

# RURAL ECONOMIES

## CHAPTER

RURAL  
PLANNING



RURAL  
ECONOMIES



RURAL  
TRANSPORT

RURAL  
AFFORDABLE  
HOUSING



FAIR  
FUNDING



# Delivering for Rural

*Unlocking Rural Prosperity*



RURAL  
NET ZERO

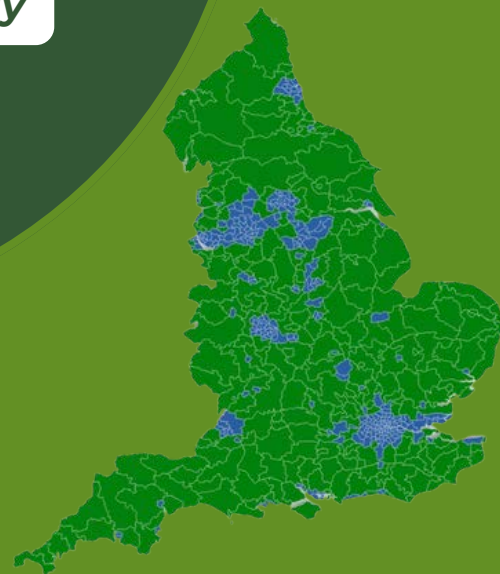
RURAL  
HEALTH &  
CARE



RURAL  
CONNECTIVITY



RURAL  
SERVICES  
NETWORK







**Rural Economies**



**RURAL  
SERVICES  
NETWORK**



**Delivering  
for Rural**

*Unlocking Rural Prosperity*

## **40% of Constituencies are Rural. Rural Economies Matter.**

Economic growth is widely acknowledged as essential for national wealth and prosperity, and is a priority for political parties. Key factors of economic growth include production, land, labour, capital, and entrepreneurship. In 2022, rural areas in England contributed significantly to the Gross Value Added (GVA), though less than urban areas. Rural economies, employing millions and home to a higher proportion of small businesses, have potential for growth if barriers are removed.

Rural Britain, with a diverse economy beyond agriculture and tourism, risks losing potential and revenue if these sectors are overemphasised politically. Supporting young people and families in rural areas is crucial for vibrant rural economies. Policies should reflect the needs of rural small and medium businesses, including micro-businesses and social enterprises.

Businesses across the country, benefit from access to expert advice for expansion or innovation. However, accessing professional advice can be challenging in rural locations, particularly for face-to-face services or due to poor digital connectivity.



[www.rsnonline.org.uk](http://www.rsnonline.org.uk)



# THE NATIONAL POLICY CONTEXT

2019

## Towns Fund

The Government invited 101 towns to develop and submit Town Investment Plans, seeking a share of its £3.6 billion Towns Fund. This aims to support long term economic growth by investing in connectivity, land use and assets (including cultural, skills and enterprise infrastructure). It recognises that many towns and town centres are struggling or missing out on economic opportunities. Officials categorised 181 towns as **low priority** either because they were among the 15% lowest-scoring towns in their region or because they were small (fewer than 15,000 inhabitants, or fewer than 10,000 in the South West region, unless they formed part of a cluster of small towns that made up one economic unit). **Rural Towns with populations of 15,000 or less serve the same economic and social functions for the residents and businesses of the town and its rural hinterland and should not be excluded on population criteria.**

2021

## Skills for Jobs White Paper

This White Paper proposed reforms to further education to support people to develop the skills needed to get good jobs and improve national productivity. Implementation included the designation of a network of employer representative bodies in 2022, to take the lead on developing Local Skills Improvement Plans. These Plans set out priorities and actions which local employers, training providers and other stakeholders will use to improve workforce skills set in ways that match employers' needs. A £165 million Local Skills Improvement Fund provides an investment pot (2023-25) for the technical skills system. It is essential that the character of rural economies, is reflected in any business support, skills and training programmes, access to funding or targeted policy directives which should include micro-businesses, sole traders, and social enterprises.

## The Levelling Up Fund

A £4.8 billion UK fund started in 2021, focusing on local infrastructure in areas such as ex-industrial regions, deprived towns, and coastal communities. Funds were distributed over three rounds, with the latest in November 2023. Areas are categorised into three levels of need for funding allocation, with 148 areas receiving funds so far, excluding combined authorities.

