



Comprehensive Spending Review 2020

A submission to H.M. Treasury

By the Rural Services Network



Contents

Chapter	Subject	Page
1	Preface	3-4
2	Executive Summary	5-6
3	HM Treasury Priorities and RSN Asks for Each	7-15

1. Preface

The Rural Services Network is the national champion for rural services representing over 100 rural local authorities, and over 200 rural private and voluntary sector organisations.

In this submission to H M Treasury we demonstrate the case for support and investment into the rural areas of England to strengthen the UK's economic recovery from COVID-19 and level-up economic opportunity across England. Each of the asks in our submissions need urgent attention in the rural context - front-end loaded - in the period covered by the 2020 Comprehensive Spending Review.

At the heart of our submission is the case for improving outcomes in public services in rural areas which are, and have been for decades, woefully under-resourced by central government in comparison to urban areas of the country. Good quality, accessible and affordable public services are a cornerstone of economic (and social) opportunity, recovery, growth and sustainability. Without them the potential benefits from major

infrastructure investments will simply not be realised – rural areas will fall further and further behind and levelling-up will have failed.

More people live in rural areas than live in the whole of Greater London. But the distribution of resources to those different parts of England to fund essential services goes nowhere near being fair or equitable – despite Government's acceptance that it costs more to deliver services in rural areas. **The central hub of our submissions is for rural areas to receive a fair share of the resources made available nationally to support investment and services.**

We recognise the financial challenges facing the Government and stress that we are, in the main (Social care is an obvious exception – but that is a national issue – albeit with very significant rural aspects to consider), **seeking a fairer distribution of national resources to rural areas and more nuanced policy to reflect the rural context – not huge amounts of more money per se.**

The formulae for the distribution of all national resources must fully reflect the additional costs faced by rural services providers in rural areas to achieve outcomes similar of those in urban areas. Those additional costs are far more than just travel related. Our case is for equitable treatment for rural areas, communities and businesses.

Short-term limit interventions are not good enough. We call for sustained levels of investment to achieve the necessary sustainable outcomes. The RSN would urge you to ensure that the CSR and the proposals from other Government Departments which it supports takes full account of the needs of rural areas, their economies and their communities and that the impacts of any measures flowing from it are both proportionate to rural areas and properly rural proofed.

There is a wider context in which we make this submission. As well as the urgent need to recover from the current economic downturn and support communities, rural areas must benefit from the important commitments the Government has made to level-up so that nowhere is left behind and for the UK to become net zero for greenhouse gas emissions by 2050. Added to which is the existing Government commitment, from 2019, to develop its vision

for rural England. That vision needs to set out the desired outcomes, policy rationale, costs benefits and deliverability (including timescales).

Impacts of the pandemic and restrictions have brought into focus and exacerbated a number of rural vulnerabilities, whilst at the same time highlighting some notable strengths and opportunities. The national response needs to support rural areas to ensure, not only that the recovery is equitable, but that it revitalises rural and unlocks its potential to contribute fully to national growth and to grow back better.

“This government is committed to levelling up all parts of the United Kingdom, not just investing in our great towns and cities, but also our rural and coastal areas.”

Farming for the Future: progress Report DEFRA February 2020

The RSN calls for action now from HM Treasury to start delivering on this commitment.

2. Executive Summary

The Rural Services Network is making 5 strategic Asks of HM Treasury each of which align to one or more of HM Treasury’s Priorities. See table below:

The Rural Service Network’s “Asks” <i>Revitalising Rural, Realising the Vision</i>	HM Treasury Priorities					
	Strengthening the UK’s economic recovery from COVID	Levelling up economic opportunity by investing in infrastructure	Improving outcomes in public services	Making the UK a scientific superpower	Strengthening the UK’s place in the world	Improving the management and delivery of commitments, ensuring all departments have structures in place
1. Support for Essential Public Services in Rural Areas			✓			✓
2. Support to Rural Economies and Infrastructure Investment	✓	✓	✓	✓	✓	✓
3. Broadband and Mobile Phone Connectivity	✓	✓	✓		✓	✓
4. Affordable Rural Housing	✓	✓	✓		✓	✓
5. Rural Transport and Access to Services	✓	✓	✓			✓

