

The future of non-metropolitan England

Moving the conversation on



This paper is the very start of our campaign ahead of the Spending Review.

We have published a series of papers, commissioned by LGA boards, which start the new thinking around building the case for long term, sustained investment in local government as well as laying out the positive outcomes this would deliver for the country:

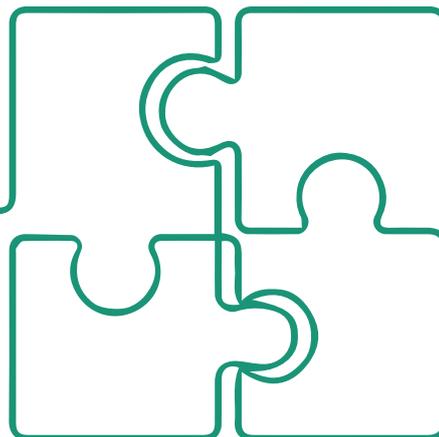
- local government funding
- housing, planning and homelessness
- improving schools
- Brexit
- the future of non-metropolitan England
- a sustainable adult social care and support system for the long term.

Over the coming months, we will be seeking your thoughts and evidence to further strengthen the rallying call to Government.

Find out more at www.local.gov.uk/moving-the-conversation-on

"Pass down the baton of power to councils and reconnect communities to the decisions and services that most affect their lives."

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Foreword

If Britain is to make the most of a successful future outside the European Union (EU) it will need to ensure communities across England have the powers and resources to take control of the opportunities, the offers and the challenges that can only be addressed at the local level.

Over the coming years, it is clear that Brexit, possibly the greatest public policy challenge for a generation, will continue to fully occupy the attention and resources of national government. This will leave it with little scope to tackle the major barriers to success and prosperity facing non-metropolitan England, such as residents of all ages struggling to stay in their local community due to a lack of suitable homes at a price they can afford; businesses with patchy mobile and broadband connectivity that cuts off their access to new markets; and a top-down employment and skills system that is failing to equip people with the skills they need to get a good quality job and progress towards more rewarding employment.

In the face of this perfect storm and at a time of historic change for the country, this report outlines a firm offer from local government – give local leaders the powers and funding to deliver for their communities and we will significantly improve the viability, productivity and opportunity of non-metropolitan England.

This report represents not only the views of local government but draws on evidence from a wide range of stakeholders. The Commission has engaged with business associations, health organisations, housing and public sector stakeholders, recognising that while councils have a unique role as civic leaders they do so by building strong and diverse partnerships with local institutions.

This report is a milestone, not the final destination. The Commission will continue to run a series of roadshows across the country, gathering evidence and ideas in support of a final report to be published early next year.

Between now and then we want to hear from councils, public sector agencies, businesses, the voluntary sector and perhaps most crucially from residents in non-metropolitan England on what they see as the long-standing challenges their local areas face and how councils and local partners can help build a thriving and prosperous country.

While the scale of this task is significant, the message to Government is simple – pass down the baton of power to councils, get on with delivering a successful Brexit and let us seize this once in a lifetime opportunity to reconnect communities to the decisions and services that most affect their lives. In doing so, we will strengthen the country for the future ahead.

Councillor Mark Hawthorne MBE

Chairman of the LGA People and Places Board

Introduction

‘Non metropolitan England’ is an expression that captures the large and small towns, the villages and hamlets, the coastal communities and the rural and the deeply rural areas in which 62 per cent of the English population live.¹ It refers to a diverse range of places with significant differences in their demographic make-up, geography and economy, populated by people who want to live fulfilled and successful lives and build businesses that prosper and grow.

The Post-Brexit England Commission has been established by the Local Government Association’s (LGA) People and Places Board to consider in detail the challenges and opportunities faced by non-metropolitan England and to outline to Government local government’s offer to help build thriving, connected and healthy communities.

The terms of Britain’s departure and indeed its future relationship with the EU still require detailed negotiations. It is also clear that preparations for Brexit and its implications are likely to dominate the legislative and political agenda for much of the next decade. While Government’s capacity and focus will be directed towards negotiating Britain’s successful withdrawal, establishing new trade deals and developing new relationships with the international community, local government is making a firm offer: give us the powers and resources and we will tackle the issues that our residents and businesses face and ensure their health, happiness and prosperity.

