



Spending Review 2021

REMEMBER RURAL

RELEASE OPPORTUNITY: REMOVE BARRIERS

A submission to H.M. Treasury by the Rural Services Network

Contents

Chapter	Subject	Page
1	Preface	3
2	Executive Summary	7
3	HM Treasury Priorities and Rural Asks for Each	9
	RSN Theme 1: Support for Rural Public Services	9
	RSN Theme 2: Seize the Opportunities from Rural Economies	12
	RSN Theme 3: Remove Connectivity Barriers	17
	RSN Theme 4: Support Affordable Rural Housing	19
	RSN Theme 5: Harness Opportunities from Energy Infrastructure and Renewables	21
	Delivering on the Plans for Growth for an Infrastructure and Innovation Revolution	22
	Appendices – Funding Disparity Graphics	23
	Spending Power	
	Adult Social Care	
	Council Tax	
	Discretionary Spend	
	Towns Deals and Future High Streets Fund	

1. Preface

The Rural Services Network (RSN) is the national champion for rural services representing 114 Rural Principal Councils, 234 Rural Market Towns, 75 Rural Health and Care Providers, and over 240 rural private and voluntary sector organisations.

RELEASE OPPORTUNITY: REMOVE BARRIERS. In this submission to H M Treasury, we demonstrate the case for support and investment into the rural areas of England to release opportunity, strengthen the UKs economic recovery from COVID-19 and level-up economic opportunity across England. Each of the asks in our submissions need urgent attention in the rural context - front-end loaded - in the period covered by the 2021 Spending Review.

There is a common thread running through this submission and the opportunities and constraints identified.

We assume that Levelling Up will apply equally to rural areas as well as other parts of the Country. Councils will be at the heart of achieving the levelling up objectives of the

Government in rural areas and are keen to step into the space of levelling up and play their full part. However, without fair funding rural councils will not have the capacity to do so (including the lack of capacity to engage in competition for funds and the lack of ability to meet match funding requirements). To enable the Government's ambitions to be achieved requires long term planning with funding certainty for rural councils to plan and deliver with confidence.

Rural areas want to help the Government achieve its objectives and call for support from Government and its agencies to do so.

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

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

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

We recognise the financial challenges facing the Government and stress that we are, in the main **seeking a fairer distribution of national resources to rural areas and more nuanced policy to reflect the rural context – not huge amounts of more money per se.**

The formulae for the distribution of all national resources must fully reflect the additional costs faced by rural services providers in rural areas to achieve outcomes similar of those in urban areas. Those additional costs are

far more than just travel related. Our case is for equitable treatment for rural areas, communities and businesses.

The recent announcements in relation to Adult Social Care and the promised White Paper have huge implications for rural Councils and the communities they serve. Unless those implications are fully addressed other services will suffer greatly and Council Tax payers in rural areas will have to pay a significant premium (already rural residents on average, pay for 37% of the cost of care in their area compared to 30% by their urban counterparts)

The RSN urges HM Treasury to ensure that the Spending Review and the proposals from other Government Departments which it supports take full account of the needs of rural areas, their economies and their communities. The impacts of any measures flowing from it must be both proportionate to rural areas and properly rural proofed. Local delivery is key to meeting the unique needs of rural areas, recognising each rural area has its own distinct local needs.

There is a wider context in which we make this submission. Rural areas must benefit from the important commitments

the Government has made to (1) level-up so that nowhere is left behind and (2) for the UK to become net zero for greenhouse gas emissions by 2050. Added to which is the existing Government commitment, from 2019, to develop its vision for rural England. That vision – which has not yet been set out by Government -needs to set out the desired outcomes, policy rationale, costs benefits and deliverability (including timescales).

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

Our Revitalising Rural: Realising the Vision campaign was launched on 1 March 2021 and distributed widely to Ministers and others across Whitehall, including the Treasury. The context for that document includes the need to close the productivity gap between rural and urban areas. That means supporting the creation of better paid

and more secure jobs in growing sectors of the economy. That, in turn, requires rural areas to have fast and reliable digital connectivity, a well-trained workforce, good transport networks, affordable housing and tailored business support, amongst other things.

