic development. Such initiatives could be revived or reconceived in a new form,

reflecting the new and emerging challenges of today's rural economies. (Paragraph 121)

12. To ensure that post-Brexit rural funding is effectively prioritised and delivered, we believe there may be merit in appointing a joint Defra-Treasury minister charged with this specific responsibility. Such an appointment could be combined with or complement an enhanced "rural champion" position as discussed in Chapter 2. (Paragraph 129)
13. We take it as self-evident that rural economies should not be materially disadvantaged by Brexit. The Shared Prosperity Fund presents an opportunity to deliver investment into rural economies to boost productivity and promote growth and to support social infrastructure, and to replace RDPE and LEADER funding in a way which genuinely reflects and delivers upon rural priorities. (Paragraph 144)
14. The Government has yet to provide sufficient detail on the Shared Prosperity Fund, hampering the ability of businesses and communities to plan for the long term and secure and promote investment. (Paragraph 145)
15. The Government must bring forward the consultation on the Shared Prosperity Fund as soon as possible and give much more information on its proposed scope to enable rural businesses and communities to begin planning for the future. (Paragraph 146)
16. The Shared Prosperity Fund must incorporate a dedicated, ring-fenced rural funding stream for supporting rural economies and communities. This should be devised with a clear awareness of the opportunities and challenges of rurality and should reflect ambitions to increase the rural contribution to national and local economic growth. It must also address wider social priorities in rural areas, in recognition that not all rural challenges are reflected in economic statistics. Performance in this area should be a key part of the annual report to Parliament on the rural strategy. (Paragraph 147)
17. Rural development programmes should be decided and delivered locally to meet local needs. The mechanisms set up to replace LEADER funding should follow the bottom-up and place-based principles of the most successful LEADER initiatives. The Shared Prosperity Fund must be properly rural proofed as it is developed, and Government must be transparent from the outset as to how it is doing this. (Paragraph 148)
18. Funding made available through the Shared Prosperity Fund must also be designed to meet the needs of rural SMEs including micro and family businesses which predominate in rural areas. This means providing clear, concise and timely information as well as delivering a simplified and accessible process, which allows for long term planning and investment. (Paragraph 149)
19. LEPs are being invested with greater significance by the Government through their responsibility for the delivery of Local Industrial Strategies. In conjunction with local authorities, they would clearly therefore have a major role in place-based initiatives to support rural economic development. At present, however, they are not working for many rural areas. (Paragraph 166)
20. While we heard some evidence of good practice among LEPs, the poor rural performance of many LEPs to date does not give us confidence that they will use their expanded responsibilities to take rural interests seriously

and incorporate them fully into their Strategies and delivery programmes. (Paragraph 167)

21. All LEPs containing notable rural areas must adopt a rural economic strategy, within the Local Industrial Strategy or Strategic Economic Plan, or as a standalone document. These strategies should have reference to the rural strategic framework discussed in the previous chapter and take a place-based approach, ensuring that communities and rural businesses are fully involved in their development and implementation and with full reference to local circumstances and priorities. Annual reports from LEPs should set out how they have worked to deliver their rural strategy in the relevant year. (Paragraph 168)
22. LEPs should be required to transparently rural proof their Local Industrial Strategies and Strategic Economic Plans, according to the same principles and guidelines set out for national level rural proofing. (Paragraph 169)
23. We welcome the Government's support for SME representation on LEP boards in its LEP review, but further action is needed to reduce the dominance of big urban businesses on LEP boards. All LEPs containing notable rural areas should have a specified board member or 'champion' to focus on the needs of the wider rural economy. LEPs must also seek to engage more actively with communities and other bodies that are engaged in rural economic development and incorporate this work into their strategies. (Paragraph 170)
24. The proposal for a minimum of two-thirds private sector membership on LEP boards—in addition to raising wider issues about accountability—means some rural local authorities are likely to lose representation. LEPs should establish rural subgroups or partnerships with wider rural representation from local authorities, public bodies and rural businesses, and should seek to involve SME representatives in these. (Paragraph 171)
25. We welcome Government commitments to reflect the additional costs of rural service delivery in future funding allocations. In the meantime, the consolidation of the Rural Services Delivery Grant is a positive step in this direction. (Paragraph 186)
26. The Fair Funding Review must ensure that rural local authorities are adequately compensated for the additional costs of service provision, and that rural areas are fairly treated in future funding settlements. (Paragraph 187)
27. The planned switch to a local authority funding system based on business rates retention is likely to be cost neutral initially and could prove beneficial thereafter if business growth is strong. However, we are concerned that the emerging system does not account for the interests of rural local authorities, who may be put at a disadvantage where their area has less potential to experience such growth or where their area has many businesses that can claim full business rate relief. (Paragraph 188)
28. The Government must ensure that the planned implementation of a funding system based on 75 per cent business rates retention within the local authority sector is properly rural proofed and is designed to ensure that rural authorities are not disadvantaged. We expect the pilots of 75 per cent retention to take account of this as a priority. (Paragraph 189)

29. Local authorities can play a key role in driving place-based economic growth and sustainability through entering into local partnerships and bringing local stakeholders together to promote rural economic development. As with all areas of discretionary local authority activity, the potential is likely to be constrained by budget cuts which oblige councils to focus on the delivery of statutory services. (Paragraph 196)
30. Rural-facing local authorities should adopt rural strategies as good practice where these are not already in place. These strategies should leverage their wider roles and powers to support rural economic development, including through planning policy, support for digital infrastructure and transport provision. They should also consider the interventions that may be necessary to support the prosperity of smaller towns and outlying settlements. (Paragraph 197)
31. The Government must give more support to local authorities in devising and delivering place-based approaches to rural development, and funding allocations should reflect this. Government should also promote and share good practice in the development of place-based rural strategies and initiatives and enable access to appropriate advice and support. Government should also consider whether some funding programmes being delivered by LEPs could be more effectively implemented by local authorities. (Paragraph 198)
32. While still relatively small, community business is growing fast and has huge potential in rural areas. For a place-based approach to be successful, national and local Government and local public bodies must do all they can to support the growth of this sector. (Paragraph 215)
33. National and local Government should review their procurement policies to ensure that small and local organisations have the genuine ability to bid for the delivery of services. Such a review should include an exploration of the potential for smaller-scale, locally-driven commissioning with a specific objective to support the growth and economic participation of community organisations and businesses. (Paragraph 216)
34. The Community Right to Bid should be replaced with a ‘Community Right to First Refusal’, strengthening the power of community organisations to acquire Assets of Community Value by ensuring they have priority in any bidding process. (Paragraph 217)
35. Government should make use of the existing Dormant Assets Scheme—where money from dormant bank accounts is directed to good causes—to establish a Community Ownership Fund, providing support for community owned assets and amenities. (Paragraph 218)
36. Government must also review how else community rights may be strengthened to support rural economic development and should explore other forms of grant funding to support community ownership and community business more widely. (Paragraph 219)
37. Volunteering and community activity have always played a key role in rural areas and their economies, but this role has become increasingly important as local public services have reduced. In this context, it is important that communities with lower levels of civic engagement do not fall further behind and that community participation avoids perpetuating the wider structural inequalities that can lead to entrenched deprivation. There may be a need

for intervention and funding from national and local Government to address this challenge. (Paragraph 227)

38. In light of the evidence that service delivery is increasingly dependent on volunteers, Government must pursue more initiatives for developing and maintaining rural voluntary capacity and participation. These should focus in particular on rural areas where civic engagement may be lower and incorporate a Community Capacity Fund, targeted to build capabilities and share best practice in such areas. (Paragraph 228)
39. The Community Capacity Fund should also be used to help identify and provide training and financial support for community leaders, or to fund external support where local leadership is limited. The Fund would help support these leaders in enabling local engagement in economic and community initiatives. (Paragraph 229)
40. Town and parish councils should be encouraged to use their discretionary powers to promote local growth through strategic investment, asset management and service delivery. With this objective in mind, Government should provide funding for relevant organisations such as NALC and the Rural Services Network to produce a best practice guide on the use of town and parish council discretionary powers to support rural economies. (Paragraph 236)
41. Local authorities should also work with rural towns to introduce town centre managers where appropriate, as these can help drive new investment and footfall, promoting rural towns as community hubs. (Paragraph 237)
42. Government should not pursue any suggestion of imposing referendum thresholds for town and parish council precepts, and instead encourage them to be set locally and responsibly to fulfil local objectives for rural economic development and for other needs. (Paragraph 238)

Chapter 4: Digital connectivity

43. Both policy and delivery have been poor in the past but recent policy and funding announcements, particularly in relation to the rollout of full fibre and 5G technology, are encouraging. The Government appears to have identified the challenges and we are optimistic about the overall direction of travel outlined in the FTIR which is giving greater focus to rural areas. (Paragraph 252)
44. The 5G Testbeds and Trials Programme and efforts to promote fibre to the premises on all new builds, and other initiatives, will be crucial. Efforts to mandate FTTP to all new builds are welcome as are incentives to provide FTTP on housing developments of 30 or fewer units. However, we are concerned that those smaller developments will still suffer from digital disadvantage. (Paragraph 253)
45. We welcome the Government's ambition to achieve nationwide full fibre connectivity by 2033 as set out in the Future Telecoms Infrastructure Review (FTIR) but stress the need for effective coordination, monitoring and accountability in its implementation. In particular, this should be achieved through the Statement of Strategic Priorities and through the various rural broadband funding streams and initiatives such as the Rural Gigabit Connectivity Programme and the Gigabit Broadband Voucher Scheme. (Paragraph 254)

46. It is important that rural areas, and businesses within them, are not left behind during the rollout of 5G for mobile services. We were pleased to learn that in 2018 the Government was keen to ensure that those mobile operators who plan to bid in the auction for the 700MHz spectrum would be required to ensure rural areas were prioritised, but are disappointed to see that these obligations have been watered down in the most recent Ofcom consultation document. (Paragraph 258)
47. Ofcom should revisit its latest proposals for the auction of the 700MHz spectrum with a view to strengthening again those obligations which are to be attached to some licence awards, in terms of network coverage and delivery timescales. It will also be important for Ofcom strictly to monitor mobile network operators' progress in achieving their coverage obligations. DCMS and Ofcom should also identify what further actions are necessary to address poor mobile connectivity in areas unlikely to benefit from the spectrum auction. (Paragraph 259)
48. Ofcom must improve access to information about digital connectivity. This should include regularly updated information about when residents and businesses can expect to be connected to digital infrastructure, connectivity options for communities and details of providers operating in their local area, and regular reporting on the progress of 5G rollout in local areas. (Paragraph 269)
49. We welcome the principle of the USO which will give people in the UK the right to request a decent broadband connection. However, we believe the upload and download speeds are too modest in the USO commitment and should be reviewed along with the £3,400 payment threshold. (Paragraph 278)
50. Ofcom has a duty to review the USO if directed to do so by the Government and report on any provision that is being or may be made for broadband connections or services. We recommend that the Government direct Ofcom to conduct such a review as soon as possible, focusing on what minimum commitment would be needed to sustain and support rural businesses and communities, especially in remoter areas, and including both download and upload speeds. (Paragraph 279)
51. Ofcom should also re-assess the £3,400 payment threshold so that rural homes and businesses are not excluded. This must include consideration of home workers and businesses operating from home in remote areas. (Paragraph 280)
52. While we recognise that Ofcom has updated their aggregate statistics on rural mobile coverage better to align with consumer experience, we believe it should be required to develop an accurate evidence base for consumers about phone coverage in specific locations. Without this, it is not possible to identify the full scale of the problem or to assess how best to go about fixing it. (Paragraph 289)
53. We welcome the proposal that Ofcom should review the option of introducing roaming in rural areas to address partial not-spots and would urge Ofcom to begin this review as a matter of urgency. Government and Ofcom should also encourage mobile network operators to share transmission masts more often at locations where they offer a practical means to improve rural connectivity.

Mast sites should nonetheless be chosen sensitively, especially in areas of high landscape value. (Paragraph 295)

54. Training opportunities are limited and often too distant or too expensive for rural SMEs to participate in; the case for developing and improving digital skills is not being delivered to rural businesses. (Paragraph 303)
55. Local and national governments must do more to realise the potential of improving digital skills in rural areas, including supporting the establishment of digital enterprise hubs; promoting networking opportunities; facilitating knowledge sharing and the dissemination of good practice among rural businesses; and enabling more effective IT support for small rural businesses and start-ups. (Paragraph 304)

Chapter 5: Housing, planning and rural working spaces

56. For the rural economy to thrive, there needs to be an adequate supply of new housing in the right places and of the right types, brought forward in a sensitive way which respects and engages with local communities. We heard evidence that this is not enough of a priority for the Government, and the rural economy risks falling behind as a consequence. (Paragraph 327)
57. The absence of data on new housing in settlements of fewer than 3,000 people is a significant weakness in the ability to assess the success and sustainability of rural communities. The Government must explore means of gathering this data, make greater efforts to identify housing shortages in smaller rural villages and, where possible, work with local authorities and housebuilders to identify opportunities to develop new homes in village locations. This will help ease the burden on larger settlements where large schemes are being proposed, improve the sustainability of smaller villages, and ensure that development is more sensitive to local scale and context, minimising local community opposition. (Paragraph 328)
58. Government must also review the rural impact of the Housing Delivery Test and particularly whether it is incentivising developers to seek to build on greenfield sites over and above brownfield sites that should have priority in the planning system. The review should focus on whether the test acts as a disincentive to brownfield development. (Paragraph 329)
59. Government should also introduce stronger policies to support the sustainability and adaptability of rural housing for older populations, including making provision for new homes to be constructed to Lifetime Homes standards, and supporting energy efficiency measures to reduce the cost of heating and ease fuel poverty. Local authorities should also ensure that sufficient housing for older people is allocated through local plans. (Paragraph 330)
60. It is clear from most of the evidence we have received that the affordable housing unit threshold policy does not work for rural areas. As well as severely limiting the supply of much-needed rural affordable housing it is also likely to increase the hostility of communities to new development, in the knowledge that small housing schemes may no longer meet genuine community need. There is little evidence that requirements for affordable housing contributions made small housing sites unviable for development in the past. (Paragraph 340)

61. Government should provide a full and comprehensive exemption for all rural areas from the policy to limit affordable housing contributions on small sites. Local authorities should be free to work with developers to seek the necessary level of affordable housing contributions on all new housing sites to help meet the fullest range of rural housing needs. (Paragraph 341)
62. Homes England should restore its rural housing target, and this target should reflect the rural population of England. The Government and Homes England should also work more closely with rural affordable housing providers to ensure that grant rates reflect the higher cost of development on small rural sites. Government should also ensure that a fair share of the Housing Infrastructure Fund goes to rural areas to help aid the viability of new development of all types. (Paragraph 346)
63. Rural exception sites are an important contributor to rural affordable housing, but evidence suggested that they are not yet meeting their potential, with delivery being heavily concentrated among a small number of local authority areas. In addition, wider Government policy may disincentivise landowners from bringing forward rural exception sites for rural affordable housing. (Paragraph 357)
64. The Government should publish best practice guidance for the incentivisation and delivery of rural exception sites, drawing on the example of authorities such as Cornwall which has particularly high delivery rates. The Government should also undertake further research to understand why rural exception site delivery is so concentrated and so poor across much of the country. (Paragraph 358)
65. Government should also amend policies which restrict private landowners from becoming registered providers of affordable housing. The Government should consider taxation reforms to incentivise the availability of rural exception sites, including Capital Gains Tax, Inheritance Tax and Business Rate reliefs where appropriate. (Paragraph 359)
66. There is also a wider challenge of land values in relation to affordable housing delivery. Because the grant of planning permission can be so lucrative, rural housing sites often command very high prices which leads to the exclusion of affordable housing as the cost of the land makes it unviable. (Paragraph 360)
67. Increasing the supply of affordable housing in rural areas will continue to prove difficult unless fundamental action is taken which either reduces the jump in land values typically arising from development permission or which captures and apports that gain. This is a complex issue which requires serious study. Government should establish an inquiry to examine this question within the next six months and should ask that enquiry to report back with policy recommendations within the following twelve months. (Paragraph 361)
68. Community Land Trusts play an important role in the provision of affordable housing in rural areas and have the potential to play an even bigger role in the future. We urge the Government to ensure that the funding provided through the Community Housing Fund is consolidated in the long term. Government should also introduce a guarantee scheme to support development finance for CLTs. (Paragraph 366)

