

Supporting Information

The following pages provide supporting information to strengthen the policy asks made by the Rural Services Network to HM Treasury as part of the 2020 Comprehensive Spending Review.

Here we set out the Policy Rationale (supported where appropriate with Key Facts to set the rural context), Benefits and Deliverability. We include estimated costs where appropriate but reiterate that in the main our call is for a fair share for rural areas of the funding and programmes that are provided over the life of the Comprehensive Spending Review and for policies to be nuanced to meet rural needs (including local delivery).

The Rural Coalition, of which the Rural Services Network is a member puts forward its overarching policy asks

“The Government should set out its promised **vision for rural England**, building on the strengths of rural places, their economies and communities, whilst addressing long-standing vulnerabilities.

This will require policies to achieve:

✓ **Opportunity for all in rural England**

Levelling up access to good quality jobs, homes, education, training and services in rural areas, by removing barriers and putting in place proportionate and fairer funding.

✓ **A more resilient rural economy**

Tackling the structural weaknesses of some rural economies and their over-dependence on certain sectors, such as the visitor economy.

✓ **A major contribution to becoming net zero**

Capitalising on opportunities for green rural growth, whilst helping to deliver the nation’s net zero emissions target.

To enable these aims to be achieved, the Government must:

1. **Give places both power and responsibility**

Devolving decision-making and resources as far as possible, creating the flexibility for tailored sub-national and local policy delivery.

2. **Strengthen the hand of rural civil society**

Stepping up support for rural communities, giving them access to the resources to take action locally.

3. Encourage urban-rural interdependence and understanding

Helping reconnect cities, towns, villages and the countryside, emphasising their inter-relatedness, so the benefits that each offers the other are better understood.

Rural areas are home to 9.4 million people according to 2016 population estimates. That is, 17% of the population of England live in small rural towns, villages, hamlets and isolated dwellings - this is more people than live in Greater London.

Those rural areas are varied in type and character. They include – among others – remote and upland communities, coastal settlements, commuter belt villages and former mining settlements. Indeed, they often vary within a single local authority area. Unquestionably, policies must be flexible in their design and delivery if they are to meet the needs of such diverse places.

Policy challenges common to most rural places which are frequently interconnected are as follows:

Economic Considerations
Registered Businesses: There are 545,000 businesses registered in predominantly rural areas (24% of all businesses registered in England). The number of unregistered micro-businesses (for PAYE or VAT) is probably at least as great again. Those registered rural businesses have a combined annual turnover of £459 billion. This is a sizeable contribution to the national economy. However, business turnover per employee is lower in rural areas than it is in urban areas.
Rural economies are diverse: hosting a wide range of businesses. Land-based businesses (including farming) are important, but 85% of rural businesses are from other sectors. Other key sectors are professional services, retail and construction. The picture will vary in different types of local rural areas, with some being heavily dependent on tourism, for example.
Small businesses: are especially important in rural economies. Measuring those people who are employed in registered business units, 84% of them in rural areas work for a SME. Indeed, 32% of them work for a micro-business.
Employment: Just over 4 million people are employed in registered business units in rural areas. They comprise 15% of all people employed in registered business units across England.
Home working: (including by the self-employed) is significant in rural areas and particularly so in the smallest settlements. 22% of those who are employed in rural areas work at least half their working week at home, compared with 13% for those employed in urban areas.
Earnings: (mainly from wages) for jobs which are based in rural areas are lower than for jobs based in urban areas. Even if London is excluded, average earnings in predominantly rural areas are £1,800 or more than 7% below the predominantly urban equivalent.
Over Reliance: Rural economies are overly reliant on low wage, seasonal employment opportunities resulting in underemployment rather than unemployment

Social Considerations
Ageing: rural areas have a high proportion of residents in older age groups, raising demand for services such as health and social care. Moreover, growth in numbers aged 85 or over is expected to happen fastest in rural areas;
Living costs: the cost of housing is typically high, whilst local wages in rural areas are 10% below the national average, leading to severe affordability issues. Costs of transport and home heating are also higher than average in rural areas;
Infrastructure: it is relatively costly to build infrastructure, like broadband and mobile phone networks, putting many rural homes and businesses at a disadvantage. Maintaining rural roads is also an issue;
Accessibility: limited public transport options often leave vulnerable groups isolated or without ready access to jobs, training, key services and social opportunities;
Delivery: organisations responsible for delivering services to rural communities' face added costs, including due to time and expense of travelling, a need to operate from multiple service outlets, poorer external markets and lost economies of scale – in addition to which there is much unmet need compared to services provided for urban residents;
Perception: portrayals of rural life often paint a stereotypical and affluent picture, failing to recognise the very real poverty that exists.

ASK 1 – Support for Essential Public Services in Rural Areas

Policy Rationale

Public services in rural areas 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.