2022

## Levelling up White Paper and Missions

The White Paper contains an extensive analysis of geographical disparities in the UK. It then proposes "a fundamental rewiring" of decision-making across the UK, with more focus on local places, more transparency about place-base spending and better coordination of central government policies locally. It outlines a programme to: boost productivity, pay and living standards; spread opportunity and improve public services; and restore a sense of community and local pride. Under those headings sit 12 specific missions, with metrics to be agreed so that progress against them can be monitored.

## UK Shared Prosperity Fund [UKSPF]

The fund is intended as a replacement for pre-Brexit EU Structural Funds and forms a key element of the Government's levelling up agenda. Its objectives can be summarised as supporting economic growth, better services, local pride or belonging, and community empowerment. A 'prospectus' in 2022 announced £2.6 billion for the period to 2025, to be distributed across all parts of the UK according to a formula. To draw down funding, local authorities had to write Investment Plans and submit these for Government agreement.





# THE NATIONAL POLICY CONTEXT

2023

## ► Levelling Up and Regeneration Act 2023

This Act brings into law the provisions of the Levelling Up White Paper. Much of the Act covers reform of the planning system. However, it also gives all areas scope to have a Devolution Deal offering more freedoms and budget control, including on policies for transport and skills. It thus extends the Devolution Deal concept beyond city-regions to shire and rural areas. These can span two or more upper tier local authority areas, working as a Combined Authority. There are three governance options, including a directly elected mayor. Another section of this Act creates a legal basis (indeed, a legal duty) for setting and reporting on the Government's levelling up missions.

## ► Future of Local Enterprise Partnerships (LEPs)

After a period of uncertainty and declining funding, in August 2023 the Government announced that funding for the 36 LEPs would transfer to upper tier local authorities, along with their core responsibilities. The transfer will happen in April 2024 and will cover lead responsibility for economic development, determining economic priorities and undertaking growth or job creation activities. LEPs have typically provided training and advice to new and growing businesses through Growth Hubs. This reform is intended to simplify local structures and place LEP powers within a democratic framework.

## ► The Rural England Prosperity Fund (REPF)

The Rural England Prosperity Fund (REPF), with a budget of £110 million for 2023-2025, is designed to support capital projects in rural areas, complementing the UK Shared Prosperity Fund (UKSPF). It assists new and existing rural businesses, including farms, in developing new products and facilities, and improves community infrastructure. However, concerns have been raised about the fund's limitations to capital funding only, which may not address the unique needs of rural areas that also require revenue funding. The Rural Services Network (RSN) notes capacity issues in rural councils and organisations for developing and maintaining services without additional revenue support. Additionally, unlike the LEADER program, REPF lacks a Management & Administration budget. There are also concerns about the allocation of funds not reflecting the varied capacities of different councils and the inadequate timeline for consulting rural communities on the fund's specifics. Despite these concerns, the Rural Service Network has welcomed the introduction of the REPF.