In this interim report, we outline seven key challenges which local government can address in order to support the future success of the towns, villages, rural, deeply rural and coastal communities of non-metropolitan England:

- distortions in local **housing** markets that are making it impossible for many residents to buy a suitable home at an affordable price in their local community
- an overcentralised **skills** system which is struggling to train and upskill residents, especially in more rural settings, and failing to meet the needs of businesses
- a lack of **mobile and broadband connectivity** which is excluding residents and businesses from the opportunities of growth
- public services which are finding it harder to support residents to maintain their **health and wellbeing** across dispersed populations
- a significant decline in bus **transport provision** and inadequate national funding of local road and rail infrastructure
- a sub-national **trade and investment** policy framework that could do much more to help local businesses to export and attract foreign direct investment
- an approach to **local growth** that risks fragmentation and fails to harness opportunities for increased local productivity.

Over the next few months the Commission will continue to explore these challenges, evidence in more detail the cost of failing to address them and highlight the opportunity for national government to take up local leaders on their offer to develop solutions that work for non-metropolitan communities.

¹ Population and migration, ONS, LGA Analysis

The Commission's work to date

The Commission launched in February 2018 and issued a call for evidence to inform the findings of this interim report. Since then it has engaged a broad coalition of stakeholders with an interest in the future of non-metropolitan England.

These include representatives from the District Councils' Network, the County Councils Network, the Federation of Small Businesses, the Institute of Directors, the Home Builders Federation, members of the House of Lords, NHS England, the National Housing Federation, Public Health England (PHE), the Social Mobility Commission, SOLACE, the Tourism Alliance and a range of councils from across the country.

The Commission has begun a series of roadshows hearing from local communities on the opportunities and challenges they face, and the policy levers they need to seize to tackle them. Many of the views it has heard, on local skills deficits, poor connectivity, and the challenges of an ageing population, have been outlined in this report. Detailed write ups of the roadshows held so far are available at the end of this document.

Building to a final report next year, in which the Commission will present its more detailed findings and recommendations, we invite responses from businesses, the voluntary and community sector, public sector organisations and residents who live in non-metropolitan England to the questions raised in this interim report.

If you are interested in attending one of the Commission's future roadshows, or wish to share your views and comments, please email **PBECcommission@local.gov.uk**

The demographic drivers

In the coming years, the population will become older, with the most pronounced effects of this shift expected to be felt in non-metropolitan England. National population projections show that **by 2039**:

+65 years

For every 100 working-age (16-64) residents in non-metropolitan England, there will be 53 people aged 65 or older.

