

The LGA Rural Services Network Special Interest Group

AGENDA

Rural Economy Group

Venue:- The LGA, Smith Square, London SW1P 3HZ

Date: Monday 24th June 2019

Time: 1 pm to 3.30 p.m.

ALL NOMINATED MEMBERS AND OFFICERS OF RSN ARE INVITED TO ATTEND THIS MEETING.

The meeting is being held at the **LGA, 18 Smith Square, Westminster, London SW1P 3HZ.**

Visitor information and a link to the map for the venue can be found below:

[LGA Map](#)

The building is located nearest to Westminster, Pimlico, Vauxhall and St James's Park Underground stations and also Victoria, Vauxhall and Charing Cross railway stations.

- 1. Apologies for Absence**
- 2. To Confirm the Minutes of the Last Meeting**
Held on the 28th January 2019 and to discuss any matters arising.
(Appendix A - page 3)
- 3. Fadekemi Abiru, Department for Business, Energy & Industrial Strategy - An introduction to LIS analysis and evidence, and the team**
- 4. To discuss the sections of the House of Lords Select Committee Report into the Rural Economy which are most directly related to the rural economy; (Attached – including for each the Conclusions and Summary of Recommendations) namely**
 - **Chapter 1: The Importance of the Rural Economy (page 7) and Chapter 2: The Rural Economy and Public Policy (combined as one attachment) (page 16)**

Providing a voice for rural communities and service providers

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- **Chapter 4: Digital Connectivity (page 32)**
- **Chapter 6: Access to Skills and Rural Business Support (page 52)**

Some key questions for discussion are:

- **Are there any of the Lords recommendations we disagree with?**
- **Are there any of the recommendations we feel should be prioritised**
- **Is any more evidence needed to progress the case to Government? (what are where from?)**
- **Do members have any case studies they could offer in support?**

5. Any Other Business

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MINUTES
Rural Economy Group

Venue:- The LGA, Smith Square, London SW1P 3HZ

Date: Monday 28th January 2019 at 1 p.m.

The meeting was held at the **LGA, 18 Smith Square, Westminster, and London SW1P 3HZ.**

Attendance

An attendance list is attached as **Appendix A** to this note

1. Apologies for Absence

An apologies list is attached as **Appendix B** to this note

2. (a) To Confirm the Minutes of the Last Meeting

Held on the 25th June 2018 and to discuss any matters arising.
Agreed as a correct record.

(b) Matters arising

Members expressed concern about the apparent misunderstanding about how desperate matters actually were in relation to public transport in rural areas. There was a need for current legislation standards to be altered to allow a proper transport system to grow across rural communities. It was felt that the present system set arbitrary limits that worked against any proper system coming into operation. Members were particularly critical of the mini-bus capacity restrictions which had to operate when voluntary drivers were used. It was also felt that rules needed to be altered for it to be easier for 'retained' drivers to be utilised.

3. Presentation by Rob Elder- Bank of England

Rob was one of the heads of regional teams who took economic soundings from bodies and businesses around the country. The data collected fed information into the decision making teams at the Bank who considered issues like the level of interest rates etc.

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He stated that economic growth had been around 1 to 1.5% per annum. It was felt that pay increases would stabilise around 3.5%.

Left alone such a pattern might suggest a small increase in interest rates every 6 months or a total 1.5% increase over a number of years. However, that assumed a deal with the E.U. and the position was likely to be markedly different in the event of the UK leaving the EU with no deal at the end of March.

Some of the bigger businesses now had contingency plans in place, but not all, and smaller businesses did not.

The Bank had devised a UK Banking and Insurance system stress test to try to calculate how much money would, in the short term, be lost in such a scenario. Various best and worst case scenarios had been calculated. In the worst case one up to a third of imports might be affected at some stage. In that case the fall in output could be as much as 7%. It might however be able for that to be limited to 4% if some arrangements were put in place.

Some retraction was already occurring but in the event of no deal Demand and Supply would certainly decline and price increases were likely to occur.

The Bank had a duty to review preparedness. The situation would need to be carefully monitored and various measures might have to be taken to support demand if it fell too far from the anticipated track.

In terms of rural areas, they may find it quite difficult as smaller businesses operating here would not necessarily have the benefit of careful business planning.

It was very difficult to make full assessments given the lack of knowledge, and in terms of Bank rates it was particularly tricky because rates were already historically low and the amount of flexibility was therefore pretty limited.

Mr Elder emphasised that the position was a very difficult one and it was the Bank's job to try to take the right measures at the right time.

4. Presentation from C.Co-Challenges that face the Rural Economy and the Organisations, and People that work in rural England

The Company were a subsidiary of CIPFA, a charity, that is the membership trade body of public finance. They were working with various Local Authorities, including a number of rural ones, who they were supporting with their development.

They were, as a company, very keen on changing the local authority model, taking full account of digital transformation and looking to engage communities wherever

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possible – locality and outreach solutions. They felt these were even more important now where services were reducing with new local authority modelling necessary. New ways of doing things were becoming necessary for sustainability. They felt trading companies, staff owned mutuals, and bringing ownership through involvement of people within community were important avenues to be examining. C.Co were currently undertaking research for the Local Government Association on ‘ethical commercialism’ and would welcome any contributions and examples and case studies from RSN members. Please contact: John.knight@wearec.co or 07491688057. Or visit www.wearec.co

5. Discussion of the three chapters of the RSN’s “It’s Time for A Rural Strategy” document and the progression of this work.

- A Thriving Rural Economy
- A Digitally Connected Countryside
- A Place everyone can get around

The Chief Executive, Graham Biggs, updated the meeting about the current situation. The intention here was not to write a detailed strategy ourselves but through a campaign and illustration of the areas that required tackling to encouragement for government to do so. At this stage despite Brexit having a fundamental impact in rural areas and on rural communities Government had made no commitment to do that.

Members agreed that a Rural Strategy at this time was a fundamental requirement and were totally supportive of this initiative to try to get Government to give special attention to rural areas and to set up, through a Strategy, the essential ‘ground work’ from which rural consideration and growth could come forward over the next decade.

A suggested approach and a possible timetable were discussed although much could depend on the timings and outcomes of the current parliamentary discussions and debates. The papers presented were agreed as suitable drafts.

Amongst the points members made were:

- The need for proper recognition and action planning around social mobility in rural areas. The current situation left after the austerity measures disadvantaged very many people, both young and old.
- Rural businesses and the part they could play was simply not being picked up by government who seemed to just look at rural matters in the old - fashioned way as just being farming and food production

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- The system of Local Enterprise Partnerships did not necessarily serve rural well. LEPS covered, out of necessity, large areas and they could therefore become urban focused. Measures needed to be introduced into systems to ensure there was always some rural focus where LEPS covered both urban and rural areas.
- Members were keen to see RSP development to enable it to give service to rural small businesses and their grouping through The Rural Small Business Group
- It was felt that in many areas the European encouraged LEADER Schemes had been very successful - stronger than many of the other initiatives. It was felt that this form of initiative should be continued (but with much less bureaucracy) and that Government should be planning to do this.

The meeting closed at 2.45 p.m.

Time for a strategy for the rural economy

CHAPTER 1: THE IMPORTANCE OF THE RURAL ECONOMY

Introduction

1. For many, the rural areas of England, covering over 90 per cent of its land mass, are great places in which to live in and work or to visit. In many such areas the economy, despite many challenges, is thriving and helping contribute to the economic growth of the country as a whole.
2. This is not uniformly the case, however. In some rural areas—often those most distant from major conurbations—the rural economy is not always meeting its full potential, while other areas are actively struggling. Our report considers the causes of this underperformance and offers potential solutions.
3. In doing so, we acknowledge that in recent decades life in the countryside has been transformed. Changing living and working patterns, the mechanisation of agriculture and the diversification of the wider economy—among many other factors—have all fundamentally changed rural life.
4. Agriculture once dominated the rural economy, but with pressures on farm profitability and increased diversification it now forms a lower share of rural economic activity. Farming nonetheless remains the backbone of rural life and has a critical role in maintaining the landscapes that make the countryside so distinctive, as well as providing economic and social benefits that help other sectors to thrive.
5. With a wide range of other non land-oriented rural businesses, and newer ones growing fast, the rural economy is as diverse, dynamic and vibrant—in places more so—than its urban counterpart. Rural businesses and communities also have a strong interdependency; where individual sectors are thriving or declining, this can have an impact across the board, be it on service delivery, prosperity or sustainability.
6. Inevitably, areas with lower population density will face greater challenges and constraints in relation to comprehensive service provision. However, in each of the key areas of provision rural areas tend to suffer disproportionate disadvantage by comparison with urban areas. Examples include:
 - Housing costs are higher, and affordability is lower, in rural areas;
 - Broadband speeds are slower, superfast coverage remains limited, and mobile coverage continues to be patchy and inconsistent;
 - Rural bus routes have been severely cut back in response to the withdrawal of local authority subsidies, and many lower income rural dwellers have limited ability to access private transport;
 - Rural firms suffer disproportionate constraints on their ability to do business, including skills shortages and access to finance;

- Rural services and amenities continue to decline, threatening the viability and sustainability of many rural communities; and
 - The distinctive rural character of some areas is threatened by poorly designed and insensitive major developments.
7. This inquiry is highly topical, not least because of the UK's departure from the European Union, which is likely to lead to significant changes in the rural economy. As our report is written, the immediate future of the Brexit negotiations is not clear, but it seems likely that the full detail of the future relationship between the UK and the EU will not be known for some time.
 8. Rural economies and the farming sector in particular are significantly affected by the EU's Common Agricultural Policy, including its rural development "pillar" whose funds are administered in England through the Rural Development Programme for England (RDPE). Some rural areas have also received considerable support from other EU structural funds. The UK will lose access to such funding after its departure from the EU and the government has committed to replace these funds with a domestic "Shared Prosperity Fund" (SPF). It is not yet clear how such a Fund will be administered or how it will be delivered in rural areas, though the government promises a consultation this year.
 9. Brexit is, however, far from the only change being faced by rural communities and economies. Increasing digitisation has transformed people's ability to work from remote locations and to establish rural businesses. Demographic change is ongoing, with rural areas housing significantly larger percentages of older people than in urban areas, and rural settlements becoming increasingly popular destinations for second home owners. In parallel with these changes, recent reductions to public service funding have created new challenges for rural service delivery.
 10. Rural areas incorporate an enormous diversity, and their economies are conditioned by a range of factors including topography, demographics, and proximity to larger towns and metropolitan areas. The distinctiveness of rural areas is what makes them so attractive and is therefore particularly important to their economic performance. Our report is written in full recognition of this distinctiveness and our recommendations are intended to help preserve it in the context of future growth and change.

The work of the Committee

11. Our Committee was appointed 'to consider the rural economy, and make recommendations'. This is a vast and ever-changing subject but the evidence we have heard makes clear that a number of opportunities and challenges continue to recur, and only when these are addressed in a comprehensive and enduring way will the rural economy reach its full potential.
12. Some of the challenges to the sustainability and vibrancy of the rural economy, are particularly urgent. This inquiry is particularly timely because the evidence we heard suggests that, without action, the current prosperity, sustainability and viability of much of the countryside is at risk, and areas that are already struggling may not recover.
13. We are clear, however, that we do not want to view the rural economy solely through its associated challenges. We also want to focus on the distinctively

positive aspects of rural life and rural communities, and how they might be harnessed to support thriving economies. All too often lines have been drawn between necessary preservation of rural character and necessary development to support sustainable growth. In fact, the two are complementary, and in carrying out this inquiry we have sought to develop proposals which reflect this.

14. At their most successful, rural economies have a diversity and dynamism that matches and often surpasses their urban counterparts. Agriculture, farming and other land-based trades continue to define the character of rural areas, but services and the public sector are now the driver of rural economies. Manufacturing also plays a significant role, with knowledge-intensive and creative industries also on the rise. As the Rural Services network notes, “enterprise and opportunity are abundant with rural areas often providing a breeding ground for high growth business which can migrate to more populated areas as expansion plans require”.²
15. Rural economies are also intricately tied to their communities, with community-run amenities, services and businesses being increasingly important to rural well-being. Initiatives such as community rights, including neighbourhood planning, have seen many communities coming together in an unprecedented way, eroding structural barriers and enabling them to participate in and plan for the futures of their areas and their economies.
16. As we have noted, however, while the rural economy contributes a huge amount to national and local well-being, it is currently not delivering to its full potential, while some areas are in decline or even crisis. This requires urgent action before decline becomes widespread. Doing nothing is not an option.

Box 1: Rural economic potential and the Industrial Strategy

In response to a House of Commons question on the Industrial Strategy and rural areas, the Secretary of State for Business, Energy and Industrial Strategy highlighted the great potential of rural economies, stating that “some of the biggest economic opportunities are in the rural parts of the United Kingdom”. He added that he welcomed the contribution of many rural representative groups to the development of the Industrial Strategy.

In response to a further question on the potential for rural enterprise zones, the Secretary of State also noted that “there are particular opportunities for start-ups and smaller businesses to locate in rural areas, where more premises may be available than in towns”.³

17. The actions we set out cover a range of themes of importance to rural economies. While Defra has an overarching responsibility for rural affairs, it is clear that many government departments have responsibility for issues that impact rural economies. Because of this, our report is addressed to government overall and not just one Department. Indeed, we have identified a stark weaknesses in policy and practice throughout government in relation to rural economies. For example, while any economy—urban, rural or otherwise—requires a certain level of service provision to survive and thrive,

² Written evidence from Rural Services network ([REC0031](#))

³ HC Deb, 12 September 2017, [col 631](#)

our evidence indicated that such provision was particularly lacking in rural areas.

18. The lack of support given to rural areas and economies by comparison with their urban counterparts was, we learned, systemic and structural. Funding settlements do not reflect the additional costs of service provision, and cuts to some services have increased rural isolation. Economic development policy is disproportionately urban-focused, tax policies and incentives often do not take account of rural needs, and workers have difficulty accessing opportunities while businesses struggle to recruit people with the right skills. Broadband and mobile connectivity has consistently lagged behind that in urban areas, and affordable housing of the right types and tenures and in the right locations is increasingly scarce, particularly for the working age population.
19. How has this situation arisen? It is clear from the evidence that the lack of any form of coherent national rural strategy has been a contributor. Successive governments have identified rural interests as a policy priority, only for them to slip down the list as issues perceived to be larger or more urgent are focused on. This can be seen, for example, in the inconsistent manner in which ‘rural proofing’ has been applied across government departments. All too often, new policies are inadequately tested for their rural impact.
20. Our report, therefore, will begin by describing the need for a clear and consistent rural strategy. Such a strategy should be based above all on the principle that rural economies and communities are distinctive and have needs that are distinct from—and not merely an adjunct to—those of urban areas.
21. As we set out in Chapter 2, in order for a rural strategy to be successful it needs to incorporate a number of key elements, including a clear statement of aims and objectives; an assessment of the overall contribution of rural economies; a clear responsiveness to emerging trends; a clear and integrated approach to rural policy development, implementation and monitoring across government departments; and a comprehensive and publicly accountable approach to rural proofing, ensuring national level rural policies are consistent with the strategy overall.
22. Having set out this proposed strategy and its key components, our report will go on to further detail how rural proofing of national, regional and local policies should be improved, including with regard to key issues such as timing, implementation, monitoring and accountability. Our intention is to ensure that rural proofing is a key factor in decision making and no longer seen as an afterthought, complementing the delivery of a rural strategy.
23. Our third chapter will then go on to focus on how a rural strategy would be locally delivered. noting that policy should be made and implemented as close to the ground as possible, we recommend a “place-based approach”, meaning one that is appropriate to local needs and interests, and with the participation of as wide a range as possible of public and private bodies, community groups, businesses and individuals.
24. Later chapters of the report will focus on specific areas where, we believe, a rural strategy would help ensure that rural economies and communities reach their potential.

25. First among these is the need to continue to improve mobile and broadband connectivity. Progress in this area will help to overcome the challenges of locating in rural areas, support business growth and ensure thriving and sustainable communities, with a potentially transformative impact across rural economies.
26. The second key challenge we identified in our inquiry was the provision of affordable housing and workspaces, supported by an adequate and responsive planning system. We heard a great deal of evidence on housing and workspace shortages in rural areas and on the potential role of national and local planning policies in addressing these problems.
27. There are a range of other issues we also believe are necessary to address when designing and delivering a comprehensive rural strategy, and these are dealt with in the final chapters of our report. These include access to skills and education; rural business support; transport, in particular bus services; health and social care provision; and policing.
28. In the report we are keen to stress that, despite the lack of a coherent rural strategy and despite the challenges faced in rural areas, there are many success stories and many exciting innovations. We believe that more should be done to share such examples and so we have highlighted some of these in inset boxes throughout our report.
29. Because rural policy is a devolved matter, our inquiry has focused on England. However, we acknowledge that there are some policy issues affecting rural economies which are reserved to Westminster and so apply across the United Kingdom. Where appropriate, we have cited evidence and good practice from the devolved nations that may be used to inform policy on the rural economy in an English context.
30. Overall, we are optimistic that with the right changes in approach nationally and locally, there is every chance the rural economy will fulfil its potential and that its challenges will be overcome. This report inevitably concentrates on those areas where improvements are necessary but we have also sought to highlight examples of good performance and to make recommendations for how these can be replicated elsewhere.
31. We hope that this report makes a valuable contribution to ongoing debate on the future of the rural economy and helps draw attention to the urgent challenges that need tackling and opportunities that will ensure it thrives in the future.

Understanding the rural economy

32. We have received a huge amount of evidence on the advantages and disadvantages, opportunities and challenges of rural economies. To put this all into context, we first need to describe what a thriving rural economy might look like. We believe a successful rural economy may be understood as follows:
 - One that provides for the needs of rural residents, businesses and visitors while also making the fullest possible contribution to national wellbeing, fulfilling the economic potential of the countryside;

- One that does not unreasonably disadvantage rural dwellers with regard to quality of life, the provision of goods and services, and employment opportunities;
- One that so far as possible enables people to make the choice to stay in or relocate to rural areas as they prefer, and avoids the need for people to leave rural areas involuntarily;
- One that supports the growth and development necessary to sustain itself while preserving those elements that make the countryside distinctive and attractive; and
- One that responds positively and dynamically to trends in the wider economy and in society and ensures that rural areas are not left behind.

Box 2: Key aspects of the rural economy in England

Below are some key statistics giving an indication of the nature and composition of the rural economy. Further statistics can be found at Appendix 5, along with further detail on definitions of “rural” and on how the figures are collated.

- In 2017 it was estimated that 9.5 million people lived in rural areas in England (17 per cent), compared to 46.2 million people in urban areas (83 per cent).⁴
- The rural economy contributes 15.8 per cent of England’s gross Value Added (gVA) and in 2017 was estimated to be worth £246 billion. This is a slight decline from 2001 when it was worth 16.8 per cent.⁵
- The employment rate recorded in 2017 was 79 per cent in rural settlements compared to 74 per cent in urban settlements. Unemployment was recorded at 2.7 per cent in rural settlements compared to 4.8 per cent in urban settlements.⁶ Median earnings were £21,400 in predominantly rural areas compared to £22,900 in predominantly urban areas.⁷
- The number of registered businesses per head of population is higher in predominantly rural areas (450 per 10,000 population in 2016) than in predominantly urban areas (380 per 10,000 population).⁸
- In 2016/17 there were 547,000 businesses registered in rural areas, accounting for 24 per cent of all registered businesses in England. Businesses registered in rural areas employed 3.5 million people, accounting for 13 per cent of all those employed by registered businesses in England.⁹
- 2.5 million people are employed in registered rural SMEs, representing 72 per cent of all those employed by registered rural enterprises. SMEs account for 41 per cent of those employed in registered urban enterprises.¹⁰

4 Department for Environment, Food and Rural Affairs, *Statistical Digest of Rural England, March 2019 Edition*, p 11: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787699/03_Statistical_Digest_of_Rural_England_2019_March_edition.pdf [accessed 1 April 2019]

5 *Ibid.*, p 45

6 *Ibid.*, p 31

7 *Ibid.*, p 37

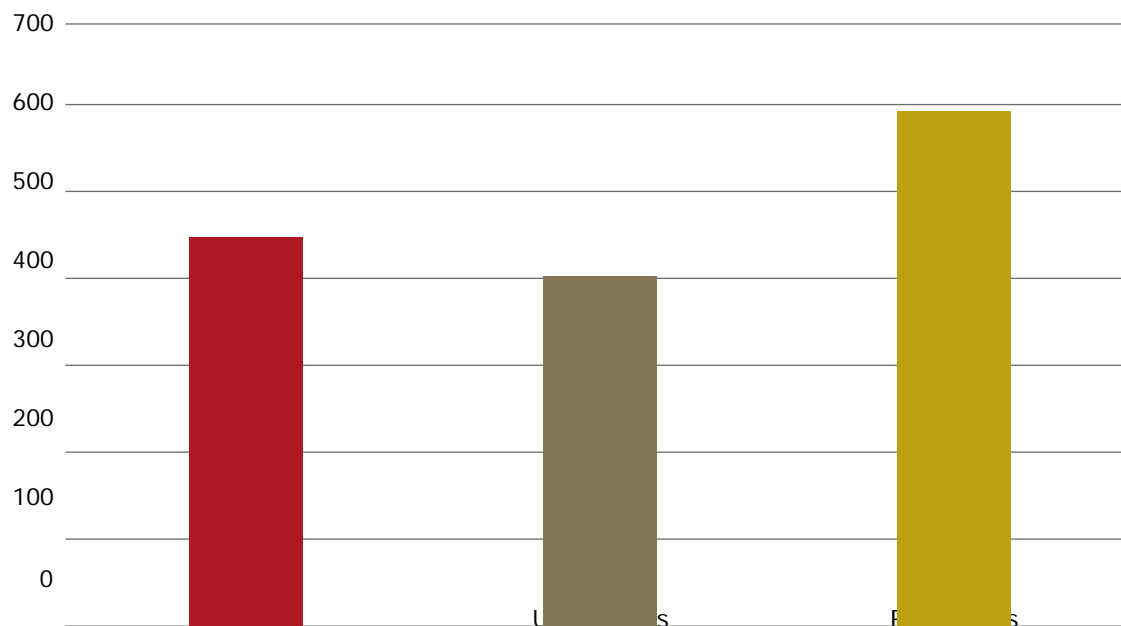
8 *Ibid.*, p 52

9 *Ibid.*, p 56

10 *Ibid.*, p.70

33. To achieve the objectives set out above, the rural economy—like any other form of local economy—requires the adequate provision of certain goods and services from public and private bodies. It is the role of governments—national and local—and related public bodies and agencies to provide an environment in which businesses can be established, thrive and grow. We believe such an environment would include:
- good digital connectivity, enabling rural businesses and communities to make use of comprehensive and reliable broadband and mobile networks;
 - A wide range of housing and affordable rural workspaces;
 - good access to services such as healthcare and education;
 - Plentiful local employment opportunities, and employer access to appropriate skills;
 - A tax system that helps support rural business, and provision for access to finance, support and advice to assist business growth and sustainability; and
 - Efficient and reliable public and private transport networks, and other necessary infrastructure.
34. For the most part, rural England has not suffered the same decline as some of its continental European counterparts which have seen many rural areas depopulate as people move to cities to seek work. Indeed, while agricultural employment has declined substantially over the generations, the countryside remains a place where people want to live, work and visit.