69. The Right to Buy for council tenants has enabled home ownership for some, but has caused a significant depletion of affordable housing in rural areas. The problem is particularly acute in rural locations where it may be difficult or impractical for homes sold to be replaced by a new affordable home in the same locality. (Paragraph 371)
70. Current replacement rates for rural council homes sold under the Right to Buy policy are woefully inadequate. The Government should therefore consider suspending the local authority Right to Buy or making it voluntary for local authorities in specific locations, to ensure that much-needed affordable housing is not lost where it would be difficult or impractical to replace it. (Paragraph 372)
71. Regarding the operation of the ‘Voluntary Right to Buy’ for Housing Associations, we welcome the assurance that there will be exemptions where housing is designated as affordable in perpetuity, such as rural exception sites. Nevertheless, questions remain over how the policy will operate in practice in rural areas. (Paragraph 373)
72. The Housing Association Right to Buy is inappropriate in many rural areas as it will often be impossible to provide a replacement home in the same locality. The policy must not be implemented in rural areas unless and until clarity is available on how it would ensure adequate local replacement of affordable homes sold, or comprehensive exemptions are in place where replacement is not possible. (Paragraph 374)
73. It is to be welcomed that the Government has established an advisory body within MHCLG to consider aesthetics in new developments. This body must fully rural proof all of its proposals and ensure that, in developing its ideas, distinctive rural vernacular is considered in full, to help win community support for future development. Government should also consider how such proposals might be reflected in future national planning policy and guidance. (Paragraph 378)
74. The National Planning Policy Framework makes some welcome changes to support the rural economy, particularly with regard to viability assessment reforms, and in its new references to the rural economy and rural housing. It is also welcome that the document states that planning policies should identify opportunities for villages to grow and thrive, making clear that housing in smaller villages without local services is not necessarily “unsustainable”. There may still be scope for stronger support for new housing in small settlements as a means of supporting rural economies, however. (Paragraph 389)
75. The Government should revise national planning practice guidance to clarify that sustainable development should be supported in rural villages, to ensure their survival and appropriate growth. Guidance against the designation of villages as “unsustainable communities” should be enforced more strongly where appropriate. (Paragraph 390)
76. The Government should also monitor new NPPF policies on viability assessments and entry level exception sites to ensure they are operating as intended and helping the supply and maintenance of new rural affordable housing. It should bring a report to Parliament on the outcome of its monitoring within three years. (Paragraph 391)

77. The Raynsford Review makes an important contribution to the debate over planning reform in England. Although not specifically rural proofed, many of its recommendations are much-needed in a rural context and would lead to much better and consistent outcomes in rural development, helping strengthen rural economies more widely. (Paragraph 396)
78. We take particular note of the proposals in the Raynsford Review to enhance the ability of local authorities to plan for the needs of their localities, and to ensure a higher level of community participation and engagement in the planning process. We recommend that the Government gives serious and urgent consideration to these proposals in particular, with a view to adopting them as policy, and that it should also give full consideration to how they may be applied and implemented in rural contexts. (Paragraph 397)
79. Government must ensure that the work of the National Infrastructure Commission complements, rather than displaces, the role of local planning. Projects such as the proposed Oxford-Milton Keynes-Cambridge corridor must be developed with this in mind. (Paragraph 398)
80. Government should revisit the merits of a spatial plan for England, particularly as it relates to rural areas, to ensure that planning policy operates in a framework where land use priorities are properly considered above the local level. This will help ensure that the right type of development is brought forward in the right places, enabling sustainable and growing rural economies and communities. Government must carefully consider how such a plan may be developed at a local and regional level, focusing on how groups of local authorities may be encouraged or required to work together to develop and implement the plans. (Paragraph 405)
81. Neighbourhood planning is of crucial importance in a place-based approach to rural economies. While it is a valuable tool, however, its take-up has been patchy, often in ways which reflect existing economic inequalities. It also risks being undermined where local authorities do not have adequate housing sites in place and so neighbourhood plans may be overridden in favour of the Presumption in Favour of Sustainable Development. (Paragraph 414)
82. Government should proactively encourage uptake of neighbourhood planning, particularly in areas with lower levels of civic engagement. This should be done through support to local authorities, and engagement and training for community leaders and organisations through bodies such as Locality. Those local authorities that have promoted neighbourhood planning across their geographic areas could be treated as exemplars and encouraged to share good practice. (Paragraph 415)
83. While recognising the need for sustainable development and adequate housing land supply, the overriding of neighbourhood plan policies in planning decisions where there is found to be a shortage of local housing sites can undermine faith in the development system. There should be a five-year protection of 'made' neighbourhood plans which presumes against their being overridden in all but the most exceptional circumstances. (Paragraph 416)
84. The Government should take proactive steps to support the delivery and maintenance of affordable rural working spaces. In particular, it must review incentives and planning rules in relation to smaller floorspace developments and promote good practice initiatives such as flexible workspaces at rural

enterprise hubs. It should also undertake an urgent review of the impact of Class Q Permitted Development Rights on the availability of rural employment space. In addition, Local Enterprise Partnerships should be tasked with ensuring economic development is not constrained by the lack of available work places and should work closely with planning authorities to facilitate this. (Paragraph 423)

Chapter 6: Access to skills and rural business support

85. We welcome the Industrial Strategy's emphasis on skills, research and innovation and its support for Sector Deals. We see potential for Sector Deals to help boost the rural economy provided they are properly rural proofed and successfully implemented. There is a lot in the Industrial Strategy that is very relevant to rural businesses with the potential to provide a real boost for productivity and growth. (Paragraph 441)
86. We particularly welcome the development of local industrial strategies, which will be crucial for ensuring that rural needs are part of the wider plans for local delivery. We stress the need for all local industrial strategies to be fully rural proofed. (Paragraph 442)
87. The Business Productivity Review has the potential to genuinely help rural businesses tackle low productivity and find solutions to boost their businesses. Given that so many SMEs are based in rural areas, it is essential that the Review make rural considerations paramount and that it too should be rural proofed. (Paragraph 443)
88. Bus routes remain an essential service for people needing to access education and training. We would encourage education institutions, local authorities and bus service providers to cooperate on exploring public transport solutions for getting students to local education institutions. (Paragraph 451)
89. Although we recognise the concern of bus service providers, we still see merit in initiatives such as "Wheels to Work" and training. Government should work with LEPs and local authorities in seeking to reinvigorate these types of programmes, with a focus on securing longer-term funding and more comprehensive coverage for people needing to access employment and education. (Paragraph 452)
90. The current criteria of the apprenticeship scheme often favour large firms, making it difficult for rural small businesses to host apprentices. Government should review the funding arrangements of the Apprenticeship Levy to make it easier for small businesses to engage. (Paragraph 468)
91. There are opportunities to support new land-based apprenticeships and a further increase in the amount of Apprenticeship Levy that may be transferred from large to small firms should be considered. (Paragraph 469)
92. We agree that the current skills system is too centralised and that the dilution of funding streams over multiple Government departments is unhelpful. In this regard, devolution of funding for skills training is welcome and we are encouraged by the possibility for change through the development of local industrial strategies and the establishment of Skills Advisory Panels. (Paragraph 478)
93. There should be particular focus on rural skills within local industrial strategies. This could include improvements to the accessibility of training,

measures to support rural apprenticeships, and schemes to make further education options more accessible. For this purpose, Skills Advisory Panels must have sufficient influence within LEPs. (Paragraph 479)

94. We see potential in the proposed Skills Advisory Panels. In conducting their analysis on local skills and labour market needs, Skills Advisory Panels should also seek to:
 - Address careers guidance as part of their remit, not least to point to the changes in land-based occupations which now require higher skills and offer good career opportunities;
 - Provide guidance on pathways for potential students, trainees, apprentices and employers explaining the range of funding streams available. This would help to overcome the complexities of the current system and before rationalisation—which we think should happen—is introduced;
 - Identify ways in which rural businesses can be linked more closely to schools, colleges and universities and for these groups to collaborate more effectively when designing courses; and
 - Improve remote access to further education college courses. (Paragraph 480)
95. The Government's post-Brexit immigration proposals should be monitored to ensure that the employment needs of rural businesses, particularly for seasonal work, do not suffer. (Paragraph 488)
96. Rural Growth Networks offer a promising way of ensuring that attention is given to rural economic growth and support. It is disappointing that this programme has not been rolled out more widely. (Paragraph 497)
97. More local authorities should be encouraged to include the establishment of, and funding for, Rural Growth Networks in their Growth Deals. (Paragraph 498)
98. Many rural businesses operate in a different context, and with different challenges, to businesses in larger towns and urban centres. While rural rate relief and small business rate relief reflect these challenges to an extent, more could be done to reflect the challenges of rurality in business rate design. (Paragraph 507)
99. The Government should review the impact that the revaluation and current multiplier levels for business rates are having on rural businesses, particularly stables and garden centres. There is also an urgent need to review the impact of small business and rural rate relief provisions on rural pubs, local shops and other businesses that may be providing essential services and amenities to the local community beyond their primary commercial activity. (Paragraph 508)
100. Existing tax arrangements are complicated for farmers and small businesses (including sole traders) to navigate, and can also impose real financial disincentive to investing in diversification. The situation is even more difficult for tenant farmers, who may also be prevented from diversifying their businesses due to restrictions in their tenancy agreements. The Government should investigate whether the current tax system is putting

off farmers and rural small businesses from investing in diversification with regard to both complexity and financial disincentives. As part of its review into tenancy agreements, the Government should also address restrictions on tenant farmers that may prevent diversification. (Paragraph 514)

101. Although the closure of bank branches in rural areas has reduced opportunities for face-to-face banking, rural businesses still need access to bespoke financial support as well as loans to grow and diversify their business. The withdrawal of commercial operators from rural locations has left some businesses increasingly reliant on the Post Office network, which will not always meet the needs of businesses. This makes it all the more important for LEPs and Councils to provide information on sources of finance to help rural businesses meet their business banking and financial needs. (Paragraph 523)
102. Access to cash is an essential service for businesses, including access to out of hours deposit mechanisms such as can be provided by cash machines. Government must review the availability of ATMs in rural areas and in particular the sustainability of the current costs, including costs for security measures, for rural businesses hosting these machines and taking on banking functions in cases where bank closures have also led to the closure of bank operated cash machines. (Paragraph 524)
103. Banks should agree an increase, to a realistic level, in the fees that they pay for cash withdrawal and deposit transactions carried out on their behalf through the Post Office network. Post Office Ltd should then ensure that a sufficient proportion of those fees are passed on to individual post offices, so that those running them are properly remunerated for the effort involved. There should also be ongoing monitoring of the Access to Banking Standard to ensure it is being effectively implemented by the banking industry. (Paragraph 525)
104. The Shared Prosperity Fund should be a source of financial support for rural businesses looking to grow and invest, and it is to be hoped that the Government treats access to finance as a priority when it consults on the shape of the Shared Prosperity Fund. Local authorities and LEPs should also be proactive in advising rural businesses as to where financial assistance and advice can best be sourced in rural areas. (Paragraph 526)
105. LEPs and local authorities should work together to provide 'portals' where sources of finance for rural enterprise may be listed. (Paragraph 527)
106. Business support measures should be embedded in Local Industrial Strategies to enable targeted approaches to rural business support, based around local circumstances and identified needs. This would include measures to promote and improve access to finance, which is a particular area of concern for rural businesses in light of widespread rural bank branch closures. (Paragraph 528)
107. To be successful, rural tourism needs promotion. Once established, those Tourism Zones which include rural areas will need to address the issue of attracting funding for the promotion of rural tourism in their areas. (Paragraph 538)
108. The Tourism Sector Deal has potential to provide a more consistent and systematic support to the rural tourism sector. It is important that this deal be

rural proofed and its implementation monitored in rural areas in particular. (Paragraph 539)

109. Where appropriate, tourism support should be a key part of local industrial strategies, and LEPs covering areas with notable rural tourist sectors should have a particular focus on the sector's economic importance and potential. There should be more focus by LEPs on tourism as a rural career option. (Paragraph 540)
110. It is clear that the creative and arts industries in rural areas already contribute a significant amount to the rural economy and also have wider positive impacts in supporting rural businesses and communities, as well as supporting high-quality jobs. We also recognise that they have potential to grow further and make an even bigger contribution to rural economies. (Paragraph 547)
111. Arts Council England and other public arts and creative sector funders should ensure that rural communities receive an equitable share of their future investments. This should include a strategic investment programme for the creative rural economy to help fulfil its potential. There should also be a wider review of other measures necessary to ensure the potential of rural creative industries is achieved. (Paragraph 548)

Chapter 7: Delivering essential services at the local level

112. Public spending cuts have had a significant impact on rural transport provision and in particular rural bus use. In addition, complex funding streams and poorly integrated services mean that rural economies are often held back by transport connections that are poorer than they need to be. (Paragraph 569)
113. Government should undertake a full review of funding streams to rural public transport as part of a new rural strategy. The aspiration should be to develop a "single transport investment pot" that could be used to better support rural transport using a place-based approach, in collaboration with local authorities and other public bodies. Within this, Government should work with local bodies to support the expansion of demand-led services. (Paragraph 570)
114. Such a programme should draw upon the examples of Total Transport Pilots, which successfully sought to maximise benefits from existing transport resources including pooling resources from the public sector. (Paragraph 571)
115. The programme should also seek to explore the potential of community transport as a means of supporting and supplementing existing routes. In this context, Government should reconsider proposals to change guidance on eligibility of Section 19 and 22 permits issued to not-for-profit community transport providers. The introduction of a short-distance exemption is welcome, but Government must ensure that new guidance on the non-commercial exemption does not threaten the viability of community transport operators. (Paragraph 572)
116. Government should also support targeted investment in the maintenance of rural road networks in collaboration with local authorities, to identify those networks outside the major routes where investment would be most important in supporting rural economic development. (Paragraph 573)

117. The impact of rural crime on rural economies is a significant concern. More needs to be done by Government to better understand, track and respond to rural criminality. Initiatives such as Farm Watch and WhatsApp groups between farmers, land-owners and police forces to monitor and report on rural crime should be shared widely among rural police forces and rolled out more widely. (Paragraph 590)
118. We welcome new measures to tackle fly-tipping and the introduction of tougher new penalties, but we would also like to see new measures introduced to ensure that farmers and land-owners do not have to pay for the cost of clean-up of rubbish that is dumped on their land. (Paragraph 591)
119. Magistrates, Courts and the Crown Prosecution Service should be trained to better understand the scale and impact of rural crime. Reforms to sentencing guidelines should be considered, where appropriate, to widen the range of possible sentences to better reflect the seriousness of some crimes. (Paragraph 592)
120. We welcome the Government's promise that its Industrial Strategy research into the "grand challenge" of ageing will incorporate specific issues identified in rural communities. Nonetheless, the Government's statement that it funds clinical commissioning services to the proportion of the population that they cover indicates that it still does not understand the additional challenges and costs associated with rural service provision. (Paragraph 604)
121. Government must ensure that the challenges and costs of providing health services in rural areas are properly reflected in funding allocations to Clinical Commissioning Groups. This should include proper recognition of sparsity costs as well as a recognition of the ageing population of rural areas. (Paragraph 605)
122. The Department of Health and Social Care together with NHS England should also take further steps to improve the availability and accessibility of rural healthcare provision, including support for the development of multi-use health centres or hubs. The Government's investment in digital health is welcome, but the success of this approach will depend on the urgency with which it addresses the rural-urban digital connectivity divide. (Paragraph 606)
123. Government should also take steps to improve rural pharmaceutical services. This might include reopening the Essential Small Pharmacies and Local Pharmaceutical Services (ESPLPS) scheme, which helped rural pharmacies in places where they would not otherwise have been financially viable. (Paragraph 607)
124. Isolation, loneliness and associated physical and mental health challenges are key issues in rural communities. In this context, it is particularly important that policy solutions are rurally oriented, taking account of the greater challenges of combatting isolation in sparsely populated locations. (Paragraph 618)
125. The Government's loneliness strategy is to be welcomed, as is the commitment to support community infrastructure and community action to tackle loneliness in rural areas. Government must ensure that, as it implements its strategy, it continues to pay close attention to the distinctive challenges of combatting isolation and loneliness in a rural context. Government should

promote and spread good practice among rural voluntary and community organisations in this regard. (Paragraph 619)

126. It is of great concern that there is no adjustment for the additional cost of providing rural mental health services in England. Government must remedy this and ensure that sufficient staff and support services are available to tackle rural mental health. It must also take wider steps to address rural mental health, such as supporting mental health first aid training schemes which will enable early intervention. (Paragraph 620)

APPENDIX 1: LIST OF MEMBERS AND DECLARATIONS OF INTEREST

Members

Earl of Caithness
 Lord Carter of Coles
 Lord Colgrain
 Lord Curry of Kirkharle
 Lord Dannatt
 Lord Foster of Bath (Chairman)
 Baroness Hodgson of Abinger (from 10 October 2018)
 Baroness Humphreys
 Baroness Mallalieu
 Baroness O'Cathain (until 9 October 2018)
 Baroness Pitkeathley
 Baroness Rock
 Baroness Young of Old Scone

Declarations of interest

Earl of Caithness
Joint Chairman, International Property Awards Panel
Share portfolio managed by JM Finn & Co on a totally discretionary basis
Consultant, Rickett Tinne Estate Agents
Vice Patron, Queen Elizabeth Castle of Mey Trust
Trustee & Chief Executive, Clan Sinclair Trust

Lord Carter of Coles
Farmer, in receipt of payments under CAP
Owner, rural properties for long term rental
Owner, holiday lets
Chairman, Primary Group Ltd which in turn owns Rural Insurance, and insurance broker
Non-executive Director, NHS Improvement
Director, Health Services Laboratories LLP

Lord Colgrain
Partner in farm in Kent with beef, arable, woodland and houses to rent; in receipt of Rural Payments
Chairman of a Charitable Trust that owns an estate in mid-Kent
President, Kent County Agricultural Society
Member, Country Land and Business Association (CLA)
Member, National Trust

Lord Curry of Kirkharle
Partner, DTY Curry (farming business in Northumberland)
Chair, The Prince's Countryside Fund
Director, Countryside Fund Trading Ltd and related businesses under that umbrella
Director, Farming and Food Futures Ltd
Trustee, Clinton Devon Estates
Chair, Cazwood Scientific
President, Community Action Northumberland
Patron, Landex

Member, CLA

Member, National Farmers' Union

Member, National Trust

Lord Dannatt

Manager, Hall Farm, Keswick, Norfolk (Non-paid role)

Member of the CLA

Past President of the Royal Norfolk Agricultural Association

Trustee of two areas of land at Hall Farm, Keswick, Norfolk. The first has been granted development approval and the second is subject to an option agreement. In both cases the member's wife is the financial beneficiary and there is no personal gain to the member.