It is no coincidence that the policy topics covered by the document map onto “the five foundations of productivity”, those foundations being: people, infrastructure, business environment, places, and ideas.

As stated, the RSN views two other significant policy drivers as being critical to revitalising rural areas. First, rural areas must be supported to level up. Many rural places have lost out, not least in terms of employment opportunities, key service provision, transport networks and affordable housing. Too often rural areas have been overlooked by policies which targeted large urban centres. On many policy agendas, rural areas are handicapped by public funding allocations that work against them.

Second, rural areas must be supported to contribute fully to the Government’s 2050 target for the country to become net zero for greenhouse gases. Whilst this target

has implications across the board, it must, in particular shape ambitious policies for housing, transport and energy production in rural areas.

Local delivery is the only way that the specific needs of rural places can be met and opportunities for growth harnessed. That should be a golden thread running through all Government policy proposals wherever possible. It should be the starting point and default position.

2. Executive Summary

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

The Rural Service Network’s “Asks”	HM Treasury Priorities				
	Strong and innovative public services	Levelling up to increase and spread opportunity and unleash the potential of places by improving outcomes UK wide where they lag	Leading the transition to Net Zero	Advancing Global Britain and seizing the opportunities of EU Exit	Delivering our Plan for Growth - delivering our ambitious plans for an infrastructure and innovation revolution and cementing the UK as a scientific superpower
1. Support for Rural Public Services	✓	✓	✓		✓
2. Seize the Opportunities from Rural Economies	✓	✓	✓	✓	✓
3. Remove Connectivity Barriers	✓	✓	✓	✓	✓
4. Support Rural Affordable Housing	✓	✓	✓		✓
5. Harness Opportunities from Energy Infrastructure and Renewables	✓	✓	✓	✓	✓

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

1. SUPPORT FOR RURAL PUBLIC SERVICES

Sub themes

- Funding Local Government Services
- Health and Wellbeing Services

2. SEIZE THE OPPORTUNITIES FROM RURAL ECONOMIES

Sub themes

- Levelling Up and UK Shared Prosperity Funds and actions
- Further Education, Training and Apprenticeships
- Business Advice and Guidance
- Rural Town Centres and High Streets

3. REMOVE CONNECTIVITY BARRIERS

Sub themes

- Broadband and Mobile Phone Connectivity
- Rural Transport and Access to Services

4. SUPPORT AFFORDABLE RURAL HOUSING

5. HARNESS OPPORTUNITIES FROM ENERGY INFRASTRUCTURE AND RENEWABLES

3. HM Treasury Priorities and Rural Asks for Each

RSN Theme 1: Support for Rural Public Services

Due to the long- standing underfunding of rural councils we see that for 2021/22

- **Urban areas will receive some 61% more per head in Settlement Funding Assessment grant than their rural counterparts**
- **Rural residents, on average, pay 19% (£96) more per head in Council Tax than their urban counterparts**
- **Rural residents fund 69% of their local government spending power through Council Tax, compared to 57% by urban residents**
- **Rural residents pay more, receive fewer services and on average earn less than those in urban areas**

A consequence of the above is that for 2021/22 urban authorities are budgeting to spend three times more per head on discretionary services than rural authorities can. Discretionary services include economic and community development, public transport support, support to culture and sport and support to voluntary and community support. The pandemic has shown how essential such discretionary services are to health (including mental health), wellbeing and the economy.

Additional support is urgently required to meet existing service pressures/unmet need as well as new duties. Increasing energy costs, employers National Insurance contributions and higher vehicle fuel cost (a huge feature of rural service costs) and general inflation are additional to the existing spending pressures referred to. If rural councils are required to divert exiting funding into 'Levelling-Up' activity then cuts will be needed across other service budgets.

