

## How Local Enterprise Partnerships can maximise their contribution to UK productivity by including rural businesses

December 2019

The purpose of this paper is to make the case that the overall economic performance of your Local Enterprise Partnership (LEP) will be improved if all businesses in your area are properly supported – large and small, urban and rural.

This can only be achieved if your Local Industrial Strategy (LIS) gives equal weight to the businesses in rural places that support the overall economic performance of your LEP.

### At a glance

<p>Urban and rural businesses do not work in isolation. They support and trade with each other.</p> <p>Rural places are home to 24% of businesses in England, employing 3.6 million people<sup>1</sup>.</p> <p>Rural businesses generate 16% of GVA in England, worth £246bn, which is the same as the country's ten leading cities outside London.</p>	<p>Rural businesses are diverse in type and have the potential to deliver even more, but they face a small number of particular challenges – digital connectivity, employment, access to services and infrastructure.</p> <p>These challenges can be reduced and overcome by LEP actions and policies.</p>	<p>This paper makes the case that the overall economic performance of your LEP will be improved if:</p> <ul style="list-style-type: none"> <li>(i) Policies in your LIS help overcome the rural challenges, and</li> <li>(ii) Facilitate better links and relationships between urban and rural businesses in your area.</li> </ul>
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<sup>1</sup> Defra. [Rural proofing. Practical guidance to assess impacts of policies on rural areas](#). March 2017.

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### 1. Introduction

The majority of people in England live in and businesses operate from urban areas. However, they would not be able to operate in the same way without the surrounding rural areas to support them. Many people commute from towns to work in rural places. Many urban businesses rely on rural businesses for goods and services to enable them to operate. Those rural businesses are often highly innovative – often more so than their urban counterparts<sup>2</sup>.

The interconnectedness of urban and rural areas goes beyond business. They are interdependent for food production; public services; waste management; reducing flood risk; clean water supplies; capturing and storing carbon dioxide; and generating and storing energy. Rural places are also important contributors to the quality of life, well-being and leisure pursuits of both rural and urban citizens alike<sup>3</sup>.

These relationships already work well but they could work even better. For example, the Zero Carbon Humber partnership<sup>4</sup> is a new initiative which will boost the economic performance of the whole area, provide jobs and deliver clean growth. Wessex Water runs a groundwater catchment management scheme which pays farmers to prevent the pollution of drinking water supplies; it saves Wessex Water money on water treatment and provides an economic boost to farmers<sup>5</sup>.

To enable this to happen, all relevant policies and proposals within a LIS should work as well for businesses operating in rural areas, which face a different set of challenges to urban businesses. The challenges are not insurmountable – on the contrary, they can be easy to overcome if they have been considered.

#### The challenges facing businesses operating in rural places

Digital connectivity	Many rural places do not have reliable, business-suitable broadband or mobile <sup>6</sup> .
Employment	The variety of employment opportunities, availability of people with the right skills, and access to training can be lower in rural areas.
Access to services	Distance, weaker transport links and low population density make providing and accessing services more difficult and expensive. There are smaller benefits from agglomeration <sup>7</sup> .

<sup>2</sup> The UK Longitudinal Small Business Survey (LSBS), commissioned by BEIS, shows that the economic performance of rural firms has at least matched, and in measures such as innovation and access to finance, outshone that of firms in urban areas in England outside London.

<sup>3</sup> See Monitor of Engagement with the Natural Environment (MENE) headline report 2019, pages 9 – 11.  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/828552/Monitor\\_Engagement\\_Natural\\_Environment\\_2018\\_2019\\_v2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/828552/Monitor_Engagement_Natural_Environment_2018_2019_v2.pdf)

<sup>4</sup> <https://www.zerocarbonhumber.co.uk/>

<sup>5</sup> <https://www.wessexwater.co.uk/environment/catchment-management/groundwater>

<sup>6</sup> According to Ofcom's Connected Nations 2017 report almost a fifth of rural premises cannot access a basic 10 Megabit per second (Mbps) internet connection. Satisfaction with internet coverage is lowest amongst businesses located in remote rural areas and amongst people whose jobs require them to travel. Rural England and SRUC estimate that UK GVA could increase by at least £12 billion per annum if digital constraints in rural areas were overcome (March 2018).