Lord Foster of Bath

No relevant interests to declare

Baroness Hodgson of Abinger

Director of a company, Johnson Bros, which leases some land for agricultural purposes

Former Member, Farm Animal Welfare Council

Member, National Trust

Baroness Humphreys

Member, Llanrwst Town Council, in a rural community in North Wales

Chair, Highways Committee which also has responsibility for parking and footpaths

Trustee, Crafnant Trust - Crafnant Lake is a small reservoir

Baroness Mallalieu

Owner, small livestock farm within Exmoor National Park and in receipt of Rural Payments

President, The Countryside Alliance

An invitee to the meetings of the Exmoor National Park Consultative Forum

Member, The Exmoor Society

Member, The Chiltern Society

Member, Humane Slaughter Association

Member, RSPCA

Member, National Trust

Baroness O'Cathain

No relevant interests to declare

Baroness Pitkeathley

The member's husband David Emerson CBE, is Chair of Action with Communities in Rural England (ACRE)

Member, Women's Institute (WI)

Co-Chair, APPG on Charities and Volunteering

Co-Chair, APPG on Carers

Baroness Rock

Member of the Advisory Board, Onward

Member of the Management Board, Red Tape Initiative

Member, National Trust

Non-Executive Director, Wrackelford Farms Ltd

Non-Executive Director, Keller Group plc

Senior Adviser, Instinctif Partners

Baroness Young of Old Scone

Chancellor, Cranfield University

Chairman, Woodland Trust

Vice President, RSPB
Member, RSA Food, Farming and Countryside Commission
Patron, Bedfordshire Rural Communities Charity

A full list of Members' interests can be found in the Register of Lords Interests:
<https://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests/>

Professor Mark Shucksmith OBE (Specialist Adviser)

Professor of Planning and Director of Newcastle University Institute for Social Renewal, Newcastle University
Newcastle University receives funding from the European Commission and ESRC for research into rural policy, with which Professor Shucksmith is involved
Trustee, Action with Communities in Rural England (ACRE)
Trustee, Carnegie UK Trust
Member of Stakeholder Group, Rural England
Formerly board member of Countryside Agency (2005–06) and Commission for Rural Communities (2006–13)

Brian Wilson (Specialist Adviser)

Owner, Brian Wilson Associates, a research and policy consultancy which delivers contracts under commission to public, private and voluntary/ community sector organisations
Current contractual work through Brian Wilson Associates is for:
Rural England: analysis, information gathering and drafting of a State of Rural Services 2018 report, which will examine some of the latest evidence about service provision and trends in rural areas.
Rural Services Network: delivery of rural policy and analysis support, including gathering evidence, drafting policy documents, drafting consultation responses, writing website articles, etc. As a result of this contract, Brian often attends meetings of the Rural Coalition and the Post Officers Advisory Group as a RSN representative.
Action with Communities in Rural England: assisting ACRE to produce quarterly monitoring reports for Defra, as required under the Department's funding arrangement with the ACRE Network.
Bridport Museum: leading the Bridport Collaboration Project, which is project managed by Bridport Museum and funded by West Dorset District Council. It is exploring options for more collaboration between local organisations.
Sutton Poyntz Neighbourhood Forum: provision of advice and support to this group, as they progress work on a Neighbourhood Development Plan for Sutton Poyntz (in Dorset)
Unpaid activities are as follows:
Rural England CIC: Director (currently Chair of Directors) of this not-for-profit organisation, which seeks to aid the development, dissemination and discussion of rural research and evidence.
UK Rural Policy, Practitioner & Research Group: Chair of a small group of academics from England, Scotland, Wales and Northern Ireland, who seek to share and compare rural evidence from across the UK.
Bridport Area Neighbourhood Plan: Sits on two of the Sub-Groups (for Economy and Environment) producing the Neighbourhood Development Plan
Bridport Local Area Partnership: Sits on the management committee of BLAP, which brings together town/parish councils and other local interests or service providers, largely for information exchange and issue identification purposes.

APPENDIX 2: LIST OF WITNESSES

Evidence is published online at <http://www.parliament.uk/rural-economy-committee/publications> and available for inspection at the Parliamentary Archives (020 7219 3074).

Evidence received by the Committee is listed below in chronological order of oral evidence session and in alphabetical order. Those witnesses marked with ** gave both oral evidence and written evidence. Those marked with * gave oral evidence and did not submit any written evidence. All other witnesses submitted written evidence only.

Oral evidence in chronological order

- | | | |
|----|--|--------------------------|
| ** | Andrea Ledward, Director, Natural Environment, Department for Environment, Food and Rural Affairs | QQ 1–10 |
| ** | Sarah Severn CBE, Deputy Director, Rural Policy, Department for Environment, Food and Rural Affairs | |
| * | Lord Cameron of Dillington, former Chair of the Select Committee on the Natural Environment and Rural Communities Act 2006 | QQ 11–21 |
| * | Professor Janet Dwyer, Professor of Rural Policy, University of Gloucestershire | QQ 22–31 |
| ** | Professor Jeremy Phillipson, Professor of Rural Development, University of Newcastle | |
| ** | Jeremy Leggett, Vice-Chair, Action with Communities in Rural England (ACRE) | QQ 32–46 |
| ** | Christopher Price, Director of Policy and Advice, Country Land and Business Association | |
| * | Sam Lister, Director, Industrial Strategy, Department for Business, Energy and Industrial Strategy | QQ 47–57 |
| * | Joe Manning, Deputy Director, Local Industrial Strategies, Department for Business, Energy and Industrial Strategy | |
| * | Simon Gallagher, Director of Planning, Ministry of Housing, Communities and Local Government | QQ 58–70 |
| * | Joe Tuke, Director of Local Government Policy, Ministry of Housing, Communities and Local Government | |
| * | The Right Reverend the Lord Bishop of St Albans, President, Rural Coalition | QQ 71–82 |
| ** | Margaret Clark CBE, Chair, Rural Coalition | |
| ** | Tim Bonner, Chief Executive, Countryside Alliance | |
| ** | Sarah Lee, Head of Policy, Countryside Alliance | |
| ** | Graham Biggs MBE, Chief Executive, Rural Services Network | QQ 83–94 |
| * | David Fursdon | |

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| ** | Councillor Sue Baxter, Chairman, National Association of Local Councils | <u>QQ 95–105</u> |
| ** | Councillor Bob Egerton, Cornwall Council | |
| ** | Councillor Mark Hawthorne, Chairman of Local Government Association and leader of Gloucestershire County Council | |
| * | Richard Baker, North East Local Enterprise Partnership | <u>QQ 106–113</u> |
| ** | John Mortimer, Swindon and Wiltshire Local Enterprise Partnership | |
| ** | Councillor Louise Richardson, Leicestershire Rural Partnership | |
| ** | Rebecca Burton, South-West Regional Director, National Trust | <u>QQ 114–129</u> |
| * | Gill Haigh, Managing Director, Cumbria Tourism | |
| ** | Patricia Yates, Director of Strategy and Communications, Visit Britain | |
| ** | Monica Burns, External Affairs Manager and Rural Lead, National Housing Federation | <u>QQ 130–140</u> |
| ** | Chris Carr, Federation of Master Builders | |
| ** | Martin Collett, Chairman, Rural Housing Alliance | |
| * | Professor Gavin Parker, Professor of Planning Studies, University of Reading | <u>QQ 141–150</u> |
| ** | Matt Thompson, Head of Planning, Campaign to Protect Rural England | |
| * | Hugh Ellis, Interim Chief Executive, Town and Country Planning Association | |
| ** | Minette Batters, President, National Farmers' Union | <u>QQ 151–161</u> |
| ** | George Dunn, Chief Executive, Tenant Farmers Association | |
| * | Sue Pritchard, Director, Food, Farming and Countryside Commission | |
| ** | Anna Price, Director and Co-Founder, Rural Business Group | <u>QQ 162–172</u> |
| ** | James Alcock, Executive Director, Plunkett Foundation | |
| ** | Ruby Peacock, Deputy Head of Public Affairs, Federation of Small Businesses | |
| ** | James Heath, Director of Digital Infrastructure, Department for Digital, Culture, Media and Sport
Henry Shennan, Deputy Director, Broadband and Telecoms Market, Department for Digital, Culture, Media and Sport | <u>QQ 173–185</u> |

- ** Kim Mears, Managing Director for Strategic Infrastructure Development, Openreach
- ** Professor Claire Wallace, Chair in Sociology, University of Aberdeen
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- ** Deputy Chief Constable Craig Naylor, Lead for Rural Crime, National Police Chiefs' Council
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- ** Nigel Edwards, Chief Executive, Nuffield Trust
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- ** Rt Hon Michael Gove MP, HM Government: [QQ 297–323](#)
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*	Dr Hugh Ellis, Interim Chief Executive, Town and Country Planning Association (QQ 141–150)	
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APPENDIX 3: CALL FOR EVIDENCE

The House of Lords Select Committee on the Rural Economy was appointed by the House on 17 May 2018. The remit of the Committee is “to consider the rural economy, and to make recommendations”.

The rural economy is a fascinating subject and one that incorporates a wide range of important topical issues. The House of Lords Select Committee on the Rural Economy recently began its inquiry and hopes to gather as much evidence as possible between now and the new year. The Committee is required to agree its report by the end of March 2019.

The Committee has already held a number of public hearings to get an overview of the subject matter and to learn about some of the key themes relating to the rural economy. It is now issuing this Call for Evidence to explore some of these issues in further depth.

A list of questions is set out below, covering subjects the Committee particularly wants to learn more about. The Committee is keen to hear from as many individuals and organisations as possible with interest and expertise in the rural economy. It hopes to learn more about successes and failures, opportunities and barriers, and prospects for the future. The Committee is also particularly keen to learn of interesting new ideas on how the rural economy—or specific aspects of it—can function better.

The issues the Committee is likely to cover in its inquiry include (but may not be limited to):

- Recent changes and developments in the rural economy
- Transport connections
- Digital infrastructure
- Provision of essential services including healthcare and education
- Support for local amenities such as shops and pubs
- Rural housing and planning policy
- Rural businesses, business investment and new rural industries
- Employment and skills
- Demographic challenges
- Rural deprivation and isolation
- National and local government policy, and devolution

The Committee hopes that the report it produces will have a wide-ranging impact on policymakers, practitioners and the public, celebrating successes where they have occurred and challenging people, organisations and Government to do better where necessary. With these objectives in mind, the Committee requests written evidence

The questions below cover a broad range of subjects. Respondents who are able to answer all of the questions are welcome to do so; however, there is no obligation to answer every question and the Committee welcomes all evidence that addresses any of the subjects raised, even if you only feel able to respond to one of the questions on the list below. The Committee encourages respondents to interpret

the questions broadly and to provide as much information as possible that may be of use to its inquiry.

This is a public call for written evidence to be submitted to the Committee. The deadline is 4pm on Monday 10 September 2018.

Questions

General issues

1. What do you understand by the “rural economy”? How has it changed over recent years, and what has been the impact of these changes?
2. Could you give examples of notable success stories and good practice in the rural economy? How might rural successes be replicated and better promoted?
3. How do you see the future of the rural economy? Where is the greatest potential for growth, and what might be the impact of technological and other changes?

Infrastructure and services

4. How can access to transport be improved in rural areas?
5. What barriers to growth are created by poor digital connectivity? How can connectivity be improved across the board?
6. What can be done to improve and maintain provision for essential services such as healthcare, education and banking in rural areas?
7. What can be done to support local shops, community pubs and other rural amenities at risk of closure?

Business, employment, skills and demography

8. How can rural businesses be helped to thrive, and how can new industries and investment be supported? How might labour and skills shortages be overcome?
9. How can deprivation and inequality in rural areas be tackled?
10. How can more young people be encouraged to stay in or return to rural areas and contribute to their communities?
11. What can be done to address the challenges associated with an ageing rural population, such as social isolation and social care provision? What opportunities are there for the older retired population to help support the rural economy?

Rural housing and planning

12. How can the affordability of rural housing be improved? What are the other challenges associated with rural housing and how can these be addressed?
13. How have recent planning policy reforms affected rural housing and the wider rural economy? What changes, if any, are needed to planning rules?

Government policy, devolution and local government

14. Do the Government and other public bodies pay sufficient attention to the rural economy and if not, why not? What might be done to ensure that Government and other public bodies hear and act on rural voices?
15. What is being done in local government to support rural economies? How effectively do other public bodies such as Local Enterprise Partnerships operate in rural areas, and how might coordination between bodies be improved?

APPENDIX 4: A SHORT HISTORY OF RURAL POLICY IN ENGLAND

Rural policy in England today still bears the legacy of social and economic change—and related policy decisions—of past generations. In the early part of the 20th century agricultural production and employment was in decline, and many rural villages and market towns were depopulating as people moved to larger towns and cities. There were also, however, early signs of a reversal, as wealthier urban dwellers began to see the countryside as a place of leisure or as a desirable place to relocate.⁵⁴⁷

During the Second World War, increased demand for domestic food production led to technical and scientific advances in agriculture, and after the war a new system of agricultural subsidies were introduced through the Agriculture Act 1947. Changes in agriculture were accompanied by rapid social changes in the countryside; population growth increasingly occurred in rural and semi-rural districts and the “tripartite” social structure of landowners, farmers and labourers began to break down.⁵⁴⁸

These social and economic changes were paralleled by changes in attitudes to land use and to the maintenance of open spaces and landscapes. In 1947 the Town and Country Planning Act was passed, forming the basis of town and country planning that endures today. This established the requirement to seek planning permission for land development and enabled local authorities to include Green Belt proposals in their development plans. This Act was soon followed by the National Parks and Access to the Countryside Act in 1949 which enabled the creation of National Parks and Areas of Outstanding Natural Beauty (AONBs). The most recent National Park to be established was the South Downs, in 2011.

Green Belt areas, National Parks and AONBs vary widely in character and geography, but all are the subject of planning restrictions that strictly limit the amount of land available for development. These changes—combined with rapid population growth and significant increases in environmental awareness and protections—have transformed public perceptions of the countryside and its purpose, even as its, distinctive characteristics have continued to endure.