Whichever funding formula for the distribution of national funds to support local services is looked at, the end result is an unfair allocation to rural areas compared to their urban counterparts. The costs of providing services across large rural areas are not properly reflected and neither are their service needs in the context in which they operate

Funding Local Government Services

Key Facts

Under the current funding formula for local government services:

- Rural authorities receive only 42% the amount of government funding per head compared to their urban counterparts. Rural authorities receive only about 33-36% of their resources from the Baseline Funding Level and from other grants whereas urban authorities typically receive between 45 -53%
- 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).
- Additional funding through the Rural Services Delivery Grant (RSDG) – although welcome – has not helped to close the funding gap. In cash terms, the funding gap is equivalent to about £111 per person – a significant variance.
- Rural residents pay, on average, 22.7% (£105) per head more in Council Tax than their urban counterparts due to receiving less government grant
- Recent government decisions have placed increasing reliance on council tax increases to fund local government. Whilst this does help to narrow the funding gap (because rural authorities tend to have higher relative taxbases and higher Band D), it means that rural taxpayers are being asked to provide increasingly large contributions to fund local services. It is completely unfair and unjustified to ask rural residents to pay more in council tax than their urban counterparts for lower levels of overall funding.
- Rural residents fund 68% of their Local Government Spending Power through Council Tax compared with urban residents who fund theirs by 55%
- Rural residents pay more and, on average, earn less than those in urban areas and yet receive fewer services. That is grossly inequitable.

Of course, the income losses and additional expenditure incurred by local authorities in responding to COVID19 which are not covered by Government support mean that the funding difficulties faced by rural councils before the pandemic have been greatly exacerbated.

Health and Wellbeing Services

Policy Rationale

The health and wellbeing of the nation's population is as relevant to and important for rural communities as it is to those who live elsewhere. This universality is embedded within the vision that led to the creation of our National Health Service. The importance of mental wellbeing is increasingly recognised across all age groups. If common mental health problems are included, they are widely experienced and have costs for society at large (including lost working days). There are concerns such as access to relevant support services and for isolated farming communities.

Health services that serve rural populations need to be of high quality, safe and geographically accessible. This highlights the dilemma, often not well resolved, of ever-more specialised services becoming increasingly centralised and therefore distant from the rural communities they serve. Significant cuts made to rural transport services has only served to exacerbate the service deficit.

Conversely there is a drive to expand the range of (non-acute) services which are provided away from main hospitals sites at community hospitals or health centres. Digital adoption and telehealth also have rural potential though are dependent on fast and reliable network connectivity.

The 'turnover' rate of health staff and vacancy rate in rural areas are both higher than the national average

The direction of policy travel, as set out by reforms in the NHS Long Term Plan, poses both some real challenges and some opportunities for rural provision. The same could certainly be said, too, for the social care sector, where future policy is currently less developed. A core requirement is that health and care plans are rural proofed at both the national (policy) level and the local (strategic and delivery) level, so that benefits reach rural communities and properly address their needs. Better use could be made of digital health and care services for rural provision, learning lessons from the experience of virtual consultations during the Covid-19 pandemic, though are dependent on gaps in rural connectivity to be addressed.

Rural Schools

Policy Rationale

Rural schools typically play an important role at the heart of their community and provide a high- quality education. It is imperative that education policies – focussed on the needs of children – support them and help them to face particular rural challenges.

Small schools with few staff can find it harder to offer a broad curriculum or after school enrichment opportunities, such as music and sports. They may address this by collaborating with other nearby schools, though this typically involves some extra travel for pupils.

The long-standing Government policy, which is a presumption against rural school closures, has been helpful in protecting many small schools. There can be circumstances where closures are justified, but generally if village schools close there is a considerable social cost: the community is less sustainable and children are required to travel further. School rolls are more prone to fluctuation from year to year in small schools and the presumption helps protect them through this cycle. A rural vision would offer a good opportunity to restate the intention behind this presumption and its 2013 statutory guidance, while stressing that decisions should make the interests of children paramount.

Key Facts

- There are roughly 5,300 schools located in rural areas. This represents almost 27% of the total number of schools across England (2014 data). Some 53% of Church of England primary schools are located in rural areas.
- A large proportion of rural schools are small. More than 33% can be defined as ‘very small’, having fewer than 110 pupils, whilst another 29% can be defined as ‘small’, having between 110 and 209 pupils. Comparators for urban schools are 5% and 16% respectively.
- In 45% of rural schools all classes contain pupils from different age groups (school years). In another 24% of rural schools some classes contain pupils from different age groups.
- School running costs (per pupil) increase as school size shrinks and they rise sharply where schools have fewer than 50 pupils. Core costs, such as teaching salaries, energy bills and catering, are all typically above average in rural schools. Home to school transport costs are many times higher in rural than in urban areas.