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

Funding Local Government Services Policy Asks

The Government should take measures to:

- Ensure sufficient funding for rural local government to meet its spending pressures – including those which emanate from the Government’s reforms to the provision of Social Care.
- Urgently re-start its plans to implement the Fair Funding/Needs and Resources Review with a commitment within the SR that it will be implemented in 2023/24. In doing so the proposals must reduce (or even eliminate) the funding gap between rural and urban authorities (District, County and Unitary) within the SR period through funding formulae which fully reflect circumstances which impact on rural service delivery costs (and not just travel related costs).
- Ensure that the share of funding in future years received by rural local authorities increases. This might be either via the continuation of funding streams that benefit rural local authorities or the application of funding policy decisions that favour rural authorities.
- Continue specific funding for rural authorities both through Rural Services Delivery Grant (with a wider range of rural authorities benefitting) and via a specific sparsity indicator within the Settlement Funding Assessment – which we are concerned might be removed by the Fair Funding/Needs and Resources Review.
- Ensure that the redistribution of a net surplus from any resetting/phasing out of the Business Rate Retention Scheme or New Homes Bonus is fair to rural Councils.
- Introduce fair funding allocations for rural Police, Fire & Rescue and Public Health Services to properly reflect rural service needs and not utilise data to drive the formulae which is urban orientated.
- Ensure that the rural aspects of the Government’s proposals to address Social Care are fully reflected in short, medium and long-term funding terms. [Click here to see September 2021 joint report of the Rural Services Network and the County Council’s Network](#) on this matter.

Health and Wellbeing Services Policy Asks

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

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

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

Workforce and recruitment: Government and the NHS should ensure that delivery of the NHS Workforce Plan includes an explicit rural dimension and that a similar Plan for the Social Care Workforce is urgently developed and funded.

Adult Social Care: Ensure that the rural aspects of the Government's proposals to address Social Care are fully reflected in policy and implementation terms. Again, [click here to see September 2021 joint report of the Rural Services Network and the County Council's Network](#) on this matter.

There is much innovation in the ways local authorities and their partners consider service delivery. However, without fair funding for rural public services and the ability to fully reflect rural needs and circumstances, innovations in service delivery will be hampered. Removing connectivity barriers in rural areas is also necessary in this regard.

RSN Theme 2: Seize the Opportunities from Rural Economies

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

Levelling Up and UK Shared Prosperity Funds and Actions Policy Asks

Dedicated rural funding: Government should create a dedicated rural funding stream of a proportionate size within the overall UK Shared Prosperity Fund, with resources which are ring-fenced for use on rural support. A dedicated rural funding stream- flexible in its design - should retain the better features of the LEADER approach. It should be capable of supporting start-up business and existing businesses with growth potential, and it should be open to social and community enterprise.

Funding level and targeting: Government should commit to matching or exceeding the level of resources that rural areas of England formally received under EU programmes (through ERDF and ESF funds, as well as from rural-specific LEADER and EAFRD funds). Funding to rural areas must take account of the scattered nature of their needs and should avoid applying urban spatial targeting approaches (such as the Index of Multiple Deprivation). Click the following links to see the Pragmatix Advisory reports for the Rural Services Network (1) [Towards a Greener Green Book Process](#) (2) [Towards the UK Shared Prosperity Fund](#) and a summary report [Cultivating Rural Growth](#).

The key conclusions from the summary report are:

- The way in which Government allocates spending spatially is placing rural communities at a disadvantage and failing to unlock the opportunities they can offer to the nation as part of a digitised, decarbonised and decentralised modern economy
- Rural areas face the triple whammy of higher costs, lower funding and greater need but lack of economies of scale meaning delivery of rural services will likely cost more than in urban locations
- Despite this, public sector spending per head is higher in regions with a greater share of the population living in urban areas
- This urban-centric bias has a particularly acute impact on the rural regions with no major cities, that make up Britain's Leading Edge
- Considering Productivity, Standards of Living, Housing and Funding, we see:

Productivity	Standards of Living
<ul style="list-style-type: none"> • Industry mix in rural areas is constrained by limits of geography and scale • Rural jobs are less productive, even in key sectors like manufacturing and tourism 	<ul style="list-style-type: none"> • Lower wages and higher living costs squeeze rural living standards • Official statistics fail to capture rural poverty and low earners
Housing	Funding
<ul style="list-style-type: none"> • Beyond London, problems of affordability are most acute in rural areas, with key workers priced out of their communities • Building new affordable rural homes is essential to meet growing demand – and will help to boost public finances 	<ul style="list-style-type: none"> • Rural areas are in receipt of proportionally less Government funding • Appraisal mechanisms and priority frameworks favour urban locations • Focusing on real incomes should determine areas in need of ‘levelling up’

We also express significant concerns about the capacity of many rural councils and their local partners to fully engage in competition for funds and the weightings given in appraisal processes to the outcomes which can be achieved in rural compared to urban areas given the extra costs involved in the rural context.

From the above reports we call upon Government to prioritise Levelling Up and UK Shared Prosperity Funds (including Towns Fund etc.) based on the standards of living achievable in different locations given local labour market conditions. An emphasis on identifying and addressing differences in real incomes achievable by households from local jobs provides a sound, logical and clear basis for the Shared Prosperity Fund. Differences in local real household incomes capture the variations in economic performance between locations. They are a direct measurement of poverty and result from local economic opportunities and (dis)advantages.

If Government economic and structural development funds were prioritised and allocated based on local real incomes, there would be a clearer line of sight from the levelling up objective through to action on the ground. And more rural locations, which have had their needs obscured in the past and been disadvantaged by recent funding rounds, would benefit from a fairer distribution of national funds.

We also call on Government to recognise and support the valuable roll of rural Towns of a population size less than 15,000 which serve exactly the same role for their communities and rural hinterlands as do larger population towns.

Further Education, Training and Apprenticeships Policy Asks

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

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

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

Skills Advisory Panels and Access to training: These panels should help coordinate the typically fragmented training offer in an area from different organisations and funding streams. Their advice to Local Enterprise Partnerships needs to assess and highlight any specific skill needs of rural based businesses. It should support rural objectives within Local Industrial Strategies. Training providers should be required to consider how they can make courses more accessible to rural based businesses and their staff.

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

A Plan for Jobs: A more nuanced set of employment support measures is needed to make them more effective in rural areas, taking account of the profile of rural businesses and labour markets. The measures could be better targeted at small businesses, the self-employed and social or community enterprises. Click the following link to see the: [Rural Services Network's Rural Lens Review on Plan for Jobs](#).

Business Advice & Guidance Policy Asks

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

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

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

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

Rural Town Centres and High Streets Policy Asks

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

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

Bank branches/ Access to cash: the code which banks follow before closing a branch need strengthening, so that decisions can be challenged and reversed. The Payment Systems Regulator should follow-up its recent report on access to cash by monitoring the trend in rural areas. As legislation to support access to cash is developed, we strongly believe the Government must:

1. **Act without delay** to prevent further deterioration of cash infrastructure, introducing interim measures to protect cash access points at pre-pandemic levels and force LINK's bank members to enable ATM deposit taking through the LINK scheme while longer-term regulation is developed.
2. **Protect ATMs** – as the only sustainable national infrastructure that can maintain free access to cash 24/7, re-introducing independent assessment of interchange fees.
3. **Protect key schemes** including LINK and the Post Office framework by making bank membership mandatory.
4. **Include deposit-taking facilities** in the definition of 'reasonable access' and ensure requirements reflect consumers' lived experience as opposed to an arbitrary as-the-crow-flies measurement.