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Infrastructure	The Federation for Small Business's rural members cite improved infrastructure as their priority. Whether transport or broadband, infrastructure is an enabler that allows all of the other things to happen, including international linkages and opportunities.
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Future UK funding is expected to be aligned with the local economic priorities in LISs, so it is vital that they are adequately targeted, from the largest to the smallest businesses, to emphasise the importance of rural economy activity and to ensure that rural economies are not allowed to fall even further behind major urban economies.

All LEP and Combined Authority areas are developing LISs to demonstrate how their areas will raise productivity. The rationale for places developing LISs is to:

- Ensure a long-term strategy for raising productivity in places, based on clear evidence and aligned to the national Industrial Strategy.
- Set out long-term, clearly defined priorities for **how cities, towns and rural areas will maximise their contribution to UK productivity**.
- Allow places to make the most of their distinctive strengths.
- Support better coordination of economic policy at the local level and ensure greater collaboration across boundaries.
- Inform local choices, prioritise local action and help to inform LEPs approach to any future local growth funding deployed through them.

The government expects the needs, challenges and opportunities of rural businesses and communities to be properly considered in LISs, as there should be detailed local consultation.

### How you can achieve this in your LIS

Ensure that smaller businesses operating in rural places are adequately represented within LEP boards and committees. An effective way of doing this is to have a separate rural board that reports to the main board.

Ensure that your LIS has properly considered how to maximise the potential of all businesses, including smaller and rural ones, by testing each of your proposals with the government's 'rural proofing checklist'<sup>8</sup>.

<sup>7</sup> Local Government Association. The future of non-metropolitan England. Moving the conversation on. [Interim report](#). June 2018.

<sup>8</sup> Rural proofing is about understanding the impacts of policies in rural areas. It ensures that these areas receive fair and equitable policy outcomes. There is a concise and well-established four-stage process to achieve this objective, that includes a 9-point checklist. The purpose of doing this is to set appropriate targets, outcomes, or goals on what the policies in rural areas are supposed to achieve. A starting point would be to agree whether there is a social and political commitment to maintaining the environmental and social fabric of the rural areas and writing down what it is. See Defra. [Rural proofing. Practical guidance to assess impacts of policies on rural areas](#). March 2017 and Shortall, S. [To Rural Proof or Not to Rural Proof: A Comparative Analysis](#). Politics and Policy. 2016.

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### How to rural proof:

#### 1. Understand the situation:

- Do you have evidence to support your understanding about the current situation in your rural areas?
- Do you have access to the views of rural stakeholders?

#### 2. Define the outcome:

- What is the outcome to be achieved?
- What will constitute fair treatment in your rural areas? Rural communities do not expect the same level of service as urban ones, but they do expect to be treated fairly.

#### 3. Develop and appraise the options:

- Do your LIS objectives encompass your rural areas?
- Do the necessary delivery mechanisms exist in your rural areas?
- What steps can be taken to achieve fair rural outcomes?

#### 4. Implementation and monitoring:

- Understand it will cost more to deliver LIS objectives in rural areas.
- Record and monitor actions taken in your rural areas.
- Learn lessons from actions taken in rural areas to inform future delivery.

### Rural proofing checklist – suggested actions:

1. **Ensure the needs of smaller businesses are specifically addressed.**
2. **Use small area data** to identify social, economic and environmental differences that need to be accounted for in the policy.
3. Engage with rural stakeholders and their networks so you can **gather evidence and test your proposals.**
4. Look at **alternative means of providing and accessing the services in rural areas**, e.g. through community involvement.
5. **Reduce the need to travel by using outreach**, mobile services or localised delivery.
6. Consider **better integration or improvement of transport links.**
7. Allow local delivery bodies flexibility to find the best local solution(s); **avoid a ‘one-size-fits-all’ approach.**
8. **Use the rural networks and meeting points that exist**, for example post offices, village halls, parish notice boards.

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### 2. The economic landscape outside urban areas

As part of evidence gathering, LEPs should look across their whole area and consulting all businesses, including smaller ones outside urban areas, to gain a better insight into their economy.

