

GOVERNMENT RESPONSE TO THE HOUSE OF LORDS SELECT COMMITTEE ON THE RURAL ECONOMY: RURAL SERVICES NETWORK COMMENTARY

In late June the Government gave its response to the report of the House of Lords Select Committee on the Rural Economy (April 2019). This note provides a commentary on that response from the perspective of the Rural Services Network (RSN). It does not comment on every part of the Government's response, but focuses on those elements likely to be of most interest to the RSN and its membership.

The RSN's initial reaction to the Government response was set out in a press release published on 5th July 2019, the text of which is repeated here:

PRESS RELEASE: Government response to the report of the House of Lords Select Committee

Graham Biggs, Chief Executive of The Rural Services Network (RSN) said: "It is deeply disappointing that the Government has rejected the Lords Rural Economy Committee's recommendation for a comprehensive Rural Strategy to ensure the health of Britain's rural areas, despite the wealth of evidence in that Report to support the recommendation."

"If everything was as rosy as the Government's response seems to suggest then those who gave evidence to the Committee would not have said what they did. To suggest that if you have rural proofing a Rural Strategy is not needed and to suggest that a Strategy could be a strait jacket completely misses the point and misrepresents the purpose of a Rural Strategy."

"While we welcome the Government's commitment to expand on its strategic vision for rural areas, overall the failure to implement a Rural Strategy constitutes a worrying missed opportunity and risks a continuation of the status quo. We need to see how this strategic vision is to be introduced and whether or not it has SMART targets to be able to monitor its delivery."

"We support the Government's commitment to set out cross-departmental measures to ensure rural areas can thrive, but if these are to succeed it is absolutely essential that the current inadequate piecemeal method of delivery and 'rural proofing' of policymaking is entirely overhauled."

"A robust, open and accountable rural proofing framework must be established to sit across all Government departments to ensure that the needs of rural residents are considered and met by all, from the Treasury to the Department for Transport."

"Yet again the Government's attitude towards rural communities has left them feeling frustrated and ignored. The new Prime Minister must make good on promises to protect and encourage a valuable and significant proportion of the UK."

"The RSN will continue pressing the case for a comprehensive, funded cross-departmental Rural Strategy – backed up by robust rural proofing and it's sure that its many supporters will also do so. This is the start of the journey and definitely not the end".

A more detailed commentary on the Government response follows and is set out in the series of tables below.

Report chapter: Public policy and the rural economy

House of Lords recommendation:

Government should develop a comprehensive Rural Strategy

Government response:

“Over the coming months, the government will expand on its strategic vision and set out how, working across departments and working with stakeholders, it is putting in place a range of measures to ensure that rural areas continue to thrive. This vision is framed in terms of desired outcomes for rural areas which respect their diversity and recognise that success - in terms of quality of life and economic prosperity - and will need different approaches in different parts of the country.”

“The government agrees with the Committee that those living and working in rural areas can face particular challenges stemming, for example, from relatively poor infrastructure and the additional cost of delivering services in sparsely populated areas. Without doubt, these distinct characteristics must be recognised in policy making and the government believes that rural proofing is the best means to achieve that through embedding an appreciation of rural issues at all levels of delivery, rather than risk rural areas being placed in a silo through having a single rural strategy.”

RSN commentary:

This is disappointing and shows not only a lack of Government ambition for rural communities, but also a lack of appreciation how strongly rural communities feel disconnected from Government policy making.

It implies the current approach to rural policy will broadly continue, with rural proofing applied in a fairly ad hoc and uncoordinated manner, instead of adopting the suggested strategic and cross-Government approach to maximise opportunities for rural communities and for the nation as a whole.

There is a considerable difference between a strategy (defined as ‘a long-term plan for success’) and a vision (defined as ‘a vivid mental image produced by the imagination’).

The response badly misrepresents proposals for a Rural Strategy, as placing rural areas in a silo and being at odds with rural proofing. Rather, a Rural Strategy should be a cross-Whitehall document (not just owned by Defra). Rural proofing ought to be an integral part of delivering and monitoring such a strategy. These points were clearly evidenced and made in the House of Lords report and the RSN’s ‘call’ document.

Calling for a Rural Strategy to be produced is not a hang-up on words. We agree it is results on the ground that matter. A strategy would offer a clear framework for Government to guide local action through a place- based approach connected to local needs and interests. Such an approach needs the participation of as wide a range as possible of public and private bodies (including local councils), community groups and businesses. The risk is that a rural vision will be little more than ‘motherhood and apple pie’.

Rural areas play an important role within national life and hold real opportunities to address some of the major challenges, such as climate change and the switch to zero carbon, and

improving mental health and wellbeing. A Rural Strategy could ensure such opportunities are not wasted.

Nonetheless, RSN – like other rural interest groups – is willing to work with Government to develop its strategic vision and a range of measures. If the vision and measures are meaningful, transparent and accountable (with SMART targets) they should at least deliver some of what would have been possible through a Rural Strategy.

House of Lords recommendation:

Local government and LEPs should produce local rural strategies

Government response:

“The government believes that local authorities are best placed to decide whether they should prepare strategies to support rural businesses and communities within their geographies. There are good examples where some have done so but local authorities are accountable to their own electorates and should decide their own priorities.”

“The government believes it is better to make sure the needs, challenges and opportunities of rural businesses and communities are properly considered in Local Industrial Strategies rather than to compel Local Enterprise Partnerships (LEPs) to produce separate rural economic strategies. As part of their evidence gathering, LEPs should be looking across their whole geographies and consulting rural businesses. Through the annual review process, LEPs will be accountable for delivery of their local industrial strategy.”

RSN commentary:

Whilst it may not require separate rural economic strategy documents, LEPs with rural areas should at least set out specific rural needs (based on evidence about them), as well as rural actions that have SMART targets for meeting those needs within their Local Industrial Strategies. It will not be sufficient for LEPs simply to look across their whole geographies, which will generally mask rural needs. Similarly, LEP annual review documents should include specific reporting on their actions and expenditure in rural areas, otherwise their rural delivery will continue to be opaque and unaccounted for. The poor rural track record of many LEPs makes this important, so they can demonstrate progress to their rural communities.

House of Lords recommendation:

Government should reform the rural proofing process to address weaknesses

Government response:

“The government accepts, however, that more can be done. It wants departments to see rural proofing as an essential and indeed positive tool for making sure the intended policy outcomes can be understood and delivered successfully in a rural context. Rural proofing should not be seen simply as a question of identifying potential negative impacts but rather as an opportunity to tailor policy so it is delivered as effectively as possible in rural areas.”

