

RURAL LENS REVIEW



Comprehensive Spending Review 2020



Published November 2020

At a glance



Rural Services Network's thoughts on **Spending Review**:

The continuing reliance on Council Tax to meet the costs of essential public services. This will worsen the situation in rural areas, where already in 2020/21: n

- ❖ **Rural residents pay, on average, 22.7% (£105) per head more in Council Tax than their urban counterparts** due to receiving less government grant
- ❖ **Rural residents fund 68% of their Local Government Spending Power through Council Tax compared with urban residents who fund theirs by 55%**
- ❖ **Rural residents pay more, receive fewer services and, on average, earn less than those in urban areas and that is inequitable**

The statement that “options will be assessed first and foremost based on whether they deliver relevant policy objectives. Any option which fails to do so cannot be considered value for money and will not progress to shortlisting stage” is **potentially this is good news for rural areas as long as the Government's policy objectives genuinely include left behind rural areas. Until the government defines policy objectives and the criteria for the decisions it is hard to be sure. There is a general concern that levelling up is mostly confined to the so-called 'red-wall' areas of England**

INTRODUCTION

As they say, “The Devil is in the Detail” and there is precious little fine grain detail in the Spending Review Documents. We will separately review the National Infrastructure Strategy over the next week or so.

Throughout the documents besides phrases like ‘urban and rural’ you are left *wondering how much of the funding/opportunities will really come into rural areas and benefit rural communities?* Will rural proofing **before** the setting of policy details and budget allocations actually take place?

At the RSN we will be closely monitoring these issues and making representations where necessary – this in line with our Revitalising Rural – Realising the Vision ambitions.

Key Rural Issues

For now, we set out what we think, on first examination, are the key take outs from the Spending Review 2020 (SR) and some brief RSN comments. The Fiscal and Economic Context/Outlook sections are not included here.

The two immediate ‘biggies’ are:

1. The continuing reliance on Council Tax to meet the costs of essential public services. This will worsen the situation in rural areas, where already in 2020/21:

- Rural residents pay, on average, 22.7% (£105) per head more in Council Tax than their urban counterparts due to receiving less government grant
- Rural residents fund 68% of their Local Government Spending Power through Council Tax compared with urban residents who fund theirs by 55%
- Rural residents pay more, receive fewer services and, on average, earn less than those in urban areas and that is inequitable

2. The reduced funding and increased timescales for the roll out of Gigabit Broadband – despite the Manifesto Commitment. The pandemic has reinforced the essential nature of connectivity for rural businesses, rural people and rural communities.

Some good news too - Securing the future of the Post Office network

A total of £227m of funding has been provided to extend the network subsidy by £50 million and provide the Post Office with £177 million to invest in the future of the network. This will ensure that post offices in every corner of the country, including our vital rural



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branches, can keep providing essential services for the people that rely on them – now and in the future.

Key areas in Spending Review and Rural Services Network Comments

Spending Review Statement (using government's headings where possible)		RSN INITIAL COMMENTS
SUPPORTING JOBS	Investing £1.4bn re Plan for Jobs Commitment; £2bn for Kickstart Scheme; £2.9bn Restart Programme and £0.2bn in other measures in the Plan for Jobs	The RSN has commented before that the Plan for Jobs needs more nuancing to meet the needs (and access issues) of rural communities
LEVELLING UP	<p>New (cross departmental) Levelling up Fund worth £4bn for England. This to “invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery”.</p> <p>The government will set out further details on how to support levelling up across the UK in the New Year.</p> <p>Open to all local areas with priority given to places in need, those facing particular challenges and areas that have received less government investment in recent years</p> <p>Long Term regeneration of 167 towns across England through the Towns Fund.</p>	<p>Infrastructure Only. Levelling Up must be more than just infrastructure Projects.</p> <p>Levelling up government support to fund local government services is paramount.</p> <p>To be transparent government needs to define these areas and the criteria for the decisions. On the face of it most (all?) rural areas meet the headline definitions</p> <p>The Towns Fund current criteria means many rural towns meeting the service needs of their rural areas are not eligible</p>