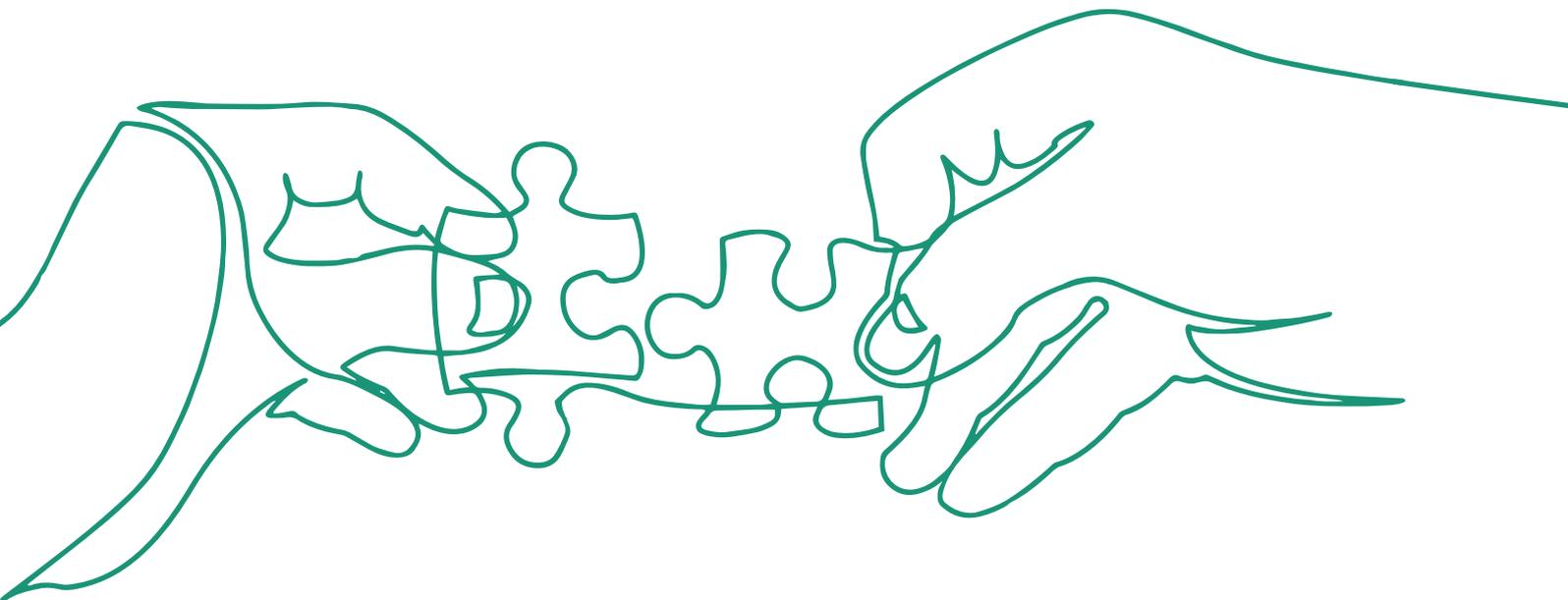
83%

More people will be living in cities, with urban areas absorbing 83 per cent of total population growth, with the remaining 17 per cent expected to occur in rural areas.²



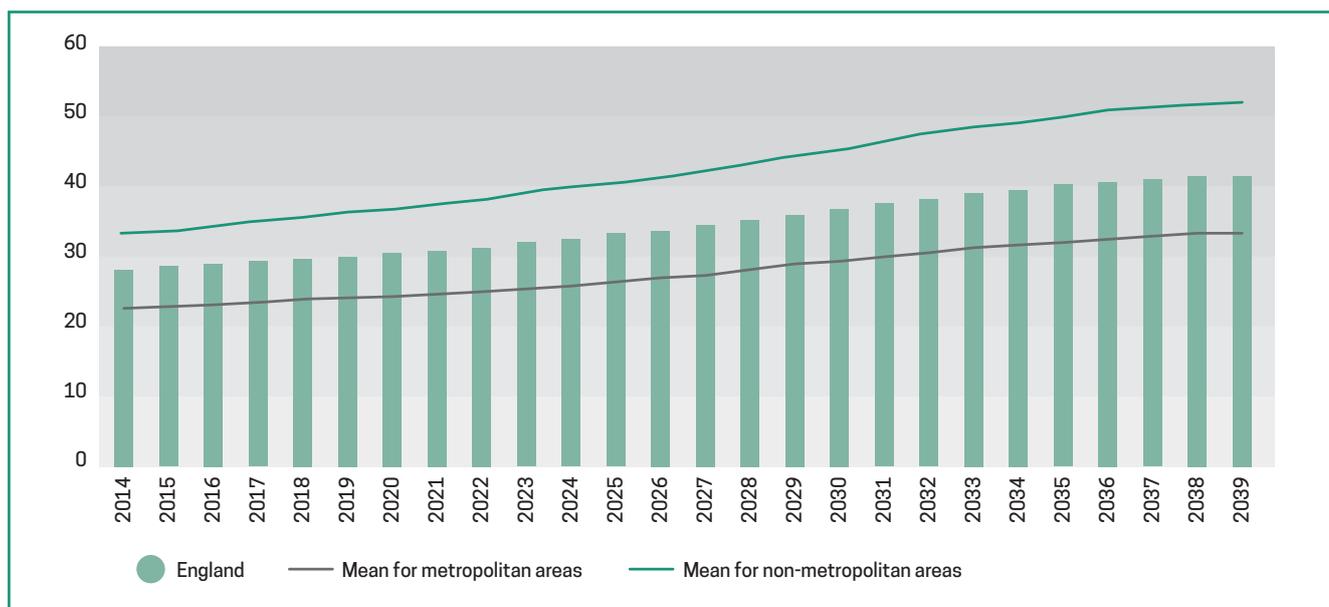
While the working population is set to increase in urban areas, outside cities we expect to see a lack of growth or even a decline in the working aged population.

