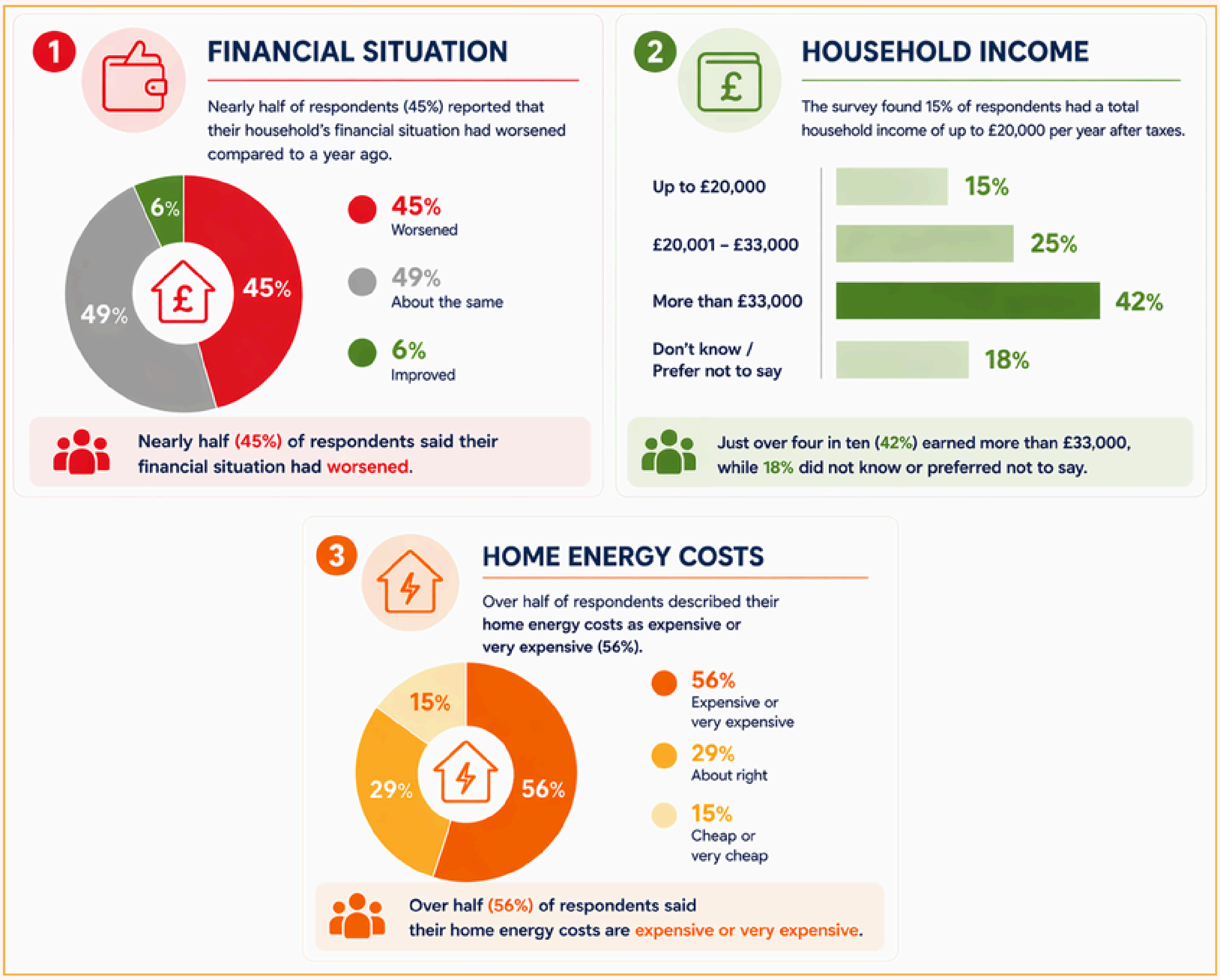
A healthy local economy is fundamental to the vitality of rural communities. It provides employment, supports local services, and gives young people a reason to stay.

Yet rural economies face distinctive challenges: limited diversity of employment opportunities, reliance on seasonal industries, difficulties attracting investment, and the constant pull of towns and cities that offer more choice and better wages.

Understanding these challenges – and their consequences for rural communities – is essential to developing policies that genuinely support rural economic prosperity.

Key Survey Findings

The survey collected data on respondents' financial circumstances and economic situation, revealing a picture of economic pressure for many rural households.