Figure 8: Number of registered businesses (single-site or headquarters) per 10,000 population, by rural-urban classification, in England, 2016/17



Source: Department for Environment, Food and Rural Affairs, *Statistical Digest of Rural England*, March 2019 Edition: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787699/03_Statistical_Digest_of_Rural_England_2019_March_edition.pdf [accessed 15 April 2019]

35. Some key statistics concerning the rural economy can be found in Box 2, and further detailed statistics can be found in Appendix 5. For our report we have chosen to interpret the rural economy in the broadest sense, focusing not just on rurally-oriented trades like agriculture but on all activities that take place in rural areas, while recognising farming and agriculture as the backbone. In taking this approach, we were able to consider how best to support the rural economy in a comprehensive sense, proposing solutions that are intended to have a positive impact across the rural economic spectrum.
36. Additionally, it is important to be clear that there is no one single “rural economy” and it would be a mistake for the government and other decision makers to act on such an assumption, although rural economies face some common challenges and so policy solutions will likewise sometimes be universally applicable. Rural economic activities are highly influenced by sparsity, location and demographics and are heavily dominated by SMEs. Some rural areas are performing strongly while others are clearly in need of further support, and distance from large cities and metropolitan areas is clearly a major influence. Visiting Herefordshire and the Dearne Valley region of South Yorkshire in the course of our inquiry confirmed our view that the definition of “rural” can encompass places with very different circumstances, and different challenges and opportunities.

Rural policy in England

37. The history of rural policy in England (see Appendix 4) indicates that, while successive governments’ commitment to the rural economy has sometimes seemed lacking, there have been periodic cases of at least rhetorical commitment, which are then often overtaken by events and shifting governmental priorities. In addition, we have heard that policy is all too often made by urban-oriented decision makers with little understanding of rural needs and priorities. In light of our inquiry, this affirms the case that there is a need for a clearer, more consistent and accountable rural strategy, which gives rural economies their due importance and which can survive future dislocations of governmental policy priorities.

Previous scrutiny of the rural economy

38. We are indebted in particular to the House of Lords Select Committee on the natural Environment and Rural Communities Act 2006 (nERC Committee), which reported in March 2018.¹¹ This Committee focused on a range of issues, some outside our remit, but notably covered the abolition of the Commission for Rural Communities, which had been introduced through the 2006 Act. It also discussed the ongoing problems with national-level rural policy and rural proofing, and the limitations of Defra as the lead department for rural affairs.
39. Our Committee has no formal affiliation with the nERC Committee, and this Committee was not specifically established to follow up or supplement its work. nonetheless, there has been some natural overlap between the work of the two Committees, in particular with regard to the status of rural policy at a national level and issues with rural proofing, and many common themes which were raised with that Committee also emerged in the course of our inquiry.

¹¹ Select Committee on the natural Environment and Rural Communities Act 2006, *The countryside at a crossroads: Is the Natural Environment and Rural Communities Act 2006 still fit for purpose?* (Report of Session 2017–19, HL Paper 99)

40. With this in mind, an early witness to our Committee was Lord Cameron of Dillington, former Chairman of the nERC Committee, and where relevant we have cited and acknowledged the work of the nERC Committee in helping to inform our evidence gathering and in identifying themes relating to rural policy that we have sought to pursue in further detail.
41. The House of Commons Environment, Food and Rural Affairs Committee (EFRA Committee) has naturally also covered a range of issues of relevance to the rural economy in recent years. Examples include its inquiry into rural tourism (Spring 2017), its recent report into the preparedness of Defra for Brexit (November 2018) and its ongoing scrutiny of the Agriculture Bill. The Chair of the Committee, Neil Parish MP, was also a witness before our Committee.
42. The rural economy has also been a theme of a wide range of academic study, in particular from the Newcastle University Centre for Rural Economy, whose Professor Jeremy Phillipson gave evidence to us at an early stage. Rurally-oriented interest groups such as Action with Communities in Rural England (ACRE), the CLA, the Countryside Alliance, the Rural Coalition and the Rural Services network have also produced research and advocacy reports from a range of perspectives. The Committee has made extensive use of these in informing its evidence gathering and during the preparation of its report. We are also grateful to our specialist advisers, Professor Mark Shucksmith and Brian Wilson, for their advice and insight through the course of our inquiry.

CHAPTER 2: THE RURAL ECONOMY AND PUBLIC POLICY

Introduction

43. As noted in Chapter 1, any successful economy is underpinned by the robust and consistent provision of certain goods and services, which create an environment in which business and communities can thrive and grow. It is the role of national and local government and their agencies to facilitate and support this environment and to ensure that no resident or business is disadvantaged unreasonably by choosing to live in a particular part of the country.
44. We note throughout this report that successive governments have introduced policies and initiatives to boost rural economic growth but that these have often failed to meet expectations. The life span of these endeavours was often too short, and the stop-start approach has a disruptive effect, making it difficult to implement lasting change that will truly benefit rural areas.
45. We believe a new architecture is needed urgently to transform the way national and local governments and public bodies think about rural policy-making. We propose the development of a new rural strategy outlining a long-term, overarching vision for the countryside. We recommend that all policies which have an impact on rural areas should seek to achieve the vision outlined in the rural strategy, supported by a more robust and positive rural proofing framework and delivered by local bodies through a place-based approach. We set this argument out in further detail below.

The case for a rural strategy

46. It is useful to note from the outset of this section that we make a distinction between the terms strategy and policy. By strategy we are referring to an over-arching framework document which would set out the government's vision, aim and objectives over a multi-year period. This is different to policies, which we view as courses of action adopted for a particular purpose or outcome. During the course of the inquiry, the term policy, rather than strategy, was used sometimes by witnesses to refer to a long-term vision for rural areas but we are clear that there is a difference between a rural strategy and rural policy.
47. When thinking about rural policies, we considered both those that specifically target rural areas or issues and national-level policies which are delivered in rural areas as well as urban. Examples of the latter include policies on transport, housing, education and training and other essential services.
48. Reflecting on the current situation, Jeremy Leggett of ACRE told us that he would “struggle” to point to anything that could be described as a government-wide rural strategy. He noted that, although there are policies that have an impact on rural areas, there is no “comprehensive cross-cutting” rural strategy that all parts of government are signed up to in a way that would allow for a consistent approach.¹²
49. Some witnesses felt that rural affairs, and particularly issues around the rural economy, fall into a gap with national level policies on one side and environment and agriculture policies on the other. For example, Dr Hugh Ellis, interim Chief Executive of the Town and Country Planning

¹² [Q 33](#)

Association, told us that rural planning suffers from the lack of a clearly articulated outlook for rural areas. He said that “ultimately, one of the great problems for rural planning is that we do not have that national vision and objective for what rural communities might be, given the incredible range of change that is now affecting them”.¹³ A rural strategy would bridge this divide and ensure that rural concerns are not overlooked or discounted when developing policy.

50. Essential elements that would need to be covered in a comprehensive, overarching, long-term rural strategy would include the following:
 - A clear statement of the government’s aims and objectives for the rural economy;
 - The contribution of rural economies to the well-being of rural communities;
 - The importance of the rural economy to the country as a whole;
 - The need to assess and respond to emerging and likely trends in rural economies;
 - A clear relationship between national policy and local delivery, with specific strategic and policy responsibilities for local bodies, to ensure that policy can respond to rural diversity;
 - A comprehensive and publicly accountable approach to rural proofing such that policies across government are consistent with the rural strategy;
 - A clearer approach to implementation and monitoring of rural policies; and
 - A clear and responsive funding framework, in particular to guarantee replacement of EU development funding at levels that do not have a negative effect on the rural economy.
51. Many of the components for a rural strategy listed above will be covered in more depth below and in subsequent chapters. We would also add the need for a complementary spatial policy, along the lines of what already exists in Scotland, Wales and northern Ireland, to take stock of land use and which sets out a vision for how the country could make the best use of land, whether it be for development, farming, energy, recreation, conservation, or other uses. Chapter 5 will discuss housing and planning matters in further detail.
52. Crucially, for a rural strategy to be successfully delivered on the ground, it must have the buy-in and support of local governments and public bodies. given their central role in supporting growth in their local economies, Local Enterprise Partnerships (LEPs), must develop local rural strategies that are consistent with the government’s framework.
53. There are examples of good practice in getting local authorities and LEPs to take ownership of economic growth and development in their area. For example, under the Industrial Strategy (discussed in Chapter 6) each LEP is expected to develop a Local Industrial Strategy. There are also City

13 [Q 142](#)

Deals, which are bespoke packages of funding and decision-making powers negotiated between central government and local authorities and/or LEPs and other local bodies to boost local productivity and growth. We see no reason why something similar could not be expected of local government and LEPs for addressing rural growth and development.

54. The idea of a rural strategy did not meet with much enthusiasm from the government. Ministry of Housing, Communities and Local government (MHCLG) Minister Jake Berry MP, said that he did not think it would be right that the government would “seek to create some sort of false dichotomy between the rural economy and our economy in general”.¹⁴ He argued that “businesses in rural areas are facing similar challenges to businesses elsewhere in the country” and that “through the government’s Industrial Strategy and particularly the local industrial strategy ... [the government] can tackle those common challenges faced by businesses regardless of where they find themselves”.¹⁵
55. The Secretary of State did not discount the possibility of a rural strategy or the potential benefits of producing such a document. He agreed that some parts of rural Britain need “a very different set of solutions and interventions” to support them in boosting productivity and improving quality of life. He argued, however, that rural areas also face similar challenges to those in urban areas. He suggested that it is a question of whether a rural strategy would “provide the degree of focus and additional drive” to boost rural areas or whether it would simply duplicate efforts and add to existing bureaucracy.¹⁶ The Rural Affairs Minister told us that strong rural proofing and mainstreaming rural thinking in all government departments was preferable to a separate rural strategy.¹⁷
56. Rural economies are facing significant opportunities and challenges. The UK’s impending departure from the EU, cuts to local authorities’ budgets, new policies being rolled out to improve digital connectivity and boost housing supplies, an ageing population in rural areas, the growth of long-distance commuting, and suburbanisation all make this an ideal moment for the Government to set out its vision for rural areas and to give the nation a clear steer for confronting the challenges and seizing the opportunities facing rural communities and economies. This can be achieved by a comprehensive rural strategy.
57. We reject the view that a rural strategy would create a dichotomy between rural and urban, or sideline rural need from mainstream policy development. The success of a rural strategy in boosting rural areas will depend on the ambition and objectives it sets and its implementation. We would support the need for both a high-level framework document being developed at central government level as well as local rural strategies being developed by local authorities and LEPs. Local rural strategies would act along similar lines as City Deals in providing local authorities and LEPs with funding and decision-making powers to ensure that the goals set in the strategy can be achieved.

¹⁴ [Q 263](#)

¹⁵ *Ibid.*

¹⁶ [Q 298](#) (Michael gove MP)

¹⁷ [Q 298](#) (Lord gardiner of Kimble)

58. We are in no doubt that there is a critical need for Government to develop a comprehensive rural strategy which sets out the Government's ambition for rural areas, as outlined above. Development of the document must involve all relevant Government departments and bodies who must then be responsible and accountable for its implementation. To enable scrutiny of performance, there should be an annual report to Parliament, coordinated by Defra and drawn from all Government departments, which would set out the Government's performance against the strategy and include an update on how departments have fulfilled their rural proofing obligations.

59. Local Government—together with Local Enterprise Partnerships—and public bodies should develop their own local rural strategies consistent with the Government framework, and be responsible and accountable for their implementation.

Raising the profile of rural affairs

60. notwithstanding the importance of the environment and agriculture to the wider rural economy, we believe there is scope for Defra, and indeed all government departments, to pay more attention to wider rural affairs issues. Paying more attention to rural affairs does not imply any need to pay less attention to the environment, biodiversity, management of natural capital, agriculture and related issues. There is sufficient bandwidth for rural affairs to get as much attention as these areas. Indeed, the interlinkage between the environment, agriculture and rural affairs necessitates that this be the case.
61. We asked our witnesses for their views on the importance of agriculture to the rural economy and on their intrinsic relationship. Minette Batters, President of the national Farmers Union (nFU), pointed out that 72 per cent of the UK is farmed, making it “an incredibly important structure” and that agriculture underpins the food and drink sector.¹⁸ Similarly, the Campaign to Protect Rural England (CPRE) stated that the importance of the land-based sector was amplified by the role it plays in supporting other businesses, providing essential raw materials for food processing as well as providing the scenery and character of the countryside “upon which recreation, tourism, hotels and catering depend”.¹⁹ Community Action northumberland, the Rural Community Council for northumberland, noted that the environment was “pivotal” to rural economies and that farming, forestry and land-management sectors help to create the environment to which a vast array of economic activities are attracted.²⁰
62. However, other witnesses felt that Defra's focus on agriculture and the environment did not always mean that rural affairs were receiving their attention. Professor Dwyer of the University of Gloucestershire told us that “Defra has had a policy blind spot about the linkage between agriculture and rural vitality for quite some time”.²¹ The Rural Business group suggested that the government had an “outdated notion that ‘rural’ is simply agriculture, farming and landowning”.²² Lord Cameron of Dillington, former Chair of

¹⁸ [Q 151](#)

¹⁹ Written evidence from CPRE ([REC0140](#))

²⁰ Written evidence from Community Action northumberland ([REC0049](#))

²¹ [Q 23](#)

²² Written evidence from Rural Business group ([REC0165](#))

the House of Lords nERC Committee, told us Defra has been slow to realise that over 90 per cent of the rural workforce “has nothing to do with land management” and that most people in rural areas work in sectors such as services, manufacturing and tourism”. He suggested that cuts to rural affairs (over other portfolios within Defra’s remit) in the age of austerity meant that Defra had become “Def”.²³

63. It is not just Defra which needs to pay greater attention to rural affairs. Over successive governments, central government departments have had a patchy record on attention to rural issues. In this regard, we welcome the role of the rural champion to advocate for rural interests and promote rural proofing across government departments. This role is currently filled within a Defra junior ministerial position and supported by Defra’s Rural Policy Team. Some witnesses noted, however, that no matter how capable the rural champion is, a junior ministerial position could not have enough influence to ensure that policy development across government fully takes account of rural areas. A joint Defra-Treasury ministerial post could be one way to address this, an idea that is discussed further in Chapter 3.
64. Prof Dwyer did not think that the rural champion role was sufficient to ensure that rural issues were high up enough on the government’s agenda.²⁴ Christopher Price, Director of Policy and Advice at the Country Land and Business Association (CLA), said he did not think that the rural champion role worked well because “there is no particular reason for people in other departments to pay attention to him or her”.²⁵ Lord Cameron of Dillington and Tim Bonner of the Countryside Alliance thought that the rural champion lacked “clout” within government to be a powerful champion.²⁶
65. Andrea Ledward of Defra defended the effectiveness of the rural champion, telling us that the role “is particularly effective” and that the Department was achieving “quite a high degree of impact across government in influencing policy development up front and shaping the way policies are being designed”.²⁷
66. There is room for improvement in terms of how much attention is being paid to rural affairs by Defra and other Government departments. Although they are closely interlinked, Defra needs to be wary of presuming that what is good for the environment or for agriculture is also beneficial for the wider rural economy. Although the role of the rural champion is a good idea, we are concerned that any junior minister in that position would lack clout to raise the profile of rural affairs enough to ensure that rural issues are being mainstreamed into policy development across government. The role of the post-holder is not helped by the lack of a rural strategy.

Amplifying the rural voice

67. Ensuring that policies will deliver for rural areas relies on a robust evidence base and engagement and consultation with relevant stakeholders. We considered both elements and the extent to which the rural voice was being listened to during the policy making process across government departments.

23 [Q 12](#)

24 [Q 29](#)

25 [Q 34](#)

26 [Q 18](#) (Lord Cameron of Dillington) and [Q 72](#) (Tim Bonner)

27 [Q 4](#)

68. Within Defra, the rural policy team is the main unit handling rural affairs. It is responsible for engaging with other government departments to ensure that policies take proper account of the specific challenges facing rural businesses and communities. The team also conducts analysis, monitors current and emerging policy, and offers advice on rural issues. Defra officials told us that it has around 60 staff working on rural affairs. This includes those working in the rural policy team and some who are based in the Rural Development Programme for England (RDPE) team within the future farming directorate.²⁸
69. Andrea Ledward of Defra told us that the Department has “a really good understanding of rural society, economies and communities, and a very strong evidence base” that is regularly updated and “collected through consultation”.²⁹
70. However, many of our witnesses argued that Defra’s evidence base and its understanding of rural areas had declined since the abolition of the Commission for Rural Communities (CRC). graham Biggs MBE, Chief Executive of the Rural Services network, told us that rural policy “has been much worse” since the CRC was abolished. He particularly noted the loss of independent analysis and research, and of the advocacy role of the CRC. Margaret Clark CBE, Chair of the Rural Coalition, said that the loss of the CRC had left a “vacuum”.³⁰ Lord Cameron of Dillington lamented the loss of the CRC’s research function, and told us that Defra’s assertion that it collects a wide range of data to inform policy development across government was “flannel”.³¹
71. The Rural Business group told us that government needed to listen more to rural voices that are outside the traditional list of stakeholder organisations.³² Jeremy Leggett suggested that unless the government actively seeks out a plurality of rural voices then it is only those “whose voices are loud or whose pockets are deep” who are heard.³³ The Secretary of State acknowledged the challenge of listening to rural voices but asserted that it was difficult to find a way to do this that would make everyone happy.³⁴
72. We also sought views on whether a body similar to the CRC should be established. Although the idea of amplifying rural voices in policy making was appealing to some witnesses, they were unconvinced that a new body was the best way to achieve it.
73. Margaret Clark told us that “the rural voice is fragmented” and that creating “a body or a single voice is probably problematical”.³⁵ Councillor Sue Baxter, Chairman of the national Association of Local Councils (NALC), told us that it would be “quite difficult” to have a single voice that represented everybody.³⁶ Richard Baker of the north East Local Enterprise Partnership

28 [Q 4](#) (Andrea Ledward)

29 [Q 4](#)

30 [Q 71](#)

31 [QQ 13–14](#)

32 Written evidence from Rural Business group ([REC0165](#))

33 Further supplementary written evidence from ACRE ([REC0198](#))

34 [Q 309](#) (Michael gove MP)

35 [Q 71](#)

36 [Q 95](#)

questioned whether a single independent body could effectively represent the diversity of competing interests in rural communities.³⁷

74. Witnesses who did support the idea of establishing an independent body did so with caveats. Bob Egerton of Cornwall Council saw potential merit in having an independent body if it could provide an opportunity for alternative voices to be heard.³⁸ Mr Parish, Chair of the Environment, Food and Rural Affairs Committee, was not against the idea but told us that how effective it would be in practice would depend on how it was set up and whether it could be adequately resourced.³⁹
75. We do not propose the creation of a body like the Commission for Rural Communities. However, we are concerned that the Government's understanding of rural affairs has declined since the abolition of the CRC and we support calls for all Government departments to be more proactive in seeking a diversity of rural voices when developing policy.

Improving rural proofing

76. The government defines rural proofing as “assessing policy options to ensure that evidence is adequately considered and that the fairest solutions are delivered”.⁴⁰ The nERC Committee referred to rural proofing as the process for “considering the likely impact of policy decisions on rural areas, and, where necessary adjusting the policy to take into account the particular needs of those who live in, work in, or enjoy the countryside.”⁴¹ We use these definitions as the basis for our understanding of the role and purpose of rural proofing.
77. As mentioned above, rural proofing has been the target of considerable criticism over many years. It always seems to fall short of expectations. We were particularly struck by comments from Professor Sally Shortall, who argued that rural proofing as a policy is “fundamentally flawed”. She told us that rural proofing unhelpfully considers rural areas to be homogenous and has not delivered in terms of meeting the needs of rural people.⁴² While we are challenged by this assessment of rural proofing, we believe that there remains an underlying need for a system that compels government departments to think about rural needs when developing policy and for being held accountable. To that end, we have chosen to focus on how it could be made more effective in future, rather than proposing that it be abandoned.
78. Lord Cameron of Dillington told us that rural proofing had worsened since he conducted an independent inquiry into rural proofing in 2015. Primary among his concerns was the loss of a permanent team that could train departments on rural proofing and be able to see issues from both sides—“the department's side as well as the rural side”.⁴³

37 [Q 106](#)

38 [Q 95](#)

39 [Q 189](#)

40 See 'Foreword from the Secretary of State for Environment, Food and Rural Affairs,' Department for Environment, Food & Rural Affairs, *Independent Rural Proofing: Implementation Review*, (January 2015) p 4: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/400695/rural-proofing-imp-review-2015.pdf [accessed 15 April 2019]

41 [The countryside at a crossroads: Is the Natural Environment and Rural Communities Act 2006 still fit for purpose?](#) p 4

42 Written evidence from Prof Sally Shortall ([REC0201](#))

43 [Q 17](#)

Box 3: Lord Cameron of Dillington's 2015 independent review of rural proofing

In 2015, Lord Cameron of Dillington undertook an independent inquiry into the implementation of rural proofing in government. The inquiry explored the current systems, processes and activity on rural proofing, including how departments use the national rural proofing guidance and the extent to which rural proofing is systematically embedded within departmental cycles.

The report noted that rural proofing was not happening anything like universally. Between 2010 and 2014, just over half of departmental impact assessments for different policies had had no assessment of their effect on rural areas, even though the policies in question would impact such areas.

The report made six recommendations on how rural proofing could be improved:

- Defra Ministers should work with Cabinet Office to strengthen and improve rural proofing guidance when the impact of policies is being assessed. Rural proofing must be applied more systematically in Departments and described more openly and transparently;
 - [Supplementary action]—for all departments to routinely invite Defra's Rural Communities Policy Unit to run a rural proofing workshop;
- Defra Ministers should establish an Inter-Departmental Rural Oversight group, which would bring together all the main Departments at a senior level to discuss rural issues and identify where policies or delivery could be adjusted;
- Defra—with support and input from other government departments—should develop a Rural Proofing Forum, working closely with the Inter-Departmental Rural Oversight group to share best practice, information and key messages across government;
- All government departments should adopt the use of Office of national Statistics (OnS) and government-wide urban/rural classifications in their analysis of data and evidence;
- A clear rural proofing stage built into the collective agreement processes so that departments will have to explain their rural proofing measures in their policy considerations;
- The creation of a permanent forum for discussion of rural proofing at Cabinet level, which could intervene consistently and at key decision points as policy is being developed and encourage interdepartmental cooperation to assist in the delivery of those policies.

Source: Department for Environment, Food and Rural Affairs, Independent Rural Proofing: Implementation Review (January 2015): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/400695/rural-proofing-imp-review-2015.pdf [accessed 15 April 2019]

79. The nERC Committee made three main conclusions and recommendations to government on rural proofing in its final report. It found that Defra did not have the cross-government influence or capacity required to embed rural proofing more widely and recommended that responsibility for promoting and embedding rural proofing should be assigned to the Cabinet Office. The nERC Committee also recommended that the government should establish a mechanism by which departments report to the Cabinet Office

on the action that they have taken to ensure that rural proofing has taken place.