“The government will therefore work to develop and promote a greater understanding across departments of the opportunities and challenges in rural areas through a recently established network of departmental rural proofing leads; revise rural proofing guidance and develop other supporting resources to help develop policy outcomes that work in rural areas; and encourage greater engagement with stakeholders in the rural proofing process.”

To support these activities and improve transparency Defra will establish a Rural Affairs Board to support and steer work on rural proofing.”

“The government notes the Committee’s comments on transparency and accountability. Defra will therefore publish each year an evidence-based report on rural proofing.”

RSN commentary:

The Government’s response goes some way to addressing the concerns with rural proofing which have been highlighted by the RSN, including its patchy (and often late) application, a lack of rural stakeholder involvement in the process and limited transparency about the proofing work Departments carry out. The RSN welcomes the decision to produce an annual report on rural proofing, which all relevant Departments must contribute towards. The RSN will be pleased if it and other rural stakeholders are consulted by Departments more often.

Rural interest groups, including the RSN, should have an ongoing involvement with the proposed Rural Affairs Board. If this is an internal (Whitehall) Board, with only occasional input from external interests, it will not improve transparency and will be poorly received. The Board should have an independent chair (or a joint Defra and independent chair).

Report chapter: Rural delivery and place-based approaches

House of Lords recommendation:

Create a dedicated rural funding stream within the UK Shared Prosperity Fund

Government response:

“The UK Shared Prosperity Fund will be a domestic programme of investment to tackle inequality between communities by raising productivity. It will invest in the foundations of productivity as set out in the government’s Industrial Strategy to support people to benefit from economic prosperity, especially in those parts of the UK whose economies are furthest behind. The government recognises that places across the country possess their own strengths, opportunities and challenges, and this should be reflected in the approach to investment. The UK Shared Prosperity Fund will allocate funding to those places with the greatest need. Final decisions are due to be made following Spending Review.”

RSN commentary:

This fails to make a much-needed rural commitment about rural areas receiving a fair share of the Shared Prosperity Fund and it is hoped such a commitment will be forthcoming after the Spending Review.

The Government reference to allocating the Fund to areas with the greatest need is a major concern. It implies fewer rural areas will benefit than has been the case under the LEADER programme. It also raises a crucial question about the basis for measuring areas of need, since traditional measures (like the Index of Multiple Deprivation) highlight urban patterns of need, but overlook more scattered rural needs. A ‘most bangs for the buck’ approach, which was applied to funding streams in the past, lets rural areas down badly. The RSN – like the Select Committee – believes it is best addressed by having a dedicated rural programme.

House of Lords recommendation:

When producing Local Industrial Strategies LEPs should adopt rural economic strategies

Government response:

“The government believes it is better to make sure the needs, challenges and opportunities of rural businesses and communities are properly considered in Local Industrial Strategies than to compel LEPs to produce separate rural economic strategies. As part of their evidence gathering, LEPs should be looking across their whole geographies and consulting rural businesses. The government, however, notes that some LEPs such as SELEP have already published strategies for their rural economy and it welcomes these locally taken initiatives.”

“The implementation of Local Industrial Strategies, and therefore any local ambitions relating to the rural economy, will be considered in LEPs’ future Annual Performance Reviews.”

RSN commentary:

The Government’s response seems to misread the Select Committee’s recommendation, which says that rural economic strategies could either be separate from or included within Local Industrial Strategies. We are pleased that LEPs “should be” looking across the whole of their geographies and consulting rural businesses, but believe this should be a firmer expectation (indeed, a requirement) of them. It is similarly vital – not least given past performance in rural areas – that LEPs include rural-specific information about their expenditure and activities within their Annual Performance Reports. If LEP rural delivery remains opaque they should be compelled to do so, to provide proper accountability and transparency about the use of public funds.

House of Lords recommendation:

LEP Boards should include a ‘rural champion’: wider engagement should be achieved by establishing rural sub-groups

Government response:

“It is clear government policy, set out in Strengthened Local Enterprise Partnerships, that LEPs should seek to represent the interests of their communities by engaging small and medium sized business leaders as well as larger firms, and they should draw from a more diverse representation of sectors and all parts of their geography. The government expects LEPs to create more inclusive economies by improving productivity across their areas to benefit all people and communities.”

“The government wants LEPs to be truly business led. It therefore set out in Strengthened Local Enterprise Partnerships its aspiration that Local Enterprise Partnerships should work towards strengthening representation from the private sector so that it forms at least two-thirds of the board. There is also a requirement for LEPs to be chaired by a business leader. As a consequence, the proportion of local authority leaders on LEP boards will necessarily reduce.”

RSN commentary:

Although broad representation on LEP Boards is welcome, this is not the same as ensuring someone on a Board has a particular role to champion rural needs and backing to fulfil that role. The policy to streamline LEP Boards and make them business-led is precisely the reason why rural sub-groups or similar would be so valuable. It would ensure that those representing rural areas or interests still have real voice and input to the process. The new

governance arrangements for LEPs risk leaving rural communities and businesses poorly represented.

The reason most of the Local Nature Partnerships failed or became subsumed was because they were not given any funding, powers or confirmed roles. They were supposed to act as the environmental conscience of the LEPs but, with no support, encouragement or statutory role, this did not happen. The same will happened in respect of having rural champions and/or rural sub groups. If these are not set up in a formal manner and properly supported, they will fail and/or they will be ignored.

House of Lords recommendation:

Local government funding allocations should adequately compensate rural authorities for extra service delivery costs

Government response:

“The government is undertaking a review of local authorities’ relative needs and resources to address concerns about the fairness of current funding distributions. In its recent consultation, MHCLG proposed to capture consistently variations in the cost of delivering services, including those caused by rurality, by introducing a new Area Cost Adjustment methodology. The proposed Area Cost Adjustment recognises that local authorities with longer journey times (as a result of traffic congestion, longer distances or poor transport links) may have employees who experience relatively longer periods of ‘down time’ and may have to pay their staff for more hours in order to deliver an equivalent level of service. Local authorities which are more remote may also have variation in the cost of some inputs due to the size of local markets or isolation from major markets.”

“MHCLG has identified two robust and evidence-led measures to account for the additional costs associated with accessibility and remoteness, based on the methodology used by the Department for Transport (DfT) to produce statistics on journey times to key services. This approach is being developed in collaboration with representatives of the sector.”

RSN commentary:

We welcome the work of the Government’s Fair Funding Review, which – after decades of under-funding – it is hoped will lead to an improved allocation of resources among principal local authorities. In rural areas there are often substantial extra costs associated with lost economies of scale, needing to travel further to deliver services and having to maintain more service outlets (to ensure they are accessible). It cannot be right that predominantly urban authorities receive 66% more funding per head from Government than predominantly rural authorities, leaving rural residents to pay significantly higher Council Tax bills whilst receiving fewer services.