- Many rural schools have older buildings which are expensive to run and maintain. A large number have nineteenth century buildings and some have Listed Buildings. High ceilings can make them expensive to heat.
- Pupils from rural communities travel further to school than their peers who live elsewhere. Those from small rural settlement travel an average of 3.4 miles to a primary school and 7.0 miles to a secondary school.
- The top challenges identified by head teachers of rural schools were (in order of priority) not having sufficient funding, maintaining or improving pupil performance, providing for pupils with special educational needs or disabilities and meeting the needs of all their pupils.
- Teaching and support staff in rural schools frequently need to multi-task, as a result of the (small) school size. For the same reason many pupils at rural schools are taught in classes with mixed age groups.
- In a 2018 survey most rural school head teachers identified that they have pupils from poor families whose incomes lay just above the threshold which would have earned them the pupil premium grant (or top up funding).
- The costs of COVID-19 compliance have placed significant strain on the already stretched budgets of rural schools. They should be recompensed for those costs

ASK 2 – Support to Rural Economies and Infrastructure Investment

Local Enterprise Partnerships and Local Industrial Strategies

Policy Rationale

Local Enterprise Partnerships (LEPs) have significant policy responsibilities for supporting and investing in economic growth. They are, therefore, important bodies for the future wellbeing of rural economies and communities.

It is a widely held view that the track record of LEPs addressing the economic needs of their rural areas is mixed and it needs to be improved. Their preference for large strategic developments and projects has often led to a focus on infrastructure projects in or around urban centres.

Productivity levels in rural businesses are below the national average. By narrowing this productivity gap the national economy would be considerably enhanced

The character of rural economies, heavily reliant on small and medium sized businesses, needs to be reflected in any business support. That includes micro-businesses, sole traders and social enterprises.

Creating better quality and more productive jobs properly targeted at rural areas would bring widespread benefits and could significantly help those left behind struggling rural places.

Government and LEPs need to recognise the significant contribution of rural areas to the national economy and acknowledges their growth potential. This message should be a golden thread running through the strategies and programmes of Local Enterprise Partnerships and their Local Industrial Strategies

The support for SME's to seize local opportunities must be provided from farming to village stores to diversified pubs. The closure of bank branches must be halted to enable the opportunities to flourish. The support and creation of new local opportunities is vital in rural areas – for instance pubs diversifying to play an even greater role in their local communities.

In rural areas small grants schemes can be particularly successful and effective. The definitions of beneficiaries needs to be flexible and embrace social as well as economic outcomes.

Key Facts

- There are 545,000 businesses registered in predominantly rural areas. This is 24% of all businesses registered in England. The number of unregistered micro-businesses (for PAYE or VAT) is probably at least as great again.
- Those registered rural business have a combined annual turnover of £459 billion. This is a sizeable contribution to the national economy. However, business turnover per employee is lower in rural areas than it is in urban areas.
- Rural economies are diverse, hosting a wide range of businesses. Land-based businesses (including farming) are important, but 85% of rural businesses are from other sectors. Other key sectors are professional services, retail and construction. The picture will vary in different types of local rural areas, with some being heavily dependent on tourism, for example.
- Small businesses are especially important in rural economies. Measuring those people who are employed in registered business units, 84% of them in rural areas work for a SME. Indeed, 32% of them work for a micro-business.
- Just over 4 million people are employed in registered business units in rural areas. They comprise 15% of all people employed in registered business units across England.
- Home working (including by the self-employed) is significant in rural areas and particularly so in the smallest settlements. 22% of those who are employed in rural areas work at least half their working week at home, compared with 13% for those employed in urban areas.
- Earnings (mainly from wages) for jobs which are based in rural areas are lower than for jobs based in urban areas. Even if London is excluded, average earnings in predominantly rural areas are £1,800 or more than 7% below the predominantly urban equivalent.
- 86% of rural pubs in rural areas are run as SME's by private publicans. Just 14% are managed as 'brands'.

It is imperative that Government recognises the contribution of rural areas to the national economy and acknowledges their growth potential. This message then needs to be reflected fully within the strategies and programmes of Local Enterprise Partnerships and their Local Industrial Strategies

UK Shared Prosperity Fund

Policy Rationale

The UK Shared Prosperity Fund will become the main means through which Government channels economic and social development grant funding to areas in the early 2020s, when it replaces existing EU funding streams.

As such, it will replace two funding streams which have been targeted specifically at supporting rural economic growth, namely the LEADER programme and a sizeable part of the European Agricultural Fund for Rural Development (EAFRD).

It will also replace funding streams which were not rural-specific, but which some rural areas tapped into, namely the European Regional Development Fund, the European Social Fund and the European Maritime & Fisheries Fund.

Forthcoming decisions about the UK Shared Prosperity Fund will determine how funds are allocated (including to rural areas of England), what types of project or business can benefit, how adaptable the fund is to local needs and what local arrangements are created to manage delivery. Such considerations will determine the scale, scope and effectiveness of future rural funding.

It is vital that Government proposals for the design and scope of the UK Shared Prosperity Fund are rural proofed, so they can be effective in rural settings and can address rural needs. Typical features of rural economies are below average levels of productivity and below average wage rates. Rural areas would benefit considerably from levelling up, with support put in place to encourage business growth, innovation and diversification.