2024

## ► Social Enterprise Support

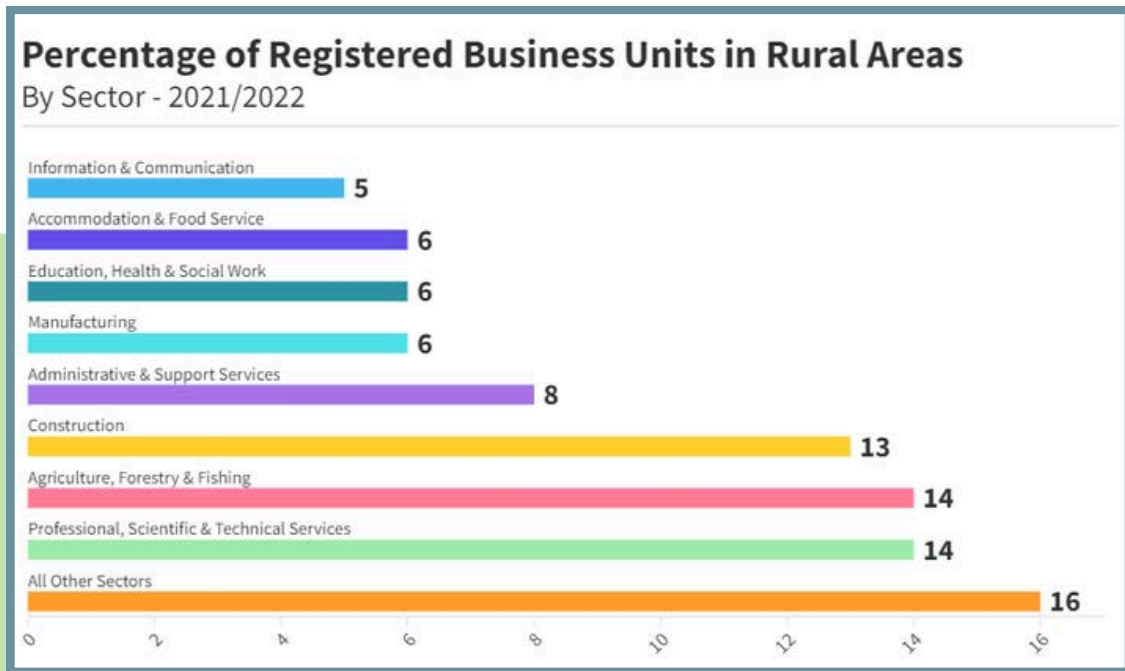
There are a number of organisations that deliver tailored advice and guidance to the social and community enterprise sector, which plays an increasingly important role in rural areas. They include the Plunkett Foundation, Locality, Un Ltd and county-based members of the ACRE Network.

## ► Child Care Costs

The Government's increases in respect of free child care places from 1st April 2024 are welcomed from a family perspective. However, there are real concerns about the capacity within the sector to deliver especially as the sector states that the Government's funding does not meet their current costs of provision and the increase in the National Living Wage from April 2024 will exacerbate that. There has been significant closure of child care providers over recent years.



# THE RURAL REALITY



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, for example, being heavily dependent on tourism.



In 2022 productivity – measured by Gross Value Added – in predominantly rural areas was worth just over £314 billion. This is a sizeable contribution to the national economy – more than a 16% share.

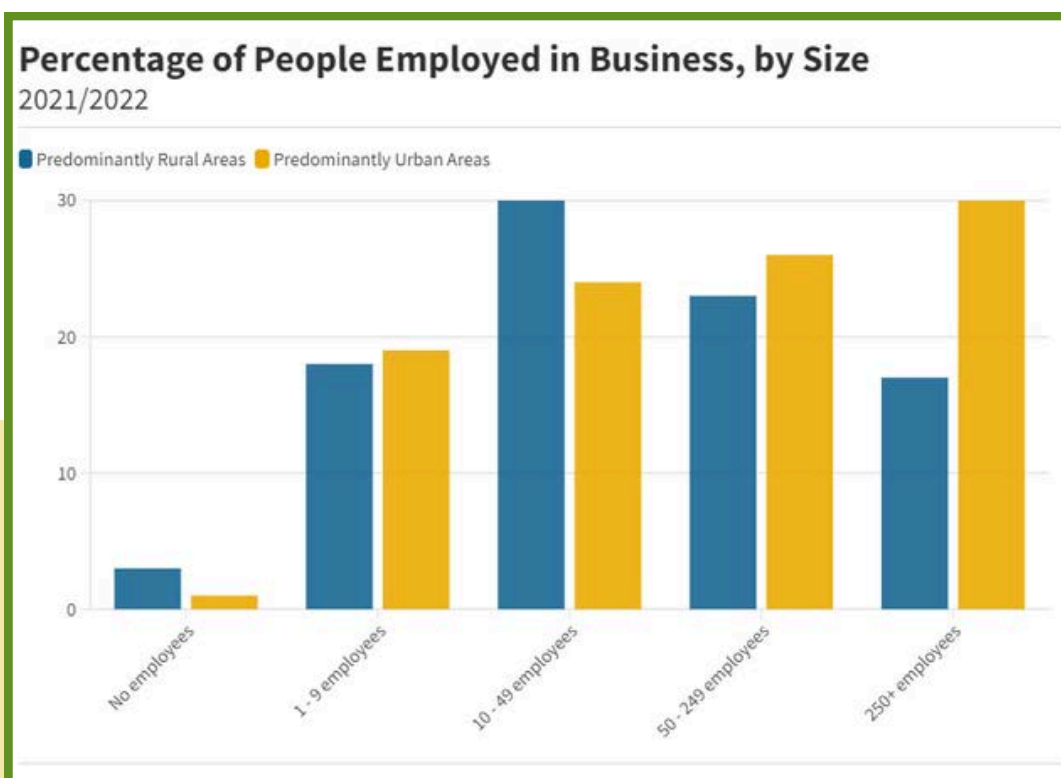
However, productivity per employee (£53,100) is somewhat lower in predominantly rural areas than elsewhere.