Changes to the countryside have created many opportunities and challenges as set out and discussed in our report. “Rural policy” in its various forms should, above all, seek to manage these changes and address these challenges. It should aim to ensure so far as possible that competing priorities are resolved and tensions managed, so that the countryside can maintain its distinctiveness and attractiveness while delivering social and economic benefits to rural dwellers and the country as a whole.

Although rural policy has been subject to regular change for most of history, the last few years have seen a particular and unprecedented transition. The 2018 report of the House of Lords Select Committee on the Natural Environment and Rural Communities Act 2006 (known as the NERC Committee) discussed these structural changes in some detail, observing that there had been some form

⁵⁴⁷ Howkins, A. *The death of rural England: a social history of the countryside since 1900*, 2003: <https://content.taylorfrancis.com/books/download?dac=C2004-0-04658-7&isbn=9781134772490&format=googleP-reviewPdf> [accessed 15 April 2019]

⁵⁴⁸ *Ibid.*

of statutory Government agency leading on rural policy since the Development Commission was introduced over 100 years ago in 1909.⁵⁴⁹

In *England's rural economies: 20 years on from Faith in the Countryside* (2010), Neil Ward identifies four distinct phases of policy approaches to rural economy issues in the period 1990–2010. The short history below is indebted to this study.⁵⁵⁰

The first phase saw a particular focus on the reform and liberalisation of the Common Agricultural Policy (CAP), and the development and expansion of European Structural Funds for rural development. A 1995 White Paper, *Rural England: A Nation Committed to a Living Countryside*, focused on improving coordination between Government departments, and also acknowledged the need for what Ward calls “a more holistic and cross-cutting approach” to guide the development of rural localities.

The second phase from 1997 was marked by policy changes including further CAP reform and the creation of Regional Development Agencies (RDAs) to support development across the English regions. 1999 saw the creation of the Countryside Agency, a merger of the then Countryside Commission with the national functions of the Rural Development Commission (the regional and local functions had been transferred to the RDAs).

This was followed by another White Paper in 2000, *Our Countryside: The Future - A Fair Deal for Rural England*, which committed an extra £1 billion of spending on rural programmes. Initiatives included:

- The formal establishment of “rural proofing” to ensure all major policies are tested for rural impact;
- The creation of a Rural Advocate to argue the case for rural people at the highest levels of Government;
- Report on a new set of countryside indicators in the annual State of the Countryside report produced by the Countryside Agency;
- The introduction of a Rural Services Standard, setting out a mix of standards for rural public services;
- The creation of a Community Services Fund, worth £15 million over three years; and
- 50 per cent mandatory rate relief for village shops, pubs and garages.

Of these initiatives, rural proofing survives, albeit in a more limited and less accountable form, while rural business rate reliefs have been extended and modified. Many other initiatives in the White Paper were gradually phased out. For example, Rural Services Standards were eventually dropped although some individual standards (such as for Post Offices and rural schools) survive, while the Community Services Fund ended with the closure of the Countryside Agency, and the annual State of the Countryside Reports finished when the Commission for Rural Communities was closed in 2013.

549 Select Committee on the Natural Environment and Rural Communities Act 2006, *The countryside at a crossroads: Is the Natural Environment and Rural Communities Act 2006 still fit for purpose?* (Report of Session 2017–19, HL Paper 99)

550 Ward, N (2012) ‘England's rural economies: 20 Years on from Faith in the Countryside’ in Smith, A and Hopkinson, J (eds), *Faith and the Future in the Countryside* (Norwich: Canterbury Press, 2012), pp 1–21

Shortly after the publication of this White Paper, a major outbreak of foot and mouth disease caused huge disruption to the rural economy, with 6.5 million animals being slaughtered. The estimated costs of the outbreak were £5 billion to the public sector and £3 billion to the private sector.

The third phase began in 2001 when the re-elected Labour Government decided to create a new Department for Environment, Food and Rural Affairs (Defra). Ward argues that the Government had initially intended to raise the profile of rural affairs and rural development, but that “Defra had the opposite effect of marginalising rural affairs”. He adds that:

“Wider rural economic development lost ground within government to the renewed emphasis on the sustainability of the food chain and a preoccupation with a farming industry that represented an ever diminishing economic force in the countryside.”

The creation of Defra was followed by the *Modernising Rural Delivery* review led by Lord Haskins, which led to the replacement of the Countryside Agency with the smaller Commission for Rural Communities (CRC). At the same time socio-economic programmes for rural areas were taken on by the RDAs. Ward notes that while RDAs were obliged to have some form of rural programme, “senior RDA figures were generally preoccupied with focusing their energies and resources on larger-scale investments in the cities”, where it was commonly viewed that agencies could “deliver better value for money”.

The fourth phase covers the Brown ministry of 2007–2010. This period began with renewed interest in the rural economy, heightened by an outbreak of foot and mouth disease in Surrey and severe flooding in Yorkshire and Gloucestershire. Initiatives included an independent review by Matthew Taylor MP (now Lord Taylor of Goss Moor) into planning, land use and affordable housing in the countryside; a report from Stuart Burgess, then Rural Advocate and Chairman of the CRC, on strengthening the rural economy; and a report from the Commons Efra Committee into rural economic development in England.

The Rural Advocate’s report focused on targeting areas of underperformance in rural economies and, Ward notes, helped demonstrate that some rural areas had been economically thriving and could make even greater contributions “if their potential were better recognised by government and regional bodies”. The Taylor Review made 48 recommendations focused on the planning system and aimed at making more land available for affordable housing in rural areas and promoting new business development, especially through home-based working.

Around the time of these reports the 2008 financial crisis was occurring and Government efforts were substantially occupied by dealing with the after effects of this crisis, meaning that few new rural initiatives were implemented prior to the 2010 election, when Ward’s study concludes.

Following the 2010 election, the new Government announced its intention to abolish the Commission for Rural Communities at the same time as many other Government agencies. Its functions were taken over by Defra’s in-house Rural Communities Policy Unit, which was then itself abolished in 2015. Defra’s current rural policy team comprises about 60 staff, half working on the RDPE team within the future farming directorate and half working on core rural policy issues.⁵⁵¹

551 [Q 4](#) (Andrea Ledward)

APPENDIX 5: FURTHER STATISTICS ON THE RURAL ECONOMY

The following statistics are largely drawn from the most recent edition of the *Statistical Digest of Rural England*,⁵⁵² a monthly publication setting out a wide range of rural economic and social statistics. They supplement the key statistics set out in Box 2 in Chapter 1 of the report (pp 44–45). We used these statistics to help inform our lines of inquiry and are presented here to provide further context and background to our report’s key themes, conclusions and recommendations. Where statistics are from other sources these are recorded in footnotes.

It should be noted that some rural data is collected at Output Area level (small area geographies) whereas other information is only available at local authority level. In the case of Output Areas, “rural” is defined as any area lying within a settlement of fewer than 10,000 people. At local authority level, there is a six-tier rural-urban classification, with the most rural areas being classified as “mainly rural” or “largely rural”, with these two classifications being designated together as “predominantly rural”. In this context, rural locations can also include “hub towns” of a population between 10,000 and 30,000 which serve rural surroundings.

- In 2016/17 the percentage of households in rural areas in relative low income was 16 per cent before housing costs and 17 per cent after housing costs. By comparison, the percentage of households in urban areas in relative low income was 18 per cent before housing costs and 24 per cent after housing costs.
- The three sectors with the highest percentages of employment in rural areas are ‘Education, health & social work’, ‘Wholesale, retail & repair of motor vehicles’ and ‘Manufacturing’ (17, 13.2 and 11 per cent respectively). Agriculture, forestry and fishing contributes 7.5 per cent of employment in rural areas, though it is unsurprisingly the only sector that is greater in terms of actual employment numbers in rural areas (297,970) compared to urban areas (45,410).
- In 2017, median workplace-based earnings in predominantly urban areas (excluding London) were £22,900 while predominantly rural areas were slightly lower at £21,400. Between 2009 and 2017 median workplace-based earnings increased for all settlement types, with the greatest rate of increase (excluding London) being workplaces in mainly rural areas.
- Rural hamlets and dispersed areas play host to the highest proportion of home workers in England, at 34 per cent compared to 13 per cent in urban areas. Rural areas overall also have a much higher proportion of home workers than in urban areas, at 22 per cent (a total of 1.05m).
- Although the Agriculture, Forestry and Fishing sectors contribute a relatively small amount to rural GVA as set out above, they make a larger contribution to the local units of registered businesses; both they and the “professional, scientific and technical” sector have 15.1 per cent of the local units of registered businesses in all rural areas. According to the Farm Business Survey 2016–17, 64 per cent of farm businesses in England had had

552 Department for Environment, Food and Rural Affairs, *Statistical Digest of Rural England March 2019 Edition*: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787699/03_Statistical_Digest_of_Rural_England_2019_March_edition.pdf [accessed 15 April 2019]

some diversification activity in that financial year, the main component of which was letting out buildings for non-agricultural use.⁵⁵³

- Common Agriculture Policy (CAP) subsidies currently make up anywhere from 50–60 per cent of a farmer's income in England. The UK allocation over the 2014–20 period of the current CAP is €25.1 billion (around £22.3 billion) in direct payments (pillar 1) and €2.6 billion (£2.3 billion) in rural development funds and the environment. The UK Government has pledged to maintain the same cash funds of support for farmers until the end of the Parliament.
- Patterns of rural business employment are clearly oriented toward small and medium sized enterprises (SMEs) in rural areas when compared with urban areas. Of people employed in local units of registered businesses, 28.6 per cent are employed in those with up to nine employees overall, compared to 19.2 per cent in urban areas. Conversely, in rural areas just 15.7 per cent of people are employed in the local units of registered businesses with 250 or more employees overall, compared to 28.7 per cent in urban areas.
- Although almost all registered businesses in both rural and urban areas are SMEs, a much higher proportion of people employed by rural registered businesses are employed by SMEs in rural areas (72 per cent) than in urban areas (41 per cent). There are also more registered businesses per head of population in predominantly rural areas than in predominantly urban areas (excluding London).
- In 2017, the productivity of predominantly rural areas was around 85 per cent of that for England as a whole, although this is affected by the increase in London's contribution to England's overall productivity. Productivity by industry breakdown shows that predominantly rural and predominantly urban areas are broadly similar. Capital investment per employee in predominantly rural areas has been consistently lower than in other areas. In 2013 investment per head in London was around £5,500, compared with £3,600 in predominantly urban areas.
- In 2015/16 people living in the most rural areas travelled almost twice as far per year as those living in urban areas. In 2015/16 in the most rural areas 88 per cent of travel was made using a car (as a driver or passenger) compared with 69 per cent in the most urban areas. In 2014/15 10 per cent of households in rural areas had no access to a car or van compared with 28 per cent in urban areas. In the year ending March 2017, average weekly transport costs for those in rural areas were £131.80, accounting for 15.1 per cent of disposable income, compared to £74.30 or 10.7 per cent for urban areas.
- Ofcom's 2018 Connected Nations report notes that lack of access to a decent broadband service is more common in rural areas: 12 per cent (496,000) of rural premises cannot get access to such a connection compared to 1 per cent (181,000) or urban premises. There is also still a significant difference between the availability of superfast broadband in urban and rural areas, with 97 per cent of premises in urban areas having access to superfast broadband compared to 74 per cent of premises in rural areas (up from 66 per cent in

⁵⁵³ Department for Environment, Food and Rural Affairs, 'Farm Accounts in England: Results from the Farm Business Survey 2017/18', 13 December 2018, pp 18–19: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/763943/fbs-farmaccountsengland-13dec18.pdf [accessed 15 April 2019]

2017).⁵⁵⁴ Mobile connectivity is also relatively poor, with 9 per cent of the UK landmass having no good 4G coverage (though this is an improvement from 21 per cent a year ago), and good indoor coverage being available to 41 per cent of rural premises (compared to 24 per cent in 2017).

- In 2017, in predominantly rural areas the average lower quartile house price was 8.6 times the average lower quartile earnings, compared with 7.4 times in predominantly urban areas excluding London. An IPPR study on rural affordable housing found that the average rural house price is around £19,000 above the average for England as a whole at £320,000, and is more than £87,000 higher than the urban average excluding London.⁵⁵⁵
- Average life expectancy is highest in mainly rural areas. On average, people born in mainly rural areas in 2013–15 are expected to live two years longer than people born in urban with minor conurbation areas. Infant mortality is also lower in rural areas than in urban areas.
- The Rural Services Network has reported that in 2019/20 the average predominantly urban resident will attract £37.74 per head in Improved Better Care funding, £8.20 per head more than rural residents per head (£29.54). In 2017/18 Adult Social Care funding is met by Council Tax to the tune of 76 per cent in rural areas compared to 53 per cent in urban.⁵⁵⁶

554 Ofcom, *Connected Nations 2018*, December 2018: https://www.ofcom.org.uk/_data/assets/pdf_file/0020/130736/Connected-Nations-2018-main-report.pdf [accessed 15 April 2019]

555 Institute for Public Policy Research (IPPR) *A New Rural Settlement: Fixing the Affordable Housing Crisis in England* (June 2018): https://www.ippr.org/files/2018-06/1530194000_a-new-rural-settlement-june18.pdf [accessed 15 April 2019]

556 Written evidence from Rural Services Network ([REC0031](#))

APPENDIX 6: NOTE OF COMMITTEE VISIT TO HEREFORDSHIRE: WEDNESDAY 12 SEPTEMBER 2018

As part of its inquiry, the Committee visited Herefordshire on 12 September 2018 to meet with representatives from local authorities, local businesses, and community organisations. The visit included two roundtable sessions and visits to a number of large and small rural businesses, to help the Committee better understand the opportunities and challenges of the rural economy on the ground. The visit was organised in conjunction with Roger Britton of Community First, the Community Council for Herefordshire and Worcestershire.

The following Members took part in the visit:

The Earl of Caithness, Lord Colgrain, Lord Foster of Bath (Chairman), Baroness Humphreys, Baroness Mallalieu, Baroness Pitkeathley, Baroness Rock.

They were accompanied by the following House of Lords staff: Simon Keal (Clerk), Katie Barraclough (Policy Analyst) and Anouska Russell (Press Officer).

Skylon Park, Rotherwas: roundtable with local leaders and business groups

The first meeting was a roundtable format discussion with representatives from Herefordshire Council, Herefordshire and Worcestershire Chamber of Commerce, the Herefordshire Rural Hub, the Herefordshire Enterprise Zone, Arctic Circle Ltd, National Farmers' Union and The Marches Local Enterprise Partnership Business Board. Attendees were:

- Councillor Jonathan Lester, Leader, Herefordshire Council
- Councillor David Harlow, Cabinet member, Economy & Communications, Herefordshire Council
- Nick Webster, Economic Development Manager, Herefordshire Council
- Sharon Smith, Chief Executive, Herefordshire & Worcestershire Chamber of Commerce
- Cathy Meredith, Chief Executive and Director, Herefordshire Rural Hub
- Andrew Manning-Cox, Chair, Hereford Enterprise Zone
- Mark Pearce, Managing Director, Hereford Enterprise Zone
- Debbie Gittoes, Chief Executive, Arctic Circle Ltd
- Frank Myers, Chairman, The Marches LEP Business Board
- Russell Price, Chairman, Herefordshire NFU

The roundtable took place at the Business Solutions Centre, Skylon Park, Rotherwas, which is the location of the Hereford Enterprise Zone.

Introduction and background

The Council, the Enterprise Zone, Chamber of Commerce and other representatives in the discussion group highlighted key challenges facing Herefordshire:

- Skills and employment
- Attracting inward investment
- Pressure on services, including healthcare

- Infrastructure—road, rail and digital
- Brexit
- Reducing the cost of business

The Council noted that supporting business was a particular priority, and that creating jobs meant an increase in council tax revenue which can be used for the benefit of the entire county. However, Council representatives noted that its greatest financial commitment comes from the provision of social services, particularly looked after children and health and social care.

Councillor Harlow stated that the town of Hereford itself had been doing well of late, in particular with the establishment of the Enterprise Zone and plans for a University. He described it as having become a magnet for high tech investment. However, he added that the market towns were performing less well, and that their town centre retail areas in particular had been suffering.