Key Facts

- The LEADER programme for the period 2014 to 2020 had a value of £138 million in England. It was delivered by 79 Local Action Groups. Priorities for the programme funding have been: supporting micro and small businesses and farm diversification; boosting rural tourism; increasing farm productivity; increasing forestry productivity; providing rural services; and providing cultural and heritage activities.
- The EAFRD programme for the period 2014 to 2020 had an overall value of £3 billion in England, of which roughly £400 million was apportioned to its economic objectives for SME competitiveness, innovation and employment.
- Analysis of committed project spend from other EU funding streams shows that from 2014 up until early 2019:

14% of the European Regional Development Fund spend in England (worth about £520 million) was taking place in predominantly rural areas; and

3% of the European Social Fund spend in England (worth about £83 million) was taking place in predominantly rural areas.

- Predominantly rural areas in England contributed £260 billion of Gross Value-Added productivity to the national economy during 2018. This accounts for almost a 16% share of England's productivity. That rural share has reduced somewhat over time, from 16.4% in 2010 to 15.9% in 2018, as London has expanded further its share of the country's productivity.
- Gross Value Added per workforce job is £43,900 per annum in predominantly rural areas. This is 18% less than the figure for England as a whole. There is therefore a sizeable productivity gap between rural and urban areas.
- Capital investment by businesses in predominantly rural areas was £5,100 per employee during 2016. This was lower than the England average of £5,500.
- It is vital that Government proposals for the design and scope of the UK Shared Prosperity Fund are rural proofed, so they can be effective in rural settings and can address rural needs. Typical features of rural economies are below average levels of productivity and below average wage rates. Rural areas would benefit considerably from levelling up, with support put in place to encourage business growth, innovation and diversification.

Energy Infrastructure and Renewables

Policy Rationale

The impacts of dangerous climate change will affect all communities. This much is already clear from the rural impacts of increasingly frequent storm damage, flood events and periods of drought. Minimising man-made climate change matters as much to rural communities and businesses as it does to any others.

Rural areas, which host more than a sixth of England's population and which cover most of its land area, must play their full part if the UK is to rapidly reduce its carbon footprint and achieve its net zero target. An approach focussed on urban areas alone would fail.

There are opportunities as well as challenges for rural areas that arise from the decarbonisation agenda. There will, for example, be growth sectors in the green economy and new opportunities for community enterprise.

Despite the push for energy efficiency, demand for electricity is expected to grow, not least as consumers switch to driving (chargeable) electric vehicles. This raises questions about the capacity and robustness of local power network infrastructure in rural areas.

Inevitably, onshore wind and solar farms will be (as they are now) predominantly sited in rural locations. They can be expected to expand in scale. It is important that rural communities receive direct benefits where they host development such as renewables infrastructure. There is likely to be local resistance if the countryside is perceived simply as a solution to largely urban emissions.

Similarly, there are long standing issues for properties (mostly in rural settlements) which are off the mains gas grid and which rely on heating sources such as LPG, electricity, oil and solid fuels. These will need to be addressed appropriately in a low carbon future.

Key Facts

- Evidence about the locations of renewable energy production shows that:
 - Predominantly rural areas are the location for 60% of England's renewable energy generating capacity, which equates to 16,555 Megawatts (MW);
 - In particular, these areas are the location for 64% of capacity from onshore wind and 60% of capacity from photovoltaics – two key renewable sources; This is out of all proportion to their 22% share of the country's households.
- Much of the existing housing stock in rural areas does not easily lend itself to being made more energy efficient. Notably, those local authority areas with the highest CO2 emissions per property are all predominantly rural.

- In 2010 some 36% of all households in rural areas were located off the mains gas grid. The comparable figure for urban areas was 8%.
- In 2017 some 434,000 or 10% of households in rural areas were classified as being fuel poor. The 'fuel poverty gap' is especially large for those households in smaller rural settlements i.e. the extra income they would need annually to move them out of fuel poverty.
- There were just over 11,000 locations in the UK which had public charging points for electric vehicles by February 2020. No rural analysis has been found, though of interest is that more than a quarter are in the Greater London area. Taking the two most rural of English regions, 8% (2,469) of connectors are in the South West and 6% (1,937) are in the Eastern region.
- A research report finds that, for rural areas decarbonising transport may prove the most challenging aspect of all on this agenda. Specific challenges include:
 - The need to increase the scale and reach of the network of electric vehicle charging points (across relatively low demand locations);
 - The need to extend the range (or distance) electric vehicles can travel between recharges, so they are better suited to rural geographies;
 - The potential demand on the electricity grid in rural areas, as a widespread switchover to electric vehicles impacts demand;
 - The need for faster progress developing hydrogen or alternative technologies, to aid decarbonisation of bus and HGV fleets in rural areas.

Further Education, Training and Apprenticeships

Policy Rationale

Young people brought up in rural areas need education and training opportunities to pursue their aspirations. At age 16 that means having access to a wide range of further education (FE) subjects or courses, having access to a number of high quality sixth form or FE colleges.