There are several sub themes related to some of the Rural Services Network's Asks of HM Treasury they are as follows:

1. SUPPORT FOR ESSENTIAL PUBLIC SERVICES IN RURAL AREAS

Sub themes

Funding Local Government Services
Health and Wellbeing Services
Rural Schools

2. SUPPORT TO RURAL ECONOMIES AND INFRASTRUCTURE INVESTMENT

Sub themes

Local Enterprise Partnerships and Local Industrial Strategies
UK Shared Prosperity Fund
Energy Infrastructure and Renewables
Further Education, Training and Apprenticeships
Business Advice and Guidance
Rural Town Centres and High Streets
Sustainable Farming and Land Management

3. BROADBAND AND MOBILE PHONE CONNECTIVITY

4. AFFORDABLE RURAL HOUSING

5. RURAL TRANSPORT AND ACCESS TO SERVICES

Policy rationale, key facts and social and economic factors associated to each of these Asks can be found in a **separate Supporting Information Appendix document.**

3. HM Treasury Priorities and RSN Asks for Each

Strengthening the UK's economic recovery from COVID-19 by prioritising jobs and skills

The Rural Services Network calls HM Treasury on the Government to respond to the following policy asks:

Local Enterprise Partnerships and Local Industrial Strategies Policy Asks

Local Enterprise Partnerships: every LEP whose area includes rural places (even if these are not many) should have a rural representative or champion sitting on its Board. To harness input from a wider range of rural interests, all such LEPs should also have an advisory rural sub-group or equivalent that helps shape their strategies and programmes.

Local Industrial Strategies: LIS documents now need some repurposing so that a key element becomes supporting the economic recovery from the Covid-19 pandemic and restrictions. Every LEP whose area includes rural places should demonstrate that it has rural proofed its LIS document to take proper account of rural needs and to allocate a fair share of resources to meet those needs. Those LIS strategies should include a specific business support programme for their rural areas.

Growth and Diversification: LEPs should consider creating small-scale Local Growth Hubs at a market town level where their economic needs are more acute. More generally, LEPs should support the diversification of rural economies, especially into growth sectors such as creative, digital and green energy.

UK Shared Prosperity Fund Policy Asks

Dedicated rural funding: Government should create a dedicated rural funding stream of a proportionate size within the overall UK Shared Prosperity Fund, with resources which are ring-fenced for use on rural support.

Funding level and targeting: Government should commit to matching or exceeding the level of resources that rural areas of England formally received under EU programmes (through ERDF and ESF funds, as well as from rural-specific LEADER and EAFRD funds). Any attempt to allocate funding in rural areas must take account of the scattered nature of their needs and should avoid applying urban spatial targeting approaches (such as the Index of Multiple Deprivation).

Programme design: a dedicated rural funding stream- flexible in its design - should retain the better features of the LEADER approach. It should be capable of supporting start-up business and existing businesses with growth potential, and it should be open to social and community enterprise.

Further Education, Training and Apprenticeships Policy Asks

Further Education: Students aged 17 or 18 should be entitled to statutory free travel to FE colleges or schools, matching the existing scheme for those aged up to 16. This scheme should be fully funded by central Government.

Rural Education Access Allowance: Create such an Allowance available to all young people who are not entitled to receive the Mayor of London's (or similar in other conurbations) available at low or no cost.

Careers advice: young people in rural areas need better local access to impartial and high-quality careers information and guidance, to help them understand all post-16 opportunities that are available to them.

Skills Advisory Panels: should help coordinate the typically fragmented training offer in an area from different organisations and funding streams. Their advice to Local Enterprise Partnerships needs to assess and highlight any specific skill needs of rural based businesses. It should support rural objectives within Local Industrial Strategies.

Access to training: training providers should be required to consider how they can make courses more accessible to rural based businesses and their staff.

Apprenticeships: it is crucial that apprenticeship opportunities are available and accessible to those who live in rural areas. Given the profile of the great majority of rural businesses, a sizeable portion of the Apprenticeship Levy needs to support apprenticeships within small (including micro) businesses, who are otherwise unlikely to be able to afford to offer them.