80. It was also the opinion of several witnesses to our inquiry that rural proofing left much to be desired. For example, graham Biggs of the Rural Services network called rural proofing “a busted flush”.⁴⁴
81. However, not everyone agreed that rural proofing was failing. Christopher Price told us that Defra “seems to be quite effective at getting the message [on rural proofing] to other parts of government”. He noted that rural proofing works best “when there is a Minister who wants it to work”.⁴⁵
82. It was also noted that not all policies are poorly rural proofed. Department for Business, Energy and Industrial Strategy (BEIS) officials told us that their department takes rural proofing very seriously, highlighting the Industrial Strategy as evidence of its commitment to robust rural proofing.⁴⁶ Both Prof Phillipson and Christopher Price agreed, telling us that the Industrial Strategy was a good example of rural proofing.⁴⁷
83. Defra also raised several positive examples of its work on rural proofing. It highlighted ongoing collaborative work it was doing with BEIS on the Industrial Strategy and business support, with Department for Digital, Culture, Media and Sport (DCMS) on digital connectivity and tourism, with Department for Transport (Df T) on transport, and with MHCLg on housing, planning and development of the Shared Prosperity Fund. It stated that “there is good evidence that departments are paying attention to the needs of rural businesses”, citing as an example DCMS’ Future Telecoms Infrastructure Review (FTIR), published in July last year, which places a priority on extending full fibre to rural areas (this is discussed in more detail in Chapter 4).⁴⁸ The Rural Services network also cited the Future Telecoms Infrastructure Review (FTIR) as a good example of rural proofing.⁴⁹
84. Despite these positive examples, we believe there is room for improvement. Rural proofing is currently a negative exercise. It is designed to help departments identify and mitigate against negative outcomes in rural areas. We envisage that, under a rural strategy, rural proofing could become a more positive exercise aimed at ensuring that policies fit within the overall vision and objectives of the strategy and actively contribute to making the countryside a better place to live, work in and visit.
85. We have identified key areas where we see that improvements could be made to rural proofing and expect that the rural strategy could act as a catalyst for implementing reforms to make rural proofing more effective. These are set out below.

44 [Q 84](#)

45 [Q 34](#)

46 [Q 47](#) (Sam Lister)

47 [Q 30](#) (Prof Jeremy Phillipson) and [Q 36](#) (Christopher Price)

48 Written evidence from Defra ([REC0146](#))

49 Written evidence from Rural Services network ([REC0031](#))

Figure 9: The key components of effective rural proofing



Timing

86. The Rural Services network described rural proofing as “patchy” and only done at the late stages of policy development.⁵⁰ Its Chief Executive graham Biggs told us that rural proofing needs to happen “right from initial consideration of what a policy or piece of legislation will do”.⁵¹ The Rural Coalition also called for rural proofing to be done at a much earlier stage of policy deliberations than is currently the case.⁵²
87. Defra defended their approach to rural proofing, asserting that “the government remains committed to rural proofing all policies from the earliest stages”.⁵³ Sarah Severn CBE, Head of Defra’s rural policy team, told us that the Department had taken steps to improve rural proofing guidance and was focused on ensuring that within departments rural proofing is taking place “upstream of policies getting clearance”.⁵⁴

Consultation

88. Rural organisations were keen to be consulted earlier in the policy development process. There are practical limitations around conducting a public consultation too early in the process of developing policy, but there may be scope for rural voices to be heard before a policy reaches its final stages, which we heard often only leaves room for damage limitation.

⁵⁰ *Ibid.*

⁵¹ [Q 84](#)

⁵² [Q 71](#) (Lord Bishop of St Albans)

⁵³ Written evidence from Defra ([REC0146](#))

⁵⁴ [Q 7](#) (Sarah Severn CBE)

89. Sarah Lee of the Countryside Alliance told us:

“Rural proofing comes too late in the day. We very much want to see rural consideration right back at initial meetings and at consultation stages. When we receive consultations these days, there are environmental impact assessments and financial budgets at the back. Why do we not have a statement as to whether it has been rural proofed and what the impact will be on those communities?”⁵⁵

90. The Secretary of State and the Rural Affairs Minister emphasised that rural proofing, particularly consultation, should not be something that gets ticked off a checklist but should be a continuous exercise throughout the policy development process.⁵⁶

Transparency

91. It is difficult to ascertain whether rural proofing has been carried out or not, to what extent and what impact this process had on the development of the policy. Rural proofing rarely seems to involve those with a rural interest or specialism outside of government.
92. Margaret Clark of the Rural Coalition told us there is no external reporting, which makes it difficult to tell whether rural proofing has happened or not.⁵⁷
93. As a case in point, when responding to a question on rural proofing of the Teacher Recruitment and Retention Strategy, the government’s reply was that the Department for Education was “exploring” how to support all schools, including those in rural areas.⁵⁸ Vague responses along these lines do not give confidence that rural proofing is being carried out in a robust and serious manner.

Accountability

94. Lack of transparency means that there is a concomitant absence of accountability for policies that do not appear to have been adequately rural proofed. There is no information on who has been consulted or who should be held accountable for poor rural proofing.
95. The Lord Bishop of St Albans argued that “unless rural proofing is formally enshrined somewhere in government and there is some sort of responsibility and report back, it will always be difficult to deliver”.⁵⁹ Jeremy Leggett expressed concern that there is a lack of “systematic monitoring or feedback” to determine the impact of policies in rural areas.⁶⁰
96. Defra officials told us that, although there is an expectation of rural proofing in the development of legislation, there is no legal requirement for rural proofing and Defra does not check every piece of legislation brought forward.⁶¹ Defra argued that working with departments on rural proofing

55 [Q 72](#)

56 [Q 301](#) (Michael gove MP and Lord gardiner of Kimble)

57 [Q 72](#)

58 Written Answer [HL13214](#), Session 2017–19

59 [Q 72](#)

60 [Q 34](#)

61 [Q 7](#) (Andrea Ledward and Sarah Severn CBE)

while policy was being developed was its preferred approach, rather than checking compliance at the end of the process.⁶²

Removing urban bias

97. Several witnesses noted that poor rural proofing is symptomatic of a larger failure to appreciate the distinctiveness of rural areas. ACRE told us that many of the difficulties of rural proofing had arisen from a “reluctance to fully understand the economics of service provision in rural areas and the impact of centralisation, large scale procurement, outsourcing, etc” and their impact on community-led solutions.⁶³ Wiltshire Council gave the example of the failure to include rurality as a specific deprivation and inequality factor for preparing health and wellbeing strategies as evidence of poor rural proofing.⁶⁴
98. From all outward appearances it seems that policy makers do not—even in Defra—always consider the rural implications of their policies. Taking the Agriculture Bill as an example, Margaret Clark expressed disappointment “with the narrowness and lack of recognition of the wider rural economy” in the Agriculture Bill. She told us that if the Agriculture Bill had been rural proofed it was difficult to see the evidence of that.⁶⁵ Mr Parish, Chair of the Environment, Food and Rural Affairs Committee, was also of the opinion that the Agriculture Bill had not been rural proofed.⁶⁶
99. The Secretary of State defended the Agriculture Bill, telling us that “it was and continues to be” rural proofed and that criticisms had “misunderstood the purpose of the Bill” which is to create a framework for replacing the Common Agriculture Policy and not about other areas related to agriculture.⁶⁷
100. The Countryside Alliance argued that the Offensive Weapons Bill was an example of a policy that had failed to take account of rural implications. Tim Bonner noted that this Bill is concerned with tackling urban knife crime and proposes to do this by making it more difficult to purchase knives online which could affect farmers and other land-based businesses.⁶⁸ The government has since, however, clarified that knives would still be able to be sent to farms or other agricultural and forestry businesses operating from a residential premise and that most agricultural and forestry related tools would be unaffected by the Bill.⁶⁹

Coverage

101. As noted, not all policies and not all legislation are rural proofed. It may not be practical or desirable for every piece of policy and legislation to be rural proofed, but it is difficult to say where that balance may lie because it is impossible to know when rural proofing has, or has not, taken place. Mr Bonner supported the idea of rural proofing of all legislation and holding an annual debate on rural proofing.⁷⁰ Margaret Clark suggested that

⁶² *Ibid.*

⁶³ Written evidence from ACRE ([REC0068](#))

⁶⁴ Written evidence from Wiltshire Council ([REC0131](#))

⁶⁵ [Q 81](#)

⁶⁶ [Q 187](#)

⁶⁷ [Q 301](#) (Michael Gove MP)

⁶⁸ [Q 72](#)

⁶⁹ HL Deb, 4 March 2019, [col 452](#)

⁷⁰ [Q 72](#)

government departments and public bodies should report annually on their rural proofing activities.⁷¹

Rural proofing at the local level

102. There is currently no requirement for local authorities or public bodies to rural proof local policies. Although LEPs are preparing key documents such as Strategic Economic Plans and, now, Local Industrial Strategies, there is also no requirement on LEPs to undertake rural proofing. The Rural Services network suggested that, given their role and responsibilities in the development of Local Industrial Strategies, LEP members and officers should receive rural proofing training.⁷² MHCLg Minister Jake Berry told us that he welcomed rural proofing of local industrial strategies.⁷³

Box 4: Rural proofing by public bodies

UK Research and Innovation (UKRI) and Arts Council England gave examples of how they are thinking about rural needs in their work:

Arts Council England: The Arts Council reviewed their approach to rural proofing in 2004. This led them to establish a national rural working group and to publish a report on Arts in Rural England, in which they committed to respond to the needs of rural areas, support artists, improve access for audiences, and build partnerships for growth and campaigning alongside rural organisations. In 2007, the plan was reviewed, and a Rural Stakeholders group was established. In July 2013 Arts Council England held a rural proofing event facilitated by Defra to look at how the Council operated in and understood rural communities which led to a number of actions being adopted, including a Rural Evidence Review and Position Statement published in november 2013. A new iteration of the Evidence Review and Position Statement was undertaken in 2018.

UKRI: While noting that they do not specifically undertake rural proofing, UKRI gave an example of representatives of organisations with a stake in the rural economy serving on UKRI-BBSRC's (Biotechnology and Biological Sciences Research Council) Strategy Advisory Panels, which advise on key areas of UKRI's business and research portfolio. In the last few years, South Norfolk Council, the Agriculture and Horticulture Development Board (AHBD) and the game and Wildlife Trust have been represented on these panels. UKRI also supports Responsible Research and Innovation, an approach which encourages consideration of the broad social impacts of research and innovation to ensure that it creates value for society in an ethical and responsible way and it expects researchers to consider rural impacts where relevant. UKRI also noted their engagement with rural stakeholders, Defra and relevant public bodies on the delivery of the Industrial Strategy Challenge Fund and the national Environment Research Council's Strategic Priorities Fund, which is developing a new framework for using land assets.

Source: Written evidence from Arts Council England ([REC0151](#)) and UKRI ([REC0196](#))

103. There is significant room for improvement when it comes to rural proofing. There are considerable weaknesses in terms of timing, consultation, transparency, accountability, urban bias and lack of

71 [Q 72](#)

72 Written evidence from Rural Services network ([REC0031](#))

73 [Q 265](#)

coverage, but none of these are insurmountable. The examples of good rural proofing show that it can aid policy coordination across Government departments and is more likely to lead to better outcomes for rural areas. A rural strategy would add further weight to the push for Government departments to get rural proofing right.

104. *The Government needs comprehensively to rethink and reform the rural proofing process across Government, and at the local level, to ensure that relevant policies and legislation are attuned to the needs of rural communities and rural economies. A reformed approach to rural proofing should take into account the following:*

- ***A rural assessment should take place at the start of the policy process, including engagement with rural stakeholders, and be treated as integral, rather than as an adjunct to urban-focused policy. No legislation should be brought forward without an accompanying rural assessment statement;***
- ***The impact of new policies on rural areas should be systematically and consistently monitored as they are implemented. This would include an update on the performance of rural proofing across government in the Government's annual report on the implementation of the rural strategy (see paragraph 58);***
- ***All relevant public bodies should be required to rural proof, monitor and report annually on the rural impacts of relevant policies. This should include non-departmental public bodies, local authorities and other spending bodies such as Local Enterprise Partnerships; and***
- ***The Government should put in place the appropriate structures to facilitate this more robust rural proofing regime.***

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Chapter 2: The rural economy and public policy

1. Rural economies are facing significant opportunities and challenges. The UK's impending departure from the EU, cuts to local authorities' budgets, new policies being rolled out to improve digital connectivity and boost housing supplies, an ageing population in rural areas, the growth of long-distance commuting, and suburbanisation all make this an ideal moment for the government to set out its vision for rural areas and to give the nation a clear steer for confronting the challenges and seizing the opportunities facing rural communities and economies. This can be achieved by a comprehensive rural strategy. (Paragraph 56)
2. We reject the view that a rural strategy would create a dichotomy between rural and urban, or sideline rural need from mainstream policy development. The success of a rural strategy in boosting rural areas will depend on the ambition and objectives it sets and its implementation. We would support the need for both a high-level framework document being developed at central government level as well as local rural strategies being developed by local authorities and LEPs. Local rural strategies would act along similar lines as City Deals in providing local authorities and LEPs with funding and decision-making powers to ensure that the goals set in the strategy can be achieved. (Paragraph 57)
3. We are in no doubt that there is a critical need for government to develop a comprehensive rural strategy which sets out the government's ambition for rural areas, as outlined above. Development of the document must involve all relevant government departments and bodies who must then be responsible and accountable for its implementation. To enable scrutiny of performance, there should be an annual report to Parliament, coordinated by Defra and drawn from all government departments, which would set out the government's performance against the strategy and include an update on how departments have fulfilled their rural proofing obligations. (Paragraph 58)
4. Local government—together with Local Enterprise Partnerships—and public bodies should develop their own local rural strategies consistent with the government framework, and be responsible and accountable for their implementation. (Paragraph 59)
5. There is room for improvement in terms of how much attention is being paid to rural affairs by Defra and other government departments. Although they are closely interlinked, Defra needs to be wary of presuming that what is good for the environment or for agriculture is also beneficial for the wider rural economy. Although the role of the rural champion is a good idea, we are concerned that any junior minister in that position would lack clout to raise the profile of rural affairs enough to ensure that rural issues are being mainstreamed into policy development across government. The role of the post-holder is not helped by the lack of a rural strategy. (Paragraph 66)
6. We do not propose the creation of a body like the Commission for Rural Communities. However, we are concerned that the government's understanding of rural affairs has declined since the abolition of the CRC and we support calls for all government departments to be more proactive in seeking a diversity of rural voices when developing policy. (Paragraph 75)

7. There is significant room for improvement when it comes to rural proofing. There are considerable weaknesses in terms of timing, consultation, transparency, accountability, urban bias and lack of coverage, but none of these are insurmountable. The examples of good rural proofing show that it can aid policy coordination across government departments and is more likely to lead to better outcomes for rural areas. A rural strategy would add further weight to the push for government departments to get rural proofing right. (Paragraph 103)
8. The government needs comprehensively to rethink and reform the rural proofing process across government, and at the local level, to ensure that relevant policies and legislation are attuned to the needs of rural communities and rural economies. A reformed approach to rural proofing should take into account the following:
 - A rural assessment should take place at the start of the policy process, including engagement with rural stakeholders, and be treated as integral, rather than as an adjunct to urban-focused policy. no legislation should be brought forward without an accompanying rural assessment statement;
 - The impact of new policies on rural areas should be systematically and consistently monitored as they are implemented. This would include an update on the performance of rural proofing across government in the government's annual report on the implementation of the rural strategy (see paragraph 58);
 - All relevant public bodies should be required to rural proof, monitor and report annually on the rural impacts of relevant policies. This should include non-departmental public bodies, local authorities and other spending bodies such as Local Enterprise Partnerships; and
 - The government should put in place the appropriate structures to facilitate this more robust rural proofing regime. (Paragraph 104)

CHAPTER 4: DIGITAL CONNECTIVITY

1. Of all the evidence we heard about the specific challenges to rural economies, digital connectivity and housing were the most prominent. In this chapter we look at digital connectivity. Our witnesses were unequivocal that poor digital connectivity has far-reaching consequences for rural communities, economies and for rural businesses and can limit access to transport, health services, education and increase social isolation. Better broadband and mobile infrastructure is urgently needed in rural areas and in this regard we are encouraged by recent policy and funding announcements which appear to be giving greater focus to rural areas.
2. This chapter begins by looking at opportunities and challenges facing the rural digital economy and recent government announcements and funding initiatives for boosting digital connectivity in rural areas, including commitments outlined in the government's Future Telecoms Infrastructure Review, the rollout of full fibre and 5g, and other initiatives for improving broadband and mobile infrastructure in rural areas. We then look at the broadband Universal Service Obligation and issues around mobile phone coverage in rural areas. The final section of this chapter looks at digital skills.

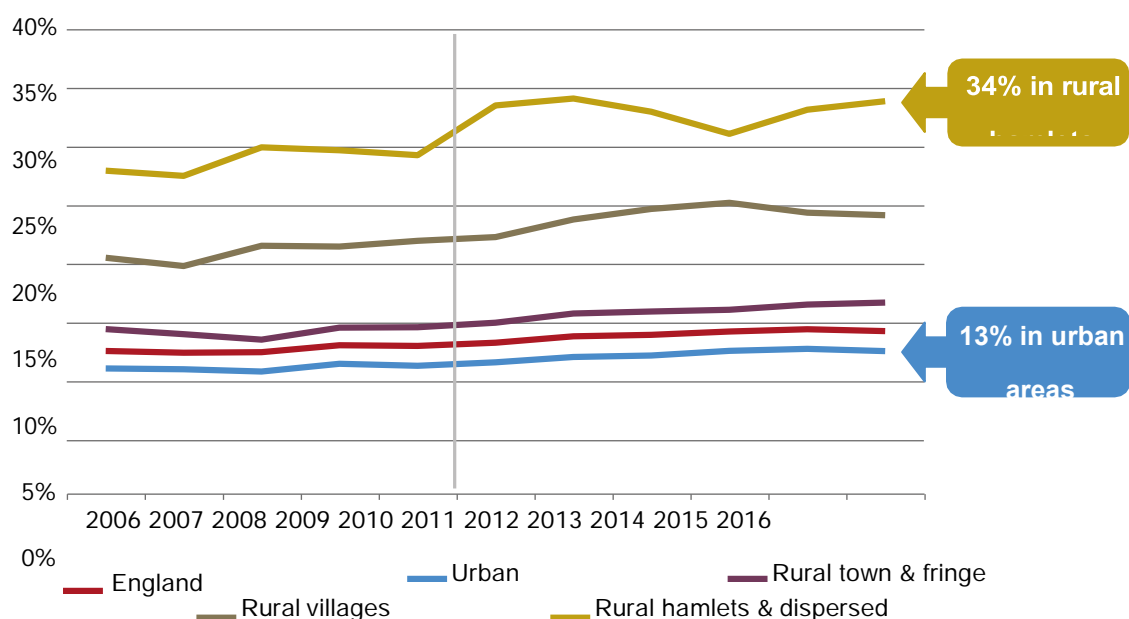
Opportunities and challenges facing the rural digital economy

3. We heard that broadband and mobile infrastructure has the potential to transform the rural economy particularly for home workers, small businesses and those operating from remote locations. For example, the nFU told us that farmers are more likely to invest in and expand their business if they have access to superfast broadband.¹⁸³ Dorset Councils Partnership told us there was great potential to increase home working and to attract creative and technology dependent businesses to rural areas through improved digital connectivity.¹⁸⁴ There are also exciting developments in agricultural technology which are already taking place and which will impact on all of the agricultural sector, making it increasingly essential for farmers to have fast, reliable broadband and mobile connectivity across the entirety of their land.

¹⁸³ Written evidence from nFU ([REC0077](#))

¹⁸⁴ Written evidence from Dorset Councils Partnership ([REC0071](#))

Figure 16: Percentage of home workers from all those employed and age 16 or over, by rural-urban classification, in England (2006 to 2016)



Note: 2006 to 2010 data are classified using the Rural Urban Classification 2001. Data from 2011 are classified using the Rural Urban Classification 2011.

Source: Department for Environment, Food and Rural Affairs, *Statistical Digest of Rural England*, March 2019: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787699/03_Statistical_Digest_of_Rural_England_2019_March_edition.pdf [accessed 15 April 2019]

Box 11: Digital villages

The Prince's Countryside Fund is undertaking a Digital Villages project bringing together digital and rural expertise to explore ways in which digital technologies can be harnessed to address isolation and remote rural service delivery and attract rural business and drive the economy. This will include the development of rural apps for on-demand shuttle services, apps for delivery from local shops, pharmacies and other services and connecting to web-based resources such as business advice and learning.

Source: Written evidence from The Prince's Countryside Fund ([REC0063](#))

4. The rollout of 5g and full fibre was seen as both an opportunity and a challenge for rural areas. MHCLg Minister Jake Berry, told us that accessing digital infrastructure was “the biggest challenge facing businesses in the rural economy” and that it was crucial that the government’s rollout of 5g specifically target rural areas.¹⁸⁵ Professor Claire Wallace of the University of Aberdeen and Councillor Bob Egerton of Cornwall Council told us that there was always a danger when upgrading digital infrastructure that urban areas would improve by a lot while rural areas only improve a little.¹⁸⁶ Similarly, Rural West Sussex Partnership, a rural area partnership of the Coast to Capital LEP, warned that, if done badly, the gap between urban and rural could become a “digital chasm”.¹⁸⁷

¹⁸⁵ [Q 276](#)

¹⁸⁶ [Q 174](#) (Prof Claire Wallace) and [Q 97](#) (Cllr Bob Egerton)

¹⁸⁷ Written evidence from Rural West Sussex Partnership ([REC0111](#))

5. When questioned on this subject, James Heath, Director for Digital Infrastructure at DCMS, told us:

“In most of the technology cycles we have had so far, urban areas have tended to benefit before rural areas. That is a fair point. That is one of the key lessons we learned in developing our future telecoms infrastructure strategy, where we look at rolling out of full-fibre broadband, moving urban and rural areas at the same time. As we future-proof the networks, we are trying to avoid the problem we have had in the past of urban moving faster than rural”.¹⁸⁸

Recent policy and funding announcements

6. As noted above, the next big thing for broadband and mobile infrastructure is 5g and full fibre. In this section we look at recent government policy and funding initiatives to rollout this technology in rural areas.