Outside towns and cities, the national picture is<sup>9</sup>:

NUMBERS OF BUSINESSES	TYPE OF BUSINESSES	PEOPLE
<b>24%</b> or 544,000 businesses are located outside towns.	They are <b>diverse in type</b> – and include large, high-tech businesses. It is not just agriculture, fisheries and forestry!	There are <b>more businesses per person</b> in rural areas than in urban areas.
They contribute <b>16%</b> (£246 billion) of England's economy in GVA.	Rural businesses <b>tend to be smaller</b> (70% have 9 employees or fewer and 18% are sole traders).	Responsible for <b>13% of total employment</b> (3.6 million people). 71% of employees within rural areas are employed in SMEs.
	They <b>tend to invest less</b> in capital per employee than urban businesses (£5,100 in predominantly rural areas, compared with £5,300 in predominantly urban areas excluding London and £6,500 in London).	<b>21% work from home</b> (compared with 13% in urban areas). This cuts travel, which contributes to the Clean Growth Grand Challenge <sup>10</sup> .
	Matching analysis shows <b>rural firms are as innovative (for product and process) as their urban counterparts</b> <sup>11</sup> .	<b>33% are homeworkers in rural hamlets so good connectivity is vital.</b>

Given appropriately focussed support, rural businesses have the potential to contribute significantly towards the ambitions of the Industrial Strategy.

By understanding the rural economy in your area and providing specific support through your LIS, you will enable thriving, vibrant rural communities and businesses for the benefit of all.

<sup>9</sup> Defra. Statistical Digest of Rural England. September 2019.

<sup>10</sup> Defra. Statistical Digest of Rural England. April 2018.

<sup>11</sup> [Drivers of rural business productivity - evidence and reflections](#). Professor Matthew Gorton, Rural Enterprise UK, Newcastle University. Presentation at the Rural Enterprise UK event on Industrial Strategy: Progressing Rural Contribution, held at Newcastle University on 27th March 2019.

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### CASE STUDY: Optare - an urban manufacturer goes rural<sup>12</sup>

Optare is the world's 4<sup>th</sup> largest bus builder. It set up a new factory in a rural location in 2011, combining activities from three sites in Leeds, Manchester and Rotherham. One of the benefits to employees is less commuting time. The factory employs 360 people in total. The firm has invested £90m across the business to date.

It is easy to gather the evidence you need to understand how your economy works and what the priorities for action are. However, to date, many LEPs have not sufficiently taken into account the issues in their rural areas<sup>13</sup> although there are some notable exceptions such as Cumbria, Coast to Capital, Enterprise M3, Greater Lincolnshire and Heart of the South West LEPs. Reducing the potential contribution of rural areas to the wider economy is an opportunity missed.

DEFRA has provided LEPs with statistical information on their individual areas, by the categories in the table below and by urban and rural classifications. Contact Matt Willcock ([matt.willcock@defra.gov.uk](mailto:matt.willcock@defra.gov.uk)) for the data and further information:

BUSINESSES	PEOPLE
Business numbers and employment by type of industry <sup>14</sup>	Population by age profile
	Deprivation in terms of income, employment and education
Productivity by Gross Value Added (GVA) and employment, compared with similar LEPs	Earnings, compared with similar LEPs
Broadband speed and availability	Accessibility to employment centres, schools, doctors, hospitals, food and city centres

The Local Government Association has also produced a concise report on how to produce a successful LIS, which includes a useful section on developing an evidence base<sup>15</sup>.

<sup>12</sup> Future of Mobility. Graham Belgium, President of Optare PLC Presentation at the Rural Enterprise UK event on Industrial Strategy: Progressing Rural Contribution, held at Newcastle University on 27th March 2019.

<sup>13</sup> <https://research.ncl.ac.uk/ruralenterpriseuk/events/industrialstrategyprogressingruralcontribution/presentationsandsummary/>

<sup>14</sup> A CPRE survey of Local Enterprise Partnerships' approach to the environment and rural economy <https://www.cpre.org.uk/resources/next-steps-for-leps/>

<sup>15</sup> Sectoral analysis can help to target 'horizontal' policies, such as skills and employment training programmes and identify local strengths to facilitate coordination with national interventions.

<sup>15</sup> Local Government Association. [Developing Successful Local Industrial Strategies](#). June 2019.