On this point, Councillor Lester added that local stores were employing fewer people, and that businesses were concentrating in Hereford as people drove to use the larger shops there. The wider county also had a generally low wage economy outside Hereford.

Nick Webster added that the council had a long term plan to grow the county in terms of housing and its economy, and that it had a core strategy in place with an aim to secure funding for infrastructure in the right locations to support the right policies and projects. He added that the location of highly skilled individuals in the county was being used as an asset that could attract more investment and highly paid jobs. He added that unless the county economy grew, more services and amenities would be lost.

Relations between local authorities and business

Sharon Smith of the Chamber of Commerce told the Committee that while the county has some very large enterprises, 90 per cent are small and micro businesses. She said that the two issues businesses in the country consistently reported were a lack of infrastructure and a shortage of skills.

Representatives of the Council and the Marches LEP noted a change in how the local authority is engaging local businesses. The Council told the Committee that the catalyst for this change came from the adoption of a long-term plan and a shared ambition to grow the county. One area they highlighted was their efforts to tackle Herefordshire's low wage economy—the Enterprise Zone had worked with the University of Wolverhampton to establish the Business Solutions Centre, where the roundtable was being hosted. The centre provides business networking opportunities as well as a range of skills and technology development workshops.

Sharon Smith of the Chamber of Commerce echoed the points about Council engagement, stating that the Chamber had worked very effectively with the council and other bodies in the last few years to promote and engage with the views of businesses. Debbie Gittoes of Arctic Circle Ltd also said that there had been a change in personnel at the Council five years ago and that there was now a genuine desire to work with stakeholders, with the council becoming a catalyst for making things happen. She stressed the importance of having the right people with the right attitudes in place.

Inward investment

On attracting investment, representatives from the Enterprise Zone noted that the EZ has been successful in stimulating additional business investment and explained that most of this had been from local firms seeking to expand and grow. Council representatives agreed that getting investment to rural areas can be challenging, particularly in those areas that are lacking in infrastructure, housing, skills and amenities.

The Council told the Committee that there were plans to build an Enterprise Park in Ross-on-Wye, which was made possible through the sale of land. A decision was made to release the asset to invest in economic priorities. Money had to be used carefully, but it was possible to replicate successful initiatives in the market towns.

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Infrastructure

The Council representatives saw the Council as having a key role to play in developing infrastructure to support business growth and development. The Council noted that, despite nearly £90 million of cuts, they have still managed to invest in business. However, they noted that more investment is needed for infrastructure beyond what the Council is currently able to deliver. They noted that there is 96% high speed broadband coverage in the county, but that the remaining gaps would be very expensive to get connected. Councillor Harlow stated that there was an intention to get fibre connections to the premises rather than cabinets in the remaining areas, which was more expensive. Money was the major constraint to delivery. Nick Webster of the Council added that there were companies based in rural areas where the Council had provided assistance with infrastructure. The same had been done in the Enterprise Zone.

Cathy Meredith of the Rural Hub told the Committee that there was a local broadband initiative being delivered in conjunction with Gloucestershire County Council, aiming to get broadband connections to the remotest rural areas. She said delivery of this initiative was very challenging. Progress was being made on broadband, but mobile connectivity was still very poor.

Several participants made comparisons of digital and mobile coverage with other countries they had recently visited, citing Italy and South Africa as examples where coverage exists even in remote areas and is more reliable than what has been achieved in Herefordshire.

Skills and employment

The Committee heard that attracting skills was a challenge for businesses in Herefordshire and that many businesses face labour shortages. Council representatives told the Committee that there are fewer than 1,000 unemployed people in the county.

Sharon Smith of the Chambers of Commerce told the Committee that there was not enough labour in the county to support business, as young people move away owing to the lack of facilities and amenities, and relatively fewer working age people are moving in. She added that fruit pickers were planning sharp reductions in production because of labour shortages, and might relocate overseas if labour is unavailable after Brexit. Debbie Gittoes of Arctic Circle Ltd stated that in the short term, the county still needed to attract people into the county but that she did not know where they might come from.

During the discussion on skills and employment several participants expressed concern that school-leavers lacked the technical and social skills necessary to help them adapt to a working environment. Problems included punctuality, the lack of ability to follow instructions, and difficulties working with colleagues. Participants felt that part of the problem lay with the education sector, which incentivises students to focus on passing exams rather than on future careers. The Council noted that although academic attainment levels are good in Herefordshire, schools are under pressure to produce results to remain viable. They added that it was a reasonable question to ask whether children were leaving school “employment ready” and vocationally-minded.

Sharon Smith from the Chambers of Commerce said that the Chambers were running an Enterprise Advisory Scheme in schools in the county, which included careers workshops and mock interviews. This was just one initiative and there was scope for others to support careers advice and development from a young age. Frank Myers argued that approaches also needed to be different with children from a younger age, with a focus on the relevance of what is being taught to future career options.

Andrew Manning-Cox noted that Herefordshire was appealing as a place to live and that tourism and agriculture had always been strong. However, historically the county had been weak on skills and new business growth, and there was still poverty in rural areas.

He also noted that there were positive developments taking place in the EZ thanks to close working relationships between the Council, the EZ and the Marches LEP which has led to 37 new businesses setting up on the site since 2013. An £8 million project was also underway to turn a 100-year-old former munitions factory into an incubation centre that is expected to create 200 jobs and 35 new businesses. He said that the most important function of the EZ was providing the conditions and infrastructure for businesses to invest, by undertaking development that private developers may be unwilling to support upfront.

The Committee heard that apprenticeships were not promoted enough in schools as a viable career option and not given the same weight as going to University. Debbie Gittoes from Arctic Circle told the Committee that apprenticeships do not have “parity of esteem” as University. It was also noted that the Apprenticeship Levy Scheme is too complex and that poor transport services make it difficult for some people to access apprenticeships offered in rural areas.

Concerns around attracting skilled agricultural labour were raised by Russell Price from the NFU. He told the Committee that jobs in agriculture suffer from a poor and often unjustified reputation of being low paid. At the same time there were serious challenges with regard to digital connectivity, as agriculture is on the cusp of a technological revolution and the sector needed to be able to realise the opportunities this presented. Signal was particularly important to this, but mobile connectivity remained extremely poor in many rural areas. He argued that agricultural work was in fact relatively well paid but that more needed to be done to promote farming as a career opportunity. Cathy Meredith emphasised the importance of accessing RDPE funding for farming and the rural economy more generally and the need for “seedcorn” finance to act as a catalyst for business growth and skills development in rural farming areas.

The Committee also heard that a shortage of workers put pressure on the services sector. Councillor Lester stated that recruitment of social workers was a problem because of low pay in the county, though they tended to stay when they arrived because the county was an appealing place to live. There was also a problem with the recruitment of carers, and Cathy Meredith told the Committee that recruiting GPs was also a problem.

Healthcare and demographic change

The Committee heard that healthcare services in Herefordshire were under considerable strain. Participants told the Committee that the “one-size-fits-all” approach to healthcare does not work for rural areas where district nurses often travel long distances, sometimes in adverse weather conditions and on poor roads, to visit patients. Recruitment of carers was also raised as an area of concern. The Council told us that of the £98 million collected in council tax, 75 per cent of that goes to around 3,000, mostly elderly, people. They argued that it is not possible to “take a break” from looking after residents in need and redirect that spending to other areas of need such as improving roads.

Frank Myers told the Committee that the county had an ageing population and a particular shortage of younger working age people who had moved away. The demand for healthcare this created was not being matched by budgets and so one local NHS trust was in considerable debt. He said this was not an issue of financial mismanagement but of inadequate funding for a rural economy.

Councillor Lester stated that the Council wanted to increase the profile of the Health and Wellbeing board, and to link this issue with economic prosperity. One of the Council’s priorities is fuel poverty and in particular the difficulty of insulating older, isolated properties in rural areas. Many properties did not have mains gas. He added that another priority was childhood obesity and dental health, where the statistics for the county were very poor.

Hereford Bypass and University

The Committee heard about two major projects being promoted by the local authorities—the Hereford Bypass and a new University.

Members of the Council told the Committee that a new bypass was critical for the development of Herefordshire, noting that it would achieve many objectives such as improving air quality, reducing traffic in Hereford, opening up more land for affordable housing, and improving connectivity to the area for businesses. Representatives of the EZ agreed, noting that businesses in the EZ won’t be able to expand much further without the bypass. Councillor Lester stated that the bypass

had been identified as a key priority for the government's "Midlands Engine" initiative.

The Committee also heard that the proposed University will focus on engineering and is expected to attract 3,000 students. It was believed to be the first greenfield University to be established from scratch in over 40 years. The Council's projections estimate that around 20 per cent of students will stay locally and either start their own businesses or take up work in the local area as skilled graduates. It is also expected that the University will allow young people who would otherwise go away for further study to stay locally. Councillor Harlow stated that while construction of infrastructure and student accommodation was slightly behind schedule, the Council was determined to make it a reality.

Recommendations

Members of the roundtable group offered recommendations to boost the rural economy in Herefordshire:

- Give local authorities greater power to decide how funding is allocated, and remove ring-fences
- Abandon the 'one-size-fits-all' approach to healthcare
- Support for the Hereford bypass
- Greater recognition by central Government of rurality when making funding decisions
- Greater focus on skills and employability of young people
- Need for more funding for investment so the county can support itself
- Rollout of digital and mobile infrastructure
- Help better enable parish councils to deliver for their areas
- More joined-up thinking between Government departments
- Simplify funding such as LEADER
- More clarity on Brexit

Visits to enterprises at Skylon Park

Following the conclusion of the roundtable discussion, the Committee divided into two groups to visit enterprises based at the Enterprise Zone on Skylon Park. These were KGD Ltd and ATN (Europe) Ltd.

KGD ltd

The Committee heard a short history of KGD Ltd which manufactures fluid handling systems. KGD has recently built new facilities at Skylon Park and predominantly works for local businesses in the "three counties" region (Gloucestershire, Herefordshire and Worcestershire) such as Bulmers, Lucozade, Chase Distillery and others. KGD employs around 115 people and had a turnover in 2017 of £8 million. Exports are expected to be 80% of turnover in 2018.

Skills and recruitment

The Committee heard that KGD has difficulty in finding people with the right skills. Committee members were told that 38 per cent of its current employees come from its own apprenticeship scheme. In 2018 it had planned to bring in 10 apprentices but were only able to find 8 suitable candidates. KGD told the

Committee that the quantity and quality of applicants has been decreasing over the last 15 years.

The Committee heard that KGD's experience was that many young people are not interested in taking up engineering and that not enough attention was being paid to encouraging students to think about engineering as a career. KGD expressed concern at a "bums on seats" culture in the education system being promoted to the detriment of encouraging people to consider apprenticeships as a career option. The company also noted that the Herefordshire and Worcestershire Group Training Association (HWGTA), which KGD works with to find candidates for their apprenticeship scheme, has also been struggling to find candidates.

Outside the apprenticeship scheme, KGD use three recruitment agencies to help them find qualified staff. The company noted that, since January, KGD had interviewed 20–25 people and recruited only 6–8, two of which had the skills that they were looking for and the rest of whom needed further training. The Committee heard that KGD hoped to hire a further 14 staff but is struggling to find qualified candidates. As a consequence, KGD are hiring people from further afield such as Worcester, despite concerns that people with long commutes tend to soon start looking for work closer to home.

Relations with local authorities

The Committee heard that relations between KGD and the Council had not always been good, but the current Council was seen as being more business-friendly. The company welcomed the Council's economic plans and supported efforts to develop infrastructure, such as broadband, that would help local firms. On the broader Skylon Park site, there was concern that without improvements to road infrastructure the increased expansion of Skylon Park would likely lead to traffic congestion and act as a further deterrent for people to work in that area.

Brexit

KGD expressed concern that Brexit would impact their businesses due to detrimental changes to the value of the GBP; potential tariff barriers; and increased documentation requirements for exporting products. Of these, the company was mostly concerned that increased documentation requirements would lead to an increase in administrative costs for their business.

University

KGD was keen on the plan for a new University focussing on engineering, and told the Committee that they saw an opportunity to invest in and collaborate with the University by offering opportunities for students to develop the kind of skills that businesses like KGD are looking for.

ATN (Europe) Ltd

Background

ATN (Europe) is the recently established European wing of an international firm specialising in night vision equipment. The European division focuses on commercial and other non-military clients. Parts for the equipment are manufactured elsewhere and then assembled onsite. The devices are then tested and programmed. Some design is also done at the location.

Location and relationship to Enterprise Zone

The Hereford office sells to the Middle East, Africa and Australasia. It is also looking to establish itself in South America. Despite its proximity to the SAS camp in Hereford, the firm is not located in the county for that reason but because the managing director was headhunted for the role and indicated he would take it on if he could base it in the area. The company told the Committee that they were offered a good deal on the warehouse at Skylon Park, but became profitable within six months so otherwise have not needed further public support.

The company had experienced some difficulties with expansion in the Enterprise Zone and were now looking at alternative locations. The Committee was told that the original intention of the EZ was to host specifically high tech “military-style” companies but it had moved away from this more recently.

Infrastructure

Committee members were told that there were some disadvantages with regard to the location. London would have been easier with regard to skills, and road transport connections are poor for staff, particularly from further commuting destinations such as Gloucester. Traffic is poor in the local area and it can take 45 minutes to cover a 10 mile journey. There is, however, no problem with the transportation and delivery of goods.

Committee members were told that the purpose of the Hereford bypass was purely to reduce town traffic rather than to support commuting options from further afield. It would be unlikely to offer an advantage to business.

The Committee was told that local broadband had been bad but was improving. There was however still poor connectivity in many residential areas, and continually poor mobile connectivity, though 4G connections were improving.

Recruitment, skills and local employment

The company identified difficulties in recruitment locally. Apprentices were largely unsuitable, so recruitment tended to be based on trustworthiness and the ability to be trained. The company offered a full training package and could put people through University if necessary. Because house prices are high in the area, the lowest wages that people will accept are higher than in other places. Because the company is growing it has been able to attract good people, but recruitment is not based on education or qualifications.

The company advertised locally and more widely for its recruitment. Everybody travels to work by car as other forms of transport are impractical for the location.

The Committee was told that Hereford has a big disparity between the rich and the poor. To improve prospects it was necessary to support training and skills for people who want to start a career. Housing is also a key issue and there is a need to provide housing that young people can afford to live in. There should also be easier access to finance to help support and facilitate business growth.

Many well qualified school leavers left the county for University and did not come back. Those that did were often involved in farming. There were also a large number of businesses created by people who came to the town with the SAS and wanted to stay in the area after they left. Many of these people would establish businesses to ensure they made enough money to allow them to stay. The

Committee was told that the town would suffer severely if the military ever chose to leave.

Overseas trade and impact of Brexit

The Committee was told that around 70 per cent of the business is Europe based and that proximity helps in this respect as the company can deal with individual stores rather than through larger suppliers as is the case in Australasia and elsewhere. It has a contract with a Bulgarian supplier of parts which ends in March 2019 and because of Brexit uncertainty it is unclear what will happen after this. The company used to use a Chinese manufacturer and has started to drip feed orders to it once more.

European trade was also described as important with regard to supply chains. The company spends a considerable amount of money each month on a specific type of sensor that are only produced in France, and take around 8 weeks to manufacture. It is not clear whether such items will attract tariffs after Brexit so it is hard to plan for the future.

The technology for the devices is heavily reliant on the development of mobile phone technology and devices “piggy back” off this. As a result costs have reduced over time and the products are particularly appealing to clients in smaller countries with lower budgets.

Visits to outlying rural businesses

On departure from Skylon Park, the two groups travelled further afield to visit and hear from two businesses located in more outlying rural locations. These were Muddy Boots Software and Westons Cider.

Muddy Boots Software

Muddy Boots is a software company supporting food supply chains to work more efficiently. The Committee was told that 80 per cent of the company’s costs was its people and 50% of its business was from overseas. The company has 70 employees in its Herefordshire office, another 15 in an office in Bristol and has a presence abroad including Australia, Africa, and the US. Muddy Boots told the Committee it is proud of its local roots and that the community was “pivotal” to its growth.

Muddy Boots identified the following challenges for its business:

- Power: as a software company any disruption in power can cause significant disruption to operations. The company keeps a generator.
- Digital connectivity: the company has installed a fibre connection but noted that cost of infrastructure can be considerable. The company also noted that connectivity in the wider county was important to allow the company to offer flexible working to its staff.
- Networking: the company tends to network with similar businesses from further away, rather than with businesses that are closer to home but which have different needs.
- Employment and training: the company expressed concern that there were too few opportunities for graduates to get jobs in the area and that access to good quality training opportunities was lacking.