Box 12: Key Government initiatives and funding announcements for improving digital connectivity in rural areas

Future Telecoms Infrastructure Review (FTIR): The FTIR was announced as part of the government’s Industrial Strategy and considers changes to the UK telecoms and policy framework. The Review was published in July 2018 and proposes changes including mandatory full fibre broadband for all new build homes and a new priority to connect hard-to-reach rural areas.¹⁸⁹

Rural Broadband Infrastructure Scheme (RBIS): The RBIS was launched in October 2017 with a budget of £30 million and is delivered by the Rural Payments Agency to help rural businesses and communities access superfast broadband. The RBIS targets rural businesses in hard to reach areas not currently scheduled to receive superfast broadband. The scheme can be used to reach residential properties as well as business premises and provides funding for local authorities who are already delivering broadband schemes. The government announced £45 million in new funding for the RBIS in July last year in addition to the original £30 million, increasing the total pot of funding to £75 million.¹⁹⁰

Gigabit Broadband Voucher Scheme (GBVS): The gBVS provides vouchers to small businesses and local communities to contribute to the cost of installing broadband connections. Businesses can receive a voucher worth up to £2,500 (formerly £3,000) and residents can benefit from a voucher worth up to £500 as part of the project. Residents can pool their vouchers together with SMEs in project schemes.¹⁹¹

188 Q 174

189 Department for Digital, Culture, Media and Sport, *Future Telecoms Infrastructure Review* (23 July 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732496/Future_Telecoms_Infrastructure_Review.pdf [accessed 15 April 2019]

190 Department for Environment, Food and Rural Affairs, Press Release: ‘£45 million investment in rural broadband’, 26 July 2018: <https://www.gov.uk/government/news/45-million-investment-in-rural-broadband> [accessed 15 April 2019]

191 Department for Digital, Culture, Media and Sport, ‘gigabit Broadband Voucher Scheme’, 20 november 2018: <https://www.gov.uk/business-finance-support/gigabit-broadband-voucher-scheme-gbvs-uk> [accessed 15 April 2019]

Rural Gigabit Connectivity Programme: In October last year the government announced a £200 million fund to kickstart full fibre broadband. The Fund, which is drawn from the national Productivity Investment Fund, will focus on hard to reach and remote areas of the UK, starting with all primary schools as part of its new “outside in” approach to rolling out full fibre.¹⁹²

Digital Infrastructure Investment Fund (DIIF): The DIIF is a £400 million fund providing equity funding or debt funding with match funding from institutional investors, for network operators who want to build new fibre networks.¹⁹³

Local Full Fibre Networks (LFFN): LFFN is a £293 million programme to stimulate private investment in full fibre solutions across the UK. Funding for the LFFN is also drawn from the national Productivity Investment Fund, of which £740 million has been allocated to LFFN and the 5g Testbeds and Trials (5gTT) Programme (discussed below) over the next four years.¹⁹⁴ The LFFN programme is also currently building fibre along the Trans-Pennine Rail route between Manchester and York, and will also be used to connect 5g masts along the route as part of the 5gTT.¹⁹⁵

Local Full Fibre Network Challenge Fund: In August 2018 the government announced that £95 million was being made available to local authorities to help roll out full fibre as part of the £190 million Local Full Fibre network Challenge Fund.¹⁹⁶

Funding for digital innovation in Councils: In September 2018 the government launched a £7.5 million fund for councils seeking to transform their public services through digital innovation. The fund will be used to provide digital training skills for at least 1,000 staff working on digital solutions at councils.¹⁹⁷

Future Telecoms Infrastructure Review (FTIR)

7. The FTIR sets out proposals for improving the UK’s digital infrastructure and is considered a core part of the Industrial Strategy.¹⁹⁸ It adopts an “outside in” approach to developing full fibre meaning that rural areas will be given equal priority with urban areas.¹⁹⁹ The FTIR notes that the government is also required, under the Digital Economy Act 2017, to prepare a Statement of Strategic Priorities in relation to telecoms, which Ofcom must have regard to “when carrying out its regulatory functions”.²⁰⁰
8. Following the Review, the government announced plans to connect 15 million premises to full fibre by 2025 with coverage across all parts of the

192 Department for Digital, Culture, Media and Sport, ‘£200 million to kickstart full fibre broadband across UK’, 31 October 2018: <https://www.gov.uk/government/news/200-million-to-kickstart-full-fibre-broadband-across-uk> [accessed 15 April 2019]

193 Supplementary written evidence from Defra (REC0197)

194 *Ibid.*

195 *Ibid.*

196 Department for Digital, Culture, Media and Sport, ‘£95 million “full fibre” broadband boost for local authorities’, 29 August 2018: <https://www.gov.uk/government/news/95-million-full-fibre-broadband-boost-for-local-authorities> [accessed 15 April 2019]

197 Ministry of Housing, Communities and Local government, ‘£7.5 million fund for councils’ digital innovation opens’, 21 September 2018: <https://www.gov.uk/government/news/75-million-fund-for-councils-digital-innovation-opens> [accessed 15 April 2019]

198 Department for Digital, Culture, Media and Sport, *Future Telecoms Infrastructure Review* (23 July 2018), p 3: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732496/Future_Telecoms_Infrastructure_Review.pdf [accessed 15 April 2019]

199 *Ibid.*, p 5

200 *Ibid.*, p 3

country by 2033 and for the majority of the population to have 5g coverage by 2027.²⁰¹ Defra noted that “unlike previous mobile generations, 5g networks will not be homogenous and deployment will be in phases rather than a ‘big bang’ and will likely vary by geography”.²⁰²

9. We heard mixed responses to the FTIR. Shropshire Council applauded the government’s ambition but felt that it didn’t take full account of “the current infrastructure deployment challenges” in rural areas”.²⁰³ The CLA called it “radical and long sighted” but was sceptical as to whether it would be effectively implemented.²⁰⁴

Full Fibre to the Premises (FTTP)

10. We also heard views from witnesses about the move from fibre-to-the-cabinet (FTTC) to fibre-to-the-premises (FTTP). FTTC is where fibre connections are put in place up to a cabinet at which point copper wires are run to individual premises. Because copper wires run slower over distance, the further the property is from the cabinet, the slower the internet connection will be. Kim Mears, Managing Director for Strategic Infrastructure Development at Openreach, told us that although FTTC is “fit for purpose” in most cases, including most rural areas, it does not work so well in areas that are “very rural”.²⁰⁵

Table 1: Premises unable to receive decent broadband from a fixed line

| Nations | All | Rural | Urban |
|------------------|--------------|---------------|---------------|
| England | 2% (484,000) | 11% (322,000) | 1% (162,000) |
| northern Ireland | 5% (40,000) | 17% (38,000) | 0.5% (3,000) |
| Scotland | 4% (105,000) | 21% (94,000) | 0.5% (11,000) |
| Wales | 3% (48,000) | 13% (42,000) | 1% (6,000) |

Source: Ofcom, *Connected Nations 2018*, December 2018: https://www.ofcom.org.uk/data/assets/pdf_file/0020/130736/Connected-Nations-2018-main-report.pdf [accessed 15 April 2019]

11. In 2016 DCMS brokered a deal between Openreach and the House Builders Federation to provide free FTTP connectivity to new build developments above a certain threshold (originally 250 premises, currently 30 or above). Ms Mears told us that Openreach wants “all new builds to be fibre to the premises from day one” and highlighted efforts to encourage FTTP including the reduced costs for new builds below the 30-build threshold.²⁰⁶ However, we note that much new housing in rural areas falls under the 30-build threshold, as will be discussed in more detail in Chapter 5.

²⁰¹ *Ibid.*, p 10 and p 16

²⁰² Supplementary written evidence from Defra (REC0197)

²⁰³ Written evidence from Shropshire Council (REC0081)

²⁰⁴ Supplementary written evidence from CLA (REC0026)

²⁰⁵ Q 176

²⁰⁶ Q 184

Figure 17: Most rural fibre broadband is currently delivered to cabinets with copper wires running to individual premises



Source: BwanaHewa, 'Openreach fibre broadband street cabinet, rural appearance': https://commons.wikimedia.org/wiki/File:Openreach_Fibre_Broadband_Street_Cabinet,_Rural_Appearance.jpg [accessed 3 April 2019] (CC BY-SA 4.0)

5G Testbeds and Trials (5GTT) Programme

12. According to Defra, the 5gTT programme is a key part of the government's strategy to roll out next generation 5g technology. Through this programme the government will fund projects to analyse the challenges faced in different locations across the UK.²⁰⁷ In March 2018, the government selected six proposals as the winners of the first phase of funding. These include:
 - The 5g Rural Integrated Testbed (5gRIT): this will trial 5g technology across a range of rural applications, such as smart agriculture. The project will also provide 5g connectivity to poorly-served communities across the north of England, Scotland and Monmouthshire in Wales.
 - The 5g RuralFirst: Rural Coverage and Dynamic Spectrum Access Testbed and Trial project: this is based primarily on the Orkney Islands and in rural Shropshire and Somerset. The project will focus on delivering 5g benefits for rural communities and industries such as agriculture, broadcasting and utilities.²⁰⁸
13. As part of the 5gTT, the government announced the West Midlands—Birmingham, Coventry and Wolverhampton—as the location for an Urban Connected Communities (UCC) 5g trial in September 2018.²⁰⁹ The

²⁰⁷ Supplementary written evidence from Defra (REC0197)

²⁰⁸ *Ibid.*

²⁰⁹ Department for Digital, Culture, Media and Sport, Press Release, 'West Midlands to become UK's first large-scale 5g testbed', 4 September 2018: <https://www.gov.uk/government/news/west-midlands-to-become-uks-first-large-scale-5g-testbed> [accessed 15 April 2019]

appointment of delivery partners for a Rural Connected Communities (RCC) 5g trial was expected in early 2019, but at the time of writing no announcement has been made.²¹⁰

14. Both policy and delivery have been poor in the past but recent policy and funding announcements, particularly in relation to the rollout of full fibre and 5G technology, are encouraging. The Government appears to have identified the challenges and we are optimistic about the overall direction of travel outlined in the FTIR which is giving greater focus to rural areas.
15. The 5G Testbeds and Trials Programme and efforts to promote fibre to the premises on all new builds, and other initiatives, will be crucial. Efforts to mandate FTTP to all new builds are welcome as are incentives to provide FTTP on housing developments of 30 or fewer units. However, we are concerned that those smaller developments will still suffer from digital disadvantage.
16. ***We welcome the Government's ambition to achieve nationwide full fibre connectivity by 2033 as set out in the Future Telecoms Infrastructure Review (FTIR) but stress the need for effective coordination, monitoring and accountability in its implementation. In particular, this should be achieved through the Statement of Strategic Priorities and through the various rural broadband funding streams and initiatives such as the Rural Gigabit Connectivity Programme and the Gigabit Broadband Voucher Scheme.***

Spectrum auction for 5G

17. A key part of rolling out 5g is ensuring that mobile network operators (EE, Telefonica UK, Three and Vodafone) can deliver 5g services to consumers. To that end, Ofcom is planning to auction off portions of spectrum (airwaves), notably the 700MHz band and 3.6–3.8GHz band, to mobile network operators.²¹¹
18. Sarah Lee of the Countryside Alliance told us that the 700MHz spectrum auction should come with a rural first obligation to ensure that the government's ambition of achieving 95 per coverage by 2033 could be met.²¹²
19. Defra told us that Ofcom had proposed an obligation as part of the 700MHz spectrum auction to prioritise rural areas.²¹³ DCMS told us that they would welcome a rural first obligation in the spectrum auction but noted that it was ultimately up to Ofcom to make this decision as the independent regulator in charge of overseeing the auction.²¹⁴ Disappointingly, the most recent proposals for auction have watered down obligations in terms of network coverage and delivery timescales for rural coverage since the first consultation was published last July.

210 Department for Digital, Culture, Media and Sport, '5g Testbeds & Trials Programme Update', 10 September 2018: <https://www.gov.uk/government/collections/5g-testbeds-and-trials-programme> [accessed 15 April 2019]

211 Ofcom, *Award of the 700 MHz and 3.6–3.8 GHz spectrum bands* (18 December 2018): https://www.ofcom.org.uk/data/assets/pdf_file/0019/130726/Award-of-the-700-MHz-and-3.6-3.8-GHz-spectrum-bands.pdf [accessed 15 April 2019]

212 [Q 74](#)

213 [Q 6](#) (Andrea Ledward)

214 [Q 177](#) (James Heath)

- 20.** It is important that rural areas, and businesses within them, are not left behind during the rollout of 5G for mobile services. We were pleased to learn that in 2018 the Government was keen to ensure that those mobile operators who plan to bid in the auction for the 700MHz spectrum would be required to ensure rural areas were prioritised, but are disappointed to see that these obligations have been watered down in the most recent Ofcom consultation document.
- 21.** *Ofcom should revisit its latest proposals for the auction of the 700MHz spectrum with a view to strengthening again those obligations which are to be attached to some licence awards, in terms of network coverage and delivery timescales. It will also be important for Ofcom strictly to monitor mobile network operators' progress in achieving their coverage obligations. DCMS and Ofcom should also identify what further actions are necessary to address poor mobile connectivity in areas unlikely to benefit from the spectrum auction.*

WiSpire

- 22.** In February 2018 the national Church Institutions of the Church of England, DCMS and Defra signed an accord to encourage the Church of England to use its buildings and other property to improve broadband and mobile connectivity for local communities.²¹⁵ Before the accord, around 300 churches across the UK had installed digital infrastructure. Since the Accord has been signed, another 33 churches have been granted permission to host digital infrastructure and work has commenced, another 67 have had permission granted but work is yet to start, and 79 further applications are in the pipeline.²¹⁶
- 23.** The Lord Bishop of St Albans said that the idea is to find ways to use church spires to bounce and beam signals off church spires. He noted that this idea works in some areas but not in others, depending on the geographical terrain.²¹⁷
- 24.** Dr Jill Hopkinson of the Church of England described WiSpire as “a very ambitious project” and said that the Church was developing guidance to cover broad questions about church and legal issues to make it easier for churches and network operators to work together. The guidance is expected to be in place by mid-2019.²¹⁸
- 25.** Historic England is involved in this scheme and spoke highly of it. It noted that 65 per cent of Anglican churches and 66 per cent of parishes in England are in rural areas and that their locations at the heart of their communities mean they are often well placed to address connectivity and coverage problems. It also suggested that this initiative helps “social access of rural communities” and that because many rural churches also have links with rural schools, this scheme helps improve digital connectivity for them as well.²¹⁹

²¹⁵ Department for Digital, Culture, Media and Sport, Press Release: ‘Church spires to boost digital connectivity in rural areas’, 18 February 2018: <https://www.gov.uk/government/news/church-spires-to-boost-digital-connectivity-in-rural-areas> [accessed 15 April 2019]

²¹⁶ Supplementary evidence from Rt Hon Michael Gove MP, Secretary of State for Environment, Food and Rural Affairs (REC0203). The Secretary of State notes that these figures include only information held centrally by the Church through its on-line application system and does not include paper-based records previously held locally.

²¹⁷ Q 73

²¹⁸ Q 290

²¹⁹ Written evidence from Historic England (REC0099)

Community-led schemes

26. The government also provides support for community broadband initiatives. There are different approaches, such as co-funding arrangements, that communities can take to work with mobile network operators and local authorities to improve local access to broadband and mobile infrastructure.
27. By way of example, Openreach told us about their Community Fibre Partnerships which have worked with “hundreds of communities”, just over half of them in rural areas, to bring fibre to their area via joint funding arrangements.²²⁰
28. While community-led schemes can sound appealing for rural communities, Prof Claire Wallace cautioned that:

“Only some communities manage to [run successful community broadband initiatives], because a lot of them do not mobilise: they do not have the facilities; they do not have the capacity; they do not have the people to do it. The ones that manage to do it depend on various funding streams, which are erratic. Sometimes they do not work for that reason. The schemes are very fragile and depend very much on one or two people. If those people die, move away or just burn out - quite often they do; they get exhausted from trying to mobilise this kind of support - the scheme collapses”.²²¹
29. David Fursdon, Lord Lieutenant of Devon, also emphasised the frustration felt by local people trying to get access to broadband. He told us that people in rural areas often aren’t aware of what is being done in their area, when they are likely to get connected or what options there are for communities to do something themselves.²²²
30. Kim Mears of Openreach and officials from DCMS confirmed that there is no central point of contact for people wanting to access information about their local area and what options they have for getting connected. James Heath of DCMS suggested that members of the public would have to find out which commercial providers were operating in their area and contact them directly.
31. ***Ofcom must improve access to information about digital connectivity. This should include regularly updated information about when residents and businesses can expect to be connected to digital infrastructure, connectivity options for communities and details of providers operating in their local area, and regular reporting on the progress of 5G rollout in local areas.***

The Universal Service Obligation (USO)

32. While full fibre and 5g represent the forefront of digital technology, the government has also established a provision to ensure that everyone has access to at least a minimum standard of digital connectivity. The broadband USO is a provision of the Digital Economy Act 2017 and is due to be introduced in 2020. It gives a legal right for eligible consumers and businesses to request a broadband connection of at least 10Mbps and upload speeds of at least

220 Supplementary written evidence from Openreach ([REC0188](#))

221 [Q 176](#) (Prof Claire Wallace)

222 [Q 89](#)

1 Mbps. Once a request has been made, the designated universal service provider has 12 months to deliver that. It is also possible for neighbours to aggregate their demand to get a connection, thereby reducing the cost.²²³ According to Defra, around 701,000 (7 per cent) of rural premises do not currently have broadband that meets the USO standard for download and upload speeds.

33. Under the USO, a Universal Service Provider is required to fulfil all requests up to a cost threshold of £3,400. Defra has told us that, based on Ofcom's analysis, the £3,400 threshold will enable coverage to up to 99.8 per cent of UK premises. Beyond that people will have the option to pay the excess to get connected or subscribe to a satellite broadband service from commercial providers.²²⁴ Under the Digital Economy Act 2017, the Secretary of State has the power to direct Ofcom to review the USO at any time (after consulting with Ofcom). The Act also includes a requirement that the USO be reviewed when the uptake of superfast broadband reaches at least 75 per cent of UK premises.²²⁵
34. Although the USO was generally seen as a good thing by our witnesses, there were three broad criticisms: it lacks ambition, doesn't meet the needs of rural businesses, and it disadvantages remote households.

Lack of ambition

35. Several witnesses were concerned that the speeds promised under the USO would be out of date before they were delivered. Margaret Clark of the Rural Coalition, told us the ambition of 10Mbps was setting the bar too low.²²⁶ Graham Biggs of the Rural Services network said he found it "incredible" that the USO was only aiming to achieve 10Mbps by 2020, telling us it would be out of date before it started.²²⁷ The Chief Economic Development Officers' Society told us that the government should ensure the USO is achieved by 2020 and commit to achieving greater than 30Mbps by 2025.²²⁸
36. Defending the USO's targets, Henry Shennan, Deputy Director of Broadband and Telecoms Market at DCMS, told us that the USO is about providing "a safety net" while full fibre is being rolled out.²²⁹ Defra told us that the "speed and quality parameters" of the USO will be kept under review "to make sure the USO keeps pace with consumers' evolving needs".²³⁰

Meeting rural business needs

37. The USO is designed to meet the minimum standards for average family needs rather than what businesses might need. Ruby Peacock from the Federation of Small Businesses told us that for businesses the upload speed can be more important than download speeds and that in this regard, an upload speed of 1Mbps was too slow.²³¹

223 [Q 182](#) (Henry Shennan)

224 Supplementary written evidence from Defra ([REC0197](#))

225 *Ibid.*

226 [Q 73](#)

227 [Q 89](#)

228 Written evidence from Chief Economic Development Officers' Society ([REC0121](#)) 229 [Q](#)

[182](#)

38. James Alcock, Executive Director of the Plunkett Foundation, agreed with Ms Peacock and added that the USO is vital for community businesses “to thrive and survive”.²³² Prof Claire Wallace said that although the USO speeds might be okay for households and some businesses, it would not be adequate, for example, for tourism and creative businesses in rural areas. She also felt that it would not be adequate for many farming applications.²³³

Disadvantaging those living in remote areas

39. On disadvantaging remote households, the County Councils network expressed concern for those households that fall outside the £3,400 threshold noting that, if those properties falling outside the limit are not grouped, their options are more limited, and it is likely that the isolated households will be most affected.²³⁴ The Chief Economic Development Officers’ Society called for the cap on costs to be removed.²³⁵ The CLA expressed concern about the threshold, noting that “the remoteness of many rural areas and the distances involved” could mean that the cost for some communities would be significant.²³⁶
40. We welcome the principle of the USO which will give people in the UK the right to request a decent broadband connection. However, we believe the upload and download speeds are too modest in the USO commitment and should be reviewed along with the £3,400 payment threshold.
41. ***Ofcom has a duty to review the USO if directed to do so by the Government and report on any provision that is being or may be made for broadband connections or services. We recommend that the Government direct Ofcom to conduct such a review as soon as possible, focusing on what minimum commitment would be needed to sustain and support rural businesses and communities, especially in remoter areas, and including both download and upload speeds.***
42. ***Ofcom should also re-assess the £3,400 payment threshold so that rural homes and businesses are not excluded. This must include consideration of home workers and businesses operating from home in remote areas.***

Mobile phone coverage

43. We also heard that mobile phone coverage can be unreliable in rural areas with frequent ‘not-spots’ and poor connections, particularly in remoter areas.
44. The nFU told us that poor mobile coverage significantly disadvantages businesses who need to be away from a set office/business space or for people who are working remotely.²³⁷ The Association of Convenience Stores cited the results of its Voice of Local Shops Survey in February 2018 which found that “31 per cent of convenience retailers still find that poor mobile phone coverage is making it difficult or causing delays to completing tasks in the business, disproportionately impacting retailers in rural locations”.²³⁸

²³² *Ibid.*

²³³ [Q 182](#)

²³⁴ Written evidence from County Councils network ([REC0133](#))

²³⁵ Written evidence from Chief Economic Development Officers’ Society ([REC0121](#))

²³⁶ Supplementary written evidence from CLA ([REC0026](#))

²³⁷ Written evidence from nFU ([REC0077](#))

²³⁸ Written evidence from Association of Convenience Stores ([REC0150](#))

45. Confor, a not for profit membership organisation promoting forestry and wood-using businesses, expressed concern that poor phone coverage has health and safety implications for people working in remote areas. It also noted that people who are often working in the field risk losing business if they cannot be contacted while working.²³⁹
46. Presenting the view of the mobile network operators, Mobile UK, the trade association for the UK's mobile network operators (EE, Telefonica UK, Three and Vodafone) stated that the industry was reinvesting over £2 billion annually in new network equipment (around 15 per cent of all mobile revenues) to improve capacity, footprint and performance. It added that in the last five years there has been a 3.9 million hectares reduction in the area of the UK with no mobile signal, and in the same period, 13.8 million hectares (an area roughly the size of England) has been upgraded to 4g across the UK by all four operators.²⁴⁰
47. Mobile UK noted that many sites currently operated by mobile operators are "loss making"—perhaps around 50 per cent across the UK—in that the cost of building and operating is not justified by the level of traffic handled. It noted that, although operators have an incentive to cover additional areas to attract customers, this involves high operational costs which must be balanced against the estimated benefits.²⁴¹ It added that mobile operators can also be faced with "very challenging technical barriers" in rural areas, including a lack of suitable transmission sites with access to power, backhaul and access tracks.²⁴²

'Not spots'