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Some LEPs have recognised the importance of good evidence for the whole of their areas and approached it in a number of ways:

### Examples of good practice on rural evidence

The [South East Midlands LEP \(SEMLEP\)](#) has examples of evidence gathering on its web site.

The [South of Scotland Economic Partnership \(SoSEP\)](#) was created in part as a recognition of the weakness of evidence.

The [South West Rural Productivity Commission](#), supported by four LEPs, generated relevant evidence for its rural areas.

The [Cambridgeshire and Peterborough Independent Economic Commission \(CPIER\)](#) report has had meaningful engagement with rural issues and has put forward some recommendations for growing the agricultural industry.

The **Coast to Capital LEP** commissioned a consultant to gather rural evidence to feed into the development of its LIS, e.g. more construction and manufacturing businesses in rural areas and fewer IT businesses.

## Metrics

Rural businesses and communities deliver more than economic goods and services, yet many of the measures used just focus on economic outcomes, including those for the Industrial Strategy.

LEPs should use some additional metrics to assess the contribution of rural places to the four Grand Challenges, for example the contribution of rural areas to developing natural capital.

This will result in a different assessment of '*what success looks like*' that fully reflects the contribution of the whole LEP area. It will enable LEPs to show the full contribution that rural places make to the LEP area, and to design policies, for example in housing, services and transport infrastructure which have an impact on employment, quality of life and home working opportunities.

Good practice is to involve rural stakeholders in the collection of the evidence base and development and implementation of the LIS. This would include NGOs and those from 'hard to reach' communities.

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### Metrics that reflect rural areas

House prices<sup>16</sup>: Average house prices are £44,000 higher in rural areas than urban areas (2017). Housing is less affordable in predominantly rural areas, where lower quartile (the cheapest 25%) house prices are 8.3 times greater than lower quartile annual earnings (2016).

Options for those on low incomes seeking social rented housing are typically limited in small rural settlements. Only 8% of households in villages live in social housing. By contrast, 19% of households in urban settlements live in social housing. There is a need for the right housing tenure at the right cost.

Second homes and holiday lets often add to rural housing market pressures, especially in popular tourist areas and can form a large proportion of housing stock in some local authority areas e.g., 15% of houses on the Isles of Scilly are second homes and 10% in North Norfolk.

Access to services: The Department for Transport published statistics in 2014 on the minimum travel time by public transport / walking to reach the nearest eight key services, such as schools (primary and secondary), healthcare (GP and hospital), employment, food store and town centre.

The average minimum access times ranged from 21 minutes from 'town and fringe' to 58 minutes for hamlets and isolated dwellings in sparsely populated areas.

The average public transport / walking time was nearly double in rural compared to urban areas.

<sup>16</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/485222/jts-access-2014.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/485222/jts-access-2014.pdf)  
(page 4)



### 3. The Grand Challenges and rural areas

Rural places can make significant contributions to addressing the four Grand Challenges within the Industrial Strategy. But to do this, there is a need to change the mind-set of decision makers to recognise the positive contributions rural places can make, including social benefits<sup>17</sup>. Rural areas provide the foundations of quality of place and contribute to inclusive growth.

The government has identified some of the opportunities below:

#### Artificial Intelligence and Data Economy

- Hyper-digital connectivity will contribute to the solutions to many of the UK's major social and economic challenges. This is one of the most significant opportunities to raise productivity as rural areas cannot reach their full potential due to currently poor broadband and mobile coverage in many areas. To achieve this, public investment must be assessed on a long-term basis.
- The way our food is produced, processed and sold must be made more efficient if national climate change targets are to be met. Agricultural technology (or agri-tech) has already been identified as a priority sector, with a particular focus on research and development (or R&D) to transform food production and cut waste using AI and robotics.
- AI and data is one of the keys to productivity growth, and will benefit rural businesses just as much as urban ones.

#### Ageing Society

- The ageing society provides both opportunities and threats for rural economies.
- Rural areas are already home to a greater proportion of older people, and this trend is expected to continue. Rural areas can offer an ageing population many of the things they want – high quality and accessible health and leisure services as well as employment.
- Rural areas would prefer to be seen as places where solutions to ageing populations can be developed or tested, but jobs to support ageing populations are often low productivity ones such as in social care.
- The National Innovation Centre for Ageing is driving innovation and business partnerships for the North.