The principle of Fair Funding should apply to all Government funding to support local service delivery

House of Lords recommendation:

Plans to fund local government from 75% Business Rates Retention must be rural proofed, given the scope for rural growth and rural businesses eligible for rate relief

Government response:

“The business rates retention system will continue to allow all types of authority to benefit from growth in their local economies. Local authorities estimate that in 2019/20 they will keep around £2.5 billion in business rates growth which includes rural areas. The government is committed to ensuring all local authorities are incentivised to grow their business rates which will continue to be an objective under potential reforms to the business rates retention system.”

“No decisions have yet been made on the way business rate reliefs will be reflected in the design of the reformed business rates retention system. The government is continuing to engage with the sector as a whole to ensure that the reformed system responds to the needs of all local authorities.”

“The government will be taking into account all authority types when moving to 75 per cent business rates retention. The opportunity to pilot has been offered to all areas of England and successful pilot applications have covered a wide range of different types of authorities, including many rural authorities, to test out how the policy will be delivered. MHCLG plans to continue to work closely with all local authorities included in the pilot programme to inform its policy development.”

RSN commentary:

Business rates are no longer a reliable source of income for the public purse and they should no longer be seen as an appropriate basis for local government funding. This is particularly so for rural local authorities representing areas where there is less scope for economic growth, given their location, infrastructure, demography and protected landscapes.

The proposed retention by local authorities of business rates growth between resets of the baseline is likely to disadvantage many rural authorities compared with their urban counterparts.

Rate relief can prove a lifeline for many small or marginal rural businesses. However, central Government should fully fund those reliefs so that rural authority budgets are not further and unfairly squeezed: authorities should not be penalised for having businesses that are eligible for rate relief. It is crucial that MHCLG learns any distinct rural lessons from the pilots.

House of Lords recommendation:

Local authorities’ ability to engage with economic growth is constrained by budget cuts

Government response:

“The government welcomes local authorities’ contributions to the development of Local Industrial Strategies through their involvement in LEPs and mayoral combined authorities.”

“Core spending power is forecast to increase from £45.1 billion in 2018/19 to £46.4 billion in 2019/20, a cash increase of 2.8 per cent and a real-terms increase in 13 resources available to local authorities. This is the final year of a multi-year settlement deal – worth over £200 billion in the five years to 2020 – that was accepted by 97 per cent of councils in return for publishing efficiency plans. The settlement includes extra funding for local services, with a strong focus on supporting some of the most vulnerable groups, whilst supporting and rewarding local economic growth.”

RSN commentary:

Local authorities have experienced almost a decade of spending cuts, leaving them with very limited scope to undertake (non statutory) economic development activity. The situation is particularly difficult for predominantly rural authorities, who have historically received less Government funding than urban authorities and who, as a consequence, provided fewer services in the first place.

House of Lords recommendation:

Government should create a Community Capacity Fund to support voluntary action and enhance community leadership

Government response:

“The Civil Society Strategy set out a vision of how the government could help strengthen and support civil society in England, recognising the key role which volunteers play in many aspects of community life. This included its intention to work with partners to develop new models of community funding which would bring together different forms of funding, such as social impact investment, charitable funding, and corporate investment. These models could potentially address the issues for which the Committee has proposed a Community Capacity Fund.”

“The government notes the Committee’s view, on page 10 of its report, that “The Shared Prosperity Fund should incorporate a Community Capacity Fund, which should be used to build capabilities and support community leaders in promoting engagement”. The government has confirmed it will consult widely on the design and priorities of the UK Shared Prosperity Fund. This will provide an opportunity for all interested parties, including rural communities, to provide their views on the Fund directly to government. Final decisions are due to be made following Spending Review.”

RSN commentary:

If rural communities are to play a growing role in service delivery and asset management it is important they are properly supported with advice, training and the like. Voluntary action may be low cost, but it still requires seed corn funding and, in some cases, larger grants e.g. when purchasing assets. Sufficient funding needs to be available to back up the vision in the Civil Society Strategy.

The Government should place more emphasis on place-based initiatives for delivery of a cross -departmental, long-term and properly funded, Rural Strategy.

NALC has also called for a local democracy fund to support capacity building and encourage more people to stand for election.

House of Lords recommendation:

Government should not pursue its suggestion of imposing a referendum threshold on parish/town councils for increases to their precept

Government response:

“No referendum principles have been set to date for town and parish council precepts, but the government has been clear that it expects the sector to take all available steps to mitigate the need for council tax increases. The Secretary of State for Housing, Communities and Local Government sets thresholds annually as part of the Local

Government Finance Settlement process and reserves the right to consider principles for town and parish council precepts in future years in light of all relevant circumstances, including increases set in previous years.”

RSN commentary:

Government needs to get real. It wants to see more active parish and town councils. Furthermore, many of those councils are having to step in to take on services or assets previously run by principal authorities – something the latter can no longer afford to do, due to Government imposed funding cuts. The threat to cap precept increases should be dropped permanently. If local voters feel strongly about such increases, they can make their views known at the ballot box.

Report chapter: Digital connectivity

House of Lords recommendation:

Ofcom should strengthen the rural obligations placed on new (700 MHz) mobile licences

Government response:

“The spectrum auction design and its obligations are a matter for Ofcom as the independent regulator. The government supports the inclusion of coverage obligations in the proposals for the 700 MHz and 3.6-3.8 GHz spectrum auctions, and is committed to working with Ofcom and the mobile industry to meet the manifesto commitment of ensuring 95 per cent geographic coverage across the UK.”

“The current proposals represent Ofcom’s judgment as to the most ambitious coverage obligations that are consistent with a successful auction. Ofcom has successfully monitored previous coverage obligations for voice coverage and verified that mobile network operators have complied with the requirements of their licences.”

RSN commentary:

Ofcom’s revised rural obligations are a step backwards from its earlier proposals. It is disappointing to see that more weight was given to the views of network operators than to the views of rural communities and businesses. Ofcom’s own statistics show that rural coverage for 4G networks is poor. It needs to be improved significantly and quickly.

House of Lords recommendation:

The Broadband USO is set too low and should be reviewed before implementation

Government response:

“The government is committed to keeping the USO specification under review to ensure that it keeps pace with consumers’ needs as they evolve over time. The Digital Economy Act 2017 provides discretion for government to direct Ofcom to undertake a review at any time but there is a formal requirement for the government to direct Ofcom to undertake a review when superfast broadband has been taken up by 75 per cent of premises. Any review would look not only at the minimum download speed but at all aspects of the USO specification.”

