

*Comprehensive Spending Review 2020*

## Rural communities, playing a full part in the UK's well-being and economic recovery

ACRE is the national charity that speaks up for rural communities. Through our 38 local, county members we offer support to all rural communities in England.

Rural areas are recovering from the coronavirus pandemic and preparing for a future outside the EU. We ask Government to help us give practical support to all communities in rural England so they can emerge as places:

- where everyone can play a full part in their community;
- where there is affordable housing for every generation;
- where people receive the care they need, whatever their circumstances;
- where there is opportunity for all, especially those starting out in life;
- where the local economy enables everyone to contribute to their full potential;
- where people consciously live within their environmental limits;
- that are connected to each other and the world;
- what are generous, welcoming and inclusive, and
- that are fully engaged in the UK's future policies and ambitions.

### Summary ACRE proposals for the 2020 CSR

<b>1. Support for rural civil society through the ACRE Network</b>	£2.2m pa (England) *[£1.29m over 3 years - Addition to support rural civil engagement in devolution process/review]
<b>2. Continuation of the Village Hall Improvement Grant to 2024</b>	£5m over three years to 2024
<b>3. Investment in affordable housing for rural communities including the Community Housing Fund</b>	£720m pa capital (or 10% of Homes England capital budget) £180m capital and revenue over three years to extend the Community Housing Fund (Ref. <b>NCLTN</b> proposals) £2m pa revenue for "Housing Enable" pre-development of schemes
<b>4. Innovation - Rural shared outcomes fund</b>	£10m fund over three years
<b>5. Transport to post-16 education</b>	c. £300m pa estimated from an assumption of £900 pa per 16-18 year old living in an area classified as rural.
<b>6. A more resilient rural economy</b>	Significant and fair proportion of the UK Shared Prosperity fund allocated to all rural areas of England through LEADER / CLLD type schemes (Approx. 17% of England population)  £20m (UK) over three years to support community-led social enterprise (Ref. <b>Plunkett Foundation</b> proposals)

**Attached:**

**Annex 1** support for existing policies, and proposals from other organisations, **Annex 2.** Desired outcomes, policy rationale, cost/benefit and deliverability for ACRE proposals

Jeremy Leggett, ACRE Policy Advisor, September 2020  
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Calor 'one pager' for APPG Rural Services Network meeting with the Chief Secretary to the Treasury (The Rt Hon Stephen Barclay MP)

**1. Financial support for transition to green gas for homes and businesses off the gas grid**

Reducing the carbon of gas used for heating homes on the gas grid (ie urban) is being supported by government, through support for innovation in hydrogen and biomethane injection to grid, which receives support under the RHI.

There is currently no support for green gas off the gas grid (bioLPG), even though it is a lowest cost route to decarbonisation for many rural homes and is already being sold in the UK.

**2. Reduce taxation on lower carbon fuels used in heating for off grid homes**

LPG and its renewable equivalent (bioLPG) are subject to higher taxes than domestic heating oil, despite their lower carbon.

Taxation should align with Net Zero and be lower/zero for low carbon fuels such as bioLPG.

**3. Evaluate the cost effectiveness of all low carbon heating options for off grid homes, including bioLPG, heat pumps and biomass before funding**

Technologies such as electric heat pumps have high upfront capital costs and must be paid for by consumers or taxpayer. BioLPG is much less capital intensive and than offer low carbon heat on a lower levelised cost basis, but is not currently recognised in regulation.

**4. Challenge BEIS rationale for decarbonising heating in off grid, rural areas before urban**

As set out in the Clean Growth Strategy, the government is pushing ahead with decarbonising heat in rural areas before urban. This will impose new costs on rural communities to pay for energy efficiency improvements and the installation of low carbon heating systems before urban areas

Officials have indicated new installations of gas boilers will be banned in the 2020s in rural areas, but will continue to be permitted in urban areas. This is a more expensive route to decarbonisation, and risks exacerbating the existing sense of urban/rural divide.



## Comprehensive Spending Review September 2020

### 1. Rural Tourism

Rural tourism in England contributes over £13 billion per year to the economy, making up a substantial part of the overall £97 billion value of tourism in England. It makes a significant contribution to the rural economy, supporting village shops and services, jobs and businesses, and it is crucial to ensuring the long-term sustainability of our countryside. Unfortunately, without substantial support from government, the impact of recent events may see many businesses forced to close.