Just over 4 million people are employed in registered business units in rural areas.[1] They comprise 15% of all people employed in registered business units across England.

[1] Statistical Digest of Rural England, Defra, based on 2021/22 data from Inter-Departmental Business Register.



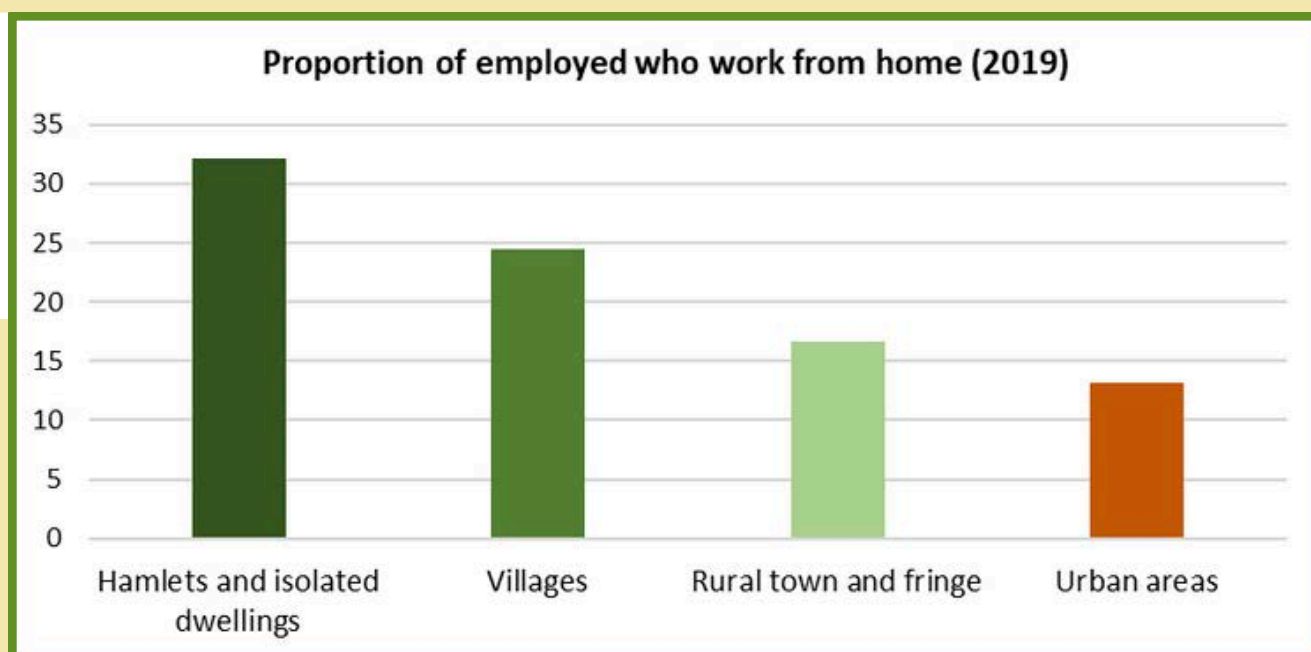
# RURAL RESEARCH



Small businesses are especially important in rural economies. Measuring those employed in registered business units, in rural areas 83% of them work for a SME. Indeed, 31% of them work for a micro-business.