“The government does not agree that an immediate review (before the USO is implemented in early 2020) is necessary. It is possible that consumers connected under the current USO will receive higher than the minimum specification. A decision on when to review the USO will be taken in the light of market developments. We will consider the best timing for this after the USO is implemented.”

RSN commentary:

A USO (set at 10 Mbps download speeds) is clearly looking out-of-date, as consumer applications use ever more bandwidth. Many rural businesses are home-based and there is significant home working. Even if 10Mbps meets most domestic needs, it is inadequate for business needs. Reviewing the USO after its 2020 implementation implies that it will not be upgraded for at least another two years. This is a missed opportunity.

The network provider chosen to deliver USO requests should be required to connect with nearby available fibre networks, where they exist or are shortly to exist, so that solutions are the best available (and are not just over the 10 Mbps threshold, which will soon need upgrading again, representing poor value for money).

The following is an excerpt from the EFRA Committee report which is supported by the RSN:

“The Government has recognised that connectivity must be treated as a utility with its introduction of the broadband Universal Service Obligation (USO) and has outlined a commitment to ensure the divide between urban and rural areas is not exacerbated through various funding initiatives, a proposed “outside-in” approach in its Future Telecoms Infrastructure Review, and in recent commitments for an accelerated full fibre roll out. However, given the continued challenges posed to rural communities and businesses, we are not confident that the Government has fully grasped the extent of the problem, the scale of the challenge, or the wider cost of poor connectivity for rural communities and the rural economy.

Our (The EFRA Committee’s) main conclusions are:

- Government policy has barely kept pace with the rate of technological change and has failed to reduce the digital divide between urban and rural areas.*
- Delivering a “digital-by-default” strategy for public services, before solving the issue of poor connectivity in rural areas, has worsened the impact of the digital divide.*
- The current specification for the Universal Service Obligation is inadequate. It is not truly “universal” and its minimum speed of 10Mbps will be obsolete soon after introduction.*
- It is currently unclear how the Government intends to meet its accelerated target of universal full-fibre broadband by 2025.*
- A “rural roaming” solution is needed to tackle partial “not-spots” in mobile coverage in the absence of a forthcoming agreement between Government and Mobile Network Operators”.*

House of Lords recommendation:

Ofcom should encourage mast sharing and review roaming, to aid mobile network coverage

Government response:

“Improving mobile coverage in rural areas is a priority for government. The government has introduced a range of permitted development rights to support the delivery of mobile infrastructure, including legislating for higher masts in 2016, making it easier for industry to roll out or share masts whilst also protecting local amenity. Sharing of sites and network infrastructure, such as masts and antennas, can make the deployment of mobile networks more cost effective. Infrastructure sharing is largely a commercial agreement between operators.”

“Roaming in rural areas has the potential to improve consumer choice and could be a solution for the problem of “partial not-spots” (where one or more operators are present, but all four are not). Ofcom published a preliminary analysis of roaming in September 2018. The government is carefully considering this advice alongside other options.”

RSN commentary:

Whilst the Government response indicates an open mind to both mobile mast sharing and roaming, it also indicates a rather passive stance and a reluctance to push these potential rural solutions. We recognise, however, that the industry is, itself, now proposing some progress (albeit this will need proper Ofcom oversight to ensure it happens in a transparent way).

Any new infrastructure involved must be as non-invasive in the landscape as possible and, where practical, masts should be shared and existing infrastructure taken advantage of.

House of Lords recommendation:

Local and national government should take actions to boost digital skills in rural SMEs

Government response:

“The government recognises the importance of improving digital skills in rural areas. Measures such as the digital skills entitlement and apprenticeships in the digital sector need to be part of a wider solution to meet the skills and productivity challenges faced by rural businesses.”

“Last year saw the launch of the first three local digital skills partnerships covering the LEP and combined authority areas of Lancashire, Heart of the South West and the West Midlands. Three Local Digital Skills Partnerships have recently been launched in Cornwall and the Isles of Scilly, Cheshire & Warrington and the South East, taking these trailblazer partnerships to a total of six regions covering a population of more than ten million people.”

“The trailblazer Digital Skills Partnerships are committed to sharing data, tools and best practice with other regions, all of which will be fed into the local Digital Skills Partnerships Roadmap; a central guide and resource being developed over the Summer of 2019 for all LEPs and combined authorities to use.”

RSN commentary:

The formation of Local Digital Skills Partnerships is to be broadly welcomed. Research has shown that digital skills training needs to be more accessible to rural micro-businesses and

sole traders, whilst workforce digital skills are a constraint for many larger rural SMEs. Tackling these issues will boost latent rural productivity and urgent action is required.

Report chapter: Housing, planning and work spaces

House of Lords recommendation:

Government should ensure new rural homes are built to the Lifetimes Homes Standard and Local Plans should allocate sufficient housing for older people

Government response:

“The government agrees that providing homes for older people living in rural areas is an important objective. The revised National Planning Policy Framework, published in July 2018, makes clear that the housing needs of all groups ... should be planned for. It also expects local planning authorities to use the government’s optional technical standards for accessible and adaptable housing, where this would address an identified need for such properties. This is broadly equivalent to the Lifetime Homes standard. MHCLG will be publishing new planning guidance to help councils put these policies in place.”

RSN commentary:

Government should work with local authorities, Registered Social Landlords, and the house building industry so that many more homes get built to the Lifetimes Homes Standard or at least to Category 2 Part M of the Building Regulations. This is a more efficient approach than having to adapt homes later. The issue is particularly important for rural areas with their ageing populations.

House of Lords recommendation:

Government should remove all rural areas from the policy exempting small development sites from affordable housing provision

Government response:

“As the Committee heard, it is important to strike a balance between meeting affordable housing needs in rural areas and not undermining the viability of building homes. The revised National Planning Policy Framework allows authorities in 27 designated rural areas to set a reduced threshold for affordable housing contributions so that contributions may be secured from schemes of five units or fewer, where it can be shown that it is viable to do so.”

“The Framework also allows new entry-level exception sites to come forward in rural areas generally as a further means of providing affordable homes (and as an addition to the pre-existing policy supporting the creation of rural exception sites in appropriate circumstances). The government has committed to monitoring the impact of this policy in rural areas.”

RSN commentary:

The Government response is disappointing. A large proportion of village development sites have fewer than 10 dwellings and so are being impacted by this policy measure. There is considerable evidence that the small sites exemption policy is having a significant negative impact on the supply of affordable housing in rural areas.

By contrast, there is no known credible evidence which shows that requiring a quota of affordable housing (as was the case in the past) undermined housing development in rural

areas. Indeed, many small- scale developers say that their cash flow is (helpfully) more certain when some homes are going to Registered Social Landlords.