The reduced rate of VAT for hospitality, holiday accommodation and attractions between 15 July 2020 and 12 January 2021 has been welcome but **the Government should extend this support to at least the end of 2021 to prevent the closure of many rural tourism businesses, which in turn would help ensure the sustainability of the wider local economy and strengthen the UK's economic recovery from COVID.**

### 2. Broadband

The current lack of broadband infrastructure serving small firms threatens the expansion of the rural economy currently worth £400bn annually. The business opportunity includes 28 per cent of all UK firms and over one million small businesses.

COVID-19 has demonstrated the necessity of good connectivity as we have seen more businesses operating online, and homeworking increase across the country. We will all become increasingly reliant on digital connectivity. However, at current levels only 1 million homes are being connected a year to superfast. If the Government is going to match its manifesto commitment this needs to increase to 4 million a year. **To deliver the required outcome of levelling up economic opportunity and investing in infrastructure, Government needs to increase funding and deliver regulatory change.**

### 3. Post Offices

Post offices are a critical and valued service but they are under threat. Long temporary closures and an increased reliance on outreach services means that many communities, particularly in rural areas, parts of the north of England and Scotland and Wales, have patchy access to basic banking and parcel collection and delivery.

**The Government must increase funding for post offices in the upcoming spending review to ensure they survive.** This will make post offices the front office of central and local government through the expansion of personal and business banking services, and this in turn would protect a vital service to rural communities.

### 4. Rural Crime

Rural crime continues to be a threat felt by rural communities. Our recent 2020 Rural Crime Survey showed that 47% of people don't think the police take rural crime seriously and 38% said that they have had a crime committed against them in the last 12 months. For many people, whether they have fallen victim to crime or not, the simple fear of crime can have as great a detrimental effect on their quality of life as the actual experience of crime itself.

Providing policing services across large, sparsely populated areas is more expensive on a per capita basis than in urban areas. **The Government must review the police funding formula to ensure it takes into account the additional cost of the delivering services in the countryside, making rural communities feel safer and deliver on the outcome of cutting crime in the countryside.**



The  
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charity

## Comprehensive Spending Review: CPRE Top Ask

### Top Ask:

***CPRE recommends that the Government invests £12.8 billion per year for 10 years to help fund the construction of 1.45 million homes for social rent and other low-cost tenures, with a fair proportion allocated to rural areas***

### The need:

At CPRE, the countryside charity, we believe that everyone needs a secure, stable and affordable place to live. Just like in our towns and cities, communities in the countryside need a healthy mix of homes, including for social rent. Social housing offers long-term stability to families on lower incomes in rural areas, where life is more expensive and work can often be insecure and seasonal. Above all, social homes allow people to put down roots and plan for the future.

In rural areas, private rents are so high that many towns and villages have become unaffordable for desperately needed keyworkers. Recent analysis by CPRE found that average private rents are unaffordable for care workers in 96% of rural local authorities. However, there are huge waiting lists for social housing in the countryside. At current build rates, it would take over 150 years to provide everyone on these lists with a home. Significantly, despite housing overall being relatively more affordable in the north of England, it is also the case that identified needs for social and other non-market houses are being met to an even lesser degree in the Northern Powerhouse than in Greater London.

### How investing in rural affordable housing meets the CSR priorities:

- 1) **Strengthen economic recovery from Covid-19**
  - Will help kickstart the economy by providing a major boost to the construction industry
- 2) **Levelling up**
  - Delivering affordable housing in often left behind rural areas spreads opportunity, closes the rural-urban economic gap, and helps to maximise productivity, as well as ensuring that the countryside is somewhere that anyone can enjoy living
- 3) **Improve outcomes in public services**
  - Investing in affordable housing can help our market towns and villages to remain thriving and diverse communities by ensuring local services like primary schools, post offices and even pubs stay open
  - Would provide genuinely affordable housing for the key workers in every part of the country that are essential for sustainable, thriving communities
- 4) **Improve management and delivery of our commitments**
  - Will likely have net-positive impacts on the fiscal balance due to additional tax revenues generated by the construction industry, rental income, and the fact that every new social home would deliver savings from Housing Benefit
  - Only route to reaching the Government's target of building 300,000 homes per year

**Date:** 16<sup>th</sup> September 2020  
**Ref:** Rural Services APPG: CSR 2020 asks  
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## NFU submission to the Rural Services APPG outlining key comprehensive spending review asks

The agriculture sector is uniquely positioned to deliver broad environmental outcomes whilst simultaneously driving productivity and levelling up economic growth and job opportunities in rural economies through leveraging improvements in built infrastructure alongside green infrastructure.