This demographic change will have major implications for areas across non-metropolitan England with many facing a deficit of people of working age and a surplus of local job vacancies. There will also be an inevitable increase in pressure on adult social care services.

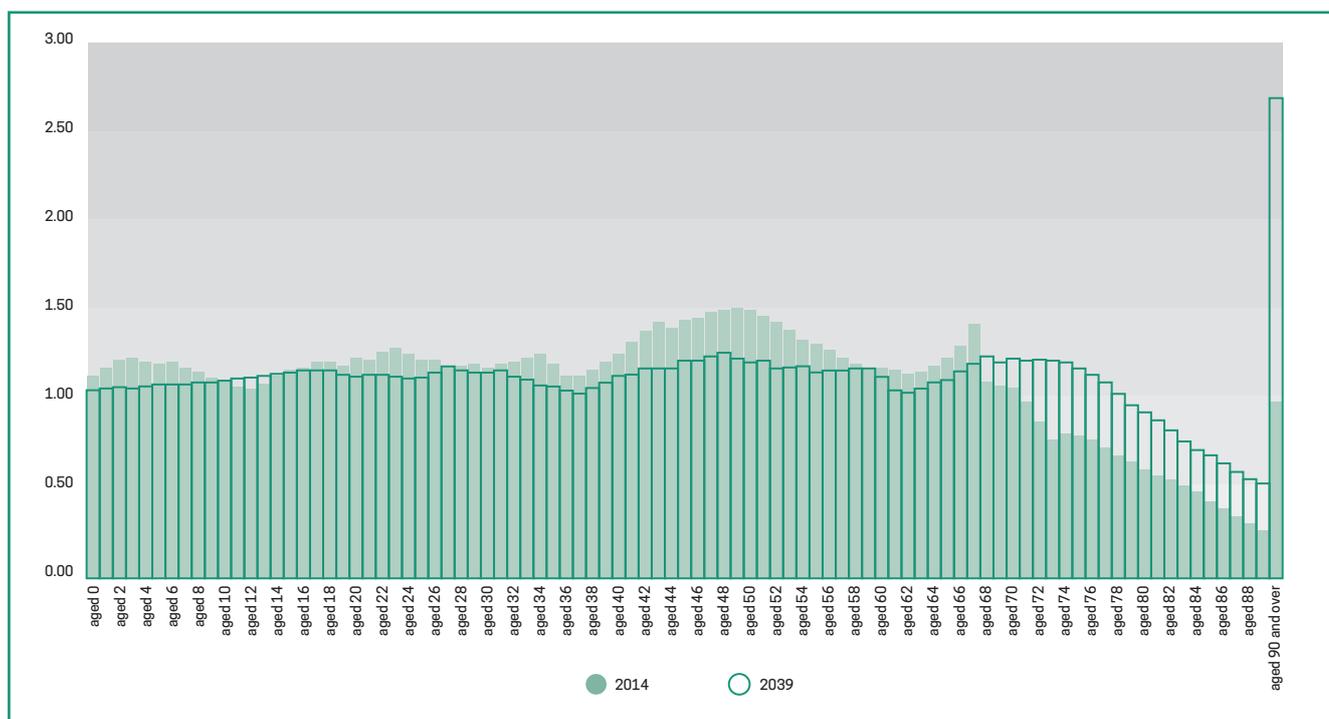


² Demographic change and housing wealth, National Housing Federation, 2018

OLD AGE DEPENDENCY RATIOS FOR METROPOLITAN AND NON-METROPOLITAN ENGLAND (NUMBER OF RESIDENTS OLDER THAN 64 PER 100 PEOPLE)



THE PERCENTAGE OF THE POPULATION BY AGE BAND IN NON-METROPOLITAN AREAS - 2014 VS 2039



Framing the challenge

Drawing on the experience of councils and the evidence of stakeholders from across the business, academic and public sectors, the following sections detail the challenges facing non-metropolitan England in seven key areas:

- availability of an affordable and suitable place to live
- skills and support to secure a good quality job near to home
- access to a fast and reliable digital connection
- support to maintain health and wellbeing
- high quality transport provision and infrastructure
- support for businesses to export and attract foreign direct investment
- increasing productivity and securing inclusive growth.