Affordable housing quotas should be allowed on all development sites at small rural settlements (or local authorities, who understand local needs, should be given discretion to require such quotas in their Local Plan areas). On site affordable housing contributions are essential, since off site financial contributions too frequently end up being used for housing some distance away, given a lack of site options in small rural settlements.

House of Lords recommendation:

Homes England should restore its rural housing target and issue grants that reflect high rural development costs

Government response:

“The agency works alongside key strategic partners in the affordable housing sector to best enable them to deliver effectively across the country, in cities, towns, and rural areas. Through the Shared Ownership and Affordable Homes Programme, Homes England works with a variety of partners to provide grant funding for the development of affordable housing in rural areas. Bids are mainly assessed on a scheme by scheme basis, details of which are provided in the Shared Ownership and Affordable Homes Programme Prospectus.”

“Homes England has recently entered into strategic partnerships with some of the largest Housing Associations in order to manage its development programmes on a portfolio approach. All bids are assessed on value for money and on grant per home. Homes England recognises that scheme costs or the resources available to bidders will vary. There may be occasional instances where higher grant levels are required to facilitate the development and make homes affordable to prospective purchasers. Homes England will work with providers to ensure that, where more grant is required, a robust case can be presented to support approval.”

RSN commentary:

A specific rural target and grants programme – which used to exist – is certainly required, targeted at smaller settlements, to reflect the level of affordable housing need in villages and the challenge delivering at those locations. It is disappointing this is not acknowledged in the programme structure of Homes England. We are aware that Homes England now offers a somewhat more flexible approach to grant levels, which is positive, though the agency’s application of this approach seems rather uneven across its operating areas. Higher development costs remain a frequent issue at small rural sites.

It is very important indeed that support is given to specialist rural Registered Social Landlords who are usually the ones who will take on the time-consuming, complex and riskier small-scale rural projects.

Where they operate across rural geography, the new strategic partners should be required to demonstrate their commitment to rural areas. Homes England should appraise this as part of the process of granting partner status.

House of Lords recommendation:

Government should consider taxation reforms to incentivise land for rural exception sites

Government response:

“The government does not currently have plans to grant tax reliefs such as full Capital Gains Tax relief for land sales to Rural Exception Sites. Tax reliefs have an Exchequer cost, and the government considers that the extent to which such reliefs would incentivise the sale of land to Rural Exception Sites is uncertain.”

RSN commentary:

A more positive signal from Government would help, at least indicating its willingness to explore whether tax reliefs (to incentivise rural landowners to release more land for affordable housing) could work cost effectively and to test the uncertainty that is referred to. Rural exception sites are an important means for bringing forward affordable housing development in small settlements and they have potential to achieve more.

House of Lords recommendation:

Government should establish an inquiry to examine fundamental issues around rural land value increases arising from planning permissions

Government response:

“The Housing, Communities and Local Government Select Committee recently held an inquiry into land value capture and the government responded on 29 November 2018. The government recognises there is scope for central and local government to claim a greater proportion of land value and is committed to using existing mechanisms of land value capture as effectively as possible.”

“The government has already introduced major reforms to the National Planning Policy Framework to help local authorities capture land value for affordable housing and infrastructure. The government is also bringing forward further reforms to the Community Infrastructure Levy and Section 106. The government has committed to report back to the Housing, Communities and Local Government Select Committee on progress with the reforms by the end of 2019.”

RSN commentary:

We look forward to reading the Government’s progress report on its current reforms, though they seem rather modest in relation to the scale and fundamental nature of the issue raised by the Select Committee report.

House of Lords recommendation:

Government funding for Community Land Trusts should be consolidated for the longer term

Government response:

“The government notes the Committee’s views in relation to the Community Housing Fund which is currently scheduled to close in March 2020. It will consider carefully all proposals to extend the scheme beyond March 2020 but decisions on funding for 2020/21 onwards are a matter for the next Spending Review.”

RSN commentary:

Short term funding is not helpful when community-led housing projects can take years to be delivered. It is to be hoped that funding beyond 2020 is announced soon to provide some certainty. This should include a dedicated sum allocated for rural projects, thus meeting the original objective for the Community Housing Fund.

House of Lords recommendation:

The Right to Buy, which has depleted the rural affordable housing stock, should be suspended or made voluntary in specific locations

Government response:

“Where homes in rural areas are sold under the Right to Buy, in designated rural areas, landlords can impose a covenant to ensure that they can be resold only to someone who lives or works in the local area. Following the reinvigoration of the Right to Buy in 2012, local authorities were able for the first time to use receipts from additional sales for new affordable housing.”

“The government does not disaggregate the data for Right to Buy sales and replacements by rural area. Over 140,000 affordable homes, however, have been provided in rural local authorities in England since April 2010 while, since 2015, over 10 per cent of additional affordable homes have been delivered in settlements with a population of fewer than 3,000. Furthermore, Homes England has dedicated rural housing champions in each of its operating areas, who work actively across the rural housing sector.”

RSN commentary:

The policy changes referred to above amount to modest steps in the right direction. However, figures show that in rural areas for every 8 homes sold under the Right to Buy only 1 replacement home is built. Local housing authorities should be able to retain 100% of the proceeds from Right to Buy sales, enabling them to reinvest in and replenish their areas' affordable housing stock.

Many of our Members feel that the Right to Buy in rural areas should be suspended or made voluntary.

House of Lords recommendation:

Delay implementing the Housing Association Right to Buy in rural areas until it is clear how replacement properties will be built in the same locality

Government response:

“The Voluntary Right to Buy is currently being tested through the Midlands Pilot, including the replacement of the properties sold. Housing associations have the discretion to choose not to sell properties in rural areas. A full evaluation of the pilot will be published in autumn 2020 after the pilot concludes.”

RSN commentary:

We await the evaluation, but agree that rural implementation should only be considered after the mechanism is clear to ensure the local replacement of sold properties. If housing association stock is simply lost from rural settlements the already difficult situation on affordability will worsen considerably.

House of Lords recommendation:

National planning guidance should be strengthened to stop planning authorities designating some villages as 'unsustainable communities' for development

Government response:

"The government welcomes the Committee's recognition of the support which the revised National Planning Policy Framework offers to the rural economy and housing. The Framework already makes clear that policies should identify opportunities for villages to grow and thrive, especially where this will support local services. As rural areas vary considerably in character, the government believes that local planning authorities and communities are best placed to decide how to reflect this in their local and neighbourhood plans."

RSN commentary:

Designating villages as unsuitable for development is not considered to be good practice. However, the Government's response is supported and policy wording should be for local planning authorities to decide based on their local knowledge.