The findings of a staff survey which was shared with the Committee showed that lack of public transport, policing and rural crime were areas of concern for their

staff. The Committee was told that all staff rely on private transport and that a lack of public transport would make it difficult for an employee to get to and from work in this location.

Skills and recruitment

Muddy Boots told the Committee that they have had difficulty hiring the right skills and have had to look beyond the local area to find the right skills including hiring staff from abroad. The Committee also heard that turnover of staff can make a big difference to a small business whose main investment and asset is its staff—turnover in the Herefordshire office was eight per cent compared to 30 per cent in the Bristol office. The company saw the rural setting of the company as being a positive for attracting staff.

Support from local authorities

Muddy Boots saw limited value in what was being offered in terms of support and grants from local authorities. The Committee heard that training offered was inferior and that offers of support were “homogenised” and not geared for the type of business that Muddy Boots operates. Muddy Boots told the Committee that they are part of a partnership of businesses in Bristol supporting local start-ups and that something similar would be of benefit to rural areas as well.

The Committee heard suggestions for supporting local businesses including offering the same incentives to all local businesses whether they are located in the EZ or not. Muddy Boots also argued that the Marches LEP should provide less generic support, and that it should recognise the number of specialised businesses operating in the county which need a more tailored offering.

The company was critical of the planning system in the area, and particularly the lack of office space for businesses in towns like Ross-on-Wye. The Committee was told that running a business in a rural area requires a “do-it-yourself” mentality and that getting support or action from local authorities to get something done involved an amount of pushing that should not be necessary.

University

Muddy Boots described the proposed University as “vital” and was positive about its potential to offer not just a place to study but as a means of making Herefordshire an even more attractive place to live and work.

Westons Cider

Westons is an independent family owned cider maker based in the rural village of Much Marcle, Herefordshire. Committee members spoke to Managing Director Helen Thomas, who gave an introduction to the business, an overview of some of the key issues facing the company and the wider cider industry, and a tour of the facility.

Background and business context

The Committee was told that the company fulfils a wide range of functions. It grows apples from which it makes cider, does its own distribution, sales and marketing, and also has a visitor centre and hospitality function. The company supplies about 5 per cent of its own needs for apples, with the remaining 95 per cent brought in from local growers. It employs about 243 people directly full time

on its payroll, with some part time and agency working when it needs additional labour to increase production.

The cider industry has been in decline overall since 2009, but while annual sales have decreased in that period by around 25 per cent, Westons have seen a 249 per cent increase in sales over the same period, reflecting its commitment to making traditional, niche and high quality premium products.

Helen Thomas told the Committee that there has been a direct correlation between duty increasing and sales declining. People switch between beer and cider based on the duty differential. Because cider is competing against other drinks, there is a need to reinvest in the industry and ensure it is able to grow and succeed. She described the company as a British success story, exporting to over 40 countries; but margins were being squeezed and profits were reducing. Investment in marketing was necessary to create value in the brand.

Relationship with the Herefordshire rural economy

The company is one of the larger employers in the area. The Committee was told that getting the right calibre of staff is difficult, particularly in relation to higher skilled roles such as engineering. The company is very pleased about the arrival of the University.

Cider production supports the wider farming industry and local rural economy substantially: 56 per cent of all apples grown in the UK are cider, and just under half of the UK's cider production is in Herefordshire.

The company enters into long term agreements with local farmers, who are given a 25 year contract to plant apples. The company agrees to take the fruit during that time, based on the current market price plus a premium. The price paid will never be below the market price.

Although supermarkets sometimes behave badly, the Committee was told that growing businesses have no option but to work with them because they continue to offer great opportunities for businesses. The company continues to work with Sainsbury's on its premium products.

In order to ensure that the company can profitably honour agreements with local farmers, it has installed an evaporator to concentrate the surplus and store it for a longer period. This concentrate can then be used for sweetening and for trialling new products.

The company is not involved with the LEP. It had initially been involved with the LEP and prior to that the Regional Development Agency, and Helen Thomas had also previously served on the Herefordshire Business Board.

Housing was described as a key issue in relation to the local rural economy. People with money have been moving in but it has made it harder to recruit staff because they cannot afford to live in the area. Connectivity is also an issue—the company invested in its own broadband at a cost of around £50,000, as this was not provided publicly. There should be further direction from government to support business growth in outlying rural areas.

Future business planning and national policy impacts

The company is currently restructuring in order to improve its ability to invest in product development, and to be more aligned to the businesses that it is likely to

be dealing with in future. Profitability is half of what it was two years ago. The company has to invest in its brands, but because it is an independent business it has to do this from its profits. Presentation of the product is key to business growth.

Westons owns the local village pub but it does not have aspirations for wider pub ownership as it is very hard work to make them profitable. There is too much work to be done in investing in the core business to consider acquiring pubs.

The company is attempting to plan for future uncertainty in relation to Brexit. Some products may also be affected by minimum unit pricing in Scotland. Global sales are key to business growth, as declining alcohol consumption at home needs to be offset. The company has a long term ambition to open factories overseas making “English style ciders” for new markets.

The Committee was told that good planning was the key to a successful rural business, and to understand what is working and if not, why not.

Visits to businesses in and around Fownhope

In the afternoon, the two groups of Committee members visited businesses located in and around the rural village of Fownhope. These were Caplor, a farm based business which had diversified into a number of different sectors; the design business Naked Creative; and Sun Velo, a cycling tour company.

Caplor

Business background

Caplor is a third generation family business based on a 300 acre family farm. Going back several generations it has diversified into a range of different businesses. Farming is now mostly outsourced to contractors, and there is a property business with multiple residential and property lets and a letting agency business in South Wales. One of Caplor’s branches is an independent charity which has been running since 2014 and which works with other NGO organisations. 50 people work for the charity in various capacities, with a particular focus on supporting organisations and developing capacity in leadership and management. The charity has three full time members of staff.

Caplor’s commercial focus is as regional market leader in renewable energy installation, mostly commercial but also some residential. It works in Herefordshire but also across the country, including recently in Sussex, Dorset and Birmingham. Its main focus is Solar PV, and also offers other renewable solutions and consultancy. Each business operates separately and stands alone, and are located where they are simply because this is the family farm.

Location and local challenges

One of the reasons it is able to operate where it is that it is located on the family farm site, which has enabled it to work in a modest location at relatively low cost. However, Gareth Williams of Caplor told Committee members that his businesses have suffered terrible planning permission problems, described as “one of the main practical issues in life”. He believed the planning system to be enormously frustrating with policy seeming to be negative and predicated on the assumption that applications will be rejected. He stated that there was a need for a more positive conversation with applicants as to how things might be made to work.

Not all businesses may offer similar planning issues, but similar problems had been reported by others at a roundtable discussion with the Herefordshire Business Board. Diversified businesses can sometimes “ruffle feathers” in the planning sector. The only way that things have been achieved is by playing the “long game”.

Mr Williams told the Committee that his main motivation was to do things around the environment and sustainability generally. He is concerned about the impacts of climate change. There are issues in agriculture around productivity and the structure of the agricultural supply chain. It is better to do what Caplor is doing now because they are working with other farmers to reduce overheads—before this, the cost of inputs against returns was very poor.

Recruitment and skills

It is relatively hard to get people with the right skills in the area, as there is obviously a smaller pool than there might be elsewhere. At the low skills end there is already a shortage of labour from the European Union, and local people simply will not do the work, and this has been the case for decades. At the high skills end, graduates interested in working in the area struggle to get affordable housing. It is challenging to get the right infrastructure for people who want to live and stay in the area. Local policies also affect business viability, for example charges for street parking. Younger people find little in the rural economy to encourage them to stay here—wages are relatively low so it is hard to attract people.

Mr Williams told the Committee that a University in Hereford would be a fantastic development, as hopefully young people will come to the town and want to stay. But there will still be issues with rural affordable housing when attracting people.

Challenges of national Government policy

The Committee was told that Caplor’s lettings business in South Wales was swiftly becoming unviable because, in Mr Williams’s view, of the inability to charge fees to tenants. He also argued, just as significantly, wider policy is increasingly oriented against the buy to let market.

The renewable energy industry was also experiencing problems related to Government policy. The abrupt changes to solar subsidies in the UK had affected the viability of the business. China and other countries were investing in solar and making it cheaper, but subsidy was being phased out too quickly. In particular, the potential abolition of export payments—for surplus electricity sold to the National Grid—meant that investment in renewable energy may no longer be worth it. Any investments below 50kW are unlikely to be viable because it will no longer be possible to sell surplus energy to the grid. This may have a catastrophic impact on the business—the margins of return on investment may no longer be good enough to justify the installation. Mr Williams told the Committee that the government should work more closely with suppliers and promote joined up thinking with regard to investment in renewables.

Government policy is stopping Caplor from employing more people as changes to policy make it too much of a risk. In the next few months under current Government proposals for renewable energy Calpor will be actively reducing its current staff. Government policy has been attacking climate change initiatives and risking investment—it is very hard to build confidence when you can only employ people on short term contract for three months. This creates lost opportunities for investment and employment which would otherwise help the rural economy thrive.

Mr Williams added that a major problem with Government policy is the effect of uncertainty, the extreme and short term changes and what this does for confidence in the industries as well as the economic impact. He argued that with better and more consistent policy the UK and specifically the rural economy could benefit in terms of employment, reduced energy costs and thus inward investment whilst at the same time helping the UK meet its carbon reduction targets.

Naked Creative and Sun Velo

Supporting business

Both companies noted that there is a lack of space for businesses, particularly in villages. They noted that while housing is important, there also needs to be land for businesses, and for incubators to have a space to test and develop business ideas. The Committee heard that there was potential to do a lot more in the area to support small local businesses by extending incubator hubs in town and villages. These need not be big projects and the Committee was told that there are spaces available for commercial activity where such incubator hubs could be set up but there was no drive for this to happen. It was also noted that bringing like-minded businesses together in a shared space can be a way to draw in resources to support them, such as accountants, solicitors, etc.

The companies told the Committee that local authorities need to review the retail landscape and find a way to help towns reinvent themselves. They suggested that although retail shops are losing business to on-line competition, there are other ways to use the commercial space in town centres that need not be traditional retail stores but which would still be profitable.

The Committee also heard that planning was often not supporting business growth. The companies suggested that some voices feeding into local plans are reluctant to support change that would allow the community to grow. They wanted to see more business-friendly planning being approved and provided two examples where businesses had sought planning permission to buy existing commercial space only for the offers to be rejected—one on the grounds that it would be more profitable to tear down an former hairdresser's store and build houses instead of using the space as an incubator hub for start-up businesses, and in the second case because the business proposal to set up a gym did not align with the building's existing planning use class which only allowed the site to be used for manufacturing.

The Committee asked Naked Creative and Sun Velo for their ideas on what could be done to support small and start-up businesses in rural areas. They recommended:

- Establishing a platform for peer-to-peer investment on a local level. They suggested that this could be along the lines of the Enterprise Investment Scheme (EIS) but locally—LEIS. It was noted that local businesses would likely be more comfortable looking for investment locally and on a local platform;
- Improving channels for informing small businesses on how they can access support. One proposal was that banks could be doing more to act as a channel of communication for businesses in rural areas to get access to information about Government schemes and policies that are aiming to support them.

Digital connectivity

The Committee heard that the priority for improving connectivity should be installing masts. It was noted that “Fastershare” programme technology was out of

date as soon as it was installed. The Committee was told that digital connectivity is also crucial to improving tourism because tourists will expect to be able to access email and social media while on holidays.

Relations between business and local authorities

The companies argued that the geographical area covered by the Marches LEP did not fit with the business geography of Hereford which is much more focused on the “three counties” region (Gloucestershire, Herefordshire and Worcestershire) than it is on areas to the north. They suggested that many local businesses don’t know about the LEP or only know vaguely what it is and does.

Employment and skills

Naked Creative told the Committee that they didn’t have any problems attracting talent and noted that the company hires young people with a view to giving them industry experience needed to then go and set up their own business. However, the companies noted that working in a village or town is difficult if you don’t have your own car because public transport will not be good enough.

The Committee was told that it is difficult to get apprentices because they are perceived as being inferior to going to University. It was noted that an attitude in favour of University discourages people from thinking seriously about taking on an apprenticeship.

They both noted the importance of having the SAS in Herefordshire and noted that a lot of the population is army or ex-army and that some ex-army people are working in businesses set up in the EZ which has a focus on the security and defence industry. But they suggested the EZ would not be successful in getting big players from the industry as they would probably not want to work geographically near to any potential competitors.

Tourism

The Committee discussed the state of tourism in Herefordshire with both companies noting that Herefordshire has a lot of potential for tourism but a long way to go to realise that potential. They noted that tourism promotion is undervalued, lacks proper resources and is not providing real support for businesses.

The two companies noted that Ross-on-Wye was an example of a place which had a lot of potential for business including tourism but which was failing. It was suggested that this was in part due to lack of a good local plan for what the village could become, particularly in terms of attracting tourists. Sun Velo, which organises cycling tours abroad, told the Committee that the quality of the roads in the area means they are unsafe and an embarrassment.

University

The companies told the Committee that the new University could be a “game-changer”.

Fownhope Memorial Hall: roundtable with small businesses and local voluntary groups

The final meeting was another roundtable format discussion with representatives from local businesses, voluntary organisations and activists in and around the village of Fownhope. Participants were:

- Rayeesa Asghar-Sandys, Managing Director, Rayeesa's Indian Kitchen
- Kevin Braybrook, Parish Councillor and owner of The Bowens B&B
- Hannah Dale, General Manager, Canwood Gallery
- Sarah Coomer, Co-ordinator, Compassionate Community Scheme
- Anna Straker, Deputy Manager, Fownhope Medical Centre and active local volunteer
- Ian Quayle, Chairman, Fownhope New Memorial Hall
- Jaine Yule, Director of Solarkinetics, and active local volunteer
- Derek Colley, active local volunteer

Each of the participants introduced themselves and gave an overview of their business and/or role in the community. Several participants noted challenges around lack of infrastructure including poor public transport; poor connectivity; rural isolation concerns, particularly for the elderly; and poor promotion of tourism.

Infrastructure

The Committee heard that electricity and digital connectivity should be priorities and that not enough was being done to enable renewable energy alternatives to be taken further. Connectivity was a particular barrier to growing businesses in rural areas.

The Committee was also told that limited public transport was also a serious issue. Rayeesa Asghar-Sandys told the Committee that there were problems with attracting apprentices and visitors to her location owing to the lack of transport options. A solution could be to introduce hopper routes and minibuses.

Healthcare and rural isolation

As well as having a Medical Centre, Fownhope is the only village within 10 miles that has a high street shop and a post office. Participants noted that if the post office were to close it would be a crisis for the local area.

Anna Straker from the Fownhope Medical Centre told the Committee that there are excellent community links in place, and that friends and family support those who can't drive to appointments at the Medical Centre. However, some people coming to the centre from outlying settlements are reliant on taxis, which are expensive. There are approximately 5,500 registered patients at the Medical Centre but only approximately 1,000 live within the parish of Fownhope itself, with a large proportion of patients living in isolated locations. There are Community Transport Schemes in Herefordshire, but they are not able to respond at short notice to assist all patients in need of transport.

Sarah Coomer told the Committee about the Compassionate Community Scheme which matches people up with those who need company and support. The Scheme has 18 companions who make weekly or fortnightly visits based on referrals from the Medical Centre. She told the Committee that these visits also cut down the need to visit the Centre and can reduce hospital stays as; it provided a positive example of bringing people into the community, encouraging sociability and combatting isolation. It was not difficult to get volunteers in village like this, but they are all retired people—it is much harder to find young people who are willing to volunteer.

Tourism

Participants saw potential to boost tourism in Herefordshire but noted that sometimes support was lacking. Tourism promotion in Herefordshire is being done privately and can't compete with more organised tourism DMOs. Herefordshire Council had cut funding for tourism promotion and as a result, provision for this was inadequate. Despite the failings, participants were optimistic about Herefordshire's potential as a tourism destination. Rayeesa Asghar-Sandys told the Committee that she was excited by the food industry in Hereford at the moment, citing the Beefy Boys as an example of a brand name getting recognition for offering local fare. Hannah Dale noted that Canwood Gallery attracted 6,500 visitors in the last two years and that its main appeal is that it is set in a remote, quiet and peaceful location. Many outsiders were coming to the gallery and so it was helping to support the wider rural economy through spending in local pubs, hotels and other amenities. She also noted that events like the Hereford Art Week show that Hereford can be good at promoting tourism (although the Council no longer support the Art Week and it needs funding and support).