A Plan for Jobs: a more nuanced set of employment support measures is needed to make them more effective in rural areas, taking account of the profile of rural businesses and labour markets. The measures could be better targeted at small businesses, the self-employed and social or community enterprises

Business Advice & Guidance Policy Asks

Covid-19 support: The Government Plan for Jobs 2020 includes welcome measures to help businesses survive and retain staff, though some of its measures could be more nuanced to better support rural business needs. Many small businesses lack the capacity to withstand a long period of financial hardship (especially if that extends to Winter months) and many consumer-facing businesses are greatly impacted by social distancing limitations. Measures should be withdrawn gradually and taking account of different sectoral needs.

Targeting rural growth potential: Growth Hubs must ensure that they reach rural based businesses with their advice and guidance, including the self-employed, micro-businesses and social or community enterprises.

Business Advice & Guidance Policy Asks cont.

Specialist support organisations: Government should make grant funding pots available to organisations like the Plunkett Foundation and Locality, to help them provide specialist advice and guidance to social and community enterprises

Exploiting digital connectivity: advice and guidance should be widely available so that rural businesses can better exploit digital connectivity.

Rural Town Centres and High Streets Policy Asks

Future High Streets Fund: Government should support rural place-making by reviewing and expanding its Future High Streets Fund, so additional places can benefit.

Business Improvement Districts: a grant fund should be launched to help local authorities and their town centre business partners to develop more BID proposals for rural town centres.

Bank branches: the code which banks follow before closing a branch needs strengthening, so that decisions can be challenged and reversed. The Payment Systems Regulator should follow-up its recent report on access to cash by monitoring the trend in rural areas.

Public services: Government should implement the findings of its Fair Funding/Needs and Resources Review on the allocation of funding for local authorities, taking full account of the extra cost of service delivery in rural areas. This will benefit rural town centres by helping sustain public services (e.g. libraries), enable upkeep of the public realm and assist grant support for arts, heritage, sport and leisure venues plus the voluntary sector more generally.

Planning: Policies must not undermine town centre vibrancy by allowing viable retail premises to convert simply for financial gain. Moreover, housing conversions must be to high standards.

Sustainable Farming and Land Management Policy Asks

Future farm support: Government should ensure that ELM payments are set at a level which rewards good practice. That scheme should be based on proportionate rules and administration.

Diversification: the UK Shared Prosperity Fund should make grant funding available to farmers where they have well thought through diversification projects that would enhance the wider rural economy.

Local foods: greater effort should go into promoting UK products and encouraging local foods

Seasonal labour: Government should be more sympathetic to the seasonal labour needs of the agricultural sector.

Levelling up economic opportunity across all nations and regions of the country by investing in infrastructure, innovation and people – closing the gap with our competitors by spreading opportunity, maximising productivity and improving the value add of each hour worked

The Rural Services Network calls HM Treasury on the Government to respond to the following policy asks:

Broadband and Mobile Phone Connectivity Policy Asks

Broadband USO: To reflect the new normal the USO should be upgraded to superfast broadband download speeds of 25 to 30 Mbps minimum. Costs passed on to consumers seeking a USO connection must be reasonable.

Full fibre connectivity: the timescale for this goal should formally be brought forward to 2025, with public investment plans to match. This likely requires a Government commitment of around £5 billion (front-end loaded) in the upcoming Comprehensive Spending Review period (2021-25). No match funding from local government should be required to address this market failure. The Government should work with the industry to identify and implement a number of changes to the regulatory framework is also needed to enable the Government to meet its target. Areas with the worst connectivity should be first in line for the investment.

Mobile networks: Options should be explored to address any remaining mobile ‘not spots’ by 2025. Government should announce some further rural trials to pilot 5G connectivity, including its use within health and social care provision. Place 100% mobile coverage in rural areas ahead of income maximisation to the Treasury in future auctions of mobile spectrum

Digital skills and inclusion: Government should announce a fully funded Digital Inclusion Programme, so no citizens (rural or otherwise) are left behind due to their lack of online skills or their inability to pay for basic equipment and connection charges. Key strands are likely to include training and the recycling of IT.