Home working (including by the self-employed) is significant in rural areas and particularly so in the smallest settlements.[1] 32% of those who are employed in rural areas work at least half their working week at home, compared with 28% for those employed in urban areas.

[1] Statistical Digest of Rural England, Defra, based on data analysis from the Labour Force Survey.



Earnings (mainly from wages) for jobs which are based in rural areas are lower than for jobs based in urban areas. [1] Even if London is excluded, average earnings in predominantly rural areas are £1,600 or 6% below the predominantly urban equivalent.

[1] Statistical Digest of Rural England, Defra, based on data analysis from Annual Survey of Hours & Earnings.





# SPECIFIC POLICY ASKS IN THE ROADMAP TO RURAL SUCCESS: RURAL ECONOMIES



## Calls for the first 18 months of the new Government

### DELIVER

Deliver a support programme for SMEs and community entrepreneurs in rural areas, especially start-ups and those seeking to grow.

### PROTECT

Protect rural communities by ensuring that the metrics used to devise strategies or programmes for growth (including skills) are not based on 'one-size-fits-all' thinking but reflect the disadvantage in rural economies within regions.

### ENSURE

Ensure policy and strategy is Rural Proofed in a way that is meaningful and demonstrable and includes outcome monitoring.

There is now a real case for placing Rural Proofing on a stronger legal footing, in the way that it has been in Northern Ireland.

## Calls for the first 3 years of the new Government

### ADDRESS

Address the recommendations of the APPG for Rural Business and the Rural Powerhouse 2022 Report.

### DEVELOP

Develop diversification programmes to tackle the structural weaknesses of some rural economies which are over reliant on certain sectors such as the visitor economy.

Provide opportunities for the growth of the green economy and supporting infrastructure, namely the national grid and digital and mobile connectivity.

### CREATE

Create a system where decision making, and resources are devolved to local areas as far as possible, creating the flexibility for tailored solutions to prioritise and meet local needs and opportunities.

## SUPPORT FOR THE ABOVE CALLS

### 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. Their performance metric should not simply be the number of rural businesses supported, but what difference that support makes. They should consider having dedicated rural business support officers, who operate locally and have access to a wider network of specialist providers or advisers.

### SPECIALIST SUPPORT ORGANISATIONS

Government should make grant funding pots available to the Plunkett Foundation and Locality, to help them provide specialist advice and guidance to social and community enterprises, many of them in rural locations and delivering valuable local services (such as community-run shops) to rural communities.

### EXPLOITING DIGITAL CONNECTIVITY

Advice and guidance should be widely available so that rural businesses can make better use of digital connectivity. This could help them take advantage of new opportunities and reach new markets. Advice could boost their digital skills, build their online presence, develop online selling, and ensure their online security. This must be backed up by actions to improve rural connectivity.

### PEER TO PEER SUPPORT

Local networks where rural based business owners and managers can meet should be encouraged and supported. Advice from peers is often of real practical value. On average rural businesses are less well networked than their urban counterparts. Peer support can be especially beneficial for recent start-up businesses if they can tap into the experience of those more established.





## RURAL ECONOMIES

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 all strategies and programmes.



### ACKNOWLEDGING RURAL CONTRIBUTIONS

The Government must recognise the significant contributions of rural areas to the national economy and their potential for growth. This acknowledgment should be clearly reflected in all strategies and programs.



### SUPPORT FOR RURAL BUSINESSES POST-PANDEMIC

Immediate financial support is crucial for rural businesses severely impacted by the pandemic. Beyond this, there's a need for sustained access to quality advice and guidance to help these businesses establish, adapt, grow, and innovate, enhancing the growth potential of rural economies.



### ENSURING RURAL RELEVANCE IN GOVERNMENT PROPOSALS

Government proposals and actions, particularly under the UK Shared Prosperity Fund, must be rural-proofed. This ensures that the initiatives are effective in rural settings and address specific rural needs, such as addressing below-average productivity and wage rates. Implementing support for business growth, innovation, and diversification is essential for 'levelling up' rural economies.