Kevin Braybrook of the Parish Council, who also owns a bed and breakfast, argued that the county needed a central organisation that could figure out what to promote, who the target audience was, and how to go about promoting the county to them. Rayeesa Asghar-Sandys said that there should be Herefordshire stands at food markets elsewhere in the country, to help promote the produce of the county collectively. She argued that the county is known for its food, but it does not push itself forward enough.

Planning, housing and rural business

Participants put forward views that business rates and planning issues were barriers to local businesses. The Committee heard that planning permission often meant making a choice between what is wanted and what is going to be economically viable. An example was given of the former hairdressers' shop which was deemed unviable as a business space and was instead sold for housing development. The Committee was told that there was also some tension between those who want to preserve village life as it is and those who want planning to support growth even if it means that things can't stay the same. Anna Straker told the Committee that when businesses vacate their premises there are not always people interested in replacing them.

The Committee heard that Fownhope has a Neighbourhood Plan and is updating its Community Plan. Kevin Braybrook of the Parish Council stated that both plans were forceful in supporting small developments, local businesses and homeworking within the village. The Neighbourhood Plan favours small sites for housing but a recent assessment showed that more affordable housing is needed in the area than what is currently being supplied. The Plans also sought to encourage the conversion of redundant agricultural buildings into businesses before they become homes.

The Plan allowed for rural exception sites but the Committee was told that no sites had been put forward and that the Council had not approached any landowners. It was also noted that the Parish Council are volunteers, not professionals and so had limited capacity to promote the implementation of Plans. In terms of support from higher local authorities, the Committee was told that the local County Councillor attends meetings of the Parish Council but that there was no more formal engagement beyond this.

The Parish Council did not work closely with the LEP, but was keen to support the maintenance of specific business uses in the village. It had sought to take measures to protect the butcher, the village shop and the hairdresser.

Affordability of housing was a continuing problem. There was a general trend of young people leaving the county, for other reasons too, but housing was one driver. However, Kevin Braybrook of the parish council said that the opinion of the vast majority of residents was that they did not want large developments. Four small sites were allocated for housing, but it is now more difficult to secure affordable housing through these sites because of changes to national planning policy. Jaine Yule took the view that people's instinct was to oppose new housing, but that it could also help to support the vibrancy and viability of the village. Derek Colley argued that there should be more support for housing in hamlets rather than larger villages, as it was the former that were really struggling with viability.

Strengthening community

Participants shared with the Committee a history of the Town Memorial Hall and showed some local publications run by volunteers and supported by local businesses, clubs and societies to showcase local news and events. The Committee heard that the community currently has an active cohort of volunteers but participants expressed concern about what would happen once the current group of individuals started to step down. The Committee was told that it took over 12 months to find a new Secretary for the Town Hall Trustee.

Participants told the Committee that one of the challenges for building the community was the lack of employment prospects for young people in the area coupled with the lack of affordable housing. While it was noted that it can be a good thing for people who grew up in the area to move away and get some wider life experiences, there also needs to be opportunities for them to come back to work and raise their families.

Ian Quayle expressed concern that while there was currently a lot of civic activity in the village and people moving in, he could not see another generation coming up doing the same thing. This may raise questions as to the civic life of the village in the future.

Recommendations

Participants in the roundtable offered recommendations to boost the rural economy in Herefordshire:

- Encourage more women into engineering and other high-tech industries, and support the establishment of a new university in Hereford
- Provide more facilities for teenagers so they can feel welcome and persuade them to stay
- Support voluntary groups while recognising that volunteers can't fill all gaps resulting from cuts to statutory services
- Public funding for a DMO for Herefordshire
- Develop elderly care homes in Herefordshire and ensure there is enough qualified staff to support them
- Funding for the arts in rural areas, not just as a way of supporting the rural economy but also to promote general wellbeing

- Boost tourism and discard unused railway tracks and turn them into cycle tracks
- Do more to promote Herefordshire's food businesses, and support them in promoting themselves more widely

APPENDIX 7: NOTE OF COMMITTEE VISIT TO SOUTH YORKSHIRE: WEDNESDAY 10 OCTOBER 2018

As part of its inquiry, the Committee visited South Yorkshire on 10 October 2018 to meet with representatives from local authorities, businesses, and community organisations. The visit included a visit to a new social housing development undertaken by the Coalfields Regeneration Trust, a tour of rural former mining areas, a visit to Athersley Community Shop, a working lunch discussion with the Coalfields Regeneration Trust and a roundtable discussion to help the Committee better understand the opportunities and challenges of the rural economy on the ground. The visit was organised in conjunction with the Coalfields Regeneration Trust.

The following Members took part in the visit:

The Earl of Caithness, Lord Carter of Coles, Lord Dannatt, Lord Foster of Bath (Chairman), Baroness Pitkeathley, Baroness Rock and Baroness Young of Old Scone.

The Committee was accompanied by the following House of Lords staff: Simon Keal (Clerk), Katie Barraclough (Policy Analyst), Tara Jane Kerpens Lee (Senior Engagement Officer—Select Committees) and Anouska Russell (Press Officer), as well as the Committee Specialist Adviser, Professor Mark Shucksmith.

Tour of area and visit to social housing project, Goldthorpe

In the first part of the visit, the Committee were given a guided bus tour of rural former mining villages and districts, highlighting their particular characteristics and histories. The Committee then travelled to a 10 unit social housing project in the former mining community of Goldthorpe. The Committee was advised that the scheme had been developed by the Trust's commercial and residential property subsidiary CRT Property Investments Ltd without subsidy. Berneslai Homes, a local housing association, will manage the development on behalf of CRT. The development comprised two detached and eight semi-detached homes for social rent, all with two bedrooms, as a particularly pressing need for such homes had been identified locally. The Committee also visited the neighbouring Dearne Playhouse, a local theatre with bar which had been recently renovated.

On departure from Goldthorpe, the Committee then travelled through another notable mining village, Thurnscoe. This village was home to two particularly notable local projects, the Station House Community Association and the Dearne Electronic Community Village.

Station House originated as a community association providing volunteering activities to support families in the aftermath of the miners' strike, within a project run by the Children's Society. Over time the Children's Society withdrew and the organisation became a completely independent Community Association. The organisation's focus is currently on OFSTED registered childcare, which is provided in the context of wider support to access work and training for local families, especially women. Local projects the Association supports include initiatives to reduce "holiday hunger" and to reduce inequalities in child development in their playgroup cohort.

Station House is also involved in projects to tackle health inequalities and works with a range of issue specific organisations covering areas including domestic

violence, substance misuse, food bank usage and oral health. The Association employs 10 people, nine of whom are local residents. The organisation also takes one apprentice a year, all of whom have gone on to secure work in childcare. It also takes students on work placements, many of whom stay on to become regular volunteers. The organisation makes a conservative estimate that for every £1 invested it generates £3.68 return to the local community.

The Dearne Electronic Community Village (DECV) is an IT based training and resource centre. Its aims are to promote education and learning and to provide ICT and learning resources to the public. It runs unaccredited and accredited training courses to people who are new to ICT and in many cases new to recent learning. At least 80% of DECV's learners have been long term unemployed adults, many with health issues. Many of its students are people who have had poor experiences of formal education and the organisation regards one of its strengths as its ability to engage such people, taking them from basic introductory learning to fully accredited qualifications.

Projects have included work with unemployed people on employability skills and ICT/functional skills. The organisation generally works with at least 200 learners per year, and boasts a strong track record of getting people back into work, with all learners achieving qualifications progressing to further education or employment. DECV positions itself as the central learning hub in the area, serving the Thurnscoe community and neighbouring villages and districts.

The Committee then travelled through Grimethorpe, another notable former mining village in the area. It was noted that Grimethorpe had seen significant investment with regard to industrial space, logistics, manufacturing and housing. The Committee then left Grimethorpe via a recently constructed link road through Cudworth and to its next stop, the Community Shop project in the village of Athersley.

Community Shop

Athersley Community Shop defines its objectives as follows:

- To provide a safe learning environment where people can access support to address their personal issues and achieve their goals;
- To build the capacity of individuals through training and volunteering, and connect people to jobs;
- To address food poverty by providing low cost food to people on benefits; and
- To promote healthy eating and lifestyles through cook clubs in the community café.

The Committee heard that the Community Shop model came out of a need to think about how to manage surplus food differently and to reduce food waste. While surplus food product is usually disposed of discreetly by the big brands, this new model is more open but provides an outlet for brands to offload surplus food and reduce waste.

The Committee was told that the Community Shop model aims to intervene before people get to the point where they need to access a food bank, and uses the profit it makes from the food shop to invest back into the community. The Committee heard that Community Shop offers a tailored programme to help people develop a life plan and to find employment. The Shop served around 5,000 households in

2017, totalling around 14,000 people. The Committee was told that in the local area around 48 per cent of people in employment are still eligible to shop at the Community Shop.

The Community Shop works in partnership with the Coalfield Regeneration Trust and cooperates closely with local food banks and churches. The Committee was told that demand for food banks has not declined as a result of the Community Shop and it was noted that this is because there are a number of different approaches to food poverty and where people get signposted to for help. The Community Shop is intended to be a transitional programme with the aim being to get people back on their feet and therefore back to a situation where they are buying food from the retail chains.

The Community Shop also helps develop community leaders. The programme has developed 311 community leaders and there are 54 in the current cohort.

Coalfields Regeneration Trust: Working Lunch

After the conclusion of its visit to Athersley, the Committee then travelled to the headquarters of the Coalfields Regeneration Trust (CRT). There a working lunch was held during which the CRT gave a short presentation about the work of the Trust followed by a short discussion. Attending this session for the CRT were:

- Gary Ellis, Chief Executive
- Andy Lock, Head of Operations
- Shaun O'Brien, Property Investment and Development Director

Introducing the session, Gary Ellis informed the Committee that the Trust had been obliged to move to a more self sustaining business model in recent years, owing to a significant reduction in Government grant. It published a report on the state of the coalfields in 2014, which led to a rethink in the Trust's strategy and gave it a strong evidence base for its future direction. This has led to the Trust initiating a £40m investment plan, with commercial projects including a starter unit industrial scheme in Ollerton, Nottinghamshire. The intention of this and similar projects is to address a need for such industrial accommodation in coalfield communities and generate a sustainable income stream that will be reinvested in "social impact projects" in the most deprived coalfield communities.

During the discussion the Trust noted that the scale of regeneration needed in the area is beyond what the Trust can achieve on its own. Discussing the challenge of rurality, Andy Lock noted that housing and transport were high priorities. He noted that there are link roads that have been built in coalfield areas connecting to major roads, but that they don't count for much unless the local bus can connect to them. He said that there have been discussions about how to improve transport but many ideas were too expensive to be viable.

He also drew attention to the Trust's property development project in Horden to create a community hub. Through this project the Trust has created a triage service for local residents providing basic skills support and signposting to other specialist providers. The Horden project will also create a space for people living in isolated communities to come together. It was noted that it is important for drop in centres to be informal environments where residents would feel comfortable, as people who have suffered from long term isolation tend not to go into formal settings. Through this initiative the Trust has also sought to promote better connections between local organisations, which have not always existed in the

past. It was suggested that grant funding could be used to promote and facilitate such connections.

The Trust informed the Committee that its investment focus was on creating good quality SME space to help create jobs. Shaun O'Brien noted that the Trust has conducted local market testing through local property agents to gather the evidence base to determine whether there is demand to build in the areas they have identified. Andy Lock noted that the Trust had delivered Coalfield Start Ups, a small business loan scheme which complemented the Government's push to support start-up businesses.

Mr O'Brien noted that property developers do not build smaller floorspace developments because the additional costs of that type of development are not reflected in the rental value and are therefore not a viable option - they are simply a lot more costly and much more risky. He added that CRT would be willing to deliver this type of development but to make these types of developments viable would require a willingness by the LEP and local authorities to invest, but that at present this is not a strategic priority for them and that they might also balk at the cost-benefit analysis of supporting such development. Smaller floorspace units are also unviable in the private market in these areas, as developers would not get the return that they were seeking.

Gary Ellis noted that although the Trust would be happy to take on the risk of developing smaller sites, the LEP is pushing different priorities. As a result, nobody is filling the gap to build on smaller sites. He noted that smaller development sites would probably end up paying for themselves in the benefits they brought to the rural economy.

Andy Lock noted that funding for new start ups is not really within the domain of the Trust, as there are other sources of such support. Instead, the Trust focuses on creating and supporting new working space for SMEs, and on supporting them to offer apprenticeships.

Coalfields Regeneration Trust: roundtable

Following the lunch, a roundtable discussion was held with the Coalfields Regeneration Trust, local councillors and representatives from local businesses. Participants were:

- Gary Ellis, Chief Executive, Coalfields Regeneration Trust
- Andy Lock, Head of Operations, Coalfields Regeneration Trust
- Shaun O'Brien, Property Investment and Development Director, Coalfields Regeneration Trust
- Nigel Middlehurst-Director/Trustee, DECV
- Charlotte Williams, Chief Executive, Station House Community Association,
- Tim Wilson, Chief Executive, Barnsley Premier Leisure Ltd
- Anuj Joshi, Managing Director, Benell Ltd
- Michael Hirst-Deputy Chief Executive, BPL (Barnsley Premier Leisure) Ltd
- Councillor May Noble, Chair of Dearne Area Council, Barnsley Metropolitan Borough Council

- Councillor Jenny Platts, Cabinet Member for Communities, Barnsley Metropolitan Borough Council
- Councillor Joe Hayward, Chair of North East Area Council, Barnsley Metropolitan Borough Council
- Councillor Jeff Ennis OBE, Chair of Overview and Scrutiny Committee, Barnsley Metropolitan Borough Council

Access to healthcare

Cllr Noble began by noting that the Dearne Valley is one of the most deprived areas in the country and that this has had a significant impact of people's health. Cllr Ennis told the Committee that life expectancy can vary by eight years within the region, down from 10 years following efforts to improve local access to healthcare. Cllr Noble noted that poor transport links to the nearest hospitals mean that people often can't afford the time or money to attend appointments and that many services aren't available locally. She told the Committee that efforts were underway to bring more services, such as diabetes and other health checks, to local healthcare centres.

Charlotte Williams noted that physical health data is worse in the Dearne Valley than in any other area in Barnsley, and mental health data is even worse. She said that deprivation has also had a significant impact on the health and wellbeing of children in the area. Ms Williams told the Committee that the stress of living in poverty and the financial uncertainty for families relying on temporary work contracts is causing high levels of anxiety and depression among children. She noted that often children are not receiving the help they need because the referral system is poor, parents need to work, children aren't allowed to take time off school and there is a lack of transport. Cllr Ennis noted that many young people in Barnsley are carers and that the stress of that role can also lead to mental health problems.

The Committee heard that local areas have struggled to recruit healthcare professionals including GPs, and that demand for appointments exceeds capacity. Cllr Platts noted that one reason for the lack of healthcare professionals was that local premises were too expensive.

Skills and employment

Cllr Noble highlighted work being done by the council to assess people's skills needs and noted that this programme helped 38 people back into employment in 2017. She also drew attention to the Community Shop and similar organisations in the area which help people with training and skills development. She noted, however, that a more holistic approach is needed to address the problem rather than relying on a range of small, disconnected schemes, but that this would require more funding.

Cllr Noble added that there is not much cooperation between the council and local businesses and employers. She told the Committee that some companies will work with the council when they first establish in the area to help source workers but once they are up and running, they stop engaging.

Nigel Middlehurst noted that, although many people can use a smart phone for personal use, this is different to the skills needed to do computer-based office work and that many people lack the necessary computer skills that are in demand. He noted that older people often lack digital skills even to use smart phones but

that with proper funding more courses could be offered to help people gain the right skills.

Charlotte Williams told the Committee that, although there might be enough training opportunities for people to get an entry-level job in a specific business/company, they often then find themselves stuck in that entry level. She noted that to then move up the ladder requires further training, which people living on a national living wage and in straitened circumstances often can't afford. Gary Ellis from the Coalfields Regeneration Trust agreed.