Affordable Rural Housing Policy Asks

Affordable housing quotas: Government should amend its existing policy on quotas. Local planning authorities should be able to require an affordable housing contribution from development sites building fewer than 10 dwellings (i.e. those building 5 to 9 dwellings) in all rural settlements with a population under 3,000 residents. Furthermore, those authorities should be able to require that the affordable housing is delivered on-site.

Grant funding: Homes England should increase the provision in its recently announced Affordable Homes Programme from 10% to at least 13% to match last year’s delivery. Over the life of the CSR even the 13% needs to increase given that 17% of England’s population live in rural areas.

Affordable Rural Housing Policy Asks cont.

Community-led housing: The Community Housing Fund, which offers grants and supports community-led schemes, has been useful, although the fund is stretched and could be increased – it should be extended. A share of that fund should be allocated to projects in rural areas, such as Community Land Trusts, Co-housing schemes and Self-build projects.

Exception sites: the proposed introduction of a First Homes tenure must not be at the expense of much-needed rural affordable homes for rent. Local planning authorities must, therefore, be able to set policies that require Exception Sites to deliver solely or predominantly affordable homes to rent.

Capital Gains Tax: Government should explore exempting the sale of land for rural exception sites (or similar) for affordable or Social homes from Capital Gains Tax.

Sales of affordable homes: Government should allow local authorities to retain 100% of the proceeds from Right to Buy sales (rather than the current 50%), so they can re-invest this to replenish the dwindling stock of affordable housing for rent

Rural Transport and Access to Services Policy Asks

Covid-19 support: in the short-term Government must retain its emergency financial support for public transport networks, so that rural bus and rail routes survive whilst pandemic restrictions are in place and whilst passenger confidence remains low.

A Rural Bus Strategy: Government should develop an evidence based Rural Bus Policy that places a duty on (and allocates funding to) local authorities with rural areas to provide a Rural Bus Strategy, which among other things need to link areas of social deprivation with community and transport hubs.

Bus route provision: Government must ensure that its planned National Bus Strategy has objectives for rural provision, with ambitions to better serve rural community and economic needs on a sustainable basis. A fair share of the extra resources now starting to flow must reach rural areas, to improve existing routes, restore valued lost routes and establish new routes where clear gaps exist.

Community transport: Lessons from the Rural Mobility Fund should form the basis for a larger funding pot which is sustained over a longer time period

Cycling and walking: Government should recognise the potential to improve cycling and walking infrastructure in rural towns, to nearby villages and in urban fringe areas. Funding streams being made available to develop such infrastructure must reach rural areas and not simply focus on larger urban settlements.

Improving outcomes in public services, including supporting the NHS and taking steps to cut crime and ensure every young person receives a superb education

The Rural Services Network calls HM Treasury on the Government to respond to the following policy asks:

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 Fair Funding/Needs and Resources Review with a commitment within the CSR that it will be implemented 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)
- ensure that share of funding in future years received by rural local authorities increases. This might be either via the continuation of funding streams that benefit rural local authorities or the application of funding policy decisions that favour rural authorities.
- continue specific funding for rural authorities both through Rural Services Delivery Grant (with a wider range of rural authorities benefitting) and via a specific sparsity indicator within the Settlement Funding Assessment – which we are concerned might be removed by the Fair Funding/Needs and Resources Review.
- urgently address the social care (both Adult and Children’s) crisis which has been exacerbated by Covid-19.
- ensure that the redistribution of a net surplus from any resetting/phasing out of the Business Rate Retention Scheme or New Homes Bonus is fair to rural Councils
- 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.

Health and Wellbeing Services Policy Asks

Access and travel to hospitals: local health partnerships (STPs and ICSs) and trusts should be required to take better account of accessibility and transport availability when drawing up plans to reconfigure acute and emergency services at their main hospital sites. This and other issues would be easier to address if funding allocations to local NHS areas were better aligned with the costs rural areas typically face from serving an older aged population.