Rural Economy - The Lived Experience

The focus groups highlighted rural economies under sustained pressure, with participants pointing to limited opportunities, barriers to growth, and a strong sense of being overlooked.

While there are examples of individual success, many described an economy that is struggling overall. Efforts to diversify are often constrained, with planning restrictions consistently identified as a significant barrier to business development, innovation, and local job creation.

A heavy reliance on sectors such as hospitality and tourism was seen as a key structural weakness. While these industries provide important sources of employment, they are often associated with low pay, seasonal demand, and limited career progression, making it difficult to retain younger people. This contributes to a cycle in which younger residents leave in search of better opportunities elsewhere, leading to ageing populations and reduced economic vitality within rural communities.

Challenges in attracting and retaining skilled professionals were also widely highlighted, particularly in sectors such as healthcare and education. Career progression within rural areas was described as limited, with few clear pathways for advancement without relocating, further compounding workforce shortages.

Planning policy emerged as a consistent and significant concern. Participants described difficulties in securing approval for developments that could support local economies, including business expansion and diversification. This was seen as restricting growth and, in some cases, forcing businesses to relocate to urban areas where opportunities to develop are perceived to be greater.

Rising costs are placing additional strain on rural businesses, with increasing overheads and limited ability to pass these costs on to customers. This financial pressure is compounded by smaller customer bases and reduced footfall compared to urban areas. At the same time, participants pointed to a lack of long-term, strategic thinking in policy and funding, with short-term approaches seen as hindering sustainable economic development and limiting confidence for future investment.

Looking ahead, many expressed concern about continued economic stagnation and a gradual drift towards towns and cities, both in terms of people and investment.

There was a clear and consistent call for more coordinated, long-term planning and a more joined-up approach to supporting rural economies, with policies that better reflect the specific challenges and opportunities facing rural areas.

Rural Economy - The Lived Experience

WHAT RURAL RESIDENTS TOLD US ABOUT... RURAL ECONOMY

"Struggling. I think that's the answer to that."

"We're not keeping our youngsters here, we're just keeping an elderly population. And then the elderly population can't get around eventually... so we've got to keep the youngsters here, we've got to make it viable for the youngsters."

"We are not attracting people who are career-based."

"Career progression here is very stale. You either sort of move on to develop your own business, if you're an employee, which is extremely difficult, or you're waiting for somebody that's senior to you... to retire, so that they all move up one stage."

"Any business that is growing has to then move to an area where there's an industrial estate... which means it's moving again to a town or city."

WHAT RURAL RESIDENTS TOLD US ABOUT... RURAL ECONOMY

"It would have been an additional string to the bow of a local business. But they brought out all sorts of... anything they could think of to actually try and stop it."

"Their expenses and overheads, particularly, are almost unbearable now."

"Business rate relief is sort of... seems to be disappearing more... the costs of electricity, gas... water, sewage charges are dramatically increasing all the time. All their overheads are increasing. They struggle to put their prices up because people can't afford them otherwise."

"The councils will give you money to fix that thing, right there and then. But they're not looking at that long-term problem... they're not looking far enough to the future to develop correctly."

"If nothing changes, it's just going to continue to struggle. There will be an economy there, but it won't be a dynamic economy. There will be more continued drift to the towns and cities."

"We're drifting, definitely... we've got no outlook for the future."

"What is needed is a much more holistic look at the whole thing. It seems as if departments and governments departments almost fight each other, or three doesn't seem to be joined-up thinking. And there's no proper, real plan for the rural areas."

KEY ISSUES IDENTIFIED

What rural residents told us about rural economy

1. Nearly half of respondents reported worsening household finances over the past year.
2. Rural economies (particularly in the South West) are over-reliant on hospitality and tourism, which offer seasonal, low-paid work with limited career progression.
3. Young people are leaving for towns and cities, creating a demographic imbalance and draining rural areas of energy and skills.
4. Planning restrictions can prevent businesses from diversifying and expanding.
5. Rising costs (energy, water, business rates) are squeezing small businesses, while they struggle to raise prices.
6. There is little joined up thinking between different agencies and government departments on rural economic development.
7. Short-term funding cycles prevent long-term planning and investment.
8. Rural businesses feel forgotten and overlooked compared to urban areas.
9. Lack of infrastructure (transport, drainage, utilities) constrains business growth.

A strong, resilient rural economy needs long-term investment, joined-up policies, and recognition of the unique challenges rural communities face.