To prosper and grow rural-based businesses need good access to training providers, so that their workforce can gain and update necessary skills (including digital skills). It can mean on-site training, attending one-off sessions or longer-term courses e.g. one day per week.

Having access to apprenticeship opportunities is important for those wishing to follow a practical vocation, whether straight out of school or later in life. Equally, this provides rural businesses with a route to bring in and train up promising new employees.

Land-based sectors, such as agriculture, forestry and environmental management, must be able to acquire employees with specific practical and administrative skills, gained from specialist training or education providers.

In rural areas the scope to access further education and training opportunities is, to a significant extent, dependent on the availability of transport options and digital connectivity. Job losses resulting from the pandemic and consequent recession will increase pressure on retraining opportunities to acquire new skills and re-join the workforce

Key Facts

- Just over half a million young people, aged from 15 to 19, live in rural areas. They comprise 5.3% of the total rural population (which is slightly less than the 5.5% figure for England as a whole). It is the following cohort, aged 20 to 24, where evidence shows a large outmigration from rural areas.
- The working age population is skewed towards older age groups in rural areas, compared with the England average. Only 13.5% of the rural population is aged 20 to 34, whereas 22.6% of the rural population is aged 50 to 64.
- Students living in rural areas have longer journeys to access FE institutions than their urban counterparts, especially if using public transport. More than a tenth of rural students must travel for over one hour in each direction (and this data does not measure the frequency of any public transport option).

➤ Students from rural areas often face a limited choice (or even no realistic choice) of FE provider. On average those working in predominantly rural areas have somewhat lower skill levels than those working in predominantly urban areas, based on National Vocational Qualification (or equivalent) standards

➤ Research by Rural England CIC which considered apprenticeships (though only in respect of young people) found that:

A slightly higher proportion of 16- year-olds go into an apprenticeship from predominantly rural areas than from predominantly urban areas;

Young people in apprenticeships in rural areas often find those opportunities through a personal contact rather than via any formal application process;

➤ The paucity of larger employers in rural economies can limit the variety of apprenticeships that are on offer, both in terms of their sector and skill level.

In rural areas the scope to access further education and training opportunities is, to a significant extent, dependent on the availability of transport options and digital connectivity. Another recent need arises from job losses resulting from the pandemic and consequent recession. Some rural people now need retraining opportunities, to acquire new skills and get back into employment

Business Advice & Guidance

Policy Rationale

Setting up in business or self-employment can be a daunting task. Initial guidance about the basics of establishing and running a business can prove invaluable, not least to ensure that a credible business proposition is developed, with sufficient understanding of budgeting, marketing, taxation, legal structures and the like. Businesses will also, generally, benefit from access to expert advice and guidance, where they are seeking to expand or innovate. This can bring additional risk for businesses, for example if they take on a loan or recruit new employees.

Formal or professional advice may be more difficult for businesses in rural locations to access, at least where it is provided face-to-face. This may be especially so where delivered through group workshops or sessions, which are likely to be held in larger settlements. However, some rural businesses may also face limitations accessing guidance due to poor digital connectivity.

There is, of course, an immediate need to support many rural businesses through the severe financial hit they have taken from the pandemic and restrictions. However, there is also a longer term need for those businesses to have good access to quality advice and guidance, so they can establish, adapt, grow and innovate. This will boost the growth potential of rural economies.

Key Facts

- The start-up rate for registered businesses is 46 new such business per 10,000 population in predominantly rural areas. This 2017 figure is lower than the comparable figure for predominantly urban areas outside London and lower still than the England figure (which includes London). Up until 2012 the position was different, with the rural rate slightly higher than the urban rate (outside London).
- It should be noted, though, that these figures only refer to businesses which are registered either for PAYE or VAT. They therefore exclude many micro start-ups.
- In an average year there are 2,218 registered businesses (excluding micro businesses) in predominantly rural areas which meet the definition of high growth businesses. They comprise 4.3% of all such businesses in predominantly rural areas.
- Analysis of 2015 survey data finds that:

Around a third of all rural businesses seek access to some form of business advice or information during any single year;

Accountants are the leading source of the advice that is being sought by these businesses;

Financial management is the main topic of the business advice being sought by these businesses (though few turn to banks or professional financial advisers for it);

Rural firms with no employees are more likely to seek advice from business networks or trade associations than their urban counterparts. That pattern is reversed for businesses with employees;

Rural firms are comparatively more likely (than urban firms) to seek advice about improving business efficiency or productivity, but less likely to seek advice about marketing.

➤ A survey conducted by Rural England CIC with rural based businesses from across the UK, which focused specifically on digital adoption, found that:

30% of the businesses had experienced difficulty finding external or outsourced support with their digital needs; and
14% of the businesses had experienced difficulty in accessing appropriate external digital or IT training.

These types of challenges were felt most acutely by micro-businesses, who were unlikely to be able to call upon in-house expertise.