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UK SHARED PROSPERITY FUND	<p>UK Shared Prosperity Fund.</p> <p>Government will ramp up funding to at least match current EU receipts, on average reaching around £1.5bn a year. Rural is specifically mentioned.</p> <p>Covers Investment in people & skills, communities and place (including cultural and sporting facilities) and local business.</p> <p>Details will be set out 'in the spring'</p> <p>Will not be in place until 2022/23.</p> <p>Will be pilot programmes in 2021/22. Further details in the New Year</p>	<p>Disappointing to hear after all this time that the SPF will not be operational until 2022/23.</p> <p>Some rural schemes must be in the 2021/22 Pilot Programme.</p> <p>Encouraging that 'community' is covered.</p>
WARMER HOMES AND BUILDINGS	<p>£150m to help some of the poorest homes become more energy efficient and cheaper to heat with low-carbon energy, and a further £60m to retrofit social housing. Also "£122m in 2021/22 to support creation of clean energy networks</p>	<p>Rural areas must get a fair share of these resources</p>
INVESTING IN OUR PUBLIC SERVICES: HEALTH	<p>Announcements at SR20 also enable local authorities to access over £1 billion of spending for social care through £300 million of social care grant and the ability to levy a 3 per cent adult social care precept. This funding is additional to the £1 billion social care grant announced last year which is being maintained. The government expects to provide local authorities with over £3 billion to address Covid-19 pressures, including in adult social care.</p>	<p>Already rural councils fund more of the social care costs through council tax than do their urban counterparts. This will make that position worse</p>

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UPSKILLING FOR THE FUTURE: EDUCATION AND SKILLS	<p>At SR19 the government set out a commitment to increase the core schools' budget by £7.1 billion by 2022-23, compared to 2019-20 funding levels. SR20 reaffirms this commitment, with the government's three-year investment representing the biggest school funding boost in a decade. The school's budget will increase from £47.6 billion in 2020-21 to £49.8 billion in 2021-22 – an uplift of £2.2 billion.</p> <p>SR20 also provides additional education funding in 2021-22 to:</p> <ul style="list-style-type: none"> • Invest in Further Education to ensure that core funding for 16 to 19-year-olds is maintained in real terms per learner, rising in line with demographic growth • Continue delivering opportunities for lifelong learning, helping those who want or need to reskill to do so at any stage of their life or career <p>Confirm changes to support employers offering apprenticeships by delivering further improvements to the system</p>	<p>Urban/rural comparisons will be reviewed.</p> <p>Access to FE opportunities and the range of courses/opportunities to rural people remain key issues.</p> <p>Without 4G connectivity distance learning is problematic to say the least</p>

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SUPPORTING LOCAL AUTHORITIES	<ul style="list-style-type: none"> Core spending power for local authorities is estimated to increase by 4.5 per cent in cash terms in 2021-22, following the largest real terms increase in core spending power for a decade at SR19 The referendum threshold for increases in council tax will remain at 2 per cent in 2021-22 Social care authorities will be able to charge an adult social care precept of up to 3 per cent The government will provide £254 million of additional resource funding to tackle homelessness and rough sleeping in 2021-22, a 60 per cent cash increase compared to SR19, to bolster vital accommodation, substance misuse and frontline support services. 	<p>Core spending power includes Council Tax. See earlier comments in that regard</p> <p>The Local Government Provisional Settlement for 2021/22 (thought to be announced week commencing 14th December) will be closely scrutinised by the RSN.</p> <p>Already rural councils fund more of the social care costs through council tax than do their urban counterparts. This will make that position worse</p>

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BUILDING HOSPITALS AND SCHOOLS	<ul style="list-style-type: none"> • Providing £3.7 billion for the hospital building programme and £1.7 billion for the hospital upgrade programme up to 2024-25 to drive long-term improvements in the health sector and deliver on the government's SR19 commitment to invest in hospital infrastructure • Launching a 10-year school rebuilding programme, with a commitment to rebuilding 500 schools in England over the next decade • Providing £1.5 billion over six years to deliver the government's commitment to bring all Further Education college estates in England up to a "good" condition 	No indication yet as to how this will affect rural provision
ENSURING PUBLIC MONEY IS WELL SPENT	<p>The government has developed three to four provisional priority outcomes for each UK government department, including a number of cross-cutting outcomes. These capture the government's long-term policy objectives, from reducing crime to improving education standards across the country.</p> <p>The government has also identified a set of provisional metrics for each outcome against which progress towards delivering the outcomes will be measured. The departmental breakdown of these metrics against each outcome will be published in the coming weeks.</p>	These documents will be scrutinised by the RSN. Will we see any rural proofing having taken place?