Report chapter: Access to skills and business support

House of Lords recommendation:

The Business Productivity Review should be rural proofed

Government response:

"The Business Productivity Review will benefit small firms wherever they are based and because the proportion of small firms is higher in rural areas, it should have greater impact in these. Through the Business Productivity Review, the government has explored what actions could be most effective in improving the productivity and growth of businesses, including how to spread best practice of our most productive firms to those in the long tail."

"There appears to be more variation between individual businesses, rather than between, regions, sectors, and sizes. This and the untapped productivity potential amongst large parts of the UK business population further underpins the rationale for focusing specifically on firm-level factors. £56 million was announced at Budget to deliver some of the actions of the Business Productivity Review. This includes £11 million for the Small Business Leadership programme, £20 million to strengthen sectoral networks, and £25 million for Knowledge Transfer Partnerships. These initiatives will be accessible to all businesses in both urban and rural areas. The full report will be published in due course."

RSN commentary:

While it may be true that the main variation in productivity is that between individual firms, this does not mean that the need to rural proof policy development becomes irrelevant. How the policy initiatives resulting from this review are made accessible to rural based businesses requires specific consideration to ensure that they benefit.

House of Lords recommendation:

Local co-operation is needed to improve rural provision of public transport to educational institutions

Government response:

“DfT encourages education institutions, local authorities and bus service providers to cooperate on exploring public transport solutions for getting students to local education institutions through the Total Transport principles. These principles involve integrating the transport services provided by different operators and require all transport operators to work together to maximise the transport opportunities provided to passengers in their areas.”

“As far as compulsory education is concerned, all local authorities have a statutory duty to provide free home to school travel for eligible pupils together with a discretionary power to provide free home to school travel for children who do not have a statutory eligibility. It is for the local authority to decide how to meet this duty. The local authority might, for example, provide a dedicated school bus, a taxi, or a pass to travel on a public service bus.”

“The national guidance for the 16 to 19 Bursary Fund recommends that education providers work with other local institutions and the local authority to agree a common approach where appropriate and this would include discussions around transport solutions. It enables them to make decisions and arrangements which best match local needs and circumstances.”

“DfE and DfT are currently preparing a joint proposal for discounted public transport for apprentices. They are keen to work with stakeholders to address how we can best ensure that young people are not deterred from taking up apprenticeship opportunities due to travel costs.”

RSN commentary:

This response fails to address the central issue. It has become compulsory for young people aged 16 to 18 to attend education or training of some sort. However, statutory free travel (funded by Government) is still only for those aged up to 16. The two policies are now misaligned. Rural local authorities, following massive cuts to their budgets, simply cannot generally afford to offer non-statutory free or discounted travel for 16 to 18-year olds, however much they might wish to do so. The contrast with London and many urban centres is stark. Government should raise the statutory age for free travel to education or training to 18 and should fully fund this policy change.

The proposal referred to, for discounted travel on public transport for apprentices, is welcome in principle, although many rural apprentices will not have a public transport option available to them.

House of Lords recommendation:

Government should seek long term funding and more comprehensive coverage for Wheels to Work schemes

Government response:

“The government agrees that independent schemes such as Wheels to Work can play an important part in the transport mix for people – especially young people – living in rural areas by helping those who might otherwise be restricted from accessing work or training opportunities by the lack of personal transport. The government welcomes the recent launch of 'Wheels 2 Work UK' (W2W UK), a charitable company set up on 1 April 2019 to award grants to support the development of a national network of sustainable Wheels to Work schemes.”

RSN commentary:

The evolution of the (previous and folded) Wheels 2 Work Association to become a new charity with ambitions for more comprehensive coverage of W2W schemes is welcome. We look forward to hearing more about its work plans and the grant support it can offer, as soon as that information becomes available.

House of Lords recommendation:

Skills Advisory Panels must better coordinate the skills system and LEP Local Industrial Strategies should include a focus on rural skills

Government response:

“The influence of Skills Advisory Panels will be strengthened by providing a high-quality analysis of local labour markets and skills needs across the country. In December last year, the Education Secretary announced funding of £75,000 to support each Skills Advisory Panel to build its analytical capability. This funding has now been allocated to all LEPs and mayoral combined authorities. Skills Advisory Panels are important players to ensure Local Industrial Strategies reflect the skills needs of their area. Their analysis will support those strategies and they will promote interventions to provide the skilled labour force local employers need. Individuals can access help to meet the costs of participating in training.”

“The 16 to 19 Bursary Fund is allocated to schools, colleges and other education and training providers to support young people who are disadvantaged with the costs associated with attending education or training. The fund is often used to support travel costs. On 28 February 2019, DfE launched a consultation on the allocations methodology for the 16 to 19 Discretionary Bursary Fund, including seeking views on whether the methodology should incorporate a travel element, and if so, whether distance to travel and rurality should be included.”

RSN commentary:

The local Skills Advisory Panels have potential to bring real benefit. We hope their analyses will identify any particular labour market needs of rural based businesses and that, subsequently, these will be taken into account by their LEPs.

It is important that the Discretionary Bursary Fund takes account of the particular travel challenges faced by some rural students. Many face long or complex journeys, not to mention infrequent or non-existent transport services. Research shows that this constrains the study ambitions of some rural students, who cannot access their preferred courses.

House of Lords recommendation:

Government should review the impact of small business and rural rate relief on rural pubs, shops and other businesses

Government response:

“The government keeps all taxes and reliefs under review. Since Budget 2016, the government has introduced reforms and measures worth more than £13 billion to business over the next five years. This includes the switch to CPI indexation, worth almost £6 billion to all ratepayers, and a £435 million package of support announced at the 2017 Spring Budget for ratepayers facing the steepest rises in bills following the 2017 revaluation, on top of the £3.6 billion Transitional Relief scheme.”

“The £13 billion package also includes the retail discount announced by the Chancellor at the 2018 Budget that provides eligible retail businesses with a rateable value under £51,000 with a third off their business rates bill. This generous measure will provide support to many pubs, shops, and other retail businesses (including garden centres) in rural communities.”

RSN commentary:

We recognise that rate relief contributes to the viability of many small rural businesses. We also recognise that many businesses in rural town high streets need assistance. Measures to extend business rate relief – including in respect of community facilities - are supported, though they must be fully funded by central Government. A local authority should not be penalised if its area contains a high proportion of eligible businesses.

House of Lords recommendation:

Government should review the availability and sustainability of ATMs in rural areas

Government response:

“The Payment Systems Regulator regulates LINK, the scheme which runs the UK’s ATM network, and is monitoring ATM market developments closely. The Regulator has used its powers to hold LINK to account over LINK’s public commitments to maintain the broad geographic spread of ATMs in the UK.”

