

Meeting: People and Places Board

Date: 14 March 2023



Rural levelling up

Purpose of report

For information

Summary

This paper provides background relating to levelling up rural areas ahead of a conversation at the Board with Tim Goodship, Head of Rural Policy at the Department for Environment, Food and Rural Affairs (DEFRA) and Minette Batters, President of the National Farmers' Union (NFU). The discussion will be used to inform the Board's asks of all political parties.

Is this report confidential? No

Recommendation/s

Members are invited to:

- Note background, context and data analysis which informs this workstream.
- Have a wider conversation with key stakeholders from DEFRA and the NFU to inform the development of the Board's key asks of the rural sector.

Action/s

Following the discussions officers will take away the emerging themes and bring back the key messages for a wider debate with Board members to test and ensure they align with other organisations. The key asks and offers from the rural sector will then be passed on to the next Board and a wider discussion will take place in the new cycle around their dissemination under new Board leadership.

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Rural levelling up

Background

1. The context within which the People and Places Board operates has significantly shifted over the past year with the [Levelling Up White Paper](#) extending devolution beyond metropolitan areas for the first time to allow local leaders in rural areas to adapt policy and trial new ideas most suited to their areas' needs, coupled with new resources and legislation.
2. More recently the Government has signalled its intention to create a new Office for Local Government (Oflog) which will have the primary purpose of providing a transparent and authoritative source of information about the performance of local government. This marks an opportunity for the Board to engage with Government as it continues progressing devolution deals and explores how the data body might be co-produced with the sector to better strengthen rural areas.
3. At the same time Government has set out guiding visions for more integrated, better aligned and empowered local institutions and places with tools they need to unlock economic growth. As part of this and following a year-long review of Local Enterprise Partnerships (LEPs), Government is integrating the functions and roles of LEPs with local governance structures. 42 Integrated Care Systems (ICSs) were also established across England on a statutory basis in July 2022.
4. More widely, the prospect of a 2024/25 General Election provides a renewed opportunity for the People and Places Board to connect with all political parties and influence the future policy direction of the UK, with rural challenges notably absent from current policy pronouncements.
5. Over the past year the People and Places and City Regions Boards have run a [Levelling Up Locally Inquiry](#) into how the levelling up agenda might further strengthen local communities. The inquiry built on the [Levelling Up White Paper](#) to investigate the role of local leadership in shaping a recovery that works for all. It has explored four themes: funding and alignment; leadership; productivity and

prosperity; and place and identity to shape the recommendations for the future direction of levelling up policy.

6. The inquiry roundtables were attended by People and Places Board members and rural organisations such as Britain's Leading Edge, Action with Communities in Rural England (ACRE) and The Countryside Charity to ensure rural perspectives fed into the recommendations. While rural challenges were evidenced within the inquiry report, the final set of recommendations apply to both urban and rural localities and can be used for lobbying by both Boards.
7. At the same time, the City Regions Board has overseen an Urban Summit and [Future of Cities](#) project capturing the views, experiences and aspirations of urban residents, city leaders, urban planners, think tanks, academics and urban artists and writers. The project will be used to lobby government about the key asks and offers from the urban sector.
8. In this context, it is suggested the People and Places Board undertakes a separate piece of work to develop policy lines relating to levelling up rural areas which can be used to crystallise its asks of all political parties. The recommendations will influence the development of manifestos to ensure the rural proofing of levelling up is considered within future policy creation.

Context

9. The Board's successful lobbying has seen several new Government interventions for rural areas including a significant reform of agricultural policy and spending in England moving from the EU's Common Agricultural Policy (CAP) to Environmental Land Management Schemes. The £110 million Rural England Prosperity Fund was also announced in September 2022 as a top-up to the UKSPF giving local leaders a greater say in investment they previously had under EU schemes.
10. Following earlier reports such as the 2015 [Devolution to Non-Metropolitan England](#) (PDF) and 2019 [Future of Non-Metropolitan England](#) reports, in 2021 the Board commissioned Pragmatix to undertake a piece of work exploring the

challenges facing rural and coastal areas. The research had a particular focus on deprivation to outline what steps Government could take to strengthen the recovery and resilience of these communities within the context of recovering from the Covid-19 pandemic.