#### Clean Growth

- Rural places have a major contribution to make here – in fact, towns and cities depend on rural areas to make them liveable, in terms of delivering natural capital and ecosystem services such as enough clean water, reducing air pollution, flood risk management and storing carbon. Urban areas benefit from these services and currently do not fully recognise (or pay) for them.

<sup>17</sup> <https://research.ncl.ac.uk/ruralenterpriseuk/events/industrialstrategyprogressingruralcontribution/>

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- There are significant new opportunities for rural businesses to provide:
  - Low carbon energy, produced and stored locally, and distributed through smart grids.
  - Food that is produced sustainably by efficient farmers, and at the same time improving the countryside for everyone to enjoy.
  - Carbon storage in natural sinks like soils, hedgerows and trees to help implement the net zero carbon agenda.
  - Green building materials such as timber for structural use and fittings, and plant and wool fibres for insulation.
  - Valuable therapeutic services such as using the natural environment for care farming and social prescribing.
  - Circular economy gains like growing woodlands for sustainable energy from biomass and anaerobic digestion; this also reduces waste from forestry, cuts the need to move fuel to where it will be used and reduces reliance on fossil fuels.

### Future of Mobility

- Greater connectivity will increase productivity and can support home working and so reduce need for and expense of daily travel.
- It can also provide better access to services as well as safer, more inclusive transport and new jobs. The Transforming Cities Fund is available to help improve connections between cities and commuter areas, including rural routes.

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### 4. Ideas to incorporate into your Local Industrial Strategy:

The following table provides some ideas, or ‘food for thought’, that can be included in your LIS. We have used the five foundations of the Industrial Strategy to order the ideas – business environment, ideas, people, places and infrastructure. We have emboldened key points.

	Subject	Ideas to incorporate into your Local Industrial Strategy
BUSINESS ENVIRONMENT	The business environment	<p><b>Publish the evidence</b> of the contribution of rural areas to the economic performance in your LEP area.</p> <p><b>Produce a vision</b> for how the ‘rural contribution’ can grow over the next 10 years, including the actions and milestones needed to deliver it.</p>
	Local integration and inclusive economies	<p>The LEP, business organisations and forums should be able and committed to <b>represent all businesses in all places</b>. This should inform all aspects of LEP work on the Industrial Strategy.</p> <p><b>Ensure that rural businesses are adequately represented</b> within LEP boards and committees. An effective way of doing this is to have a separate rural board which reports to the main board and represents a diversity of rural businesses from micro / small to large.</p>
	Business networks	<p>There is currently a lack of capacity in rural business networks. LEPs can <b>encourage better networking and collaboration between businesses</b>. This can help spread best practice, support technology demonstrators and hands-on business support as well as aid development of new products and services.</p> <p>Not all the support required is about technology or requires significant investment. Managerial capacity in smaller firms can be limited, and poor processes can become embedded over time. Providing perspective on how processes could be improved can therefore make an important difference.</p> <p>Current networks include the Local Enterprise Partnerships (LEPs) Rural Group, Scotland’s Rural Enterprise Roundtable, English regions’ Farming and Rural Networks, and more local networks such as the East Riding of Yorkshire Rural Partnership and Leicestershire Rural Partnership.</p>
	Business growth and support	<p>Business support programmes for micro, small and medium-sized enterprises will be vital post-Brexit, particularly if a LIS is encouraging more businesses to develop overseas markets or attract foreign investment.</p>

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		<b>Set out in your LIS the actions needed to encourage business growth and exploit best practice</b> , for businesses from small to large.
	Productivity (agricultural and rural)	<p>The business people who run some of the farms in your LEP are among the most entrepreneurial.</p> <p>The successor arrangements for the EU Common Agricultural Policy, with the government's 25-Year Environment Plan, present an opportunity to consider the future of land use and to better join-up funding streams related to agriculture and other forms of land management with the broader operation of the rural economy.</p> <p><b>New businesses in rural places should be encouraged, as well as encouraging businesses to diversify.</b></p> <p>The LEP should review <b>what actions could be most effective in improving the productivity and growth of micro, small and medium-sized businesses</b>, including how to address the 'long tail' of lower productivity businesses.</p>
	Trade policy and supply chains	<p>The design of future sub-national export support programmes must be rural-proofed<sup>18</sup>.</p> <p><b>Identify the opportunities to further develop local and UK supply chains</b>, such as supply chain collaboration from producer to processor to retail, and to develop new food products and add value.</p>
IDEAS	Research and development	<p>Encourage and <b>facilitate connections between businesses and further and higher education institutions</b> to support business innovation.</p> <p>Promote and <b>encourage businesses in your LEP to take part in the £725m Industrial Strategy Challenge Fund programmes</b>, to assist them to capture the value of innovation.</p>
PEOPLE	Skills and knowledge transfer	<p>Raising business productivity is not exclusively the preserve of technology investment or larger companies. Smaller companies can achieve significant increases in their productivity through better processes, and through improving how they sell their products.</p>