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

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

RSN Theme 3: Remove Connectivity Barriers

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

Broadband and Mobile Phone Connectivity Policy Asks

Broadband USO: industry regulator, Ofcom, should review and upgrade the broadband Universal Service Obligation, which (at 10 Mbps) is out-of-date and inadequate for, what have become, some everyday essential uses. To reflect the new normal the USO should be upgraded to superfast broadband download speeds of 25 to 30 Mbps minimum. Costs passed on to consumers seeking a USO connection must be reasonable. This would level the playing field for rural residents and businesses until gigabit-capable connectivity can be rolled out.

Gigabit-capable connectivity: the Government goal for universal gigabit-capable networks, achieved with public investment to ensure their roll out in unviable rural areas, is welcome. However, announcements in late 2020 that 15% of premises will be excluded from the 2025 target and that firm public funding for that period is reduced from £5 billion to £1.2 billion are hugely disappointing. Published procurement plans make clear that it is premises in highly rural or remoter areas which could again be left behind. This effectively abandons the outside-in approach which was set out by Government in 2018. Government should urgently announce its proposal for Very Hard to Reach Premises and work urgently with the telecoms industry and revisit its plans for the period to 2025. Digital connectivity will be key to levelling-up rural areas and their economies. All rural areas need clarity when they will receive gigabit-capable connectivity and remote areas with the worst connectivity should be first in line for that public investment.

Mobile networks: the Shared Rural Network initiative, to plug gaps in 4G provision, is helpful, if not a total solution. Delivery of this initiative must be carefully and transparently monitored by Ofcom, to ensure that network providers are on track to meet their objectives and targets. Options should also be explored to address any remaining mobile 'not spots' by 2025. Government should announce some further rural trials to pilot 5G connectivity, including its use within health and social care provision.

Digital skills and inclusion: Government should announce a fully funded Digital Inclusion Programme, so no citizens (rural or otherwise) are left behind due to their lack of online skills or their inability to pay for basic equipment and connection charges. Key strands are likely to include training and the recycling of IT. As recently highlighted by the Communications Consumer Panel, the Covid-19 experience has brought home just how important this issue now is, with some left isolated and struggling to access basic services, such as shopping, banking, education and health care. Although it will require national resource, this should be a locally delivered programme, involving statutory, private and voluntary sector organisations working in partnership.

Very Hard to Reach Premises: A clear strategy is needed from Government in respect of such premises as soon as possible. Urgent action is required to consider what new technologies offer and how they can best be deployed to meet consumer, economic and social needs in these places. Government should urgently consider a nationwide Very Hard to Reach Premises public procurement that runs alongside 'Project Gigabit'. Government should be working at pace with industry and stakeholders to establish a service specification for such a procurement. Whilst future proofing the rollout of Broadband is clearly desirable that should not mean areas with Very Hard to Reach Premises not being served now with speeds to meet current business and social needs which the Pandemic has clearly demonstrated (if there was any doubt) as being essential infrastructure. What rural areas and Very Hard to Reach Premises need is honesty and a significant degree of certainty.

Rural Transport and Access to Services Policy Asks

National Bus Strategy: Government should ensure that funding allocations under its National Bus Strategy prioritises those areas where access to bus services is weakest and fully reflect rural service costs. A fair share of the extra resources now starting to flow must reach rural areas, to improve existing routes, restore valued lost routes and establish new routes where clear gaps exist.

A Rural Bus Strategy: The Government's response to the Rural Bus Strategy Consultation should be issued without delay. It should allocate sufficient sustainable funding to local authorities with rural areas to provide services which among other things need to link areas of social deprivation with community and transport hubs.

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

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

RSN Theme 4: Support Affordable Rural Housing

Affordable Rural Housing based on local wages (the 'Affordable Rent Tenure' is unaffordable to many rural residents) should be treated as key infrastructure as it is an un-blocker of economic, social and health well - being and development whilst its absence is a blocker to those issues. Housing in rural areas to meet the needs of the elderly or infirm in their local area is fundamental to improving access to care in the community. Affordable rural housing is essential in enabling key workers (all sectors) to live in the communities they are providing services to.

