



For a Living, Working Countryside

## Levelling Up in Rural Areas: Unlocking the Potential

Rural areas are home to 9.3 million people or 17% of England's population, with some 545,000 registered businesses based in predominantly rural areas. Rural areas already make an important contribution to the nation's economic and social wellbeing, but many are held back by historical and underlying problems; lack of opportunities; and poor access to key services. The right support and recognition could unlock the potential of rural communities and economies to play a key role in England's future. The Levelling Up agenda presents a real opportunity to address the historic and current challenges for underperforming rural areas of the country. To do so fairly and equitably, the metrics and measures adopted need to be sufficiently sensitive and fine-tuned to recognise the particular circumstances and needs of rural areas. The role rural areas play in how we see ourselves as a people, in the foundations of our national economy and in the wellbeing of the country must be recognised. Rural areas are more than the 'green-lung' of the cities; they can be the essential underpinning of a new type of economy that has the capacity to become 'net-zero'.

However, if, despite the lack of evidence, the overriding philosophy behind levelling up is based on the assumption that growth and improvement derive primarily from cities and urban aggregation and that success in these areas will trickle down to surrounding areas, it would be a missed opportunity to recognise the role rural areas play and how this could be enhanced. There is a need to build a real understanding and recognition of the particular problems facing rural areas; of the means of addressing them; and what a place-based approach means in a rural context. This would be helped by the Government now setting out its promised vision for rural England and developing a cross-cutting strategy for how levelling up can be achieved for rural people, businesses and places. Levelling up must deliver on the philosophy that 'no one should be left behind due to where they live'.

### General overview

To achieve the ambitions in rural areas requires the following strategic measures:

- Clarity about the relationship between the Government's annual rural proofing report and levelling up. Both demand a cross-departmental approach. Embedding rural proofing in the development of the policy programme for levelling up and actions flowing from it would result in real system change for rural England.
- The Levelling Up Advisory Council should have a specific duty to monitor levelling up in rural areas, assisted by a rural expert advisory committee.
- Levelling Up Directors should have a clear role from the outset to ensure that the needs of rural areas are recognised and addressed in their areas.
- A report for the Rural Services Network by Pragmatix Advisory, published on 20 June, found that "were England's rural communities a distinct region, their need for Levelling Up would be greater than that of any other part of the country". The report finds that the Government's metrics do not properly account for the pressures facing our smaller towns and villages."

- As presented in the Levelling Up White Paper, the majority of the 12 missions could be achieved in urban areas alone, risking rural needs, challenges and opportunities being overlooked or ignored. The metrics for measuring progress against the ambitions/targets must be at a granular enough level to capture what is happening in more sparsely populated rural areas and to monitor progress in addressing necessary actions.
- The missions and targets need to measure improvements within regions and areas, including rural areas, not just between regions.
- Decision-making and delivery mechanisms need to be at appropriate levels of locality to take account of rural circumstances. Experience shows that regional and/or city-focussed organisations and private-sector led bodies are not sufficiently sensitive to rural issues and the needs of rural communities or of the very small firms which predominate in rural areas.
- Funding formulae across all services must be sufficiently fine-grained to recognise rural needs – and the additional costs of service delivery - and enable a fairer distribution of national resources.
- The bigger the geographical area for which a body has responsibilities, the greater the number of very different types of communities within them. Whilst sometimes policies do need to reflect urban-rural dependencies, a more appropriate approach is to consider where it is necessary to cover larger (mixed rural and urban) geographies. Combining rural areas with urban areas has, historically, meant rural areas losing out, as it is almost always easier (and less costly) to achieve performance targets in densely populated areas than more sparsely populated rural areas. Whatever approach is adopted, extra care must be taken to avoid disadvantaging rural areas unfairly.

## **Making the levelling up focus areas and missions work for rural areas**

### **Boost productivity, pay, job and living standards by growing the private sector, especially in those places where they are lagging**

Rural economies are diverse. Land-based businesses, including farming, are important but 85% of rural businesses are from other sectors. Many rural economies are over dependent on a narrow range of job opportunities, including seasonal work and tourism/hospitality. Over four fifths of rural employees work for an SME, nearly a third for a micro business. Home working, including self-employment, is significant and likely to be more so since the pandemic. Average earnings from rural jobs are some 7% below those in urban areas (excluding London). Whilst many rural businesses are innovative, there is a sizeable productivity gap between rural and urban areas. Rural economies experience difficulties with access to labour, skills training, finance, business advice and suitable premises. Transport and digital infrastructure are poor in many rural areas and compound the problems of access.

**Missions:** For the rural economy to fulfil its potential and to support sustainable communities and contribute to the nation's growth, there is a need to diversify and increase employment and job opportunities, leading to higher wages and improved productivity. This requires an understanding of local rural economies and a place-based approach.