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CHANGING THE WAY THE GOVERNMENT INVESTS IN PLACES	<p>HM Treasury has therefore updated the Green Book to end the dominance of the BCR in decision making. Starting at SR20, appraisals must give a comprehensive picture of cost and benefits, including impacts that are difficult to monetise.</p> <p>In particular, options will be assessed first and foremost based on whether they deliver relevant policy objectives. Any option which fails to do so cannot be considered value for money and will not progress to shortlisting stage.</p> <p>The government is also changing the guidance so it will no longer be acceptable for proposals to be 'place blind'. Business cases should be developed to align with relevant local strategies and major interventions in cases for all proposals will have to set out how they will impact different places on a comply or explain basis.</p> <p>These changes will mean that appraisals and advice to ministers should include much better analysis on how options will deliver their policy goals, as well as which parts of the country look to gain most from them, supporting better-informed decisions.</p>	<p>Potentially this is good news for rural areas as long as the Government's policy objectives genuinely include left behind rural areas. Until the government defines policy objectives and the criteria for the decisions it is hard to be sure. There is a general concern that levelling up is mostly confined to the so-called 'red-wall' areas of England</p>

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ROLL OUT OF GIGABIT CAPABLE BROADBAND	<p>£1.2 billion from 2021-22 to 2024-25 to support the rollout of gigabit-capable broadband across the UK, essential in an increasingly digital age for supporting the UK economy. This is part of the government's £5 billion commitment to support gigabit-capable broadband rollout to the hardest to reach areas of the UK</p>	<p>Only the £1.2 bn (not the £5bn promised) is allocated in SR. The £1.2 bn is across the 4 years from 2021-22 to 2024/25. The allocation is: 2021/22 £0.1bn 2022/23 £0.3bn 2023/24 £0.4bn 2024/25 £0.5bn</p> <p>This is despite the National Infrastructure Strategy saying "£5 billion to support UK-wide gigabit broadband roll-out, a Shared Rural Network extending 4G mobile coverage to 95% of the UK, and £250 million to ensure resilient and secure digital networks."</p> <p>Based on the level of funding allocated in the SR it is estimated that it will not be until circa 2028/29 that rural areas will be able to access this level of service (by which time technology will have advanced yet further and rural areas will be even further behind)</p> <p>Also, we have gone from full fibre to every home by 2025 to "government is working with the industry to target a minimum of 85% gigabit capable coverage by 2025". Inevitably rural areas will form the bulk of the missing 15%. The 85% includes commercially viable areas.</p> <p>The 'Outside In' approach must be applied</p> <p>DCMS says that the allocation of just £1.2bn is to 'reflect the capacity of the industry'</p> <p>A clear unambiguous statement from government and the industry is urgently needed.</p> <p>Issues about affordability of connection and the hard/software and skills training and support are also key elements of future provision in rural areas.</p>
	<p>£50 million next year, as part of a £250 million commitment to building a secure and resilient 5G network</p> <p>Over £200 million UK-wide to continue flagship digital infrastructure programmes, including the Shared Rural Network for 4G coverage, Local Full Fibre Networks, and the 5G Testbeds and Trials Programme</p>	

FURTHER PUBLICATIONS TO COME

A whole slew of further documents is promised, including:

In the next three months:

- The *Union Connectivity Review*
- The *Construction Playbook*
- The *Integrated Rail Plan*
- The *Energy White Paper*

In the next six months:

- The *Net Zero Review* final report
 - The *National Infrastructure and Construction Pipeline*
 - *Transforming Infrastructure Performance*
- 2021 • A transport decarbonisation plan

RSN will need to review most, if not all, of these documents for rural impacts/issues when they are published. This may lead to changes in Revitalising Rural documents/Policy Asks.

	<p><u>In the next twelve months:</u></p> <ul style="list-style-type: none"> • The <i>English Devolution and Local Recovery White Paper</i> • A refreshed <i>Industrial Strategy</i> • A hydrogen strategy • An industrial decarbonisation strategy • An electric vehicle charging infrastructure strategy • A heat and buildings strategy 	
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