48. James Heath of DCMS explained to us that there are "total not-spots" where there is no coverage from any of the four mobile networks operating in the UK and "partial not-spots" which may have coverage from one or two operators but not all four.²⁴³ He told us that coverage from any mobile phone network operator is about 90 per cent of the UK landmass and coverage by all four main mobile network operators is about 75 per cent; and for 4g and internet data it is around 65 per cent, adding that "those numbers are accelerating quickly".²⁴⁴
49. Ofcom maintains a map of mobile phone coverage across the UK which reports on information provided by mobile operators about the coverage available from their service. The Local government Association, referring to mobile coverage, noted that Councils have expressed concern that in some instances Ofcom's data is not reflective of the realities on the ground.²⁴⁵ Rural West Sussex Partnership referred to Ofcom's coverage maps as "fictitious" and suggested that proper mapping would show a more accurate picture of 'not-spots' that need to be addressed.²⁴⁶

239 Written evidence from Confor ([REC0145](#))

240 Written evidence from Mobile UK ([REC0070](#))

241 *Ibid.*

242 *Ibid.*

243 [Q 177](#)

244 *Ibid.*

245 Written evidence from LgA ([REC0103](#))

246 Written evidence from Rural West Sussex Partnership ([REC0111](#))

50. However, Mobile UK told us that measurements of coverage “improved markedly” more recently and we note that Ofcom has recently updated its figures to align better with consumer experience.²⁴⁷
- 51. While we recognise that Ofcom has updated their aggregate statistics on rural mobile coverage better to align with consumer experience, we believe it should be required to develop an accurate evidence base for consumers about phone coverage in specific locations. Without this, it is not possible to identify the full scale of the problem or to assess how best to go about fixing it.**

Roaming and mast sharing

52. Several witnesses saw scope for mobile operators to be doing more to improve mobile coverage in rural areas, including allowing roaming and mast sharing. York, north Yorkshire and East Riding LEP stated that there should be more collaboration to improve coverage, identifying a problem of “mobile operators routinely pursuing independent installations rather than shared solutions”. They suggested that changes to planning rules might improve this situation.²⁴⁸ Councillor Sue Baxter, Chair of nALC, also saw potential for mobile operators to do more to allow roaming.²⁴⁹
53. Providing an industry perspective, Richard Wainer, Head of Policy and Public Affairs networks at BT group Corporate Affairs, told us there is “extensive sharing already” through the creation of two joint ventures— one between EE and Three and another between O2 and Vodafone—“to achieve better coverage” and reduce capital and operational costs. He argued that greater planning freedom to build larger masts would “enable a higher incidence of mast sharing” as they provide more space for multiple operators to install their equipment and operate from the site. He told us that it is often the case that when looking to deploy new sites, BT are restricted by local planning authorities and by potential site providers in terms of the type and size of the infrastructure that can be built. He also warned that, although sharing can be a good thing, “infrastructure-level competition has been the main driver of industry investment” and that this should not be jeopardised.²⁵⁰
54. Mr Wainer also told us that BT was “unconvinced” that roaming would be an effective solution for delivering increased coverage in rural areas. He explained that roaming would not address not-spots as those areas have no existing coverage from any provider and that mandating roaming would “significantly dilute” the incentive for operators to extend their coverage as it would no longer differentiate them from their competitors in the market.²⁵¹ He suggested it would be better to focus on reducing barriers, such as planning regulations.²⁵²

247 Written evidence from Mobile UK (REC0070) and Ofcom, *Connected Nations 2018 UK Report* (18 December 2018) p 4: https://www.ofcom.org.uk/data/assets/pdf_file/0020/130736/Connected-nations-2018-main-report.pdf [accessed 15 April 2019]

248 Written evidence from York, north Yorkshire and East Riding LEP (REC0138)

249 Q 97

250 Written evidence by BT group (REC0206)

251 *Ibid.*

252 *Ibid.*

Figure 18: Greater mast sharing has been identified as a way to improve mobile coverage in rural areas



Source: mattbuck, 'A nicely picturesque antenna cottage at Low Newton-by-the-Sea in Northumberland': https://commons.wikimedia.org/wiki/File:Low_Newton-by-the-Sea_MMB_01.jpg (CC BY-SA 2.0)

55. James Heath of DCMS told us that government was exploring various ideas with Ofcom to improve mobile coverage in rural areas including the extent to which roaming can help solve partial not-spots (as distinct from total not-spots). He also saw potential for the government to play a role in encouraging infrastructure sharing for all four operators and removing barriers to rollout such as making it quicker and easier for masts to be put in place.²⁵³
56. The government's draft Statement of Strategic Priorities, which Ofcom must have regard to, proposes that Ofcom "fully consider the costs and benefits" of introducing roaming in rural areas "to improve consumer choice and address partial not-spots" and to "maintain the option of requiring roaming by including appropriate provisions when granting rights of use of spectrum".²⁵⁴ The draft Statement was open for public consultation between 15 February and 27 March 2019.
57. ***We welcome the proposal that Ofcom should review the option of introducing roaming in rural areas to address partial not-spots and would urge Ofcom to begin this review as a matter of urgency. Government and Ofcom should also encourage mobile network operators to share transmission masts more often at locations where they offer a practical means to improve rural connectivity. Mast sites***

253 [Q 177](#)

254 Department for Digital, Culture, Media and Sport, 'Statement of Strategic Priorities for telecommunications, the management of radio spectrum and postal services, Consultation document', 15 February 2019, p 19: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779226/SSP_Consultation_-_Publication_Version_2_.pdf [accessed 15 April 2019]

should nonetheless be chosen sensitively, especially in areas of high landscape value.

Digital skills and the rural digital economy

58. Rural businesses often struggle to recruit and retain staff with the digital skills needed to help their business thrive and grow. Small businesses and start-ups that do not have in-house digital skills have trouble finding external sources of IT support.²⁵⁵ This digital skills gap can put many rural businesses, which are operating in a competitive market, at a disadvantage compared to their urban (and international) competitors.
59. Ruby Peacock of the Federation of Small Businesses told us about research conducted by the Federation into digital skills shortages which found that a fifth of its small business members had had trouble finding staff with suitable digital skills and that this was holding them back from adopting different digital technology.²⁵⁶
60. On our visit to Herefordshire we heard that some local businesses had experienced difficulties recruiting staff with the right digital skills. Muddy Boots, a software company supporting food supply chains, told us that they had had to look beyond the local area to find the right digital skills and even internationally. ATn Europe, an international firm specialising in night vision equipment and Caplor, a family business based on a 300-acre farm, both admitted having difficulty in recruiting locally. A notable contrast was naked Creative, a web design and graphic design agency, who told us that they did not have problems hiring talent and that they sought to attract young people with a view to giving them an opportunity to gain early-career industry experience before they moved on.²⁵⁷

Box 13: Local initiatives to improve digital skills

ACRE provided us with a number of examples of good practice in promoting digital skills in rural areas:

- Cornwall Rural Community Charity works in partnership with Cornwall Council's Digital Outreach Team, Isles of Scilly Council, Age UK and Pub is the Hub to host training sessions in basic digital skills. 150 training sessions have been held providing training to 350 students, many taking place in village halls.

gloucestershire Rural Community Council delivered one-to-one training sessions to 25 people who were isolated or who had been victims of fraud. The

- Council recruited a network of 10 volunteers to support older people with IT skills and launched a computer club in the Forest of Dean, which provided a six-week course for digitally excluded people.

Community Action nottinghamshire supported IT training for those aged over 55 who had no digital skills, or only basic knowledge. Five tutors delivered 11 courses operating out of a range of local community venues. In total 65 people accessed the course and were able to build confidence and improve their digital skills.

Source: Supplementary written evidence from ACRE ([REC0169](#))

²⁵⁵ Written evidence from Rural Business group ([REC0165](#))

²⁵⁶ [Q 165](#)

²⁵⁷ See Appendix 6, note of Committee Visit to Herefordshire: Wednesday 12 September 2018.

61. Training opportunities for staff were criticised for being too far away, too expensive, and unsuitable for the needs of rural businesses. Muddy Boots said that training and support offered from LEPs and local authorities tended to be inferior and not geared to the type of business they operate.²⁵⁸ Lord Cameron of Dillington told us that for a small business in a rural area, a half day's training could take a day and half because of travel times, noting that this can be ill-afforded by those running a small business.²⁵⁹ Margaret Clark from the Rural Coalition also noted the problem of distance.²⁶⁰
62. Some witnesses suggested that rural SMEs are not always aware of the benefits that digital skills and new technology could bring to their businesses. Prof Jeremy Phillipson told us that businesses need to “upskill” to take advantage of new technologies and make sure that small businesses can “make the most of digital”.²⁶¹ Christopher Price of the CLA emphasised the importance of training people to use new technologies to ensure that they can be exploited to maximum effect.²⁶²
63. Turning to solutions, James Heath told us that DCMS is working with “the CLA, farming bodies and all the operators” through the “Business Connectivity Forum” to get a better understanding of the barriers to take-up of digital technology.²⁶³ The CLA also told us the Forum²⁶⁴ is working to promote greater awareness of digital technology in central and local government; incentivising the digital industry to focus on reducing the gap between supply and demand by encouraging greater awareness of the benefits of broadband access, and encouraging greater awareness among rural businesses of the advantages of improving digital connectivity and developing digital skills.²⁶⁵
64. Tim Bonner suggested that government investment in improving digital skills in rural areas would go a long way to boosting rural economies.²⁶⁶ Libraries Connected, the Society of Chief Librarians, highlighted the role that local libraries can play in supporting access and IT training in rural communities.²⁶⁷ networking and information sharing was also seen as a way to promote the rural digital economy. Muddy Boots told us that they network with businesses in Bristol supporting local start-ups and that similar networking opportunities would also be of benefit to rural areas.²⁶⁸ Herefordshire-based companies naked Creative and Sun Velo argued that more “incubator hubs” and workspaces for start-ups would better allow for networking and information sharing among small businesses.²⁶⁹
65. Training opportunities are limited and often too distant or too expensive for rural SMEs to participate in; the case for developing and improving digital skills is not being delivered to rural businesses.

258 *Ibid.*

259 [Q 18](#)

260 [Q 75](#)

261 [Q 28](#)

262 [Q 39](#)

263 [Q 183](#)

264 CLA refers to it as the Rural Connectivity Forum.

265 Supplementary written evidence from CLA ([REC0026](#))

266 [Q 75](#)

267 Written evidence from Libraries Connected ([REC0048](#))

268 See Appendix 6, note of Committee Visit to Herefordshire: Wednesday 12 September 2018.

269 *Ibid.*

- 66. Local and national governments must do more to realise the potential of improving digital skills in rural areas, including supporting the establishment of digital enterprise hubs; promoting networking opportunities; facilitating knowledge sharing and the dissemination of good practice among rural businesses; and enabling more effective IT support for small rural businesses and start-ups.**

CONCLUSIONS AND RECOMMENDATIONS

Chapter 4: Digital connectivity

1. Both policy and delivery have been poor in the past but recent policy and funding announcements, particularly in relation to the rollout of full fibre and 5g technology, are encouraging. The government appears to have identified the challenges and we are optimistic about the overall direction of travel outlined in the FTIR which is giving greater focus to rural areas. (Paragraph 252)
2. The 5g Testbeds and Trials Programme and efforts to promote fibre to the premises on all new builds, and other initiatives, will be crucial. Efforts to mandate FTTP to all new builds are welcome as are incentives to provide FTTP on housing developments of 30 or fewer units. However, we are concerned that those smaller developments will still suffer from digital disadvantage. (Paragraph 253)
3. We welcome the government's ambition to achieve nationwide full fibre connectivity by 2033 as set out in the Future Telecoms Infrastructure Review (FTIR) but stress the need for effective coordination, monitoring and accountability in its implementation. In particular, this should be achieved through the Statement of Strategic Priorities and through the various rural broadband funding streams and initiatives such as the Rural gigabit Connectivity Programme and the gigabit Broadband Voucher Scheme. (Paragraph 254)

4. It is important that rural areas, and businesses within them, are not left behind during the rollout of 5g for mobile services. We were pleased to learn that in 2018 the government was keen to ensure that those mobile operators who plan to bid in the auction for the 700MHz spectrum would be required to ensure rural areas were prioritised, but are disappointed to see that these obligations have been watered down in the most recent Ofcom consultation document. (Paragraph 258)
5. Ofcom should revisit its latest proposals for the auction of the 700MHz spectrum with a view to strengthening again those obligations which are to be attached to some licence awards, in terms of network coverage and delivery timescales. It will also be important for Ofcom strictly to monitor mobile network operators' progress in achieving their coverage obligations. DCMS and Ofcom should also identify what further actions are necessary to address poor mobile connectivity in areas unlikely to benefit from the spectrum auction. (Paragraph 259)
6. Ofcom must improve access to information about digital connectivity. This should include regularly updated information about when residents and businesses can expect to be connected to digital infrastructure, connectivity options for communities and details of providers operating in their local area, and regular reporting on the progress of 5g rollout in local areas. (Paragraph 269)
7. We welcome the principle of the USO which will give people in the UK the right to request a decent broadband connection. However, we believe the upload and download speeds are too modest in the USO commitment and should be reviewed along with the £3,400 payment threshold. (Paragraph 278)
8. Ofcom has a duty to review the USO if directed to do so by the government and report on any provision that is being or may be made for broadband connections or services. We recommend that the government direct Ofcom to conduct such a review as soon as possible, focusing on what minimum commitment would be needed to sustain and support rural businesses and communities, especially in remoter areas, and including both download and upload speeds. (Paragraph 279)
9. Ofcom should also re-assess the £3,400 payment threshold so that rural homes and businesses are not excluded. This must include consideration of home workers and businesses operating from home in remote areas. (Paragraph 280)
10. While we recognise that Ofcom has updated their aggregate statistics on rural mobile coverage better to align with consumer experience, we believe it should be required to develop an accurate evidence base for consumers about phone coverage in specific locations. Without this, it is not possible to identify the full scale of the problem or to assess how best to go about fixing it. (Paragraph 289)
11. We welcome the proposal that Ofcom should review the option of introducing roaming in rural areas to address partial not-spots and would urge Ofcom to begin this review as a matter of urgency. government and Ofcom should also encourage mobile network operators to share transmission masts more often at locations where they offer a practical means to improve rural connectivity.

Mast sites should nonetheless be chosen sensitively, especially in areas of high landscape value. (Paragraph 295)

12. Training opportunities are limited and often too distant or too expensive for rural SMEs to participate in; the case for developing and improving digital skills is not being delivered to rural businesses. (Paragraph 303)
13. Local and national governments must do more to realise the potential of improving digital skills in rural areas, including supporting the establishment of digital enterprise hubs; promoting networking opportunities; facilitating knowledge sharing and the dissemination of good practice among rural businesses; and enabling more effective IT support for small rural businesses and start-ups. (Paragraph 304)

CHAPTER 6: ACCESS TO SKILLS AND RURAL BUSINESS SUPPORT

Introduction

1. Locating and sustaining a business in rural areas presents both opportunities and challenges. We have already discussed, for example, the challenges of poor connectivity (see Chapter 4). In this chapter we turn our attention to a range of challenges that rural businesses face and which we place under two broad categories: access to skills and rural business support. As with other topics discussed in this report, these issues will be integral to a rural strategy.
2. This chapter is divided into five sections. Before we look at access to skills and rural business support, the first section takes a step back to identify characteristics of rural businesses and key challenges. The second section provides an overview of the Industrial Strategy, which sets out the government's overarching plans for boosting productivity and growth and includes a range of initiatives that will impact directly on rural businesses. In the third section we turn our attention to issues around access to skills, including access to education, careers advice, apprenticeships, local delivery of education and training in rural areas and access to migrant workers. This section will also look at the potentially significant role of the proposed Skills Advisory Panels. The fourth section looks at rural business support covering access to advice, rural growth networks, business rate relief policies, challenges around diversification, and access to finance. The final section considers what this all means on the ground by looking at tourism and the creative industries sectors in rural areas.

Characteristics of rural businesses and challenges

3. There were 547,000 businesses registered in rural areas in England in 2016/17, accounting for 24 per cent of all registered businesses and employing 3.5 million people (13 per cent of all those employed by registered businesses in England).³⁵⁵ As mentioned in Chapter 1, rural areas have proportionately more small businesses than urban areas and although agriculture has a significant physical presence in rural areas, it is just one part of a diverse rural economy. The Federation of Small Businesses highlighted that the overwhelming number of businesses in rural areas are SMEs, including sole traders.³⁵⁶
4. Prof Phillipson noted that distinctive challenges facing rural businesses include their “thinner labour market”, constraints in relation to local markets and “issues of sparsity in business networking”.³⁵⁷ He added that small businesses also often struggle with “regulation ... the complexities and challenges of tax issues and [national insurance] ... staff recruitment and skills issues, finance and the availability of premises to grow their businesses”.³⁵⁸
5. A number of witnesses were keen to emphasise that many of the challenges faced by rural businesses were also faced by rural communities as a whole.

³⁵⁵ Department for Environment, Food and Rural Affairs, *Rural businesses* (22 February 2018) p 1: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/682985/Businesses_February_2018_Digest.pdf [accessed 15 April 2019]

³⁵⁶ Written evidence from Federation of Small Businesses (RECO162)

³⁵⁷ Q 23

These included lack of affordable housing, inadequate public transport, poor access to education and training, and a thin jobs market. The Federation of Small Businesses told us that rural businesses “are unfairly penalised by inadequate infrastructure, from poor roads to poor mobile and broadband connections which prevent growth and investment”.³⁵⁹ Sarah Severn of Defra told us that when talking to SMEs and other rural stakeholders the issues which most frequently came up in terms of the support they needed were digital connectivity, access to skilled workers, improved transport and business support.³⁶⁰

6. A connection was also made by several witnesses between the difficulty that rural businesses face recruiting and retaining skilled staff and the poor provision of essential services for attracting young people to live and work in rural areas. The Prince’s Countryside Fund noted that without infrastructure, housing, schools and other services, attracting jobs and businesses becomes very difficult.³⁶¹ ACRE told us that young people “can often feel driven away” from their local community by a lack of affordable housing, jobs and a need to move away to access post-16 education.³⁶²

The Industrial Strategy

7. Boosting productivity is at the core of the government’s Industrial Strategy. It seeks to tackle the “long-tail of underperformance” of UK businesses, which is holding back UK growth, wages and living standards.³⁶³ The Strategy identifies “five foundations of productivity”—ideas, people, infrastructure, business environment and place, and sets out a mix of policy interventions to address each of these. These include increasing the national Productivity Investment Fund, investing in digital connectivity, creating a new national Retraining Scheme, conducting a review of business productivity and new investment into research and innovation. Each LEP is expected to develop and agree with government a Local Industrial Strategy to ensure local delivery.

Skills

8. The national Retraining Scheme will support people to re-skill, beginning with a £64 million investment for digital and construction training, and outlines plans to invest in skills to support growth and tackle regional differences in skills. Sam Lister from BEIS told us that “unquestionably, the skills challenge is massive; it is very significant”. He noted that it was no coincidence that so many of the policies listed in the Industrial Strategy are being led by the Department for Education.³⁶⁴
9. We also heard from BEIS that the Business Productivity Review is looking at “the long tail and the fat middle”, meaning the long tail of small underperforming businesses and the “very large quantity” of SMEs which “tick over” year to year without going out of business but also without being especially productive. Mr Lister saw this as “a very significant rural issue”

359 Written evidence from Federation of Small Businesses ([REC0162](#))

360 [Q 5](#)

361 Written evidence from The Prince’s Countryside Fund ([REC0063](#))

362 Written evidence from ACRE ([REC0068](#))

363 Department for Business, Energy and Industrial Strategy, *Industrial Strategy: Building a Britain fit for the future* (28 June 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf [accessed 15 April 2019]

364 [Q 49](#)

and one which the Review would provide recommendations for addressing.³⁶⁵ Defra told us that the Business Productivity Review's recommendations "will be particularly relevant to the rural economy, given the high proportion of SMEs in rural areas".³⁶⁶

Research and innovation

10. Research and innovation are another integral part of the Industrial Strategy with potential to impact rural businesses significantly. Under the Industrial Strategy the government has set up a Challenge Fund, which is part of its £4.7 billion investment in research and development over four years and is part of the national Productivity Investment Fund. The Challenge Fund is delivered by UK Research and Innovation (UKRI), the national funding agency for investing in science and research in the UK.
11. Joe Manning, Deputy Director of Local Industrial Strategies at BEIS, told us there were several exciting developments being taken forward under the government's innovation agenda in rural areas.³⁶⁷ However, Prof Phillipson told us that rural areas "should be a much more prominent focus" in the Industrial Strategy and in terms of its innovation agenda, especially given that they are facing key challenges around mobility and ageing and great opportunities around the role of rural in clean growth strategies.³⁶⁸
12. The nFU felt that innovation in new agricultural technologies as outlined in the Industrial Strategy represented "a significant potential area for growth", noting advances in biological and chemical sciences and engineering with "significant possibilities" arising from "data science, analysis of very large data sets, and software design". It noted, however, that tapping into the opportunities requires new knowledge and skills to be adopted along with investment in new equipment.³⁶⁹ Like the nFU, Staffordshire County Council saw the potential for growth in the take-up of new technology in farming as a key way to improve productivity and saw this as a way to help ruraleconomies move away from a reliance on low-skilled, low-wage labour.³⁷⁰

365 [Q 47](#)

366 Written evidence from Defra ([REC0146](#))

367 [Q 51](#)

368 [Q 30](#)

369 Written evidence from nFU ([REC0077](#))

Figure 23: Farming productivity is being aided by the deployment of new technologies



Source: PxHere, unnamed image: <https://pxhere.com/en/photo/525955> [accessed 4 April 2019]

13. At the nFU Conference in February 2019, the Secretary of State noted that farming is “being transformed by technologies” and suggested that investment in R&D to tap into these developments “will make individual farm businesses more productive” and encourage “collaboration and cooperation in the adoption of new technologies”.³⁷¹

Sector deals

14. Another key component of the Industrial Strategy is the proposal for Sector Deals. As noted in Chapter 3, these are partnerships between government and industry focused on boosting productivity in that sector. These are not only about investment and growth but also about ensuring that there is a skilled, diverse workforce for the future. There are eight sector deals in place with others including a Food and Drink Sector Deal and Tourism Sector Deal under negotiation.³⁷²
15. The Food and Drink Sector Deal, for instance, aims to target 97 per cent of food and drink manufacturers that do not actively take advantage of export markets. Three key actions proposed in the deal are the creation of a food and drink export portal, the creation of a market research unit and the provision of market access assistance to help businesses target markets that

371 Rt Hon Michael Gove MP, ‘A World to Win’: Speech to national Farmers Union, 19 February 2019: <https://www.gov.uk/government/speeches/a-world-to-win> [accessed 15 April 2019]

372 As of December 2018, there are Sector Deals for Life Sciences, Automotive, Creative Industries, Artificial Intelligence, Construction, nuclear, Aerospace, and Rail. See Department for Business, Energy and Industrial Strategy, ‘Introduction to Sector Deals’ (updated 6 December 2018): <https://www.gov.uk/government/publications/industrial-strategy-sector-deals/introduction-to-sector-deals> [accessed 15 April 2019]

offer excellent opportunities but can be difficult to access such as China, India, Japan, USA and UAE.³⁷³

