

**RSN UK Policy Forum**

**22 February 2013**



Commission for  
Rural Communities  
Tackling rural disadvantage

# **Rural micro businesses: what makes some thrive in a challenging economic climate?**

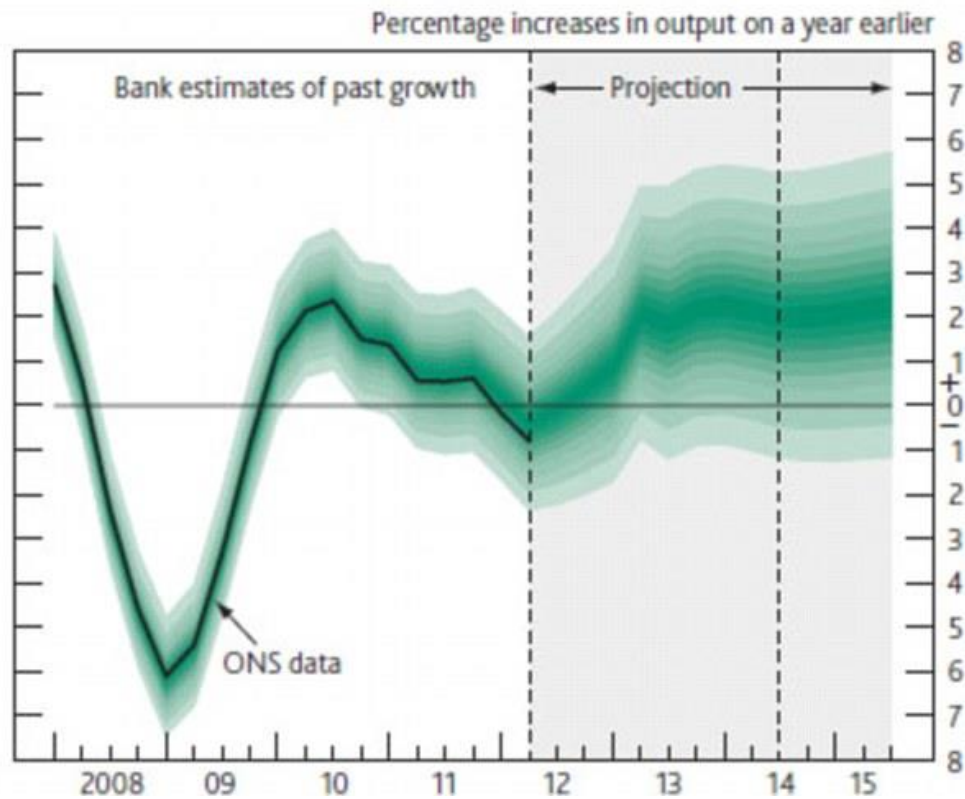
Jon Carling

Chief Executive

Commission for Rural Communities

# Why we did this....

**Chart 1** GDP projection based on market interest rate expectations and £375 billion asset purchases



## Key lines of enquiry....

- What are the critical elements that enable some micro-businesses based in deeply rural areas to thrive?
- What are the known or perceived barriers to success among such businesses - established companies or start-ups?
- In respect of limited rural broadband coverage, what evidence is there of successful businesses actually being hindered by this as opposed, for example, to businesses whose distance-selling model is weak for other reasons?
- Are there any particular factors that show comparative advantage for this group of businesses compared with those in 'less' rural areas?
- What examples can be identified of 'good practice' among successful businesses in *deeply rural areas in respect of the 'rural' challenges they face? What lessons from this can be carried over to potential start-ups?*

## **What is success?**

**We have defined success in terms of growth – businesses which have been able to expand, increase their profits and take on additional staff have clearly been successful**



# **The composition of the rural economy is different to that in urban areas....**

- 20% of national economy**
- predominantly small companies**
- home working more prevalent**
- unemployment and insolvencies have been worsening, but overall urban areas have higher rates**

# Common success factors... (1)



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# Common success factors... (1)



## Common success factors... (2)





## Common success factors... (2)



## Common success factors... (2)



# Common issues : broadband



# Common issues : planning



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# Common issues : credit



# Common issues : business support



## **What Government is doing...**

- **Broadband**
- **National Planning Policy Framework**
- **Rural Growth Networks**

# **Recommendations (1)**

## **Recommendation 2**

In order to enable rural businesses to operate with comparable broadband infrastructure to urban businesses, Defra, BIS and CLG should make a clear, costed commitment, beyond existing commitments, to introduce high speed broadband (at least 24mbps) to all rural areas within five years.

## **Recommendation 3**

Defra should work with LEPs and BIS to encourage the development of flexible mechanisms for public bodies to engage with formal or informal business associations in rural areas.



## **Recommendations (2)**

### **Recommendation 5**

Local Authorities, working with ACRE, should publicise to rural businesses? the simplifications inherent within the National Planning Policy Framework and work with rural communities to make use of the flexibilities enshrined in the Localism Act.

### **Recommendation 8**

Local Enterprise Partnerships should draw on the energy and potential of voluntary organisations and business support organisations to encourage an increase in the number and diversity of mentoring programmes available to rural small businesses.

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**Thank you for listening!**

<http://www.defra.gov.uk/crc/rural-micro-businesses-what-makes-some-thrive-in-a-challenging-economic-climate-2/>

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