11. The report, [Rural Recognition, Recovery, Resilience and Revitalisation](#) highlighted the way in which the pandemic stimulated new ways of thinking including the rise of 'staycations' to support domestic tourism and the leisure sector, a revisiting of where and how people carry out 'office' work, and a reinforcement of the importance of England's natural assets. It made the case for a shift in the way rural and coastal policy is viewed, to not be seen purely through the lens of redistribution to reduce inequality and deprivation, but instead investing in the rural economy can deliver sustainable returns to the national economy. The report estimated the three trends could contribute £51 billion per annum to the rural economy by 2030. In 2018 GVA from tourism in predominantly rural areas alone was worth an estimated £11.5 billion.

12. However, a lot has changed since the time of writing with a cost-of-living crisis, rising inflation all while the country continues to feel the impact of the pandemic and struggle with low levels of labour productivity. The Pragmatix report found that rural economies can be disproportionately impacted by macroeconomic downturns, as experienced in the last recession, and both rural and coastal areas can be slow to recover. [Rural productivity levels have decreased](#) between 2001 and 2020, from 89 per cent of England's average to 81 per cent. 21 per cent of the population of England lives in predominantly rural authorities but these areas only contribute 15 per cent of England's Gross Value Added and median workplace-based earnings are lower in rural areas than in urban areas.

Data analysis

13. The need to better understand challenges facing rural areas has therefore never been more important. The [2021 census data](#) has now been published and begins to provide further insight. High-level analysis has been undertaken comparing all 'predominantly rural' authorities with 'predominantly urban' authorities across a range of different themes including the economy, housing, demography, and

health. Several census datasets did not provide granular data on a local authority level and therefore these have not been included in the analysis.

Economy

14. Rural areas have seen the biggest decrease in their economically active population over a 10-year period. However, the rural economy is dominated by entrepreneurs, self-employed workers, home businesses and small and micro enterprises presenting huge opportunities in creating and sustaining employment and safeguarding the future of rural communities.

- a. **Rural areas had a lower number of people working from home compared with urban areas in 2021.** The average percentage of residents aged 16 years and over in employment working from or at home in 2021 in areas with a rural classification across England and Wales was 30.3 per cent. This was less than in urban areas (31.4 per cent).
- b. **The number of economically active residents aged 16 and over decreased by over twice as much in rural areas** (3 per cent decrease) compared with urban areas (1.2 per cent decrease) between 2011 and 2021.
- c. Rural areas have a **lower percentage of the working age population who are unemployed** (2.2 per cent) compared with urban areas which have 3.7 per cent of their economically active population unemployed.

Housing

15. Rural residents are less likely to have a second home in the UK. However, according to [wider research](#), rural areas have higher rates of second homes (2.4 per cent) compared with urban areas (1 per cent). There is also an increased risk of social isolation in rural areas as they have higher proportions of one person households with residents aged 66 and over.

- a. **In 2021, residents in rural areas were less likely to have a second address in the UK** (3.7 per cent) compared with residents in urban areas (4.1 per cent).
- b. **Rural areas have a higher number of one person households with a resident aged 66 and over compared with urban areas.** In 2021 15 per cent of rural households were one person households with a resident aged

66 and over compared with 12.2 per cent of urban households.

Demography

16. There are significant numbers of residents in rural areas with protected characteristics, with similar numbers of people whose sexual orientation isn't heterosexual/straight and whose gender identity is no longer the same as their sex at birth as in urban areas. A greater understanding of the demographics of rural areas can be used to help inform future service provision.

- a. **97 per cent of people living in rural areas spoke English as their main language in 2021**, much higher than the 89.4 per cent of people in urban areas speaking English as their main language.
- b. There was a **higher number of people whose sexual orientation was straight/heterosexual in rural areas (90.9 per cent)** compared with 89 per cent in urban areas.
- c. There are **more people classified as disabled under the Equality Act in urban areas compared with rural areas**. 83 per cent of those in rural areas were classed as not disabled under the Equality Act in 2021, compared with 81.9 per cent of those in urban areas.
- d. **In rural areas 94.5 per cent of the population's gender identity was the same as their sex at birth in 2021**, compared with 93.3 per cent in urban areas.