Primary and community care services: local health partnerships should seize opportunities to create locally-based multi-disciplinary teams and to develop health hubs in rural town locations. Hubs should aim to make a wide range of treatments and services more accessible to nearby rural populations, thereby avoiding the need for many patients to travel to main hospitals. Local pharmaceutical services need to be retained in rural areas, which in some cases means supporting dispensing GP surgeries.

Public and mental health services: Government should give more prominence to public health and mental health services, in the light of recent experience. Both need better resourcing to become more accessible in rural areas. Historic funding allocations for public health cannot be justified and need urgent overhaul to even out provision.

Social care provision: Government should implement the findings of its Fair Funding/Needs and Resources Review to help level-up the provision of social care services in rural areas, taking full account of their delivery cost in more sparsely populated areas.

Workforce and recruitment: Government and the NHS should ensure that delivery of the NHS Workforce Plan includes an explicit rural dimension.

Rural Schools Policy Asks

National Funding Formula: helps to compensate many rural schools for the relatively high underlying running costs (per pupil) that small schools inevitably face. It should, however 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. Schools must be recompensed for the additional costs of COVID compliance

Making the UK a scientific superpower, including leading in the development of technologies that will support the government's ambition to reach net zero carbon emissions by 2050

Energy Infrastructure and Renewables Policy Asks

Economic growth programmes: all such programmes should include explicit objectives to support low carbon and net zero growth. Specialist advice and related grant funding should be made available for existing rural businesses to help them reduce their carbon footprint. Government should use its Covid-19 recovery package, *A Plan for Jobs 2020*, to improve energy efficiency in rural homes, especially off the mains gas grid.

Housing and renewables: housebuilders, homeowners and landlords should be incentivised to install or adopt renewable or low carbon energy technologies. For maximum effect this should be in conjunction with making homes more energy efficient. It could usefully include a Net Zero Retrofit Programme to address the carbon footprint of the existing housing stock and match small-scale investment in renewables, such as PV panels and ground or air heat source pumps. Such a programme would also contribute to tackling rural fuel poverty.

Housing energy efficiency: the technology for housing development to Passivhaus standards exists, but the financial model needs development, not least in rural areas where development sites tend to be small and have fewer economies of scale. Some pilot exemplar rural schemes should be supported to demonstrate feasibility and improve viability of the approach, paving the way for commercial provision to such standards in future.

Electric vehicle charging: a funded strategy is needed to expand considerably the network of electric vehicle public charging points along rural roads. Also needed is support for investment relevant to rural buses, HGVs and agricultural vehicles (which, for buses, includes hydrogen technology).

Local energy networks: Government should provide gap funding to kick start the development of decentralised energy networks in rural areas, where they typically face higher costs due to serving low population and housing densities.

Local services: it should not be overlooked that one of the most effective ways to reduce carbon emissions in rural areas is to retain and, where possible, grow locally based services, such as food shops, post offices, schools, GP surgeries and transport networks. Equally, that providing good digital connectivity will reduce the need for rural residents to travel and enable home working. Policies for public transport, digital, land use planning, community action, education and health all have a part to play.

Strengthening the UK's place in the world

The RSN believes that if government responds positively to each of its policy asks detailed above, the UK can demonstrate to other industrialised nations how investment in rural areas achieves benefits for the national and rural economies and also aids social wellbeing and social mobility.

Improving the management and delivery of our commitments, ensuring that all departments have the appropriate structures and processes in place to deliver their outcomes and commitments on time and within budget

The RSN strongly believes that there needs to be flexibility to tailor delivery mechanisms and processes to meet the circumstances of local areas. It is essential to facilitate and enable the desired policy outcomes in the local context of each area – and this **will ensure delivery**. Such a place-based approach is the only way in which local circumstances and priorities can met.

The RSN believes there needs to be much more communication between Government departments. To cite just one example when considering rural pubs at least 4 different departments are involved each with different priorities – causing repetition (and therefore waste) and confusion for those involved.

The RSN continues to call for a cross-departmental Rural Strategy for England to drive a co-ordinated response by Government and its Agencies to meeting the needs of rural businesses, communities and people and so Revitalise Rural and Realise the Vision.

Further Information

Please click the following link:

[Comprehensive Spending Review 2020, Rural Services Network Asks - Supporting information.](#)