<sup>18</sup> Local Government Association. The future of non-metropolitan England Moving the conversation on. [Interim report](#). June 2018.  
 Local Government Association. The future of non-metropolitan England The freedom to lead local places. [Final report](#). June 2019.

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		<p>LIS' can <b>put in place effective programmes to raise skills awareness</b>. A number of LEPs are starting to work collaboratively to develop digital skills partnerships to improve businesses skills, such as the West Midlands Local Digital Skills Partnership.</p> <p>Approaches are needed within skills strategies to <b>support rural firms to recruit, retain and develop skilled staff and apprentices</b>, such as skill share schemes and collaboration among firms in meeting their recruitment gaps<sup>19</sup>. Your LEP may want to take part in the new National Retraining Scheme that supports people to re-skill.</p> <p>Any support for skills by LEPs should also consider how to provide good quality jobs across their areas so people do not have to move for work (e.g. the <a href="#">Work Local</a> approach) and particular support for young people in terms of workforce retention, training and retraining.</p> <p>Explore the role that <b>further and higher education institutions can play in developing skills and a better trained workforce</b>.</p>
	Rural apprenticeships	Consider how to <b>encourage rural businesses to take on more apprentices</b> , who will provide a skilled labour supply in the future.
	Ageing population	LEPs can promote enterprise, including community enterprise, as a response to an ageing population and challenges of mobility of goods, services and people. LIS' should recognise the vital community or service values that owners of many small rural businesses seek to provide.
PLACES	Local decision making and institutional structures	<p>There needs to be meaningful sub-regional devolution of many Industrial Strategy measures. This builds on the importance of its places foundation<sup>20</sup> around which, for rural areas, there needs to be greater evidence, understanding and activity.</p> <p>This needs to be accompanied by local solutions and local delivery. <b>LISs imply local delivery, not just local planning, so more capacity is needed to enable local 'place'-defined delivery of priorities.</b></p>

<sup>19</sup> Employment as a percentage of the working population (aged 16-64 years) in 2018 was 75% in urban areas and 79% in rural areas as a whole, but slightly lower in 'rural in a sparse area' at 76%. In 2018 the unemployment rate overall in rural areas was 2.6% and is lower than urban settlements (4.5%), but the opportunity to access work should be available to all.

<sup>20</sup> <https://www.gov.uk/government/publications/industrial-strategy-the-foundations/industrial-strategy-the-5-foundations#places>

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		<p>There is value in retaining, adopting or extending the existing community-led model of Local Action Groups and Fisheries Local Action Groups for identifying local priorities and then making local decisions<sup>21</sup>.</p> <p>Experience and achievements in rural areas have demonstrated that community-led local development, for example through LEADER, has delivered good value-for-money, as well as proper local level understanding. <b>Incorporating Local Action Group and Fisheries Local Action Group representatives into LEPs will embed their local knowledge and expertise.</b></p>
	Broadband and mobile connectivity <sup>22</sup>	<p>Every LIS should be working towards <a href="#">full Gigabit connectivity</a> for all businesses and residents<sup>23</sup>, <b>setting out how the government's 'outside-in' approach (by connecting rural areas first, to connect the hardest to reach 20%) can achieve this.</b></p> <p>There is a need for awareness raising and training support for all businesses, but especially rural ones, to understand the opportunities afforded by better digital connectivity.</p> <p>LEPs should <b>objectively assess whether mainstream government programmes are likely to deliver the improvements in connectivity that their rural businesses and areas need</b> and, if not, develop alternatives. A number of rural areas have used innovative ways to improve their connectivity, rather than through mainstream government programmes e.g. <a href="#">B4RN</a>; <a href="#">WiSpire</a>.</p>
	Housing and planning	<p>Planning policies in local plans and strategies should promote mixed and balanced communities and workforces in rural areas. The policies should support rural businesses to innovate, diversify, develop and grow to deliver sustainable economic development. This will provide good quality jobs, improve local skills and services and community well-being and contribute to maintaining the character and productivity of the rural environment.</p> <p><b>Vibrant rural communities need a greater supply of affordable housing, available in perpetuity, to meet</b></p>