English Rural Housing Association, CPRE and the Rural Services Network commissioned work from Pragmatix Advisory to demonstrate the [Economic and Fiscal Case for Investing in Rural Affordable Housing to Drive Post-Pandemic Recovery click here to view](#). Government must reflect in its policies and decisions the positive economic, environmental and social impacts of affordable rural housing.

The Pragmatix Advisory report clearly demonstrates that investment in rural affordable housing:

- Makes economic sense: Ten new rural homes provide £1.4 million boost to help level up disadvantaged local economies
- Makes societal sense: 124,000 extra rural households as covid prompts families to move out from the cities
- Makes fiscal sense: Each new rural affordable home pays for itself and returns an extra £54,000 to Treasury coffers

Social rented homes, alongside funded long-term support, can address homelessness and move people out of hospital. With the right support from Government the housing sector can make a significant contribution to meeting the net zero targets.

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

Affordable Rural Housing Policy Asks:

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

Definition of 'Rural': A single straight forward definition of 'a rural settlement' in respect of housing policy for such communities is urgently required. All communities under 3,000 population are, by common consensus, the obvious one.

Grant funding: Homes England should urgently publish an ambitious rural strategy backed by a proportionate investment commitment. The level of grant support must recognise rural development costs. In rural areas, there should be greater ability to combine local authority funds from housing/planning activity with Homes England Grants.

A Left Behind Rural Communities Fund: A specific fund is called for, targeted at left behind rural communities where traditional solutions are not viable or supported.

Exception sites: The proposed introduction of a First Homes tenure must not be at the expense of much-needed rural affordable homes for rent. The impact on land-values and therefore the availability of land for rural exception sites must be factored into policy. Local planning authorities must be able to set policies that require Exception Sites to deliver solely or predominantly affordable homes to rent.

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

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

Housing Enablers: Government should provide core sustainable funding to support a national network of Rural Housing Enablers who are key to helping to identify and unlock rural sites for affordable rural housing with local community support.

RSN Theme 5: Harness Opportunities from Energy Infrastructure and Renewables

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

Energy Infrastructure and Renewables Policy Asks

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

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

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

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

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

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

Delivering on the Plans for Growth for an Infrastructure and Innovation Revolution

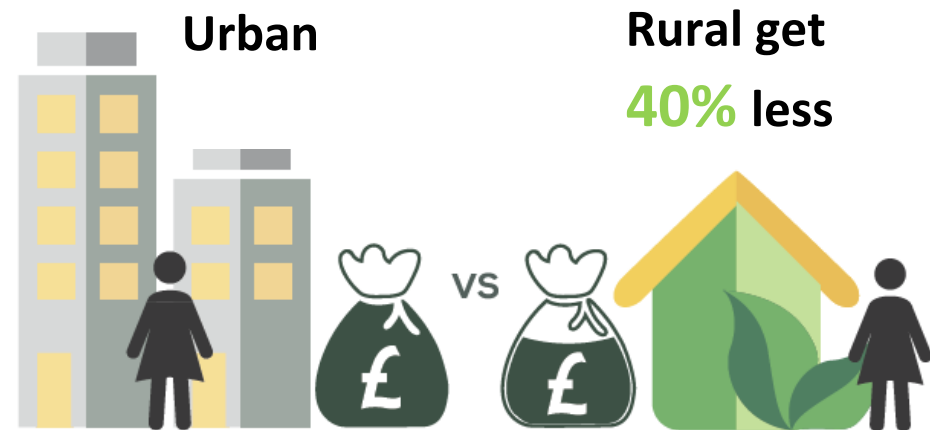
Through this submission to the Spending Review 2021 the Rural Services Network **has set out the case for support and investment into the rural areas of England to release opportunity, strengthen the UKs economic recovery from COVID-19 and level-up economic opportunity across England.** The RSN strongly believes that there needs to be flexibility to tailor delivery mechanisms and processes to meet the circumstances of local areas. It is essential to facilitate and enable the desired policy outcomes in the local context of each area – and this **will ensure delivery on growth, infrastructure and innovation if the barriers identified are addressed.** Such a place-based approach is the only way in which local circumstances and priorities can met.