There is obviously immediate need to support many rural businesses through the severe financial hit they have taken from the pandemic and restrictions. However, there is also a longer term need for those businesses to have good access to quality advice and guidance, so they can establish, adapt, grow and innovate. This will boost the growth potential of rural economies.

Rural Town Centres and High Streets

Policy Rationale

Rural or market towns perform a unique function within rural economies and rural life, acting as a focal point and supporting, not only their own residents, but those from a hinterland of smaller villages and hamlets.

They are typically where a range of important public and private services are clustered, including supermarkets, medical centres, secondary schools, leisure centres, arts venues and banks. They frequently host a plethora of small independent retailers.

In addition to providing for local residents, rural and market towns often meet the needs of day visitors or tourists, who generate additional, if seasonal, income. Many of these towns will host events, such as arts festivals or local food festivals.

Rural or market towns are also centres of employment for the rural workforce, providing job opportunities, many of them in town centre services or on nearby trading estates.

Yet many rural town centres face challenges and some are run-down, with vacant or underused premises. Retail outlets are often undercut by online competition and some public services have centralised. There is a risk that such trends have been accentuated by the Covid-19 pandemic and restrictions. Other challenges rural town centres may face include traffic congestion, a poorly maintained public realm and sites requiring regeneration.

Every rural town centre is different and requires its own – locally designed – solutions. Long term trends, such as the growth of online retail, are undermining local high streets and this could permanently damage local retail trading.

Key Facts

- There are 5.2 million people who live in settlements or areas classified as ‘rural town and fringe’ in England. Rural town and fringe areas therefore represent 9% of the country’s population.
- Rural town and fringe areas are the location for over 180,000 registered businesses, which between them employ almost 1.25 million people

- They are also the location for almost 33,000 business units within the retail, wholesale and motor repair sector, which between them employ approaching 0.25 million people.
- Accessibility data shows the typical minimum travel time for residents of rural town and fringe areas to reach the nearest facility or outlet for various service types. Unsurprisingly, travel times are shortest by car. Travel times by bicycle and by public transport/walking are similar, though this does not take account of public transport frequency.
- The shortest travel times are those to the nearest food store, primary school and GP surgery. The longest travel times are those to the nearest hospital, further education and town centre. It is likely that hospitals for many are located in another (larger) town and not the one where they live.
- One service which has pulled back from town high streets is bank branches. Analysis found that 124 of the branches which closed in 2014 (over a quarter of all closures) were the last bank branch in their community. This was a trend which particularly impacted rural town and coastal communities.
- In December 2019 the first 14 places to win funding as a pilot scheme under the Future High Streets Fund were announced. Two of these places were rural hub towns, namely:

Cheadle in Staffordshire; and
Kendal in Cumbria.

Sustainable Farming and Land Management

Policy Rationale

Food on the plate is something we (in England) have tended to take for granted. However, one lesson from the Covid-19 lockdown is that some foodstuffs depend highly on imports, delivered on a just-in-time basis. Whilst trade in food can bring many benefits, there is growing interest in food security and an ambition for the nation to feed itself.

Farming remains an important source of employment in many rural areas, even after decades of change bringing efficiency gains. It supports many other rural jobs in the supply chain, too, such as those upstream producing farm inputs and those downstream in food processing. Indirectly, it also helps support other rural employment, as farmers and farm employees use local shops and services.

Many farms have diversified their businesses, particularly into retail and tourism. As a result, they contribute to the wider economy through enterprises like farm shops and visitor accommodation.

Farmers, foresters and other land managers fundamentally shape our countryside. In the well-worn phrase they are stewards of the land. It is a countryside variously enjoyed by both nearby residents and by visitors for its openness, beauty, peacefulness, wildlife and leisure opportunities.

The coming years will inevitably be a period of considerable change and, for many, uncertainty in the agricultural sector. It is important that policy changes are clear and fair, so those in the sector can plan ahead with a reasonable degree of confidence.

Key Facts

- Agriculture is easily the predominant land use in England. Just over 63% of its land area is used for agriculture.
- There are 350,000 people employed in England in registered businesses which fall within the agriculture, forestry and fishing sector. Although they comprise only 1.3% of employment nationally, the sector is an important part of rural economies and especially so in areas which have a sparse population.

- The UK is 75% self-sufficient in the food and drink products which can be grown in the country (due to climate, etc.) and 61% self-sufficient in all food and drink products that are consumed in the country. Across the whole of the food and farming sector, the UK:

Exported £20 billion worth of food and drink products; and
Imported £43 billion worth of food and drink products.

- Over the period from 2014 to 2020 farmers across the UK were allocated around £22.3 billion in direct subsidy payments, offering income support under pillar one of the EU Common Agricultural Policy (CAP). Typically, these CAP payments made up around 50% to 60% of a farm's income in England, though this proportion is likely to be higher in places with difficult farming conditions, such as upland areas.
- The agriculture sector (and, indeed, the food sector) have been heavily reliant on migrant labour. This is especially so for short-term summer tasks, such as fruit and vegetable picking. The great majority of this labour force has come from countries which joined the EU from 2004 onwards.
- The coming years will inevitably be a period of considerable change and, for many, uncertainty in the agricultural sector. It is important that policy changes are clear and fair, so those in the sector can plan ahead with a reasonable degree of confidence.