The Industrial Strategy and rural businesses

16. We asked our witnesses whether the Industrial Strategy is likely to deliver the support that rural businesses need. Ruby Peacock of the Federation of Small Businesses welcomed the focus in the Industrial Strategy on technical education, leadership and management skills, and support for innovation. She told us that “new-to-firm” innovation, such as new systems, is “particularly important” for driving up productivity.³⁷⁴ John Mortimer of the Swindon and Wiltshire LEP said he particularly liked the government’s vision on innovation as set out in the Strategy.³⁷⁵
17. However, Graham Biggs of the Rural Services network warned that “a lot of business activity in rural areas” is “unseen by policymakers” by nature of their small size and is “being ignored in the Industrial Strategy”.³⁷⁶ James Alcock of the Plunkett Foundation expressed disappointment “that rural was not really differentiated” in the Industrial Strategy and that community businesses were not mentioned at all.³⁷⁷
18. We welcome the Industrial Strategy’s emphasis on skills, research and innovation and its support for Sector Deals. We see potential for Sector Deals to help boost the rural economy provided they are properly rural proofed and successfully implemented. There is a lot in the Industrial Strategy that is very relevant to rural businesses with the potential to provide a real boost for productivity and growth.
19. ***We particularly welcome the development of local industrial strategies, which will be crucial for ensuring that rural needs are part of the wider plans for local delivery. We stress the need for all local industrial strategies to be fully rural proofed.***
20. ***The Business Productivity Review has the potential to genuinely help rural businesses tackle low productivity and find solutions to boost their businesses. Given that so many SMEs are based in rural areas, it is essential that the Review make rural considerations paramount and that it too should be rural proofed.***

Access to skills

21. In this section we look at issues around access to skills for rural businesses. This includes access to education; careers advice; higher education; apprenticeships; local delivery of education and training, including the role of Skills Advisory Panels; and access to migrant workers.
22. Although there is a greater proportion of rural residents with high level qualifications and skills compared to urban areas, this presents a skewed picture because many people in rural areas commute to urban areas for work. According to Defra, “in terms of where people work, the proportion

373 Food and Drink Federation, ‘Food and Drink Manufacturing Sector Deal Proposal’: <https://www.fdf.org.uk/food-and-drink-manufacturing-sector-deal.aspx> [accessed 15 April 2019]

374 Q 167

375 Q 111

376 Q 83

377 Q 167

of skilled workers is higher in urban workplaces than in rural workplaces, suggesting that higher skilled jobs tend to be in urban areas”.³⁷⁸

23. We heard evidence that issues around access to education and training in rural areas can make it difficult for businesses to recruit the skills they need. Ruby Peacock from Federation of Small Businesses cited their own research which found that “a third of small businesses” which had tried to recruit staff in the last 12 months had been unable to find someone with the right skills, and that skills shortages were especially acute in skilled trades such as construction.³⁷⁹

Access to education

24. Several witnesses identified poor transport as a key issue around accessing education. Jeremy Leggett told us that students in rural areas are doubly disadvantaged: first by lacking transport options to access post-16 education, and then by the limited number of institutions and courses on offer in rural areas.³⁸⁰ Derbyshire Rural and Farming network suggested that there are lower levels of apprenticeship take up in rural areas by comparison with urban areas partly because of poor public transport.³⁸¹ We also heard that lack of transport can affect access to employment, particularly for young people.
25. Two main solutions were put forward for improving access to education and work: initiatives such as ‘Wheels to Work’ (and ‘Wheels to College/Training’) and improvements to bus services. (Further issues around rural transport are discussed in Chapter 7)
26. Several witnesses mentioned the success of the Wheels to Work initiative, a vehicle loan scheme (mostly scooters and mopeds) aimed at supporting young people in rural areas gain access to education and employment. Lord Cameron of Dillington said that the scheme had been very successful in enabling young people without access to vehicles to secure employment or education opportunities.³⁸² However, the Centre for Rural Economy told us that Wheels to Work schemes were often reliant on short-term funding.³⁸³

Box 18: Wheels to Work and Training

Rural Action Derbyshire told us of their Wheels to Work scheme which is a moped hire scheme for people aged 16-60. From 2013–2017 the scheme provided 391 clients with a moped, 546 with bicycles and provided 108 children with initial transport costs to enable them to access work and training. The scheme is supported by the local authority and has received funding from Big Lottery. An independent evaluation suggested that the scheme delivered £5 for every £1 invested in benefits to clients, tax payers and the environment and had exceeded expectations.

378 Written evidence from Defra ([REC0146](#)) 379

[Q 165](#)

380 [Q 38](#)

381 Written evidence from Derbyshire Rural and Farming network ([REC0101](#))

382 [Q 18](#)

Leicestershire Rural Partnership told us about their local Wheels to Work scheme. Between April 2017 and March 2018, 31 clients took advantage of the scheme, of whom over 55 per cent were aged between 16 and 24, 80 per cent were male and 38 per cent joined the scheme through word of mouth. Access to employment was the biggest reasons for joining the scheme at 85 per cent, apprenticeships 12 per cent and higher education 3 per cent.

In Ryedale District, the local community set up the Ryedale Community Transport (RCT) to meet local transport needs, including development of a successful Wheels to Work scheme for local young people to access work and educational opportunities using rentable mopeds. Users have reported positively on the scheme.

Source: Derbyshire Rural and Farming Network ([REC0101](#)), Leicestershire Rural Partnership ([REC0106](#)) and Community Transport Association ([REC0160](#))

27. John Birtwistle, Head of Policy for UK Bus at Firstgroup plc, was less in favour of wheels to work and education schemes on the basis that they reduce the number of bus users which can impact on the sustainability of routes on which many people, including students, might rely. He told us rural areas are very reliant on public transport for access to education and training. He argued that rural areas are vulnerable to a vicious cycle whereby poor access to public transport encourages more people to drive, which in turn reduces bus usage which can impact the viability of certain routes, resulting in poor access to public transport and more people turning away from using buses.³⁸⁴

28. Bus routes remain an essential service for people needing to access education and training. We would encourage education institutions, local authorities and bus service providers to cooperate on exploring public transport solutions for getting students to local education institutions.

29. Although we recognise the concern of bus service providers, we still see merit in initiatives such as “Wheels to Work” and training. Government should work with LEPs and local authorities in seeking to reinvigorate these types of programmes, with a focus on securing longer-term funding and more comprehensive coverage for people needing to access employment and education.

Careers advice

30. Careers advice for students and information sharing between education institutes and rural businesses was also put forward as an area that needs more attention. Dorset Councils Partnership argued in favour of ensuring that schools and colleges provide guidance on career choices.³⁸⁵ During our visit to Herefordshire we heard that too much emphasis was given to passing exams rather than on future careers. Frank Myers, Chair of the Marches LEP Business Board, told us that much more needed to be done to help students think about the relevance of what is being taught in schools to future career options.³⁸⁶

31. BSW Timber, a family-owned integrated forestry business, suggested that businesses should be given the opportunity to contribute to the careers advice

384 [Q 198](#) and [Q 205](#)

385 Written evidence from Dorset Councils Partnership ([REC0071](#))

386 See Appendix 6, note of Committee Visit to Herefordshire: Wednesday 12 September 2018.

schools offer their students. In this way, it argued, young people could learn early on in their education what kind of opportunities the local area offers.³⁸⁷ George Dunn of the Tenant Farmers Association told us that encouraging more people to work in the agricultural sector could be achieved by providing education, work experience opportunities and funding for colleges.³⁸⁸

32. Dr Willett of the Department of Politics at the University of Exeter argued that there was a need to share information in rural areas more effectively and that one straightforward way to do this would be to provide information about local skills gaps and training routes, which would enable school children and adults to improve their understanding of career choices in the context of all local opportunities.³⁸⁹
33. We note that the government has announced the introduction of T levels for post-16 students. T levels will be two-year courses and will provide students with a mixture of school learning and work experience to equip students with the experience to pursue skilled employment, further study or a higher apprenticeship. Among the list of T level courses are two land-based courses—agriculture, land management and production, and animal care and management—which could potentially offer a valuable route to land-based careers. The first T level programmes will start from September 2020; the two land-based courses are scheduled to be rolled out “from 2022 onwards”.³⁹⁰

Higher education

34. Cornwall Council provided a positive example of the role that universities can play in rural areas. It told us that universities operating in Cornwall—Falmouth University, University of Exeter, and University of Plymouth—have had a major impact as “anchor institutions”, boosting Cornwall’s gross Value Added (gVA) and providing research facilities and opportunities for business collaboration. It also noted that incubation facilities (with funding from the EU) have been able to provide opportunities for students to develop their business ideas locally.³⁹¹ During our visit to Herefordshire, we heard about the Council’s plans to establish a local university which it expected would enable students to study locally.³⁹² We also heard about a similar proposal to establish a university in Somerset.³⁹³
35. Councillor Mark Hawthorne of the Local government Association, however, was not convinced that the potential of local universities was being reached everywhere. He told us there is a “real disconnect” between what is provided in terms of education and training and what is needed and that, for example, in places like Gloucestershire higher education and further education institutions “are not necessarily in tune with what the local economy is producing”.³⁹⁴

Apprenticeships

36. In 2015 the government set a target of having 3 million new apprentices by 2020. There were 375,800 apprenticeship starts reported for the 2017–18

387 Written evidence from BSW Timber ([REC0105](#))

388 [Q 154](#)

389 Written evidence from Dr Joanie Willett ([REC0030](#))

390 Department for Education, ‘Introduction of T Levels’: <https://www.gov.uk/government/publications/introduction-of-t-levels/introduction-of-t-levels> [accessed 15 April 2019]

391 Written evidence from Cornwall Council ([REC0039](#))

392 See Appendix 6, note of Committee Visit to Herefordshire: Wednesday 12 September 2018.

393 Written evidence from Councillor Andrew Hadley ([REC0061](#))

394 [Q 98](#)

academic year. This compares to 494,900 and 509,400 starts reported in the equivalent period in 2016/17 and 2015/16 respectively.³⁹⁵

37. In the 2018 Budget the government announced a package of reforms to the apprenticeship scheme including the provision of up to £5 million to the newly formed Institute for Apprenticeships and national Apprenticeship Service in 2019–20 to identify gaps in the training provider market and increase the number of employer-designed apprenticeship standards available to employers. All new apprentices will start on these new courses from September 2020.³⁹⁶ It is hoped that the work of the Institute for Apprenticeships in ensuring quality throughout the apprenticeship system will benefit rural areas and the economy.
38. Witnesses saw several problems with the apprenticeship system. The Centre for Rural Economy argued that apprenticeship criteria often favour larger firms, making it difficult for rural SMEs to host apprenticeships.³⁹⁷ It also advocated changing the age limits on apprenticeships, telling us that there is a higher proportion of older people in rural areas with some industries attracting working age people at a later stage in their careers.³⁹⁸

Box 19: UK Research and Innovation support for apprenticeships

UK Research and Innovation (UKRI) told us that the UK's Research Councils and institutes they support are well placed to inform and drive the development of technical and apprenticeship programmes in specific sectors and disciplines. For example:

- The Science and Technology Facilities Councils are working with the UK Atomic Energy Authority and Oxfordshire Advance Skills to train apprentices in engineering and advanced manufacturing at its training centre in Culham. Over 150 apprentices have been trained since 2015, going on to work at STFC's sites and industrial employers in rural Oxfordshire;

- The Medical Research Council has been developing trailblazer apprentice programmes in animal technology, with support from major employers in the field, and has supported the development of the Bio-Informatics apprenticeship standard;

The Catapult centres, a network of centres designed to transform the UK's capability for innovation and drive economic growth, train hundreds of apprentices and doctoral students. For example, in 2017 the Cell and gene Therapy Catapult was awarded £1.5 million from the Industrial Strategy Challenge Fund to develop a first-of-its-kind apprenticeship in Advanced

Source: Supplementary evidence from UKRI ([REC0196](#))

395 Department for Education, *Apprenticeship and levy statistics: December 2018*, (20 December 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766962/Apprenticeship-and-levy-statistics-December-2018-2.pdf [accessed 15 April 2019] The government has urged that caution be used in comparing the numbers pre and post introduction of the apprenticeship levy as such a significant change is likely to impact on apprenticeship starts as employers get used to the new system.

396 HM Treasury, *Budget 2018* (29 October 2018) p 75: <https://www.gov.uk/government/publications/budget-2018-documents/budget-2018> [accessed 20 April 2019]

397 Written evidence from Centre for Rural Economy ([REC0100](#))

398 *Ibid.*

39. Jo Bruce, Director of UK Rural Skills, felt that there is a “stigma” attached to apprenticeships that they are of less value than attending university.³⁹⁹ She expressed concern that too many students were being pushed towards higher education and not provided with enough information about alternative career paths such as apprenticeships and other qualification routes.⁴⁰⁰ Angela Joyce, Principal and CEO of Warwickshire College agreed saying there is “a huge misunderstanding and misperception” around apprenticeships and that a lot of work needs to be done “to generate a parity of esteem”.⁴⁰¹

Apprenticeship levy

40. As of May 2017, the apprenticeship scheme introduced an apprenticeship levy on UK employers to fund new apprenticeships. Under the terms of the levy, an employer must pay the levy each month if they have an annual pay bill over £3 million or are connected to other companies or charities for Employment Allowance which in total have an annual pay bill of over £3 million. Employers with an annual pay bill of £3 million or less pay no levy. From May 2017, employers not paying the levy, who offer apprenticeships to 16 to 18-year olds, receive 100 per cent of the cost of the training from the government, up to the maximum funding bands. Employers have to pay for those aged 19 and over and the government will pay the remaining 90 per cent, up to the maximum funding bands.⁴⁰² The government also recently changed the limit on the amount of Apprenticeship Levy that large employers were able to transfer to smaller companies from 10 per cent to 25 per cent.
41. Sam Lister of BEIS noted that for SMEs, “the government is carrying most of the burden” of the funding. Ruby Peacock of the Federation of Small Businesses also supported this, telling us that “the vast majority” of its members do not pay the apprenticeship levy.⁴⁰³

Land-based apprenticeships

42. Several witnesses called for more government support for land-based apprenticeships to support rural business growth and employment opportunities. There are currently 37 apprenticeship standards in the fields of agriculture, environment and animal care but only 17 of these are approved and the remaining 18 are still in development.⁴⁰⁴

399 [Q 249](#)

400 *Ibid.*

401 [Q 250](#)

402 ‘Apprenticeship levy: Everything you need to know’, *The Independent* (5 April 2017): <https://www.independent.co.uk/news/business/news/apprenticeship-levy-schools-hmrc-government-need-to-know-business-a7667886.html> [accessed 15 April 2019]

403 [Q 166](#)

404 Written evidence from Landex ([REC0122](#))

Box 20: Increasing apprenticeships in National Parks

national Parks England noted that the government's 8 Point Plan for national Parks England included a target to double the number of apprenticeships within national Parks by 2020 and to raise apprenticeship standards. It noted that figures for March 2018 showed that there has been a 91 per cent increase in the number of apprenticeships and that the number of national Park Authorities (nPAs) hosting an apprenticeship has doubled since 2016. It also drew attention to the Countryside Worker apprenticeship scheme developed by an employer group led by the north York Moors nPA. It noted that since April 2018 it has been possible for apprenticeship levy-paying employers to transfer funds to other employers to pay for training and assessment for apprenticeship standards and suggested that it would be worth exploring whether suitable employers would transfer funds to national Parks to support the provision of apprenticeships for young people in remote rural areas.

Source: Written evidence from National Parks England ([REC0161](#))

43. The Countryside Alliance called for encouragement of more land-based education, including land-based apprenticeships.⁴⁰⁵ However, Angela Joyce told us that affordability can be a real barrier for land-based SMEs to offer apprenticeships. She told us:

“It is sometimes a challenge for colleges to get together a viable group of apprentices. While the apprenticeship might well be work-based in the main, there will likely still be some college time. If you have an SME wanting one apprentice, not every college can afford to train that one apprentice on his or her own”.⁴⁰⁶

44. Jo Bruce of UK Rural Skills also highlighted some of the challenges of offering land-based apprenticeships. She told us:

“From a farming point of view, it is time. It is not cost. Time is the most valuable asset. From an apprenticeship point of view, at least 20 per cent of an apprenticeship has to be learning with somebody. It is not working. It is learning. To have that one-to-one mentoring is really difficult from a farmer point of view. ... How do you get the message across that, without reinvesting in our young people and giving them this time, there will be nobody to do these jobs in the future?”⁴⁰⁷

- 45. The current criteria of the apprenticeship scheme often favour large firms, making it difficult for rural small businesses to host apprentices. Government should review the funding arrangements of the Apprenticeship Levy to make it easier for small businesses to engage.**

- 46. There are opportunities to support new land-based apprenticeships and a further increase in the amount of Apprenticeship Levy that may be transferred from large to small firms should be considered.**

405 Written evidence from Countryside Alliance ([REC0112](#)) 406 [Q 249](#)

407 *Ibid.*

Local delivery of education and training

47. Several witnesses felt that skills delivery is too centralised and does not engage enough with local government or other stakeholders.
48. Councillor Mark Hawthorne, of the Local government Association, told us about research conducted by the LgA which found that there are around 20 different national systems in place across eight government departments, spending about £10 billion a year (2016/17) with no duty to discuss with councils how provisions will be delivered on the ground. He criticised its over-centralisation which requires local authorities to bid for funding, telling us, “you can bet your bottom dollar that it will be rural areas that lose out”.⁴⁰⁸ The District Councils network also criticised the over-centralisation of the system, telling us that it is failing to have an impact on the varying social and economic challenges faced by rural economies. It added that “the need for greater skills identification and training should be delivered by authorities that are closest to local business and that have the greatest understanding of specific labour requirements” in the local area.⁴⁰⁹
49. Councillor Hawthorne saw devolution deals as a way forward but expressed frustration that devolution deals “never arrived for rural localities”. He told us that, although devolution deals all differ from each other, devolution of responsibility for transport, business support and further education appear to be common to all, and suggested that rural areas would also benefit from devolution of such powers.⁴¹⁰
50. While noting these criticisms, we are aware that the Industrial Strategy and associated changes such as the establishment of Skills Advisory Panels (discussed below) are expected to address at least some of these concerns.

Skills advisory panels

51. As mentioned, LEPs are expected to develop local industrial strategies to inform local delivery of the Industrial Strategy. As part of this process LEPs are also being asked to establish Skills Advisory Panels (SAPs), to build an evidence base that will inform the analysis that feeds into local industrial strategies. Almost all LEPs and Mayoral Combined Authorities have an employment and skills sub-board and it is expected that, where these exist, they will take on the function of SAPs.
52. SAPs aim to bring together local employers, universities, colleges and other skills providers to conduct analysis and pool knowledge on skills and labour market needs. Each SAP will get £75,000 to grow their analytical capability and will be expected to agree local skills needs priorities and to determine how these will be met through local provision. Membership of the SAPs should include all types of skills providers, employers from both large and small enterprises and both private and public sectors, the voluntary and community sector and other key local stakeholders (including at least one local authority for areas outside of greater London and without a Combined Authority Mayor).⁴¹¹

408 [Q 98](#)

409 Written evidence from District Councils network ([REC0126](#))

410 [Q 98](#)

411 Department for Education, *Skills Advisory Panels: Guidance on the Role and Government* (December 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/762629/Skills_Advisory_Panels_guidance_on_the_Role_and_governance.pdf [accessed 15 April 2019]

53. Sam Lister of BEIS told us that SAPs are fundamental to how the Industrial Strategy and local industrial strategies are expected to be rolled out at the local level. Professor Melanie Welham of UK Research and Innovation echoed this view, telling us that the SAPs are part of the government's broader agenda to ensure that the UK has the skills and qualified individuals to deliver on the ambitions set out in the Industrial Strategy.⁴¹²
54. Angela Joyce, of Warwickshire College, told us that SAPs could prove beneficial provided they built on existing structures, tapped into the expertise that Colleges already have in curriculum planning and their knowledge of labour markets and that they created a "link with other sector-based groups" to support local, evidence-led decision making.⁴¹³
55. We agree that the current skills system is too centralised and that the dilution of funding streams over multiple Government departments is unhelpful. In this regard, devolution of funding for skills training is welcome and we are encouraged by the possibility for change through the development of local industrial strategies and the establishment of Skills Advisory Panels.
56. ***There should be particular focus on rural skills within local industrial strategies. This could include improvements to the accessibility of training, measures to support rural apprenticeships, and schemes to make further education options more accessible. For this purpose, Skills Advisory Panels must have sufficient influence within LEPs.***
57. ***We see potential in the proposed Skills Advisory Panels. In conducting their analysis on local skills and labour market needs, Skills Advisory Panels should also seek to:***
- ***Address careers guidance as part of their remit, not least to point to the changes in land-based occupations which now require higher skills and offer good career opportunities***
 - ***Provide guidance on pathways for potential students, trainees, apprentices and employers explaining the range of funding streams available. This would help to overcome the complexities of the current system and before rationalisation—which we think should happen—is introduced;***
 - ***Identify ways in which rural businesses can be linked more closely to schools, colleges and universities and for these groups to collaborate more effectively when designing courses; and***
 - ***Improve remote access to further education college courses.***

Migrant workers

58. Discussions on access to skills invariably led to witnesses expressing concern about access to migrant workers after the UK leaves the European Union (EU). The two sectors which came up most frequently in this context were agriculture and tourism, although we recognise that other sectors are also likely to be impacted including construction and the health and social care sectors.