Ms Williams also noted that businesses should be doing more to go out and talk to students about career options and the kind of skills they are looking for. She suggested that this does happen but only on a small scale and not to the same extent that you would see in urban areas. She suggested that not enough new businesses are doing this.

Michael Hirst told the Committee that there were two distinct problems with regard to employment and skills in the area; first, that there are many talented young people who have qualifications but still lack the confidence to use them; and second, that colleges do not offer the right courses, as courses do not reflect demand in the community.

Business development and growth

Cllr Noble told the Committee that the key to business development was to encourage people to study and gain the qualifications and skills that would attract high-paying businesses. She noted that Dearne ALC (a local Academy) had had its best year in a long time and that standards are starting to increase.

The Committee heard from Cllr Ennis that there was potential to attract financial jobs to the area, and that many local people already work in that sector but are working in Sheffield and Leeds which is where those jobs are currently located. Barnsley was currently in both the Sheffield LEP and the Leeds LEP, but there was not currently a focus on getting this kind of employment in the Barnsley area.

Cllr Noble drew attention to a project by the Council to set aside land outside Goldthorpe for economic regeneration. Cllr Platts highlighted the Business Innovation Centre which, she noted, has just received approval for a new expansion.

Michael Hirst told the Committee that BPL would love to invest in rural areas in the Dearne Valley, but that land was not available for commercial development as the council had allocated all suitable land for housing. He stated that there were opportunities to improve health and fitness, and that BPL had funds to invest, but they were unable to do it because land was not available.

Anuj Joshi of Beddell Ltd told the Committee that as well as a lack of allocated land for employment, there was also a lack of incentive for companies to locate in the area. Companies were likelier to invest in places like Sheffield because they are where the skilled workforce is. It was noted that there was currently an absence of Community Plans which could provide for the allocation of land for employment purposes in rural areas locally.

Charlotte Williams noted that in large cities such as Leeds and London there were mentoring programmes for people to go into business, but these did not particularly exist in the Dearne Valley area and there are not enough local businesses prepared to be role models for young people.

Gary Ellis said that there was a lack of strategic leadership on business growth in the area. Shaun O'Brien stated that the LEP had been very effective in supporting larger investment projects, but that it had little interest in places like Goldthorpe.

Regeneration and Local Enterprise Partnership

Anuj Joshi said he had been involved in a number of investment initiatives, including joint initiatives with the local authority. If there is to be a step change in the local economy there needs to be more investment, but it is not currently on the LEP's agenda.

Andy Lock, Head of Operations at the CRT, said there was currently a shortage of regeneration initiatives in local areas. The EU's Objective 1 Rural Enabling Fund was effective in going to community level, with community initiatives based on community plans. He expressed hope that there would be a similar vehicle through the Shared Prosperity Fund. He said that the Dearne Valley region was not benefiting from the "ripple effect" of core city investment into smaller towns and rural villages, so the Shared Prosperity Fund is the "next big opportunity" to secure funding.

Nigel Middlehurst offered a different view, stating that in years past funding had been provided to support initiatives to promote services and amenities in the area. In some cases it was not clear where the money had gone. He stated that in the early 2000s there was a great deal of duplication of funding, and investment ultimately needed to be accompanied by longer term strategies if it were to be successful in improving the prospects of the area.

Several participants noted the absence of the LEP representative who had been invited to attend the session. Cllr Noble pointed out that the LEP has recently been reconfigured due to the Sheffield devolution deal and Cllr Ennis suggested that it remains to be seen how the newly reconfigured LEP will perform. Shaun O'Brien noted that the LEP tends to focus on flagship projects and that it can be very hard to get their attention to focus on other issues.

It was noted that when the regional development agency (RDA) Yorkshire Forward existed, there were local conversations about regeneration initiatives. Cllr Ennis stated that when this was abolished "it left a big hole" in cooperation between national and local government.

Gary Ellis noted that for organisations like the Coalfields Regeneration Trust, working with government bodies can be very resource intensive, frustrating and difficult.

Housing and planning

On housing, Cllr Noble noted that there are a lot of private landlords in the Dearne Valley as well as a stock of houses which are coming to the end of their life, but that there isn't enough money to demolish them and rebuild. Cllr Ennis stated that when the Coal Board abandoned its housing portfolio, many houses were sold cheaply as "job lots" and that this had led to a significant problem of absentee landlords. Other former pit homes had fallen under overseas ownership and had been left empty.

Cllr Noble also criticised many private landlords in the area for focusing only on profit and not having enough concern for the quality of housing they are providing to tenants. She noted that poor housing conditions create a stigma that permeates

the community. She suggested that more social housing was needed to reduce people's reliance on having to rent from private landlords.

Cllr Ennis acknowledged that local authorities have compulsory purchase powers and that these are being used but noted that the Council can only do this on a small scale and that a large injection of cash would be needed to properly tackle the issue. He noted that there could be a role for the CRT in this.

Gary Ellis said that the CRT had had many conversations with the Homes and Communities Agency (now Homes England) on the prospects for new housing in the region. He expressed frustration that a particular development site had taken some time to purchase from the HCA, despite their desire to develop. He added that many residents still prefer to remain in older social housing and that there would need to be continued investment in the Decent Homes Standard.

Digital connectivity

Cllr Platts noted that, although broadband is being rolled out, it will take a long time to reach more remote areas. Michael Hirst told the Committee that a house he bought just 18 months ago does not have full fibre to the house but is connected to a box on the street via copper wires. Nigel Middlehurst noted that where he works the connection drops out on a regular basis, and that it would not be possible to improve opportunities in the area unless mobile and broadband was improved right across the region.

Charlotte Williams noted that even with access to broadband not all families can afford a PC or the contract to receive the broadband service. She told the Committee that many young people are on pay-as-you-go smart phones as their only digital connection meaning they are having to fill out forms for universal credit on a small screen, hoping the connection doesn't drop.

Charlotte Williams also noted that there are libraries where people can access computers but they are not always open at convenient times. Nigel Middlehurst also noted that in the libraries there is often not enough staff who can take the time to help people to complete tasks such as online application forms.

Anuj Joshi told the Committee that good digital connectivity to sites can help to attract businesses but that currently connectivity is "just okay". Andy Lock suggested that there is scope to be more ambitious in thinking about digital connectivity. He noted that the next generation is fibre optic but that rural areas are always the "poor cousins" when it comes to roll out. He added that it was important that areas such as the Dearne Valley were not left behind by "the next generation of connectivity", which would change how people communicate.

Transport

Cllr Ennis noted that the area has a community transport network but that it is very small. Cllr Hayward noted that after taking statutory costs into consideration, transport falls down the list of priorities. However, he felt that making transport a statutory requirement would not be helpful, given that budgets are already stretched.

Nigel Middlehurst noted that the Government's agenda to move to electric cars will have a profound effect on areas where cars can currently be run quite cheaply but which may become more expensive in future. He suggested that many people

won't be able to afford the new electric cars and that this will exacerbate problems for people living in the area.

Charlotte Williams told the Committee that the train system in England is flawed. She noted that it is faster to get from Doncaster to London than to Manchester. She said she was “not convinced” that HS2 will help, and that cross-country links needed to be improved, not just links from north to south. She told the Committee of a 20-year-old woman who has to travel six miles to get to her low-paid hospitality job that involves working evenings. She noted that the income from the woman's job is insufficient considering that she has had to buy and insure a car and pay for child care, but if she leaves the job she will be sanctioned.

Andy Lock noted that Wheels to Work schemes are good but not sustainable. He told the Committee that a lot of money had been put into a local scheme but only people of a certain age tend to take advantage of the scheme. He noted that a significant number of community transport schemes had closed down.

Recommendations

Participants in the roundtable were asked to give one recommendation each on how to boost the local rural economy. These included:

- Encourage more community involvement and listen to what people say;
- Provide places and facilities for rural communities to come together and socialise;
- Provide incentives to attract employment space and business investment including cheap rent, tax incentives, reduced rates, and access to training and skills;
- LEPs should work more closely with local communities; at present no one knows their role;
- Identify a contact for reaching out to central government. For example, the CRT is looking to ask for £30m but is trying to figure which Minister to approach with that request;
- More support and funding for CRT;
- More investment in adult education and training and better careers guidance;
- Support for 18–25-year-olds who have slipped through the education system; they should be given a second chance;
- Ensure that the UKSPF commits at least the same level of investment that will be lost and that the Fund recognises the special circumstances of rural areas;
- Make LEPs more responsive to local communities and empower former mining communities to grow and become sustainable;
- Read “The Value of Small” report which has articles showing how small and medium charities offer excellent value for money and how they can be motivational and transformational in difficult times; and
- The four Metro Mayors whose areas include coalfields communities should consider long-term ongoing commitment to these communities.

APPENDIX 8: RECOMMENDATIONS RELEVANT TO ORGANISATIONS OTHER THAN CENTRAL GOVERNMENT

Our inquiry into the Rural Economy has been wide-ranging and multi-faceted, and so while many of our recommendations are oriented towards central Government, others are targeted at other public bodies or other organisations. The following table has been compiled to indicate which organisations in the UK we believe should take the lead on implementing each recommendation where central Government is not the intended target. In some cases recommendations apply to more than one organisation.

Table 2: List of recommendations for organisations outside central Government

Organisation	Priorities
Local Government	<p>Develop local rural strategies and take responsibility for implementation (paragraph 59)</p> <p>Rural proof policy impacts with monitoring and annual reports (paragraph 104)</p> <p>Participate in a “place-based approach” to the rural strategy (paragraph 119)</p> <p>Rural-facing authorities should adopt rural strategies as good practice (paragraph 197)</p> <p>Review procurement policies to ensure small and local organisations have the genuine ability to bid for service delivery contracts (with national government) (paragraph 216)</p> <p>Town and parish councils should be encouraged to use their discretionary powers to promote local growth (paragraph 236)</p> <p>Local authorities should work with rural towns to introduce town centre managers (paragraph 237)</p> <p>Cooperate with education institutions and bus service providers to cooperate on solutions for getting students to education institutions (paragraph 451)</p> <p>Seek to reinvigorate “wheels to work and training” programmes (with LEPs and national government) (paragraph 452)</p> <p>More local authorities should include establishment of, and funding for, Rural Growth Networks in their Growth Deals (paragraph 498)</p> <p>With LEPs, be proactive in advising rural business as to sources of financial assistance and advice, and work together to provide portals where sources of finance may be listed (paragraphs 526-527)</p>

Organisation	Priorities
Local Enterprise Partnerships	<p>Develop local rural strategies and take responsibility for implementation (paragraph 59)</p> <p>Must adopt a rural economic strategy and transparently rural proof their Local Industrial Strategies and Strategic Economic Plans (paragraphs 168–169 and 442)</p> <p>LEPs with rural areas should have a specified board member or champion to focus on the rural economy (paragraph 170)</p> <p>LEPs should establish rural sub-groups or partnerships (paragraph 171)</p> <p>Seek to reinvigorate “wheels to work and training” programmes (paragraph 452)</p> <p>Local Industrial Strategies should have a particular focus on rural skills (paragraph 479)</p> <p>With local authorities, be proactive in advising rural business as to sources of financial assistance and advice, and work together to provide portals where sources of finance may be listed (paragraph 526–527)</p> <p>Business support measures should be embedded in Local Industrial Strategies (paragraph 528)</p> <p>Tourism support should be a key part of Local Industrial Strategies and there should be more focus by LEPs on tourism as a rural career option (paragraph 540)</p>
Ofcom	<p>Revisit its proposals for the auction of the 700MHz spectrum to strengthen network coverage obligations and delivery timescales, and identify other actions necessary to address poor mobile connectivity in areas unlikely to benefit from spectrum auction (paragraph 259)</p> <p>Improve access to information about digital connectivity and provide regular reports about 5G rollout progress (paragraph 269)</p> <p>Government should direct a review of the USO with a particular focus on minimum commitment needed to sustain and support rural businesses and communities, and Ofcom should review payment threshold (paragraphs 279–280)</p> <p>Develop an accurate evidence base about rural coverage in specific locations (paragraph 289)</p> <p>Urgently begin review of introduction of roaming in rural areas, and encourage mobile network operators to share transmission masts more often (paragraph 295)</p>
Homes England	<p>Restore the rural housing target, ensure this reflects the rural population and work more closely with affordable housing providers in ensuring grant rates reflect cost of development on small sites (paragraph 346)</p>

Organisation	Priorities
Skills Advisory Panels	Address careers guidance, provide guidance on pathways, identify ways to connect rural businesses and education institutions and improve remote access to further education colleges (paragraph 480)
Banks and Post Office Ltd	Agree realistic increase in fees for cash transactions undertaken through Post Office network and ensure that a sufficient proportion of those fees are passed on to individual post offices (paragraph 525)
Arts Council England	Ensure rural creative arts are adequately funded and review measures necessary to ensure potential of rural creative sectors is achieved (paragraph 548)
NHS England	Work with Department of Health and Social Care to improve availability and accessibility of rural healthcare provision (paragraph 606)

APPENDIX 9: ACRONYMS AND ABBREVIATIONS

5GRIT	5G Rural Integrated Testbed
5GTT	5G Testbeds and Trials
ACRE	Action with Communities in Rural England
ACS	Association of Convenience Stores
AHDB	Agriculture and Horticulture Development Board
AONB	Area of Outstanding Natural Beauty
APPG	All Party Parliamentary Group
APR	Agricultural Property Relief
ATM	Automated Teller Machine
BBSRC	Biotechnology and Biological Sciences Research Council
BEIS	Department for Business, Energy and Industrial Strategy
BPR	Business Property Relief
BT	British Telecom
CAP	Common Agriculture Policy
CCG	Clinical Commissioning Group
CHF	Community Housing Fund
CLA	Country Land and Business Association
CLT	Community Land Trust
CPRE	Campaign to Protect Rural England
CRC	Commission for Rural Communities
DCMS	Department for Digital, Culture, Media and Sport
Defra	Department for Environment, Food and Rural Affairs
DfT	Department for Transport
DIIF	Digital Infrastructure Investment Fund
DMO	Destination Management Organisation
DTC	Duty-to-Cooperate
EFRA Committee	House of Commons Environment Food and Rural Affairs Committee
ELES	Entry Level Exception Site
ESPLPS	Essential Small Pharmacies and Local Pharmaceutical Services
EU	European Union
FEP	Forest Economic Partnership
FSB	Federation of Small Businesses
FTIR	Future Telecoms Infrastructure Review
FTTC	Fibre-to-the-cabinet

FTTP	Full Fibre to the Premises
GBVS	Gigabit Broadband Voucher Scheme
GHz	Gigahertz
GVA	Gross Value Added
IT	Information technology
LAG	Local Action Group
LEADER	An acronym in French - Liaison Entre Actions de Développement de l'Économie Rurale -
LEP	Local Enterprise Partnership
LGA	Local Government Association
LFFN	Local Full Fibre Network
LPAf	Local Planning Authority
Mhz	Megahertz
Mpbs	Megabits per second
MHCLG	Ministry for Housing, Communities and Local Government
NALC	National Association of Local Councils
NELEP	North East Local Enterprise Partnership
NERC Committee	House of Lords Select Committee on the Natural Environment and Rural Communities Act 2006
NFU	National Farmers' Union
NHS	National Health Service
NIC	National Infrastructure Commission
NP	Neighbourhood Plan
NPA	National Park Authority
NPPF	National Planning Policy Framework
Ofcom	Office of Communications
ONS	Office for National Statistics
PHE	Public Health England
PSNC	Pharmaceutical Services Negotiating Committee
PSV	Public Service Vehicle
R&D	Research and development
RBIS	Rural Broadband Infrastructure Scheme
RCC	Rural Connected Communities
RCT	Ryedale Community Transport
RCPU	Rural Communities Policy Unit
RDA	Regional Development Agency

RDN	Rural Diversity Network
RDPE	Rural Development Programme for England
RGN	Rural Growth Network
RICS	Royal Institution of Chartered Surveyors
RTPI	Royal Town Planning Institute
SAP	Skills Advisory Panel
STFC	Science and Technology Facilities Council
SLGF	Single Local Growth Fund
SME	Small and medium-sized enterprise
SPARC	Scotland Partnership Against Rural Crime
SPF	Shared Prosperity Fund
TCM	Town Centre Manager
TCPA	Town and Country Planning Association
UAE	United Arab Emirates
UCC	Urban Connected Communities
UKRI	UK Research and Innovation
USA	United States of America
USO	Universal Service Obligation