In each case we have sought to show the negative impact on residents, damage to the economy and missed opportunities that are arising from the current national approach to non-metropolitan England.

We believe this is a unique opportunity to pass power to local leaders to secure better outcomes for communities and businesses. Moreover, we have the backing of residents with 71 per cent trusting local government most to make the decisions that affect their local area.³

While we have a clear understanding of the challenges, local leaders also recognise the necessity of partnership and the value of contributions from those with an interest in non-metropolitan England. Over the coming months the Commission will work towards developing detailed solutions in each of these areas, building on the key questions set out in this report.



We believe this is a unique opportunity to pass power to local leaders to secure better outcomes for communities and businesses

³ Polling on resident satisfaction with councils, LGA, May 2018

An affordable and suitable place to live for all

Non-metropolitan England is in the midst of a housing crisis. From young families and lower income workers unable to get on the property ladder, to older people who want to downsize but can't find the specialist housing they need, to those in substandard accommodation or struggling with homelessness, people are being affected up and down the country. In coastal areas and large towns, villages and the deeply rural parts of non-metropolitan England, the shortage of housing is having significant knock-on effects for communities, local economies and the provision of public services.

The LGA's Housing Commission highlighted the broad agreement between councils, developers, charities and health organisations on both the urgent need for more homes of all tenures, and the wider benefits of proper investment in housing. Building the right homes in the right places plays an essential role in wider place-based strategies that boost employment, improve health outcomes and support an ageing population. But questions remain as to whether national policy will adequately empower areas outside cities to tackle the distortions within their local housing markets and support thriving and sustainable communities, post-Brexit.

"Buckinghamshire, alongside other rural areas in the South East, has particularly high house prices and high affordability ratios ... which makes it harder to attract the skilled workers needed for growth sectors, such as construction and high tech.

**Buckinghamshire County Council,
Buckinghamshire Thames Valley Local
Enterprise Partnership (LEP) and
Buckinghamshire Business First**

In the coming decades, across the country the biggest population increase will be of those of pensionable age. This will be felt most profoundly in non-metropolitan areas; between 2014 and 2039, 86 per cent of projected household growth will be made up of households with someone aged 65 or older.⁴ As a result, the homes we build will need to be at the heart of areas' integrated health and care strategies, responsive to the needs and aspirations of an ageing population, able to help them stay supported in their homes for longer and remain integrated within their local communities.

Investment in affordable homes will also be crucial to ensure the sustainability of local communities. Across non-metropolitan England, the average house price in 2016 was £233,006 compared with £142,577 in metropolitan areas outside London.⁵ In predominantly rural areas, where the average workplace based earnings are lowest in the country, residents face house prices 8.7 times higher than their income.⁶

⁴ Household projections, MHCLG, LGA analysis

⁵ Housing, ONS, LGA analysis

⁶ Statistical Digest of Rural England, Defra, February 2018

In coastal areas with high levels of tourism, the market can be further distorted by second home ownership, where in some places, up to 15 per cent of housing stock is owned by someone who lives elsewhere.⁷

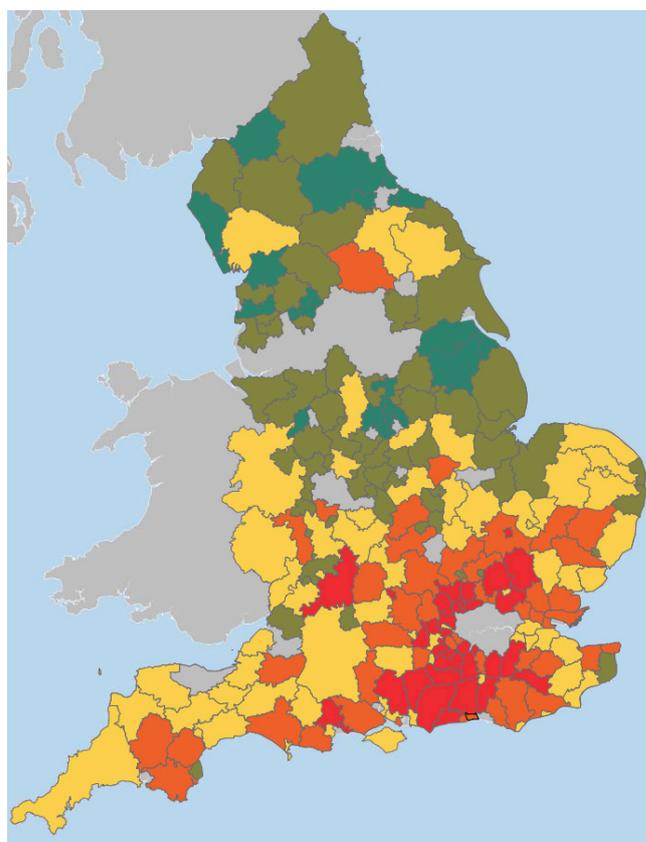
Comparing median house prices to median workplace-based earnings in local areas highlights that the housing crisis is most severe in the southern parts of non-metropolitan England. However, house prices are still greater than incomes in areas with some of the cheapest housing in the country, such as Durham or West Lindsey. Furthermore, there still remain complexities within local housing markets, hidden by this type of analysis, which create issues with affordability across the whole country.