Health

17. Rural and coastal populations provide unpaid care to family and other members of their local communities meaning volunteers in rural areas are undertaking jobs that would be paid for elsewhere.

- a. **The proportion of people in very bad health was lower in rural areas compared with urban areas**. In 2021, 0.95 per cent of the population had very bad health in rural areas, compared with 1.3 in urban areas.
- b. In 2021 there was **the same proportion of unpaid carers in rural areas as in urban areas** at 9 per cent.

18. The challenges facing rural communities are further compounded by intersectional disadvantage. For example, a person who is blind and over the age

of 66 and will face worsened outcomes and provision living in a rural area.

19. The geographic dispersion of the population means they would need to travel further to access services, shops and healthcare, and poor transport links and staff retention means service providers are challenged by their ability to bring services to the individual. The person would have more limited access to support of both formal services and from family members and a move for services to become 'digital by default' means they are at heightened risk of exclusion.

Relevant publications

20. The Board has a strong record of engaging with key rural stakeholders. The following section summarises relevant publications from a selection of rural organisations including the NFU and DEFRA who will be talking to the Board in more detail.
21. **National Farmers Union (NFU)** The NFU attended a People and Places Board meeting in the 2021/22 cycle and had a wider discussion with members. At the time of the publication of the Levelling Up White Paper the NFU published a [blueprint for the future of British farming](#) to create a more resilient, sustainable and productive agricultural sector. The report highlights the need for the production of sustainable, climate-friendly British food and the utilisation of new technologies that will enable farmers to produce this food.
22. **The Department for Environment, Food and Rural Affairs (DEFRA)** DEFRA have published two papers on 'rural proofing' England. The first was titled '[Rural Proofing in England 2020](#)' and outlined government's plans to meet the needs of rural areas, focussing on four themes: strengthening the rural economy, developing rural infrastructure, delivering rural services, and managing the natural environment. The [second](#) was published in September 2022 and sets out how rural interests will be systematically integrated across Government's approach to levelling up.
23. **Rural services Network (RSN)** The RSN is a Special Interest Group of the LGA which works on behalf of members as the national champion for rural services. Over the last two years the group has focussed on two campaigns – '[Fairer](#)

[Funding for Rural Areas](#)' which calls for fairer distribution of the funds Government allocates to support local government services. The campaign calls for public services to be fairly funded to ensure additional costs of delivering rural services are recognised and adequately funded. Rurality costs are about more than 'travel related costs' and rural needs should be recognised in future funding decisions. The second, [Revitalising Rural: Realising the Vision](#) looks to challenge Government on several policy areas that affect rural areas.

24. **Britain's Leading Edge** Britain's Leading Edge attended a People and Places Board meeting earlier in the cycle to talk to their recently published report in collaboration with the University of Exeter: '[Levelling up the leading edge](#)'. The report highlights the place-specific opportunities Britain's Leading Edge areas have to offer to the UK's carbon zero economy. The group published a [manifesto](#) in February 2023 outlining six commitments to improve the quality of life for the 6 million people living in peripheral regions which include continuing to advocate for moving focus and investment beyond the policy corridor and championing Government recognition for the extra costs involved in providing reliable, high quality public services in peripheral areas.

25. **Action with communities in rural England (ACRE)** In March 2022, ACRE [responded](#) to the Levelling Up White Paper exploring whether levelling up will genuinely reach out to rural areas. The report outlined the disappointing way in which there is no obvious, measurable objective to meet the country's net-zero targets or to re-invigorate the country's rural economy.

26. **Fabians Society** The Fabians Society '[Green and Pleasant: Rebuilding Rural Britain](#)' publication was published in late 2022 and seeks to explore how the 'peripheral' geography of rural and coastal areas shapes the challenges they face and lays the groundworks for a Labour offer to voters living in rural Britain.