# FURTHER READING & USEFUL LINKS



**Levelling Up the Rural Economy: An Inquiry into Rural Productivity by the APPG for Rural Business and the Rural Powerhouse, see page 7.**

[https://media.cla.org.uk/documents/Levelling\\_up\\_the\\_rural\\_economy\\_-\\_APPG\\_report\\_2022\\_ONLINE\\_pdf.pdf](https://media.cla.org.uk/documents/Levelling_up_the_rural_economy_-_APPG_report_2022_ONLINE_pdf.pdf)

**Levelling Up the Rural Economy: An Inquiry into Rural Productivity by the APPG for Rural Business and the Rural Powerhouse, see page 7.**

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**Unleashing Rural Opportunity produced by DEFRA see page 12.**

[https://assets.publishing.service.gov.uk/media/647f3c1a103ca60013039a60/Unleashing\\_rural\\_opportunity.pdf](https://assets.publishing.service.gov.uk/media/647f3c1a103ca60013039a60/Unleashing_rural_opportunity.pdf)

**State of Rural Enterprise Reports by National Innovation Centre for Rural Enterprise.**

<https://nicre.co.uk/publications/>

**Towards a Greener Green Book process produced by Pragmatix Advisory.**

<https://rsnonline.org.uk/images/publications/towards-a-greener-green-book.pdf>

**Towards the UK Shared Prosperity Fund produced by Pragmatix Advisory.**

<https://rsnonline.org.uk/images/publications/towards-the-uk-shared-prosperity-fund.pdf>

**Cultivating Rural Growth produced by Pragmatix Advisory.**

<https://rsnonline.org.uk/images/publications/cultivating-rural-growth.pdf>

**Rural as a Region: The hidden challenge for Levelling Up produced by Pragmatix Advisory.**

<https://rsnonline.org.uk/images/publications/rural-as-a-region-the-hidden-challenge-for-levelling-up.pdf>

**Rural Cost of Living produced by Kovia Consulting.**

<https://rsnonline.org.uk/images/publications/rural-cost-of-living.pdf>

**Rural Cost of Living Survey 2023 by Rural Services Network and Citizens Advice Rural Issues Group.**

<https://www.rsnonline.org.uk/images/research/Cost-Living/Rural-Cost-Living.pdf>



The Rural Services Network produces rural lens reviews on government papers covering a wide range of topics, see: [www.rsnonline.org.uk/tag/rural-lens](https://www.rsnonline.org.uk/tag/rural-lens) for a comprehensive list of reviews. The Rural Lens reviews below are particularly relevant to **Rural Economies**:

**Rural England Prosperity Fund.**

<https://www.rsnonline.org.uk/rural-lens-review-on-the-rural-england-prosperity-fund-prospectus-and-funding-formula>

**Levelling Up and Regeneration Bill.**

<https://www.rsnonline.org.uk/rural-lens-review-of-the-levelling-up-and-regeneration-bill>

**UK Shared Prosperity Funds Allocations and Prospectus.**

<https://www.rsnonline.org.uk/rural-lens-review-of-uk-shared-prosperity-fund-prospectus-and-allocations>

**Levelling Up White Paper.**

<https://www.rsnonline.org.uk/rural-lens-review-of-levelling-up-white-paper>

**UK Shared Prosperity Fund, Pre-launch guidance.**

<https://www.rsnonline.org.uk/rural-lens-review-of-shared-prosperity-fund-prelaunch-guidance>

**Build Back Better High Streets.**

<https://www.rsnonline.org.uk/rural-lens-of-build-back-better-high-streets>

**Tourism Recovery Plan.**

<https://www.rsnonline.org.uk/tourism-recovery-plan-through-a-rural-lens>

**Build Back Better, A Government Plan for Growth.**

<https://www.rsnonline.org.uk/rural-review-of-build-back-better-a-government-plan-for-growth>

**Briefing Note on Government Place Based Funds (including Towns Fund, Levelling Up Fund, Community Renewal Fund and UK Shared Prosperity Fund).**

<https://www.rsnonline.org.uk/rural-view-on-governments-new-funds>

**Skills for Jobs, Lifelong Learning for Opportunity and Growth.**

<https://www.rsnonline.org.uk/through-a-rural-lens-skills-for-jobs-white-paper>



**Find out more about the Delivering for Rural Campaign, click the logos for more details.**



**Think before you print.**

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check our website for the latest version.**



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