ASK 3: BROADBAND AND MOBILE PHONE CONNECTIVITY

Policy Rationale

Digital connectivity is a key enabler of business innovation and an important driver of productivity growth. Rural based businesses in all economic sectors and of all sizes (including the self-employed) need access to fast and reliable broadband and mobile networks if they are to thrive, compete and reach new markets.

Digital connectivity creates new opportunities for businesses to set up in or locate to rural places, bringing jobs and wealth to those areas. As the Covid-19 pandemic has demonstrated, it also enables home working from rural settings, which many employers may expect in future.

Digital connectivity allows those who are on the move to stay in contact, download information and work remotely, in keeping with current expectations of the majority of businesses, residents of all ages and (crucially, from a rural perspective) those visiting or holidaying in rural locations.

Digital connectivity offers rural residents the option to access many services without having to make long or complex journeys. It has rapidly become a key means for accessing banking, education and healthcare, to name just three examples. It can also help address rural loneliness and isolation.

Digital connectivity will allow the aspirations of and benefits from the Industrial Strategy's Grand Challenges to be realised in rural areas. This will include developments such as agri-tech for crop or livestock management, virtual health consultations and augmented reality at visitor attractions.

In short, if rural communities are poorly connected, digitally, their ability for productivity growth will be constrained, causing them to fall further behind economically and to continue to face disadvantages.

Key Facts

- Some 8% of rural premises (or 274,000 households and businesses) in England cannot access a decent fixed broadband connection of 10 Mbps. This is the threshold set for the broadband USO, which the regulator (Ofcom) considers necessary for everyday use, though it is likely to prove inadequate for many business' users.

- Some 19% of rural premises in England cannot access a superfast broadband connection of 30 Mbps. A fifth of rural premises cannot yet benefit from superfast speeds.
- There remain significant issues with mobile connectivity in rural premises. Some 32% of those in England are premises where it is not possible to make an indoor phone call on all four of the mobile networks (EE, O2, Three and Vodafone). Similarly, it is not possible to get an indoor 4G connection on all four networks at a majority (58%) of rural premises.
- The outdoor signal is notably better. However, complete 'not spots', where no 4G signal is available from any operator, make up 3% of England's rural landmass. Across 22% of that rural landmass it is not possible to access a 4G signal from all four networks.
- During 2019 mobile network operators launched 5G at 40 UK locations on a commercially funded basis. All 40 of these locations were in large cities or towns. Unless public sector funding starts to flow soon, rural areas will fall behind in the 5G roll out.
- Research from 2018 estimated that if rural based businesses could resolve their connectivity and other digital constraints, that would add a minimum of £12 billion annually in Gross Value Added to the UK economy.

Unless the above issues are urgently addressed levelling-up will fail in rural areas

ASK 4: AFFORDABLE RURAL HOUSING

Policy Rationale

Rural communities should be diverse and inclusive places where people of all ages and backgrounds can live together. A supply of affordable housing helps to ensure such inclusivity. Without it, rural communities become places where only the more affluent (who are disproportionately from older age groups) can afford to live. The cost of open market housing could become inflated in rural areas if more people move there from urban areas following the recent pandemic.

Equally important is that those who grow up or have connections in rural communities have the option to live there. This includes young people forming new households, typically with limited financial resources. A supply of affordable housing keeps families and local support networks intact which, in turn, helps to address isolation and loneliness.

Businesses in rural areas need access to a workforce, including for jobs which typically attract or can only sustain modest pay rates. This includes many of those who are classed as 'essential workers'. A supply of affordable housing benefits the rural economy, with employers able to recruit and retain staff across a range of jobs (including for Retained Fire and Lifeboat personnel).

Adequate housing provision is not simply a question of numbers of homes built. Just as important is the type of housing built – especially its tenure and size – to ensure it addresses the needs of local communities. Substantial changes will be need to be made to public and planning policies, as well as funding arrangements, in order to satisfactorily meet the needs (fundamentally to include affordability) to meet the housing needs of rural communities.

Key Facts

- Last year some 13% of Homes England's Affordable Homes Programme (AHP) was delivered in rural areas. Much as the provision of specific funding for a rural programme within the AHP is welcomed (and is something the RSN has been calling for over many years) it should increase 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. The monitoring of delivery against the targets will need to be monitored and barriers to funding affordable rural homes identified.
- Housing is relatively expensive to buy or to rent privately in rural areas and can be beyond the means of many. The average house purchase price is £44,000 higher in rural areas than it is in urban areas.