"We are an area of high housing demand across all tenures but we have significant issues with developer viability and high affordability ratios. Getting our housing balance right is key to our future success.

The current housing delivery models are not fit for purpose and create unintended consequences by trying to shoehorn national solutions in a local context.

Heart of the South West Joint Committee, Brexit Resilience and Opportunities Group

RATIO OF HOUSE PRICE TO WORKPLACE-BASED EARNINGS IN NON-METROPOLITAN ENGLAND (2016)



7 Home Truths, National Housing Federation, 2017

By 2039, 86 per cent of projected household growth in non-metropolitan England will be made up of households with someone aged 65 or older

Higher house prices make it extremely difficult for people to get on the housing ladder, leaving them with no choice but to rent. On average, renters will pass on a third of their income to a landlord.⁸ For some households, this means having to move out of the local area in which they have built lives for themselves and their families. For the communities that remain, the long-term sustainability of local amenities and businesses becomes increasingly at risk if the individuals and families that would use and work in them have had to move away.⁹

Non-metropolitan England has also seen a rise in homelessness. Traditionally seen as a challenge faced by our large town and cities, this is a misconception masking a hidden rural population who are encountering severe housing challenges.¹⁰ At the end of last year, 48 per cent of cases of homelessness were in non-metropolitan England, a rise of 15 per cent over the last five years.¹¹ In our deeply rural communities 50 per cent more people went into temporary accommodation over the same period.¹² It is an issue further compounded by inadequate national data which lacks the granularity to identify pockets of deprivation that exist amidst rural affluence¹³ and does not record the number of affordable homes built in communities of less than 3,000.¹⁴

To tackle the housing crisis, councils share the collective national ambition to increase the housing supply of all tenures. Latest house building figures are encouraging with 215,000 new homes being built last year, 65 per cent of which were built in non-metropolitan areas.¹⁵ But the Government has set a target to build 300,000 a year.

The last time the country built more than 250,000 homes, councils were building 40 per cent of them.¹⁶ This has led to other organisations joining the LGA in calling for the Government to trigger a renaissance in council house-building, by lifting the housing borrowing cap for all local government and removing Housing Revenue Account (HRA) borrowing from contributing to public debt.¹⁷ The LGA has also called for councils to be able to keep 100 per cent of their Right to Buy receipts to help homes being sold under the scheme.¹⁸

Councils are working hard with communities to approve 9 in 10 planning applications and last year worked with developers to grant permission to over 350,000 homes, an 11 year high.¹⁹ In fact housebuilders currently have 423,000 homes across the country with permission that they are still to build.²⁰

⁸ The LGA Housing Commission final report, LGA, 2016

⁹ Affordable housing saving rural services: Rural life monitor, The National Housing Federation, 2017

¹⁰ Right To Home? Rethinking homelessness in rural communities, IPPR, 2017

¹¹ Homelessness statistics, MHCLG, LGA analysis

¹² *ibid*

¹³ Health and wellbeing in rural areas, LGA and PHE, 2017

¹⁴ Final Report, The Select Committee on the Natural Environment and Rural Communities Act 2006. 2018

¹⁵ House building: new build dwelling statistics, MHCLG, LGA analysis

¹⁶ 'LGA responds to latest Government house-building figures', LGA, 2017

¹⁷ 'Abolish borrowing cap so local authorities can increase housing supply', Treasury Select Committee, 2018

¹⁸ 'LGA responds to latest Government Right to Buy sales stats', LGA, 2017

¹⁹ 'Record planning permissions show house builders' investment continuing to rise', Home Builders Federation, 2018

²⁰ 'More than 423,000 homes with planning permission waiting to be built', LGA, 2018

This is a positive base reflecting improving economic conditions following the recession. However, national housing policy can still do more to empower councils in their role as planning authorities, and ensure that local communities' trust in the planning system is rewarded with homes that are good quality, affordable and suit their needs.