Whilst a comprehensive public transport system in each village may be unrealistic, improving local transport, particularly buses, by making it more flexible and sensitive to local needs is essential, especially given the ambitions for Net Zero.

Improved and reliable digital connectivity is the key to achieving many of the other ambitions for levelling up. The current programme to roll out full fibre broadband in rural England must be implemented as soon as possible.

### **Spread opportunities and improve public services, especially in those places where they are weakest**

There is longstanding underfunding of public services in rural areas. Through the local government funding formula, urban areas receive over 60% more per head in Settlement Funding Assessment grant and rural

residents pay, on average, nearly a fifth more in Council Tax than their urban counterparts. On the whole, rural residents pay more, receive fewer services and, on average, earn less than those in urban areas. Rural local authorities have capacity issues in bidding for funding in competition with urban areas. At the same time, private sector services, such as banks, retail outlets, have increasingly withdrawn from rural areas and market towns. Access to services of all types is problematical, especially so for those on low incomes and/or less mobile. More positively, there has been a growth in services provided by the community sector and social enterprise, but they can face difficulties in accessing funding and expert advice and experience problems with volunteer capacity.

**Missions:** Securing positive outcomes in rural areas to improve public services depend heavily on fairer funding formulae and more equitable distribution of resources which also take account of the additional costs of delivery in rural areas, as was recently highlighted in the report of the APPG Inquiry into Rural Health and Social Care.

Raising and widening skills levels are important but the delivery of training needs to be as local as possible and address the difficulties of cost and access.

Small towns in rural areas fulfil the same economic, service and social interface role of larger towns and should be supported in similar ways through funding mechanisms.

Rural areas have the potential to contribute to improving wellbeing more generally, as demonstrated during the recent pandemic, but they need help to put the necessary infrastructure in place.

### **Restore a sense of community, local pride and belonging, especially in those places where they have been lost**

Rural communities are seen as attractive places to live, where people work together and have a sense of belonging and community. The pandemic illustrated the strengths of local communities to come together and to offer support. However, the 'rural idyll' is not true everywhere and is not the case for everyone. Not all villages are 'chocolate boxes' and there are problems of loneliness and isolation, particularly for those on low incomes or who are excluded. Many attractive and popular villages are dark and deserted outside holiday times and are unable to sustain the infrastructure necessary for everyday living for those left behind. Non decent or inadequate housing in many rural areas is a problem for homeowners, not just the rented sector, particularly for the elderly where there are few opportunities to move to more suitable accommodation.

**Missions:** Pride of place is a complex concept and takes many forms, not just physical infrastructure. Rural communities perform well in certain cases and could offer more general lessons about involvement in community enterprises, volunteering etc. The pandemic illustrated the ability of small rural communities to fill the gap and provide much needed services locally. As public and private services contract or disappear, more and more communities are stepping up to the plate to run community businesses and social enterprises across a wide range of services. But they need help and access to finance and expertise to do so. The Community Ownership Fund and the Dormant Assets review offer some immediate benefits to empower local communities to take control of their futures.

The key issue for most rural communities is the severe lack of affordable housing to rent at prices relevant to locally-earned incomes for those on low incomes and with local connections. The prevalence of second homes and short-term holiday lets in many rural areas, land supply limitations and planning constraints, all limit the availability of suitable accommodation still further. A meaningful increase in the rural social housing programme by Homes England, clarity on the proposed reforms to the planning system, including the relationship between neighbourhood plans and local plans, and continued and increased support for the Community Housing Fund would be a step forward in addressing the housing problem in rural areas. With the difficulties of providing replacement homes, rural areas should be exempted from any proposals to introduce a Right to Buy for tenants of housing association properties.

Serious crime may be more prevalent in urban and city areas, but this should not lead to a shift in priority and/or resources away from other areas of crime which have more impact in rural areas.

## **Empower local leaders and communities, especially in those places lacking local agency**

The network of town and parish councils underpins much of rural life, supported by a range of local voluntary bodies, such as the county-based ACRE Network. At a local level they are heavily dependent on a limited cadre of volunteers and encounter problems with training, volunteer overload and capacity. Devolution deals historically have been urban/city led and have covered large geographical areas and populations and overlook rural communities.

**Missions:** A minimum population level of 500,000 for 'any tier of devolution' risks rural areas either being swamped by urban centres or unable to take up the potential benefits of a devolution deal. Decision-making and resources must be devolved as far as possible, creating the flexibility for tailored sub-national and local policy delivery. This requires a commitment to 'double devolution' to community level, alongside support to build the capacity of local leaders. Supporting and developing local networks is crucial to delivering levelling up and the government should invest in them as a vital piece of rural infrastructure.

## **Conclusions**

Levelling up is a complex and long-term programme. It is a golden opportunity for a real system change for rural areas of England, in how they are perceived and how the very real challenges they face are tackled, and in making rural proofing not just an ambition but a reality. The benefits will be felt by not just by rural communities but by the country as a whole.

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