412 [Q 246](#)

413 Supplementary written evidence from Warwickshire Colleges group ([REC0186](#))

59. Minette Batters, President of the nFU, told us:

“Looking at the permanent sector, a vast proportion of our herdsmen, for instance, have come from the EU. We are predominantly foreign-owned processing, so anywhere between 55 per cent and 90 per cent of people working in our processing industry are from the [EU27]. We look at our meat official veterinarians, and 95 per cent of those are currently from the [EU27]”.⁴¹⁴

60. George Dunn of the Tenant Farmers Association told us that the situation of near full employment and the “cultural dislike” among British people of working in the horticulture, agriculture and food processing sectors make them reliant on migrant labour.⁴¹⁵ The nFU told us that another reason efforts to recruit local labour often failed was because most farms are located in rural areas with low unemployment, meaning that there aren’t enough local people to fill vacancies.⁴¹⁶

61. Gill Haigh of Cumbria Tourism told us that the tourism sector in Cumbria faced “a significant challenge” with a shortage of skilled labour and expressed concern about the impact of Brexit on their future ability to recruit labour from the EU.⁴¹⁷ She told us:

“As we go through our Brexit plans, it is really important to understand that, in somewhere like Cumbria, where we have a resident population of less than 500,000, with tiny proportions of unemployed in the main tourism areas, businesses will fail without that level of low-skilled support, as well as other levels of skills.”⁴¹⁸

62. Of considerable concern to the agriculture sector is the availability of seasonal workers post-Brexit. In September, the Home Secretary, The Rt Hon Sajid Javid MP, announced a two-year pilot programme to allow for the recruitment of 2,500 non-EU migrants a year to alleviate an anticipated shortage of seasonal workers after Brexit. Speaking at the nFU Conference on 19 February 2019, the Secretary of State noted that this scheme “has the potential to expand as the market requires in the future”.⁴¹⁹

63. The nFU, quoting figures from Defra, told us that there are 476,000 people employed on agriculture holdings in the UK, of which an estimated 67,000 are seasonal workers. The nFU believes this figure is a significant underestimate and that the horticulture sector alone needs 80,000 seasonal workers per year. The vast majority of agricultural seasonal workers currently come from the EU.⁴²⁰

64. George Dunn referred to the pilot seasonal agricultural workers scheme as “a good start” but noted that it “falls a long way short” of what is needed.⁴²¹ Minette Batters also saw it as a positive step but told us that the numbers in the pilot did not match demand.⁴²²

414 [Q 154](#)

415 [Q 154](#)

416 Written evidence from nFU ([REC0077](#))

417 [Q 114](#)

418 [Q 118](#)

419 Rt Hon Michael Gove MP, ‘A World To Win’: Speech to national Farmers Union, 19 February 2019: <https://www.gov.uk/government/speeches/a-world-to-win> [accessed 15 April 2019]

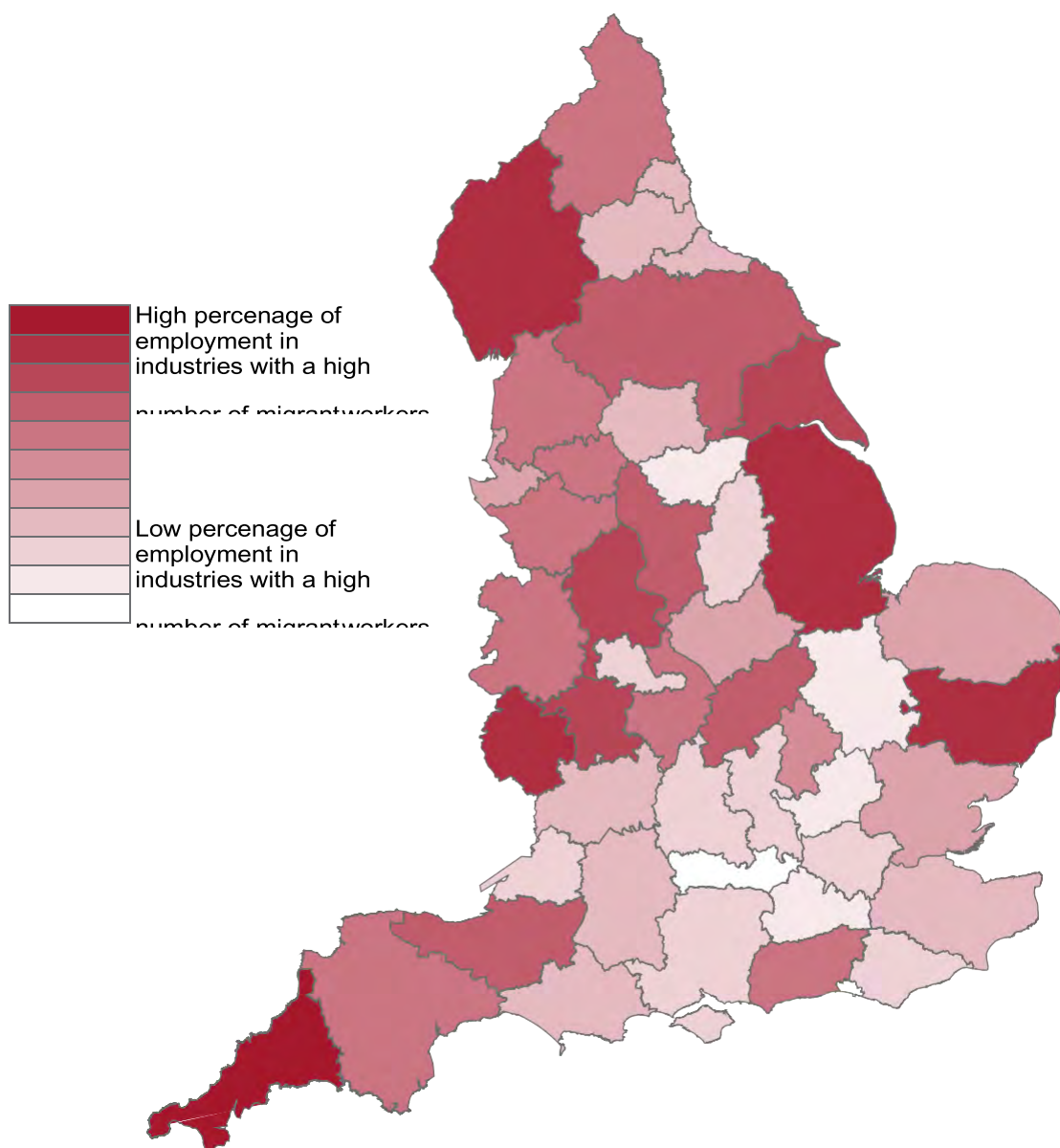
420 Written evidence from nFU ([REC0077](#))

421 [Q 154](#)

422 [Q 154](#)

65. The Government's post-Brexit immigration proposals should be monitored to ensure that the employment needs of rural businesses, particularly for seasonal work, do not suffer.

Figure 24: Map showing the exposure of England's 47 strategic authority areas to a post-Brexit Labour shortage



Source: Written evidence from County Councils Network ([REC0133](#))

Rural business support

66. In this section we turn our attention to the issue of rural business support, looking at access to advice, rural growth networks, business and rural rate relief policies, challenges around diversification, and access to finance.
67. Business support was a frequent theme of evidence. York, north Yorkshire and East Riding LEP described business support as “more complicated in rural areas” with businesses having to be more resilient and self-sufficient due to their geographic isolation.⁴²³ Prof Phillipson told us that a lot of

423 Written evidence from York, north Yorkshire and East Riding LEP ([REC0138](#))

business support measures “can almost implicitly disadvantage rural businesses because of their small size and dispersed distribution” and that it is common for rural firms to perceive, rightly or wrongly, that business support services are there for urban-based, higher growth, larger businesses, and not for them.⁴²⁴

68. Despite the challenges, many of our witnesses saw reasons to be optimistic about the prospects of rural businesses and saw plenty of potential growth areas. Several witnesses cited positive examples of rural business support arising from LEADER funding (see Chapter 2). Others, for example the Local government Association, saw scope to improve exports and foreign direct investment for rural businesses by reforming the institutional landscape to make it less complex for businesses and investors.⁴²⁵ We have already noted elsewhere in this chapter that we welcome the goal of the Food and Drink Sector Deal to improve exports.

Access to advice

69. Witnesses told us that access to advice and sharing of good practice was important for supporting rural businesses. Cheshire West and Chester Rural growth Board, an independent body which was set up to provide advice to the council on how best to invest in and support rural economic growth and development, noted that offering specialist advice to help identify alternative ways of operating or making changes to improve efficiency can make the difference between survival and going out of business.⁴²⁶
70. Anna Price, Director and Co-Founder of the Rural Business group, told us that many rural small businesses do not necessarily know where to go to get support and can be turned off by too much “red tape”.⁴²⁷ Ribble Valley Borough Council cited a survey commissioned by Defra in 2013 which found that access to government business support programmes “may be improved if information and advice on how to apply for support is proactively provided... by a stable set of intermediaries”.⁴²⁸ A revitalised and digitised Market Towns Initiative (as discussed in Chapter 3) might play an important intermediary role in providing better access to business support for rural companies.

Rural growth networks

71. Rural growth networks (Rgns) were a pilot project which ran from October 2012 to September 2015, with £12.5m in funding from Defra and £1.6m from the government Equalities Office. Delivered through LEPs, the pilots were set up in response to the Rural growth Economy Review which identified barriers to rural economic growth.⁴²⁹ Five Rgn pilots were established—in Cumbria, Heart of the South West (Devon and Somerset), north East, Swindon and Wiltshire, and Warwickshire. Rgns were not rolled out more widely following the project but some projects funded by the Rgns continue.

424 [Q 25](#)

425 Written evidence from the LgA ([REC0103](#))

426 Written evidence from Cheshire West and Chester Rural growth Board ([REC0147](#)) 427 [Q 162](#)

428 Written evidence from Ribble Valley Borough Council ([REC0152](#))

429 Department for Environment, Food and Rural Affairs, 'Rural economy growth review' (29 november 2011):
<https://www.gov.uk/government/publications/rural-economy-growth-review> [accessed 15 April 2019]

72. The Centre for Rural Economy told us that Rgns were “a successful pilot ... that demonstrated practical ways in which the growth potential of rural businesses could be enabled via networks of Rural Enterprise Hubs”.⁴³⁰ An evaluation of the Rgn pilots stated that they achieved most success in terms of improving business support, networking and training opportunities, and that they also increased the stock of business accommodation focused on start-ups and micro-enterprises.⁴³¹
73. The Rgn in the north East is an exception in that it is the only Rgn that was awarded continuation funding after the Rgn pilots ended. Richard Baker from the north East LEP explained to us that £6 million had been invested into a rural growth network programme via their local growth Deal allocation. growth Deals are a partnership between the government and LEPs where the government will respond to offers made by LEPs for initiatives to boost growth. Community Action northumberland referred to the north East Rgn as “a great success”, noting particularly its Rural Business Support Programme.⁴³²
74. Rural Growth Networks offer a promising way of ensuring that attention is given to rural economic growth and support. It is disappointing that this programme has not been rolled out more widely.
- 75. *More local authorities should be encouraged to include the establishment of, and funding for, Rural Growth Networks in their Growth Deals.***

Business rates and rate relief

76. Witnesses raised two main concerns with regard to business rates: the high cost of rates and eligibility for rate relief.
77. Broadly speaking, business rates are calculated by multiplying the rateable value of a business property by a multiplier (expressed as pence per pound). There are two multipliers: the standard multiplier and a small business multiplier, the former being higher. Local authorities are responsible for collecting business rates and are able to retain a portion of the rates collected (retention of business rates is discussed in Chapter 3).
78. A revaluation of rateable values for calculating business rates was introduced from April 2017. Although there is a transitional scheme in place to support businesses affected by the revaluation, witnesses expressed concern about the burden rates place on rural businesses. The Countryside Alliance told us that “many small businesses” had faced rate rises by “as much as 300 per cent”, with businesses requiring a lot of space such as riding stables and garden centres being particularly affected.⁴³³
79. The Association of Convenience Stores expressed concern about the calculation of rateable value for convenience stores attached to rural petrol forecourts. Convenience stores operating on a forecourt face a rateable value calculation are based on turnover. This compares to other convenience stores whose rateable value is calculated on the size of the premises, in the

430 Written evidence from Centre for Rural Economy ([REC0100](#))

431 Written evidence from East Riding of Yorkshire Council ([REC0034](#))

432 Written evidence from Community Action northumberland ([REC0049](#))

433 Written evidence from the Countryside Alliance ([REC0112](#))

same way as other business premises. The Association told us that this made rateable values significantly higher for convenience stores attached to petrol forecourts compared to other stores.

80. Some witnesses also felt that the current system fails to take account of the wider role that some rural businesses play in providing essential services and amenities to their local community. For example, we heard from Pub is the Hub that, although some rural pubs host the last remaining village store and post office or run community events, these are not factored into decisions on calculating rates or determining eligibility for relief.⁴³⁴
81. Rate relief for rural businesses is offered via business rate relief or rural rate relief.⁴³⁵ On the whole, small business rate relief and rural rate relief schemes were welcomed as policies that aid the viability of rural businesses. For example, South Lakeland District Council praised small business rate relief as “a genuine positive initiative that is well received”.⁴³⁶ However, some evidence indicated that the current rate relief system still does not take proper account of the challenges of rurality.
82. Small business rate relief is available to businesses whose property’s rateable value is less than £15,000 and where the business only uses one property.⁴³⁷ Businesses receive 100 per cent rate relief for properties with a rateable value of £12,000 or less. Properties with a rateable value between £12,000 and £15,000 face a rate of relief that is graduated from 100 per cent to 0 per cent.
83. Businesses are eligible for rural rate relief if they are located in a rural area with a population below 3,000 and it is either the only village shop or post office, with a rateable value of up to £8,500, or the only public house or petrol station, with a rateable value of up to £12,500.⁴³⁸ Under current law rural rate relief is 50 per cent. However, in practice it is 100 per cent. This is because the government agreed from 2017–18 to offer 100 per cent relief and to compensate authorities for revenue foregone via a section 31 grant.⁴³⁹ The Local government Finance Bill 2017 included a provision to set rural rate relief at 100 per cent but the bill failed to get approved before the 2017 general Election was called and has not been re-introduced.
84. Many rural businesses operate in a different context, and with different challenges, to businesses in larger towns and urban centres. While rural rate relief and small business rate relief reflect these challenges to an extent, more could be done to reflect the challenges of rurality in business rate design.
- 85. *The Government should review the impact that the revaluation and current multiplier levels for business rates are having on rural businesses, particularly stables and garden centres. There is also an urgent need to review the impact of small business and rural rate***

434 Written evidence from Pub is the Hub (REC0085)

435 There are other forms of reliefs both mandatory and discretionary but here we are only focussing on small business and rural rate relief schemes.

436 Written evidence from South Lakeland District Council (REC0148)

437 When a business acquires a second property, they can keep getting any existing relief on the main property for 12 months and even after this if none of the other properties have a rateable value above £2,899 and the total rateable value of all properties is less than £20,000 (£28,000 in London). See: HM government, ‘Business rates relief’: <https://www.gov.uk/apply-for-business-rate-relief/small-business-rate-relief> [accessed 15 April 2019].

438 Written evidence from Defra (REC0146)

439 Local government Finance Act 2003, [section 31](#)

relief provisions on rural pubs, local shops and other businesses that may be providing essential services and amenities to the local community beyond their primary commercial activity.

Diversification

86. According to the Farm Business Survey results for 2017/18, the latest figures available, 66 per cent of farm businesses in England had some diversification activity in that year, an increase of 2 per cent from 2016/17. The main diversified activity is letting out buildings for non-agricultural use. Total income from diversified activities in 2017/18 was £680 million, an 8 per cent increase from 2016/17 (£620 million). Diversified enterprises accounted for 22 per cent of total farm business income in 2017/18 (£3,090 million), although there is wide variation between farms.⁴⁴⁰
87. We heard that diversification, particularly of farm businesses, has become much more common in recent years and has changed the nature of farm management. nFU Mutual, which insures around three quarters of farms in the UK, stated that many of its customers were looking at diversification as a way of increasing their revenues and protecting their businesses from market volatility.
88. However, we also heard of barriers to turning an idea for diversification into a reality. nFU Mutual told us that “not all farmers are well-equipped to plan, introduce and manage diversification”.⁴⁴¹ Christopher Price of the CLA and Rebecca Burton of the national Trust told us that farmers often need support to get a business diversification idea off the ground.⁴⁴²
89. George Dunn of the Tenant Farmers Association noted that there are often restrictions within tenancy agreements that prevent tenant farmers from diversifying their business. He told us that tenant farmers should have the right “to service a notice on their landlord to say they want to do something outside the scope of their tenancy agreement for public goods purposes or for diversification purposes, so long as the landlord has the opportunity to make a reasonable objection”. He acknowledged that this may require a change in the law.⁴⁴³ When debating the Agriculture Bill in November 2018, the government agreed that tenancy reform is needed including in relation to tenancy agreements and announced that it was working on a draft consultation on tenancy law in follow up to recommendations made by the Tenancy Reform Industry group in 2017.⁴⁴⁴

440 Department for Environment, Food and Rural Affairs, ‘Farm Accounts in England: Results from the Farm Business Survey 2017/18’, 13 December 2018, pp 18–19: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/763943/fbs-farmaccountsengland-13dec18.pdf [accessed 15 April 2019]

441 Written evidence from nFU Mutual ([REC0118](#))

442 [Q 37](#) (Christopher Price) and [Q 116](#) (Rebecca Burton) 443 [Q 159](#)

444 HC Public Bill Committee, 20 November 2018, [col 532](#)

Box 21: Diversification case studies: Bolesworth Estate and Caplor

Bolesworth Estate is a rural enterprise that includes farming, property, leisure and tourism, including the Cheshire Ice Cream Farm which operates from one of the Bolesworth sites and is a farm-based attraction which hosts Europe's largest ice cream parlour. This attraction employs over 70 people and supplies 1,000 pubs, restaurants and retail units throughout the UK and is one of the ten most visited free to enter sites in England.

Caplor is a third-generation family business based on a 300-acre family farm. Farming is now mostly outsourced to contractors, and there is a property business with multiple residential and property lets and a letter agency business in South Wales. Caplor's commercial focus is as regional market leader in renewable energy installation, mostly commercial but also some residential. Its main focus is Solar PV, and also offers other renewable solutions and consultancy. One of Caplor's branches is an independent charity which has been running since 2014 and which works with other NGOs with a focus on supporting organisations and developing capacity in leadership and management.

Source: Written evidence from Rural Solutions Limited ([REC0043](#)) and Appendix 6: Notes from Committee visit to Herefordshire, Wednesday 12 September 2018

90. We also heard that diversification can give rise to complex taxation issues. The law firm Mills & Reeve explained to us that agricultural property relief (APR) and business property relief (BPR) were the two main tax relief options for diversified farms. APR only applies to agricultural property while BPR applies to interests in, or assets used in, a predominantly (more than 50 per cent) trading business. It noted that, from a commercial perspective, it would usually make sense for a typical landed estate comprising agricultural land, a portfolio of let residential properties and various diversified activities—from weddings and events to letting land for a solar or renewable energy farm—to set up as a predominantly trading business so that it can qualify for BPR. However, it noted, this may be at odds with how the business is run in practice if, for example, different family members are responsible for different parts of the business. Mills and Reeve noted that complex tax arrangements can “put off” business owners from diversifying into activities that might be treated as ‘investments’ because this “may lead to the business becoming a predominantly investment business which does not qualify for BPR. We heard that succession planning for farms can also run into pitfalls around inheritance tax and capital gains tax.⁴⁴⁵
- 91. Existing tax arrangements are complicated for farmers and small businesses (including sole traders) to navigate, and can also impose real financial disincentive to investing in diversification. The situation is even more difficult for tenant farmers, who may also be prevented from diversifying their businesses due to restrictions in their tenancy agreements. The Government should investigate whether the current tax system is putting off farmers and rural small businesses from investing in diversification with regard to both complexity and financial disincentives. As part of its review into tenancy agreements, the Government should also address restrictions on tenant farmers that may prevent diversification.**

445 Written evidence from Mills & Reeve ([REC0205](#))

Access to finance

92. Very few businesses can thrive and grow in the long term without access to finance. In this regard rural businesses have been particularly hard hit by the closure of rural banks, which often provided a direct route for businesses to contact a bank manager who would be able to offer finance with a particular awareness of local and rural contexts. With the loss of rural branches, such rural knowledge and accessibility is in decline, creating challenges for rural businesses that wish to grow and invest.
93. We are reaching a tipping point for the cashless society. While this may present opportunities for rural economies in the future, for the time being it may risk penalising some rural dwellers, at least for as long as digital connectivity and digital skills in rural areas lag behind. In March 2015 the banks published an Access to Banking Protocol which reaffirms the banks' collective commitment to financial inclusion and included a section covering the process surrounding closure decisions, including the need for community engagement and an impact assessment of the closure on the community, on branch users and on available alternatives. An independent review of the Access to Banking Protocol published in 2016 found that although efforts were being made by banks, there was room for further improvement in the way banks communicated and their engagement with customers and stakeholders. Following the review, a new Access to Banking Standard was published in 2017 outlining a commitment for improved engagement with customers on decisions to close branches.⁴⁴⁶
94. It was suggested that the Post Office in some cases can fill the gap left by banks. Citizens Advice noted the importance of post offices in delivering services to small businesses. It stated that 39 per cent of rural small businesses use a post office at least weekly compared with 33 per cent in urban areas, while 74 per cent of rural small businesses use a post office at least monthly compared with 65 per cent in urban areas.⁴⁴⁷
95. Bank closures have also meant the loss of ATMs in rural areas. In some cases, rural shops have filled this gap with 44 per cent of rural shops providing a free to use cash machine.⁴⁴⁸ However the Association of Convenience Stores explained to us that reductions to interchange fees (from 25 cents to 23.75 cents in July 2018 and to 22.5 cents on 1 January 2019), servicing costs, cash replenishment, business rates and other expenses around maintaining a cash machine, undermine their commercial viability.⁴⁴⁹ In January 2019, the UK cash machine network, LInK, announced that they would introduce an extra payment for companies operating free-to-use ATMs in remote locations and commissioned an independent review into access to cash which published its final report in March 2019. Among its proposals was a 'guarantee to Cash Access' for all, including those in remote and rural areas.⁴⁵⁰

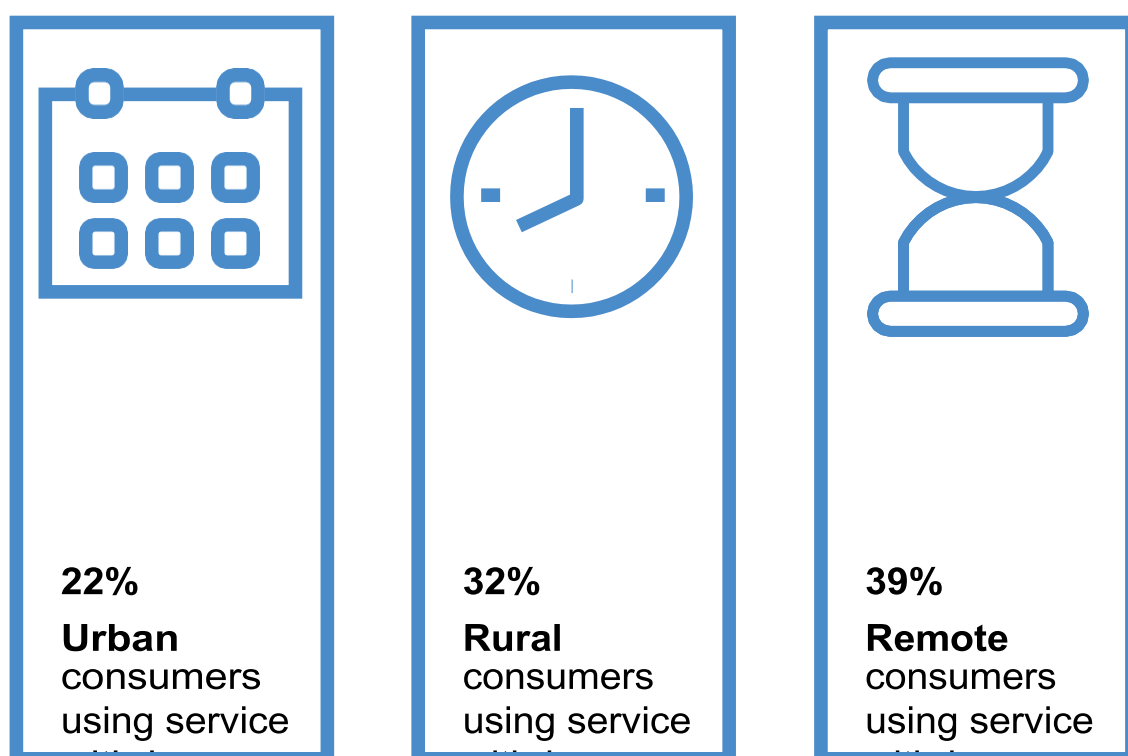
446 House of Commons Library, Bank branch closures, Briefing Paper, [Sn00385](#), 19 October 2018

447 Written evidence from Citizens Advice ([REC0110](#))

448 Association of Convenience Stores, *The Rural Shop Report 2019* (27 February 2019): https://www.acs.org.uk/sites/default/files/acs_ruralshopreport2019_d7_v2_14.02.19_aw_ol_lr_spreads.pdf [accessed 15 April 2019]

449 Written evidence from Association of Convenience Stores ([REC0150](#))

450 Access to Cash Review, *The Access to Cash Review: Final Report*, March 2019: <https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf> [accessed on 15 April 2019]

Figure 25: Cash withdrawal levels in urban, rural and remote areas

Source: Written evidence from Citizens Advice ([REC0110](#))

96. Defra informed us that it supports the Post Office Banking Framework Agreement, which enables 95 per cent of small business customers to carry out everyday banking at Post Office branches, over half of which are in rural areas.⁴⁵¹ Citizens Advice expressed concern, however, that post offices were not always suitable to provide basic banking services. It recommended that government should undertake research to assess consumer access to, and satisfaction with, banking services at post offices.⁴⁵²
97. Around 98 per cent of the post office network is run by Sub-Postmasters, mostly individual independent business people. Sub-Postmasters often run post office services within their existing shop as part of their wider offer. The national Federation of Sub-Postmasters told us that “banking transactions can be labour intensive and time consuming for Sub-Postmasters and the amounts paid for these transactions are very poor”. Individual banks pay Post Office Ltd to perform transactions and Post Office Ltd in turn pays Sub-Postmasters for each transaction performed. Its observational research indicated that Sub-Postmasters are paid less than £2 per hour (well below the national Minimum Wage) for business banking transactions, which “doesn’t even come close to covering the costs of delivering these services”. The national Federation also noted that Sub-Postmasters are still limited in the range of transactions they can offer and that “the banks have not been forthcoming in their support for post offices delivering banking services”.⁴⁵³ We also note that an increased reliance on local shops to take on banking and post office roles comes with an increased risk of crime and greater need

⁴⁵¹ Written evidence from Defra ([REC0146](#))

⁴⁵² Written evidence from Citizens Advice ([REC0110](#))

⁴⁵³ Written evidence from national Federation of Sub-Postmasters ([REC0040](#))

for security for those businesses as they are more likely to hold cash on the premises.