<sup>21</sup> <https://research.ncl.ac.uk/ruralenterpriseuk/events/industrialstrategyprogressingruralcontribution/>. Locality. Powerful communities, strong economies. Final report. November 2017. This report concluded that not only do local organisations have the skills and capacity to deliver public services, there are huge benefits to the local economy when they do.

<sup>22</sup> <https://www.gov.uk/government/publications/rgc-programme-key-information>

<sup>23</sup> Ofcom report December 2018 <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2018/getting-rural-areas-connected>.

## How LEPs can maximise their contribution to UK productivity by including rural businesses

		<p><b>the needs of the local workforce.</b> Affordable housing is vital to retain a younger workforce in rural areas, as well as to maintain their diversity, vitality and services.</p> <p><b>All new housing in rural areas must deliver net gain to biodiversity</b> and enhance the special natural and built heritage environments of rural communities.</p> <p>So LEPs should work with their local authorities and other stakeholders to secure genuinely affordable high quality housing to meet local needs by ensuring that targets for affordable housing are met.</p>
	Tourism	<p>A national Tourism Sector Deal is currently being developed and creates an opportunity for economic growth. In rural places, the tourism sector can be very fragmented. Yet it is often the quality of the natural and built heritage in rural areas that is the cornerstone of tourism businesses. LISs should <b>support local initiatives to reduce the fragmentation through collaboration, joint marketing, and business support programmes.</b></p> <p>LISs should support initiatives to enhance and improve the quality of natural and built heritage assets and visitor infrastructure to deliver sustainable growth. The national sector deal should be rural proofed to ensure it addresses the challenges facing rural tourism. Whilst not everywhere is lucky enough to have a National Park, Cumbria demonstrates the value a large visitor economy can have<sup>24</sup>.</p>
	Environment	<p>The UK is one of the most environmentally degraded countries in the world. The government, and many local authorities, have formally recognised both the climate and environmental crises the whole of society faces. <b>A high quality countryside and natural environment is vital for public well-being and is an integral part of a strong and resilient rural economy.</b></p> <p>The LEP can ensure that the way land is used and managed benefits residents and the local economy: from ensuring greater resilience to flooding, improving air quality, restoring functioning ecosystems that support food production and wildlife, to supporting areas to be attractive places to live, work and visit.</p> <p>LISs should <b>ensure that their environmental impact has been fully considered, quantified and that they</b></p>

<sup>24</sup> <https://www.cumbriotourism.org/what-we-do/research/economic-impact-of-tourism/>.



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		<p><b>are based on the natural capital principles accepted by the government</b> in its 25-Year Environment Plan:</p> <ul style="list-style-type: none"> <li>• There should be a net environmental gain from all development so there is no more overall reduction in natural capital assets.</li> <li>• All five of the environment principles in the 25-Year Environment Plan are adopted, including that all policies should be based on a polluter pays principle.</li> </ul>
INFRASTRUCTURE	Transport and connectivity	<p>Ensure that your LIS has considered how <b>all places it covers can have the quality of transport they need</b> (in terms of frequency, accessibility and cost) to support your ambitions for economic prosperity and social cohesion. It should take into account the need to work towards net zero carbon and sustainable forms of transport, including transport of light and heavy goods.</p> <p>The LEP should <b>support the rapid transition to electric vehicles, through supporting applications to install charging infrastructure.</b></p>
OVERALL		<p>Commission an <b>annual economic outlook to independently measure economic performance across all types and size of business in your LEP area.</b> This would match central government's commitment<sup>25</sup>.</p>

<sup>25</sup> [Ministry of Housing, Communities and Local Government. Strengthened Local Enterprise Partnerships. July 2018.](#)