“LINK has put in place specific arrangements to protect remote free-to-use ATMs one kilometre or further from the next nearest free-to-use ATM and has enhanced its Financial Inclusion Programme by significantly boosting the funding available to ATMs in the most deprived areas of the UK.”

RSN commentary:

It is important that Government and its Payment Systems Regulator maintain a close oversight on this issue and intervene if necessary. Evidence indicates that the number of free-to-use ATMs has declined recently (including in rural areas), coinciding with a cut in the transaction payment that is received by the bank hosting the ATM. Access to cash is an issue of growing concern for both rural residents and businesses.

House of Lords recommendation:

Individual post offices should receive a realistic (higher) payment when handling cash withdrawal and deposit transactions on behalf of banks

Government response:

“Since its introduction, the Banking Framework has substantially increased basic banking volumes in Post Office branches, with an increase of 7 per cent for cash withdrawals and 22 per cent for cash deposits. This growth is set to continue, driven in part by continued bank closures. The Post Office has recently renegotiated Banking Framework 2, with the overall aim of rebalancing fees charged by the Post Office to banks to carry out banking transactions on their behalf. This was desirable not only for the long-term sustainability of banking services across the post office network, but also to ensure that any increase in revenues from banking services is adequately shared with postmasters. Banking Framework 2.0 will take effect from January 2020.”

“Under the new agreement the Post Office has agreed a significant increase to the fees that it will receive from the banks for processing transactions. The Post Office’s overall income through Banking Framework 2 will only increase further as transaction volumes continue to grow. The Post Office will double and, in some cases, treble the rate agents receive for deposits. It will pay the increased rates from October 2019, a quarter before the new Banking Framework is implemented, as a gesture of goodwill to postmasters. This will ensure that local businesses and communities can continue to access vital banking services in post office branches up and down the country for years to come.”

RSN commentary:

We welcome the new agreement (Banking Framework 2). It is important that Post Office Limited receives a realistic commercial fee for providing this service to the banks and it is crucial that a fair share of the fee is passed on to individual post offices. Those operating post offices deserve a sum which properly reflects the time and effort involved handling banking transactions. This will help ensure that the much-valued rural post office network is made more stable and sustainable.

House of Lords recommendation:

The UK Shared Prosperity Fund should provide a source of investment funding for rural businesses seeking to grow

Government response:

“The UK Shared Prosperity Fund will focus on the foundations of productivity, including the business environment.”

“The government recognises the importance of providing stakeholders with an opportunity to contribute their views on the UK Shared Prosperity Fund. As such, the government will publish a public consultation on the UK Shared Prosperity Fund. This will provide an opportunity for all interested parties, including rural communities, to provide their views on the Fund directly to the government. Final decisions are due to be made following Spending Review.”

RSN commentary:

The EU LEADER programme has clearly shown the value of providing grant funding to enable small rural businesses to grow and invest. Although programme management could undoubtedly be simplified, the evaluation was broadly positive about its impacts. That lesson should be taken forward by developing a similar grant fund facility in future from within the UK Shared Prosperity Fund.

House of Lords recommendation:

LEP Local Industrial Strategies should enable targeted support to rural businesses

Government response:

“LEPs and mayoral combined authorities can consider the provision of business support as part of the ‘business environment’ foundation of their Local Industrial Strategy. The government has encouraged places to focus in particular on how their Local Industrial Strategy will support firms in rural areas to:

- scale-up and grow through increasing take up of external finance; building capability to access domestic and international markets; building an innovation culture; accessing and retaining talent.

- improve firm level productivity.
 - navigate and access business support available across the public and private sector.
- Each LEP also runs a Growth Hub, which bring together national and local business support and make it accessible to all businesses in all areas.”

RSN commentary:

It is important that LEPs make particular effort to target rural businesses for support, recognising this may require some additional effort. The smallest businesses, away from population centres, can be hard to reach. Specific assistance should be put in place for support organisations which can advise rural entrepreneurs and SMEs. Those organisations need to be trusted by businesses and knowledgeable about the rural context.

Report chapter: Delivering essential services at the local level

House of Lords recommendation:

Public funding cuts have had a significant impact on rural bus provision

Government response:

“Most public funding for local bus services is provided through a block grant to authorities in England from MHCLG. Ultimately it is for local authorities, working in partnership with their communities, to identify the right transport solutions that meet the challenges faced in their areas, and deliver the greatest benefits for their communities with the funding streams that are available to them. They are also encouraged to utilise the tools in the Bus Services Act 2017 to help improve rural bus services. These include the ability for local authorities to work more effectively with bus operators through advanced quality partnerships or enhanced partnership schemes, and the potential to establish a system of franchising.”

“More broadly, as part of the 2018/19 local government finance settlement, the government responded to a number of councils’ concerns over rural services funding by increasing the Rural Services Delivery Grant to £81 million. The 2019/20 settlement maintained the Grant at the same increased level. This recognises the extra costs of providing services in rural communities.”

RSN commentary:

After years of budget cuts local authorities have had no option but to take difficult decisions about which public services to stop funding. Since they must continue funding statutory services, the impacts have inevitably fallen hardest on non-statutory provision such as subsidising uncommercial bus routes. The result has been measured by the Campaign for Better Transport, with hundreds of shire bus routes either withdrawn altogether or in some way scaled back.

The Transport Act 1985 needs to be amended so that rather than just requiring local authorities to identify what bus services are not commercially provided to meet social needs, also requires them to take action to meet those needs. Such a change should be fully funded by the Government specifically for the provision of such services.

The £81 million Rural Services Delivery Grant is, of course, welcome. However, it does not nearly compensate for the extra costs faced by rural local authorities across England and across the range of their service provision.

The underfunding of Community Transport is a national issue, and unless addressed urgently by central and local government, will turn into a rural crisis as CT organisations fold, leaving thousands of residents cut off from vital health and wellbeing services.

House of Lords recommendation:

Government should seek to develop a 'single transport investment pot', learning lessons from the Total Transport Pilots

Government response:

"In terms of funding, strategic policy making authorities are required to cooperate with each other and other bodies when preparing policies which address cross boundary strategic matters such as transport and should consider the distribution of funding streams as part of this. The National Planning Policy Framework also sets out that as part of the plan making process, authorities will need to work alongside infrastructure providers to identify infrastructure requirements, including for public transport and the opportunities for addressing these."

"Total Transport involves integrating transport services currently commissioned by different central and local government agencies and provided by different operators. Total Transport has the potential to greatly improve the efficiency and delivery of road transport services to local people. It, however, requires all transport providers to work together to maximise the use of the vehicles so that more transport opportunities can be provided to passengers."

RSN commentary:

There is undoubtedly scope to take forward lessons from the Total Transport Pilots, which sought to make better use of existing resources, not least by pooling vehicles used in different sectors e.g. education, social services and health. At the very least, Government should pump prime similar schemes to the Total Transport Pilots, providing an investment pot which is available to both local and health authorities.