Analysis by Shelter and the Campaign to Protect Rural England has found that non-metropolitan councils' efforts to encourage developers to build more affordable housing are being undermined by the use of viability assessments. These give builders the right to cut their agreed affordable homes quota if they conclude it would reduce their profits to below 20 per cent and allows them to utilise their own frameworks for judging what might be unviable.²¹

In some rural areas this has led to half the affordable homes that councils had required developers to build being lost.²² The LGA has long raised concerns about the use of the viability process and has called for the Government to establish a clear, robust and transparent procedure. While the revised National Planning Policy Framework includes some welcome and well-intentioned steps it must go much further in empowering councils and communities to shape this kind of development locally.

To ensure suitable, affordable housing for all Government must:

- Give councils sufficient powers and resources to drive non-metropolitan housing growth and ensure house builders deliver homes that meet the full range of local needs, that are affordable, and that are supported by services and infrastructure that communities expect.
- Bring about a renaissance in house building by councils, including supporting development of housing companies and joint ventures and through Housing Revenue Accounts by lifting the borrowing cap and reforming Right to Buy.

Our offer

- Councils will work positively with house builders to drive non-metropolitan housing growth in ways that are supported by communities, that contribute to local economic growth and public services, and that are good quality and affordable.
- Councils will step up to deliver additional supply, plugging gaps left in local markets for affordable homes, key worker homes, and homes supporting positive ageing across non-metropolitan England.

Looking to the future

- How can we adapt national housing delivery models to meet the expected changes in rural demography and economic geography?
- How can we reform housing viability assessments to ensure more affordable homes are built in non-metropolitan England?

²¹ Slipping through the loophole, Shelter, 2017

²² 'Rural communities denied affordable housing as developers exploit loophole', Shelter, 2018

Skills and support to secure a good quality job near to home

Ensuring that local residents in non-metropolitan areas have access to education and training that provides them with the skills to get a good quality job is key to building strong and resilient local economies where everyone can contribute to and benefit from growth.

It is essential we ensure the right balance between local labour market skill sets and business demand. However, the current jobs and skills system is failing to have an impact on the varying social and economic challenges faced by local areas or help change residents' prospects for the better. This has had a profound effect on non-metropolitan England's diverse residents, businesses and economies where challenges are compounded by barriers associated with dispersed communities and declining transport provision.

Research for the LGA found that the national system comprises 20 employment and skills funding streams managed by eight departments or agencies, totalling more than £10 billion a year (2016/2017)²³ with no duty to discuss with councils how provision will be delivered locally. This results in a confusing picture for residents, with fragmented and often competing provision on the ground. In non-metropolitan areas, where training providers already face challenges associated with a lack of economies of scale, this affects the ability of providers to serve residents in more isolated communities.

Forecasts produced for the LGA by the Learning and Work Institute predict that by 2024, we will have too many intermediate and low-skilled workers and not enough high-skilled workers to fill the jobs that the national economy will generate. The growing skills gap is stark. By 2024, there will be a shortage of 4.2 million skilled people in the UK to meet the demand for high skilled jobs and a surplus of more than 6 million people with low skills. Failure to address this challenge puts at risk up to 4 per cent of future economic growth – a loss of £90 billion economic output, with the average worker £1,176 a year worse off.²⁴

Crucially, local government is not alone in recognising the limitations of the current national system, with business leaders from across the country highlighting skills reform as a key opportunity to boost productivity and improve competitiveness.²⁵

²³ Work Local - Our vision for Employment and Skills, LGA, 2017

²⁴ *ibid*

²⁵ In Perfect Harmony, CBI, 2018

Adding weight to these calls is intelligence from the business community that highlights the significant variation in skills gaps across non-metropolitan England, with the Greater Lincolnshire LEP experiencing vacancy rates of 64 per cent for skilled trades roles, compared with 34 per cent in the Worcestershire LEP.²⁶ Across the South East LEP, qualification levels are failing to keep up with the national average and are well below those of neighbouring and similar LEPs such as Hertfordshire, Coast to Capital and London.