27. With the above in mind, the question is raised around the extent to which rural areas and stakeholder organisations were consulted with when the Levelling Up White Paper missions were developed.

Policy provocations

28. Drawing on the Census data analysis, Pragmatix report findings, and the work of external stakeholder organisations, the following four themes have been chosen for further discussion with Minette Batters and Tim Goodship at the Board Meeting: strengthening the rural economy; developing rural infrastructure; delivering rural services; and rural-proofing policy.

29. Strengthening the rural economy

Background

Local government are place leaders for their local communities and economies. Funding streams such as the UK Shared Prosperity Fund and the Rural England Prosperity Fund, Environmental Land Management Schemes, and changes to economic development teams provides local authorities the opportunities to address and develop their local rural economies that achieve both net zero and levelling up ambitions.

Questions

- A) What should be done differently to enable local authorities to achieve wider levelling up aspirations, while also achieving net zero ambitions in areas such as land management, sustainable tourism, supply chains, food production, farming, and nature preservation/enhancement?
- B) Where are the current gaps in policy between current intervention and community need?
- C) What opportunities and challenges exist to develop the skills and jobs needed to deliver these ambitions in the following areas?
 - a. Farming, food production, forestry, and land management
 - b. Nature preservation and enhancement
 - c. Rural economies such as sustainable tourism.

30. Developing rural infrastructure

Background

There are significant spatial disparities in the quality of broadband and mobile networks, with rural areas likely to experience worse connectivity than urban areas. Despite the fact improving rural connectivity was a fundamental part of the

Government's levelling up agenda, recent analysis by DMS Consulting for the LGA found rural areas continue to lag in terms of gigabit coverage (47 per cent compared with 79 per cent in urban areas). Poor infrastructure has far-reaching consequences from constraining business growth (discouraging businesses from locating in rural areas and impacting ability to work from home), impacting the visitor experience in rural and coastal communities and worsening health inequalities through the differences in care people receive and their opportunities to lead healthy lives.

Questions

- A) Has home working opened up rural England for business, following the pandemic, as was suggested in the Pragmatix report?
- B) The Pragmatix report suggested mobile connectivity is key for businesses in remote communities. Is this still the case? What new technologies might transform rural economies?
- C) What does the future of rural areas look like? What infrastructure is required to realise the vision?

31. Delivering rural services

Background

Sparsity and remoteness mean rural and coastal populations often must travel further to access services which makes service delivery challenging and costly. In many cases volunteering supplements or even replaces public services and high numbers of unpaid carers provide support to family and other members of the community.

Questions

- A) What adjustments need to be made relating to rurality and remoteness that ensure more sparsely populated areas are not left without vital services?
- B) Which demographic groups are most adversely affected by accessibility challenges in rural services? How can we build more inclusive rural communities?

32. Rural-proofing policy

Background

The Pragmatix Rural Resilience report highlighted that council averages often mask significant localised differences within council areas and the choice of metrics used in the Index of Multiple Deprivation sometimes fails to reflect the nature of rural and coastal disadvantage. As is evident in the technical annex to the Levelling Up White Paper, data is not often available at the right geographical level to allow local comparisons or the assessment of differences within regions. This is challenging as deprivation is harder to identify in rural areas as it is often more dispersed.

Questions

- A) How does data-driven policy work when there is a lack of readily available spatial data to inform rural policy development and progress the levelling up missions?
- B) How can the Office for Local Government and Spatial Data Unit help overcome the gap in data availability?
- C) Does Whitehall recognise and respond to the specific challenges of varied communities? Are current policy interventions tackling the real challenges?

Next steps

33. Following the discussions with Minette Batters and Tim Goodship, officers will take away the emerging themes and bring back the key messages for a wider debate with Board members to test and ensure they align with other organisations. The key asks and offers from the rural sector will then be passed on to the next Board and a wider discussion will take place in the new cycle around their dissemination under new Board leadership.

Implications for Wales

34. Officers will look for opportunities to ensure alignment of recommendations and messaging with the Welsh Local Government Association.

Financial Implications

35. The Board's activities in this area will be supported by budgets for policy development.