98. Anna Price of the Rural Business group told us that for some small and micro businesses in rural areas, very small amounts of loan funding can go a long way, but that access is a barrier.⁴⁵⁴ James Alcock of the Plunkett Foundation told us that a similar problem existed for community businesses where a majority of government-funded loan schemes tend to go to “much bigger-scale community-owned projects” while smaller scale projects such as a village shop or pub get overlooked.⁴⁵⁵
99. It was suggested that the Shared Prosperity Fund could incorporate a funding stream for awards of direct finance to rurally located businesses. Ruby Peacock of the Federation of Small Businesses advocated creating a small loan system using funds from the Shared Prosperity Fund “that you could put LEPs in charge of, so they are able to offer small government loans to businesses in those areas that traditionally struggle with access to finance”.⁴⁵⁶ The Rural Services network also supported establishing a dedicated business support programme as part of the Shared Prosperity Fund.⁴⁵⁷
100. Although the closure of bank branches in rural areas has reduced opportunities for face-to-face banking, rural businesses still need access to bespoke financial support as well as loans to grow and diversify their business. The withdrawal of commercial operators from rural locations has left some businesses increasingly reliant on the Post Office network, which will not always meet the needs of businesses. This makes it all the more important for LEPs and Councils to provide information on sources of finance to help rural businesses meet their business banking and financial needs.
101. ***Access to cash is an essential service for businesses, including access to out of hours deposit mechanisms such as can be provided by cash machines. Government must review the availability of ATMs in rural areas and in particular the sustainability of the current costs, including costs for security measures, for rural businesses hosting these machines and taking on banking functions in cases where bank closures have also led to the closure of bank operated cash machines.***
102. ***Banks should agree an increase, to a realistic level, in the fees that they pay for cash withdrawal and deposit transactions carried out on their behalf through the Post Office network. Post Office Ltd should then ensure that a sufficient proportion of those fees are passed on to individual post offices, so that those running them are properly remunerated for the effort involved. There should also be ongoing monitoring of the Access to Banking Standard to ensure it is being effectively implemented by the banking industry.***
103. ***The Shared Prosperity Fund should be a source of financial support for rural businesses looking to grow and invest, and it is to be***

⁴⁵⁴ [Q 163](#)

⁴⁵⁵ *Ibid.*

⁴⁵⁶ [Q 171](#)

hoped that the Government treats access to finance as a priority when it consults on the shape of the Shared Prosperity Fund. Local authorities and LEPs should also be proactive in advising rural businesses as to where financial assistance and advice can best be sourced in rural areas.

104. LEPs and local authorities should work together to provide 'portals' where sources of finance for rural enterprise may be listed.

105. Business support measures should be embedded in Local Industrial Strategies to enable targeted approaches to rural business support, based around local circumstances and identified needs. This would include measures to promote and improve access to finance, which is a particular area of concern for rural businesses in light of widespread rural bank branch closures.

Case studies for effective business support

106. Rural tourism and the arts and creative sector provide two examples of sectors within the rural economy for which addressing the issues of skills and business support could lead to significant growth. We discuss these sectors in turn below, highlighting their current and potential worth to rural economies and outlining measures which could support them as they grow in size and importance.

Support for rural tourism

107. Tourism was identified as a major and growing contributor to rural economies. VisitBritain estimates that tourism is worth around £11.5 billion to the rural economy.⁴⁵⁸

108. Many of our witnesses were optimistic about the potential to grow rural tourism. Stevens and Associates, a tourism consultancy, said that tourism has the potential to impact positively on the economy of all rural communities, including in the remote peripheral areas of the UK".⁴⁵⁹ Arts Council England told us that there was real potential for the cultural sector to contribute to rural tourism growth.⁴⁶⁰

109. The national Trust told us that heritage tourism has a lot to offer rural economies, noting that most of their historic houses and mansions are in rural settings. They also noted that heritage sites such as castles are a popular draw for international visitors.⁴⁶¹ Historic England also saw the potential of sustainable, heritage related rural tourism.⁴⁶²

458 [Q 114](#) (Patricia Yates)

459 Written evidence from Stevens and Associates ([REC0051](#))

460 Written evidence from Arts Council England ([REC0151](#))

461 Written evidence from national Trust ([REC0116](#))

462 Written evidence from Historic England ([REC0099](#))

Figure 26: Heritage sites such as castles can attract visitors from far afield and help sustain and grow rural economies



Source: Meria Geoian, "North side of Orford castle with tree square turrets, Suffolk": https://commons.wikimedia.org/wiki/File:Orford_castle_14-10_MH-GB_8622.jpg [accessed 3 April 2019] (CC BY-SA 4.0)

110. We also heard that the tourism sector is negotiating a Sector Deal with the government. The priorities for a tourism sector deal include:

- A 10-year tourism and hospitality and skills campaign to boost recruitment, skills and longer-term careers, providing the industry with the workforce it needs;
- Boosting productivity by extending the tourism season year-round and increasing global market share in the business visits and events sector;
- Increasing inbound visits from more markets by 2030 by making it easier for overseas and domestic visitors not only to travel to the UK but explore more of it; and
- Creating 'tourism zones' to build quality tourism products that meet visitors' needs and expectations, extending the tourism season and fixing localised transport issues to improve the visitor experience.⁴⁶³

111. Witnesses expressed hope that a tourism Sector Deal would provide more systematic and consistent support to the sector. One part of this Deal that was perceived as particularly important was the policy of tourism zones, which according to Cumbria Tourism would require LEAs, Local Authorities and Destination Management Organisations (DMOs) to "work together to make

⁴⁶³ VisitBritain, 'A sector deal for UK tourism': <https://www.visitbritain.org/sector-deal-uk-tourism> [accessed 15 April 2019]. The Sector Deal bid proposes that five tourism zones would be piloted over five years.

plans that deliver on productivity against key performance indicators”.⁴⁶⁴ As in other cases, the current performance of LEPs in relation to rural tourism was seen as inconsistent.

112. In terms of challenges for growing rural tourism, it was noted that public funding for tourism promotion was significantly constrained, particularly since the abolition of the Regional Development Agencies. Cumbria Tourism stated that while it and its tourism promotional role was almost exclusively commercially funded, private sector investment continued to be challenging because urban tourist locations naturally had more and larger private sector chains and businesses which would be willing to provide funding.⁴⁶⁵
113. Echoing comments elsewhere in the report about the interlinkage of business and provision of essential services, the national Trust emphasised that improving local infrastructure was essential to supporting rural tourism.⁴⁶⁶ Historic Houses told us that “there is still a lack of basic travel infrastructure and information sharing between public transport and tourist destinations that deters both domestic and inbound tourists from visiting rural attractions”.⁴⁶⁷ Gill Haigh told us that transport and digital connectivity were critical to attracting tourists and ensuring that they enjoyed their visit, as well as for attracting people to live and work in the area.⁴⁶⁸
114. We also heard that more needs to be done to promote tourism as a career development option. Patricia Yates of VisitBritain told us that too often jobs in tourism were viewed as being short term and that it was crucial to do more to promote career paths within the sector.⁴⁶⁹
115. To be successful, rural tourism needs promotion. Once established, those Tourism Zones which include rural areas will need to address the issue of attracting funding for the promotion of rural tourism in their areas.
- 116. The Tourism Sector Deal has potential to provide a more consistent and systematic support to the rural tourism sector. It is important that this deal be rural proofed and its implementation monitored in rural areas in particular.**
- 117. Where appropriate, tourism support should be a key part of local industrial strategies, and LEPs covering areas with notable rural tourist sectors should have a particular focus on the sector’s economic importance and potential. There should be more focus by LEPs on tourism as a rural career option.**

Support for rural creative industries

118. Finally, we heard evidence on another rural business sector with great potential but in need of further support, that of rural arts and creative industries. Prof Jeremy Phillipson described the creative industries in rural areas as “a particularly important source of growth” for the rural economy.⁴⁷⁰ CaDRE (Creative and Digital Rural Economy), a coalition of rural NGOs,

⁴⁶⁴ [Q 121](#) (gill Haigh)

⁴⁶⁵ [Q 115](#) (gill Haigh)

⁴⁶⁶ Written evidence from national Trust ([REC0116](#))

⁴⁶⁷ Written evidence from Historic Houses ([REC0142](#)) ⁴⁶⁸

[Q 114](#)

469 [Q 118](#)

470 [Q 24](#)

universities and rural arts and media organisations, stated that the creative rural sector is currently estimated to be contributing around £2 billion gross Value Added (gVA) per annum to the national economy.⁴⁷¹

119. Prof Claire Wallace of Aberdeen University noted that “creative industries have been very predominant in rural areas” but that they were particularly dependent on strong connectivity to advertise their products, and would sometimes leave rural areas because of the lack of good quality connections.⁴⁷² Prof Melanie Welham of UKRI stated that there is a creative industries cluster being supported through the Industrial Strategy Challenge Fund, which is seeking to engage with small rural businesses in the creative sector.⁴⁷³

Box 22: Rural Creative Industries: Barrington Court, Somerset

The national Trust told us about an investment it had received through LEADER funding to support development of farm buildings in Barrington Court, Somerset. The funding helped the Trust to convert part of the old farm buildings into new workspaces for a “creative cluster”, with five independent artisan workshops specialising in a range of crafts including carpentry, textiles, pottery, woodcarving and jewellery.

The national Trust stated that “this adds a new element to our visitor experience, supports local artists and traditional skills, and makes great new use of old buildings, bringing them back to life and helping to preserve them for the future”.⁴⁷⁴

120. Arts Council England stated that “many rural destinations rely upon the cultural offer as a fundamental of their tourist economy”. It noted in particular that basing a destination’s offer on culture supports good jobs as “evidence indicates that jobs in the cultural sector attract higher pay and have higher skill levels than in the economy as a whole”.⁴⁷⁵ It set out some of the challenges faced by the cultural sector in rural areas, including the impact of demographic and socio-economic changes, limited employment opportunities and reductions in local government support for culture.⁴⁷⁶

471 Written evidence from CaDRE ([REC0108](#))

472 [Q 177](#)

473 [Q 243](#)

474 Supplementary written evidence from national Trust ([REC0181](#))

475 Written evidence from Arts Council England ([REC0151](#))

476 *Ibid.*

Box 23: Rural arts: The Rural Diversity Network

Arts Council England cited The Rural Diversity network (RDn) as an example of good practice in rural arts. Set up by Cornwall Museums Partnership in 2017, it is part of its Arts Council supported Change Makers programme, and was established to raise awareness of geographic exclusion and “to balance cultural policy that is currently heavily centred on the visible diversity of big cities”.

Arts Council England stated that:

“Through online awareness raising and events such as Rethinking Diversity in Rural Regions, in January 2017, and Unlock the Rock, co-organised with Tate St Ives in March 2018, the network aims to provide a voice, another view and campaigning for equity of cultural opportunity based on Defra’s guidance of rural proofing. RDn currently has 55 members from across the UK and internationally. Any member can use the umbrella of RDn to start new collaboration, create their own campaigns and events that promote rural diversity”.

Source: Written evidence from Arts Council England ([REC0151](#))

121. CaDRE stated that “there has, as yet, been no strategic government, public, Arts Lottery or private sector investment support targeted specifically to the creative rural economy sector”. It argued also that the rural creative sector had not received fair access to Arts Lottery funding, and cited a report from Professor John Holden in 2012 stating that:

“it is clear that there has been a strong and ongoing tendency for arts and cultural policy and funding over the past ten-fifteen years to be overwhelmingly preoccupied with the discourse of urbanism and in primarily serving the needs of the urban creative industries and post-industrial urban regeneration”.

It called for the establishment of a creative and digital rural economy strategic investment programme to help the sector fulfil its potential.⁴⁷⁷

122. This argument was supported by Kate Bramley of the Badapple Theatre Company based in rural north Yorkshire. She stated that the creative arts can have a significant positive impact in rural areas including through promotion of volunteering and social inclusion, diverse mental health benefits for older people participating in local events, support for community venues and local business, and a stronger sense of place and belonging through shared culture.
123. She stated, however, that “since the closure of Yorkshire Forward some years ago there is no dedicated business support that rural businesses like ours can access for free, and the proportion of dedicated arts funding to urban centres far outweighs the tiny amount of support for rural areas ... any proportional support that can come from government that resets the balance away from London-centric and urban spending cannot come too soon for us and the communities we serve”.⁴⁷⁸
- 124. It is clear that the creative and arts industries in rural areas already contribute a significant amount to the rural economy and also have wider positive impacts in supporting rural businesses**

⁴⁷⁷ Written evidence from CaDRE ([REC0108](#))

⁴⁷⁸ Written evidence from Kate Bramley ([REC0168](#))

and communities, as well as supporting high-quality jobs. We also recognise that they have potential to grow further and make an even bigger contribution to rural economies.

125. Arts Council England and other public arts and creative sector funders should ensure that rural communities receive an equitable share of their future investments. This should include a strategic investment programme for the creative rural economy to help fulfil its potential. There should also be a wider review of other measures necessary to ensure the potential of rural creative industries is achieved.

CONCLUSIONS AND RECOMMENDATIONS

Chapter 6: Access to skills and rural business support

1. We welcome the Industrial Strategy's emphasis on skills, research and innovation and its support for Sector Deals. We see potential for Sector Deals to help boost the rural economy provided they are properly rural proofed and successfully implemented. There is a lot in the Industrial Strategy that is very relevant to rural businesses with the potential to provide a real boost for productivity and growth. (Paragraph 441)
2. We particularly welcome the development of local industrial strategies, which will be crucial for ensuring that rural needs are part of the wider plans for local delivery. We stress the need for all local industrial strategies to be fully rural proofed. (Paragraph 442)
3. The Business Productivity Review has the potential to genuinely help rural businesses tackle low productivity and find solutions to boost their businesses. given that so many SMEs are based in rural areas, it is essential that the Review make rural considerations paramount and that it too should be rural proofed. (Paragraph 443)
4. Bus routes remain an essential service for people needing to access education and training. We would encourage education institutions, local authorities and bus service providers to cooperate on exploring public transport solutions for getting students to local education institutions. (Paragraph 451)
5. Although we recognise the concern of bus service providers, we still see merit in initiatives such as "Wheels to Work" and training. government should work with LEPs and local authorities in seeking to reinvigorate these types of programmes, with a focus on securing longer-term funding and more comprehensive coverage for people needing to access employment and education. (Paragraph 452)
6. The current criteria of the apprenticeship scheme often favour large firms, making it difficult for rural small businesses to host apprentices. government should review the funding arrangements of the Apprenticeship Levy to make it easier for small businesses to engage. (Paragraph 468)

7. There are opportunities to support new land-based apprenticeships and a further increase in the amount of Apprenticeship Levy that may be transferred from large to small firms should be considered. (Paragraph 469)
8. We agree that the current skills system is too centralised and that the dilution of funding streams over multiple government departments is unhelpful. In this regard, devolution of funding for skills training is welcome and we are encouraged by the possibility for change through the development of local industrial strategies and the establishment of Skills Advisory Panels. (Paragraph 478)
9. There should be particular focus on rural skills within local industrial strategies. This could include improvements to the accessibility of training,

measures to support rural apprenticeships, and schemes to make further education options more accessible. For this purpose, Skills Advisory Panels must have sufficient influence within LEPs. (Paragraph 479)

10. We see potential in the proposed Skills Advisory Panels. In conducting their analysis on local skills and labour market needs, Skills Advisory Panels should also seek to:
 - Address careers guidance as part of their remit, not least to point to the changes in land-based occupations which now require higher skills and offer good career opportunities;
 - Provide guidance on pathways for potential students, trainees, apprentices and employers explaining the range of funding streams available. This would help to overcome the complexities of the current system and before rationalisation—which we think should happen—is introduced;
 - Identify ways in which rural businesses can be linked more closely to schools, colleges and universities and for these groups to collaborate more effectively when designing courses; and
 - Improve remote access to further education college courses. (Paragraph 480)
11. The government's post-Brexit immigration proposals should be monitored to ensure that the employment needs of rural businesses, particularly for seasonal work, do not suffer. (Paragraph 488)
12. Rural growth networks offer a promising way of ensuring that attention is given to rural economic growth and support. It is disappointing that this programme has not been rolled out more widely. (Paragraph 497)
13. More local authorities should be encouraged to include the establishment of, and funding for, Rural growth networks in their growth Deals. (Paragraph 498)
14. Many rural businesses operate in a different context, and with different challenges, to businesses in larger towns and urban centres. While rural rate relief and small business rate relief reflect these challenges to an extent, more could be done to reflect the challenges of rurality in business rate design. (Paragraph 507)
15. The government should review the impact that the revaluation and current multiplier levels for business rates are having on rural businesses, particularly stables and garden centres. There is also an urgent need to review the impact of small business and rural rate relief provisions on rural pubs, local shops and other businesses that may be providing essential services and amenities to the local community beyond their primary commercial activity. (Paragraph 508)
16. Existing tax arrangements are complicated for farmers and small businesses (including sole traders) to navigate, and can also impose real financial disincentive to investing in diversification. The situation is even more difficult for tenant farmers, who may also be prevented from diversifying their businesses due to restrictions in their tenancy agreements. The government should investigate whether the current tax system is putting

off farmers and rural small businesses from investing in diversification with regard to both complexity and financial disincentives. As part of its review into tenancy agreements, the government should also address restrictions on tenant farmers that may prevent diversification. (Paragraph 514)

17. Although the closure of bank branches in rural areas has reduced opportunities for face-to-face banking, rural businesses still need access to bespoke financial support as well as loans to grow and diversify their business. The withdrawal of commercial operators from rural locations has left some businesses increasingly reliant on the Post Office network, which will not always meet the needs of businesses. This makes it all the more important for LEPs and Councils to provide information on sources of finance to help rural businesses meet their business banking and financial needs. (Paragraph 523)
18. Access to cash is an essential service for businesses, including access to out of hours deposit mechanisms such as can be provided by cash machines. government must review the availability of ATMs in rural areas and in particular the sustainability of the current costs, including costs for security measures, for rural businesses hosting these machines and taking on banking functions in cases where bank closures have also led to the closure of bank operated cash machines. (Paragraph 524)
19. Banks should agree an increase, to a realistic level, in the fees that they pay for cash withdrawal and deposit transactions carried out on their behalf through the Post Office network. Post Office Ltd should then ensure that a sufficient proportion of those fees are passed on to individual post offices, so that those running them are properly remunerated for the effort involved. There should also be ongoing monitoring of the Access to Banking Standard to ensure it is being effectively implemented by the banking industry. (Paragraph 525)
20. The Shared Prosperity Fund should be a source of financial support for rural businesses looking to grow and invest, and it is to be hoped that the government treats access to finance as a priority when it consults on the shape of the Shared Prosperity Fund. Local authorities and LEPs should also be proactive in advising rural businesses as to where financial assistance and advice can best be sourced in rural areas. (Paragraph 526)
21. LEPs and local authorities should work together to provide 'portals' where sources of finance for rural enterprise may be listed. (Paragraph 527)
22. Business support measures should be embedded in Local Industrial Strategies to enable targeted approaches to rural business support, based around local circumstances and identified needs. This would include measures to promote and improve access to finance, which is a particular area of concern for rural businesses in light of widespread rural bank branch closures. (Paragraph 528)
23. To be successful, rural tourism needs promotion. Once established, those Tourism Zones which include rural areas will need to address the issue of attracting funding for the promotion of rural tourism in their areas. (Paragraph 538)
24. The Tourism Sector Deal has potential to provide a more consistent and systematic support to the rural tourism sector. It is important that this deal be

rural proofed and its implementation monitored in rural areas in particular. (Paragraph 539)

25. Where appropriate, tourism support should be a key part of local industrial strategies, and LEPs covering areas with notable rural tourist sectors should have a particular focus on the sector's economic importance and potential. There should be more focus by LEPs on tourism as a rural career option. (Paragraph 540)
26. It is clear that the creative and arts industries in rural areas already contribute a significant amount to the rural economy and also have wider positive impacts in supporting rural businesses and communities, as well as supporting high-quality jobs. We also recognise that they have potential to grow further and make an even bigger contribution to rural economies. (Paragraph 547)
27. Arts Council England and other public arts and creative sector funders should ensure that rural communities receive an equitable share of their future investments. This should include a strategic investment programme for the creative rural economy to help fulfil its potential. There should also be a wider review of other measures necessary to ensure the potential of rural creative industries is achieved. (Paragraph 548)