The RSN continues to call for much more co-ordinated response by Government and its Agencies to meeting the needs of rural businesses, communities and people and thus remove barriers, release opportunity and revitalise rural.

Appendices – Funding Disparity Graphics

SPENDING POWER

The per head difference in Government spending.



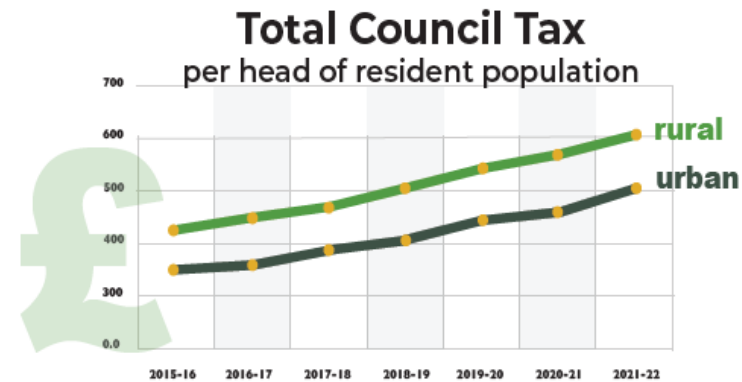
ADULT SOCIAL CARE

Despite rural residents facing a greater cost burden for their care provision the gap between the urban & rural care grant is increasing.



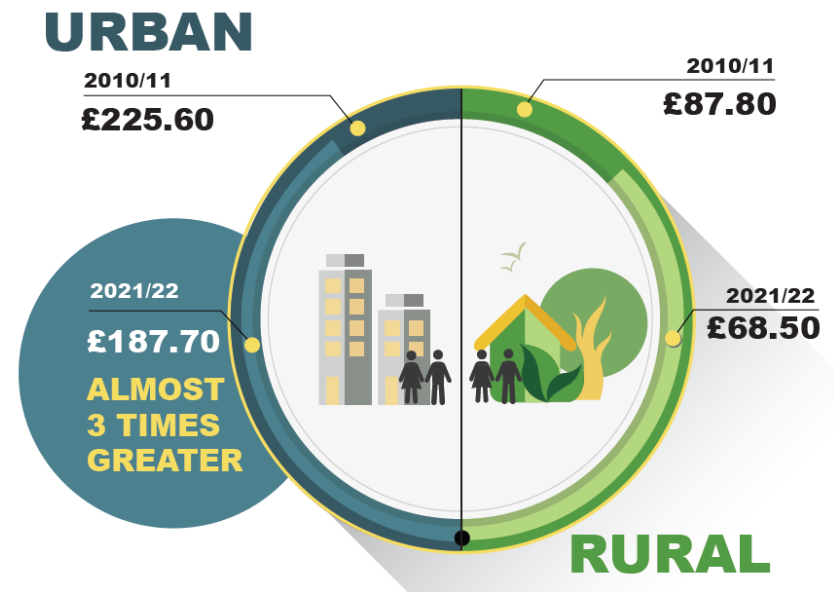
COUNCIL TAX INEQUALITY

To fund the shortfall in Government funded spending power rural residents are consistently paying more Council Tax.



TOTAL DISCRETIONARY SERVICES SPEND

Urban authorities can spend considerably more per head than those in rural areas. Looking at the latest figures for 2021/22 their spend is almost **THREE TIMES** greater per head!



Rural areas are losing out. Where data are available, they show actual funding favouring northern non-metropolitan urban locations.

There is a paucity of data available identifying the location of spending via the various economic development and similar funds. Where there is transparency and disclosure, with the Towns Deals and the Future High Streets Fund, rural communities are receiving per head of population only 92 per cent of that received in urban areas.

The Treasury's Green Book appraisal process (as used to assess Future High Streets Fund projects) does not account for rural differences. Cost benefit appraisals often favours urban.