Local NHS Trusts and Education Authorities need to be integrated with the Total Transport concept to bring things like non-emergency transport into scope. School Transport is also not something that should be planned independently from mainstream public transport.

House of Lords recommendation:

Clinical Commissioning Group (NHS) funding allocations should take account of extra service delivery costs in sparsely populated areas

Government response:

"NHS England is responsible for decisions on the weighted capitation formula used to allocate resources between Clinical Commissioning Groups (CCGs), a process that is independent of Government. NHS England take advice from the independent Advisory Committee on Resource Allocation, a group of academics and other experts. The allocation to each CCG is informed by the estimation of the relative health needs of local areas. Funding is based on a complex assessment of factors such as demography, morbidity, deprivation, and the unavoidable cost of providing services in different areas. Over the past two years, the Advisory Committee on Resource Allocation has been considering the evidence for any additional adjustments relating to the costs of providing healthcare in remote areas. Following this, the Committee has endorsed the introduction of a new community services formula that has the effect of better recognising needs in some rural,

coastal and remote areas that on average tend to have much older populations. Further detail on the Advisory Committee's findings and recommendations can be found in the note on this year's allocations to CCGs published by NHS England."

RSN commentary:

The NHS England publication on CCG allocations for 2019/20 describes the main change to the community services formula as giving more weight to age and deprivation profiles, which may benefit some rural areas with older populations. A further likely change to that formula next year, to account for travel time on home visits, could also prove beneficial.

At the same time, we are disappointed that, more generally, NHS England cites a lack of usable, consistent evidence for making further allocation changes to reflect rural costs. We hope it will continue to seek out usable evidence and will involve the National Centre for Rural Health and Care. The NHS GP contract needs should be fully rural proofed (it is not currently). In addition, rural GP practices that are permitted to dispense medicines to their patients, because a community pharmacy is not economically viable, should be funded to provide the clinical services currently included in the community pharmacy contractual framework.

The proportion of the population that is old or very old is significantly higher in rural than in urban areas. Since the number of older people is by far the largest driver of demand for NHS services, it seems odd that CCG allocations do not more obviously reflect this. The ACRA committee and NHS England should revisit the CCG allocation formula with a view to making it better reflect actual demand for NHS services in different areas.

House of Lords recommendation:

Further steps should be taken to improve rural access to health services through multi-use health centres and digital solutions

Government response:

"The NHS's Long-Term Plan commits to delivering fully integrated community-based health care. This will be supported through the ongoing training and development of multidisciplinary teams in primary and community hubs. All 42 Sustainability and Transformation Partnerships including those in rural areas, have produced local estates strategies for the first time setting out how they will transform their estate in support of delivering ambitions in the NHS's Long-Term Plan and benefitting patients."

"In April 2018 NHS Digital published a digital inclusion guide for health and social care aimed at local health and care organisations to help them to take practical steps to support digital inclusion in their communities, including those in rural areas who are more likely to be digitally excluded. DHSC is working closely with the DCMS to ensure that health and care needs are taken into account in national digital infrastructure policy. Two test beds under DCMS's 5G programme are focused on improving access, and the 5G programme itself will address rural connectivity."

RSN commentary:

It is important that the objective within the NHS Long Term Plan to create fully integrated community-based health care – which we support – is turned into reality and in ways that bring improved access to non-urgent health care for rural residents. Since many rural communities live far from a main hospital, they stand to benefit considerably if more services are available at local health centres or community hospitals.

Digital solutions (including telehealth) also have considerable potential in rural areas and there are some good examples of its application. If all rural NHS patients are to benefit, one requirement is urgently to address outstanding issues with rural digital connectivity.

“Rural dispensing practices are already a ‘one-stop-shop’ health centre for rural communities. They provide a medical and pharmaceutical services to eligible patients where a community pharmacy is not viable. Dispensing patients currently do not have access to the Electronic Prescription Service (EPS) and the NHS broadband connection is often very poor. Dispensing practices would like to provide more for their patients, but the NHS has never provided the necessary infrastructure, to make service improvements possible.

We note that Government has given full support to the [“TOPOL Review”](#). The Topol Review was established to explore how technology will impact on healthcare and its workforce, focusing on the impact of digital health, genomics, robotics and artificial intelligence over the next twenty years. This supplementary report explores these questions within mental health - [Preparing the healthcare workforce to deliver the digital future](#).

For rural areas this will mean that everyone in the NHS workforce will have to be involved in a "huge and sustained educational programme. Every NHS Health Professional in every rural area: GPs, Practice Nurses, Health Visitors, Physiotherapists, Dietitians, etc. will need to become "digitally literate" and will also need to learn a great deal about genes and their effect on patients (i.e. genomics).The NHS has never yet offered "learning centers" in rural areas for NHS staff. In urban areas the Hospital Library service long ago established Hospital Libraries to help Health Professionals to pass professional examinations and keep up to date for CPD purposes. However, in rural areas no such venues exist at present and as far as I know none are planned. What will be needed will be trainers going out into rural areas so that NHS Community staff will be able to find the help and support needed for them to become digitally literate and also able to cope with the questions and concerns about genetics that NHS service users will bring to them..

House of Lords recommendation:

Government should introduce a rural cost adjustment into funding for mental health services

Government response:

“CCGs are responsible for ensuring adequate access to mental health services locally, including early interventions. Funding allocations to CCGs, including those covering rural areas, vary to meet the needs of local populations, including mental health need and the needs of remote or sparsely populated areas. These allocations are determined by a formula managed for the NHS by the independent Advisory Committee on Resource Allocation.”

“The Advisory Committee is implementing a refreshed mental health and learning disabilities formula which takes account of available data and there are a range of adjustments made in the core CCG allocations formula to account for the fact that the costs of providing health care may vary between rural and urban areas.”

“In 2017/18, all CCGs met the Mental Health Investment Standard, by which they must increase mental health investment by at least their overall increase in funding. CCGs are also best placed to decide on how this investment should be used to meet the mental health needs of their populations living in rural areas.”

RSN commentary:

Changes being implemented to the mental health and learning disabilities element of the CCG allocations formula are to utilise newly available data. This is not a rural adjustment: some rural areas may gain and others may lose from the change. NHS England states that the highest funding allocations are made to large urban centres.

There is an urgent need to remedy the absence of any adjustment within the formula to cover extra service delivery costs in rural areas. An increased policy focus on mental health and wellbeing is welcome, but fair funding is needed for provision to rural communities.

Much more active support is needed to combat isolation and loneliness

Rural Services Network
December, 2019