- As a result of this plus relatively low local wages, housing is less affordable in rural than in urban areas (excepting London). This remains true for those buying at the cheaper end of the housing market. The housing affordability index measures the cost of bottom quartile housing as a multiple of bottom quartile annual earnings. In 2018 that multiple or ratio was:

8.8 in predominantly rural areas, having risen from 8.1 in 2015; and
7.5 in predominantly urban areas (excluding London), having risen from 6.8 in 2015.

- The mix of housing tenures found in rural areas is fairly distinct, with less social rented housing available, especially in the smallest settlements. Just 8% of households from villages and hamlets lived in affordable rented housing, contrasting with 19% of households from urban settlements.
- The number of social rented homes in predominantly rural areas has reduced further with the Right to Buy scheme. By 2015 sales of local authority housing were running at 1% of that stock per year. Although the sale income generated is intended for reinvestment, in rural areas only 1 replacement home was built for every 8 homes sold (with replacements rarely in the same settlement).
- A previous estimate indicated that 7,500 new affordable homes need building each year just in England's smaller rural settlements (i.e. villages), a figure which is now considered an under-estimate. It is the smaller settlements where meeting affordable housing needs can be most challenging. Just under 5,600 such homes were completed in villages in 2018/19.
- Figures are also available for affordable homes built or added to the housing stock in predominantly rural areas (of which small settlements are a part). These are of interest not least because they include information about different affordable housing tenures. A notable feature is that very few of these affordable homes added in predominantly rural areas are for social rent i.e. the most affordable tenure category. In 2018/19 they comprised just 6% of new affordable homes (or half the 12% figure in predominantly urban areas).
- Adequate housing provision is not simply a question of numbers of homes built. Just as important is the type of housing built – especially its tenure and size – to ensure it addresses the needs of local communities. Allowing the housing needs of rural communities to be met will require some substantial changes to be made to public policy, to planning and to funding arrangements.
- Based on a 2019 survey by the RSN showed that across 16 rural authorities some 275-350 new affordable homes had not been delivered as a consequence of the Government policy change to limit developer contributions to sites of 10 or more dwellings.

ASK 5: RURAL TRANSPORT AND ACCESS TO SERVICES

Policy Rationale

Transport options provide communities with better access to employment opportunities and vital services, as well as to leisure or social opportunities. This matters most of all to those individuals without ready access to their own means of transport, whether because of their age, health or income.

The inverse is equally true. Transport options provide employers with access to a workforce and make retail outlets, service providers and others accessible to all their customers or clients. They are important for local economies and improved transport networks can help rural areas to level up.

Accessible transport is vital for young people who, from age 16 to 18, must attend further education, an apprenticeship or work-based learning. Rural young people (who are unlikely to own their own transport) require realistic options at an affordable cost to give them a chance to follow their career or education ambitions.

A lack of transport options can also contribute towards loneliness, not least among older people, where it leaves them physically isolated in smaller rural communities. This can lead to or exacerbate health problems. Accessible transport options can assist wellbeing and social inclusion.

A lack of transport options encourages car dependency (and for some makes it all but essential). This is detrimental to the environment, adding to air pollution and contributing to greenhouse gas emissions, contrary to the Government's net zero objective.

Transport is likely to undergo massive change over the next decade or two, as explored by the Government's Future of Mobility grand challenge. This may embrace a rapid shift to electric and ultra-low emission vehicles, self-driving vehicles and micro vehicles. However, to avoid replacing one congestion problem with another, policies will also need to encourage a move away from individual vehicle use. Enabling innovation to happen outside large urban centres may be key to its nationwide success.

The paucity of rural transport options is an issue which strikes at the heart of rural disadvantage, impacting people's access to employment, education and training, health, shops and a host of other activities. It is a key driver of rural isolation and loneliness. It leaves rural communities highly car dependent, with consequences for the environment and national efforts to reach net zero (for carbon). This situation reflects a long-term lack of strategic policy thinking about what transport provision is needed and appropriate in rural areas.

Key Facts

- Rural residents travel 54% more than the average resident from an urban town or city.
- Travel times required to reach a workplace or services are typically longer for rural than for urban residents. This time difference is most marked for those who rely upon public transport
- Due to funding pressures on statutory services, there has been a 43% reduction in local authority expenditure on subsidy for bus services. Several local authorities have cut their supported bus expenditure to zero. Furthermore, local authorities in predominantly rural areas have less funding available to them for spend on bus services (than equivalent urban local authorities).
- Many bus routes financially supported by local authorities have been withdrawn or reduced. This is thought to have affected over 3,000 services since 2009. Disaggregated figures for shire areas (alone) are available for 2016/17, showing that:

202 services were withdrawn altogether; and
191 services were in some other way reduced.

- Research in two English regions concluded that many small rural towns were at risk of becoming transport deserts, with infrequent bus, rail or public transport services. 72 out of 110 small towns in the South West and 20 out of 50 small towns in the North East met the transport desert definition¹.
- A good half (52%) of all community transport organisations either wholly or mostly serve rural communities. However, those serving rural areas tend to be smaller in scale and to rely more heavily on fares revenue (as they receive comparatively less grant income).