### Achieving the green recovery

**Reducing emissions and achieving net zero:** The NFU is already committed to British agriculture reaching net zero by 2040. Government support through research, innovation and fiscal incentives will be needed to help us attain our ambitious three pillar approach. One example would be to make electric and bio-methane agricultural machinery more accessible for the sector. A good first step here would be making electric quad bikes, already available on the market, eligible for EV support to boost adoption. Britain is well positioned to solve these difficult problems if the Government can provide the incentive.

**Agri-environment schemes and net zero:** We need to invest in opportunities for win-wins, and by placing the greatest priority on boosting on-farm productivity and resilience, the Government could embed climate-friendly food production as the driving force for UK farming. We believe that this is entirely compatible with achieving environmental improvement, as we can tackle emissions whilst also sustainably producing high quality food. Improving the accessibility and climate-focus of agri-environment schemes for all types of farm businesses would be a key step to this goal. This would simultaneously generate skilled jobs to deliver these services as well as boosting rural economies. Further incentivisation of bio-energy carbon capture and storage (BECCS) and farmland carbon storage, should be made at all levels. British farmers should have a central stake in driving the green recovery.

### Investing in infrastructure

**Invest in integrated water infrastructure to support sustainable food production:** The greatest infrastructural transformation for a generation could be achieved through a comprehensive and strategic investment in managing water resources to mitigate drought and flooding. With wetter winters, drier summers and huge geographical disparities, the UK must be ambitious and invest for the long term to ensure consistency of supply. An example of action that is needed includes removal of blockages in the planning and licensing regulations that impede the construction of more on-farm water storage reservoirs.

**Broadband and mobile connectivity:** To truly level up and to facilitate innovation and productivity gains, rural communities must have access to high quality and reliable broadband and mobile reception. The Covid-19 crisis has highlighted the critical role of digital access for accelerating rural business opportunities and resilience as well as helping to offset some of the isolation experienced by those in rural communities. The Shared Rural Network is a welcome step to increase mobile connectivity, but more must be done to improve digital access and skills.

### Removing barriers in the tax system

**Incentives for greening industry:** The definition of 'agriculture' for income tax, capital gains tax and inheritance tax purposes should be reviewed, as noted in the recent Committee on Climate Change report '[Land Use: Policies for a Net Zero UK](#)', to ensure it reflects the new expectations of land-based businesses and does not act as a barrier to desired alternative use. In addition, **allow structures and buildings qualifying for the Structures and Buildings Allowance to also qualify for the Annual Investment Allowance (AIA) combined with an extension of the temporary AIA level of £1m to stimulate investment.**



## **RURAL SERVICES NETWORK: SUBMISSION TO RURAL SERVICES APPG**

### **Funding Local Government Services Policy Asks**

The Government should take measures to:

- ensure sufficient funding for local government to meet its spending pressures, and also any long-term impairment to income and local taxation revenues.
- continue with its plans to implement the Needs and Resources Review and commit to implementing in 2022/23. In doing so the proposals must reduce (or even eliminate) the funding gap between rural and urban authorities (District, County and Unitary) within the CSR period through funding formulae which fully reflect rural service delivery costs (and not just travel related costs)
- urgently address the social care (both Adult and Children's) crisis which has been exacerbated by Covid-19.
- Schools National Funding Formula: whilst this helps to compensate many rural schools for the relatively high underlying running costs (per pupil) that small schools inevitably face. It should be set to allow for more than minimum staffing levels. A share of the capital funding pot for school modernisation and maintenance projects should be set aside for small schools.
- introduce fair funding allocations for rural Police, Fire & Rescue and Public Health Services to properly reflect rural service needs and not utilise data to drive the formulae which is urban orientated.

### **POLICY RATIONALE**

- Rural authorities receive only 42% the amount of government funding per head compared to their urban counterparts
- Since 2015-16 the gap in the amount of government funding per head of population has actually increased (from 37% lower in 2015-16 to 42% lower in 2020-21).
- Rural residents fund 68% of their Local Government Spending Power through Council Tax compared with urban residents who fund theirs by 55%

**THE CALL FOR FAIR FUNDING FOR RURAL AREAS DOES NOT IN ITSELF CALL FOR EXTRA MONEY FROM THE TREASURY**