"...one third of vacancies [within the Heart of the South West LEP area in 2015] were hard-to-fill due to skills shortages.

...The labour market impact on many of our dominant sectors such as health, agriculture, hospitality, tourism and construction as a result of Brexit is particularly stark.

Heart of the South West Joint Committee, Brexit Resilience and Opportunities Group

Many local authorities have also highlighted possible shortages of workers in particular sectors post-Brexit, subject to the terms of the UK's departure from the EU. The most commonly cited industries at risk are agriculture, food manufacturing and tourism with a number of reports,²⁷ including the LGA's submission²⁸ to the Migration Advisory Committee on EEA nationals in the UK labour market, underlining the potential implications for non-metropolitan areas.

Growth forecasts for Lincolnshire, for example, predict that between 2014 and 2024 there will be vacancies for a total of 207,000 local jobs in sectors such as wholesale and retail, health and social care, construction, hospitality and food manufacturing to be filled. This will largely be as a result of retirements but also some natural growth within sectors. Based on population projections, it is estimated that only 111,000 people will enter the labour market across the same period, leaving a significant gap in the workforce. Where this gap might have previously been filled by the migration of non-UK born and European Nationals, a change in migration policy could have a significant impact at a local level.

"(In) Cornwall and the Isles of Scilly... employers are struggling to recruit people with the right skills and/or qualifications, particularly in sectors where there are higher skills needs. Our agricultural, food processing and hospitality sectors are particularly ...vulnerable to reductions in the availability of 'low' skilled EU labour.

Cornwall Council

²⁶ The Data Deficit, The Centre for Progressive Policy, 2018

²⁷ In place of work, Localis, 2017

²⁸ LGA submission to Migration Advisory Committee inquiry, 2017

Ensuring effective and locally relevant employment support is available for the unemployed in non-metropolitan areas is crucial

The future automation of manual jobs also presents a major change for non-metropolitan areas.²⁹ Analysis by CCN shows that county councils and county unitary authorities face job losses of 144,000 in the manufacturing sector between 2017 and 2027, owing to the industry's particular susceptibility to automation.³⁰ However, across local areas, automation and its effects will be highly variable, with areas such as County Durham, where more than one in ten local jobs are in manufacturing, more likely to face unemployment as a consequence compared with Surrey, with less than half this number.³¹

Ensuring effective and locally relevant employment support is available for the unemployed in non-metropolitan areas is crucial. Yet the current support available is primarily nationally designed, commissioned and controlled. Without devolution, councils have very limited or no ability to influence provision. Mainstream support for job seekers comes via Jobcentre Plus (JCP), while targeted support is available through the Work and Health Programme (WHP), a relatively new initiative based on the predecessor Work Programme.

The LGA believes that JCP is not doing enough to identify and attract the unemployed with their support offer. Analysis by the Learning and Work Institute reveals that in October 2016, half of all unemployed people received no benefits or government support through JCP.³²

This is a missed opportunity to help reintegrate people into the labour market. While it is too early to understand the impact of the WHP, we know that its predecessor Work Programme struggled to help people with weaker labour market prospects. After two years on the scheme, 70 per cent of all jobseekers and 87 per cent of all employment and support allowance (ESA) claimants returned to the job centre looking for work.³³

As well as being able to respond to the variations in local need, the delivery of education and training in non-metropolitan England will also need to overcome the barrier of provision within more sparsely populated areas. In its State of the Nation report, The Social Mobility Commission highlighted many isolated rural and coastal towns across England as 'social mobility coldspots' where young people increasingly face a lack of access to further education and employment opportunities.³⁴

The limited availability of public transport in these areas, as well as the difficulty providers can face in achieving the economies of scale to meaningfully engage isolated areas³⁵, presents a strong case for a rethink in how we deliver skills provision and employment support in our more rural communities.

²⁹ In place of work, Localis, 2017

³⁰ Understanding County Economies, Oxford Economics and County Councils' Network, 2017

³¹ Localis - In place of work

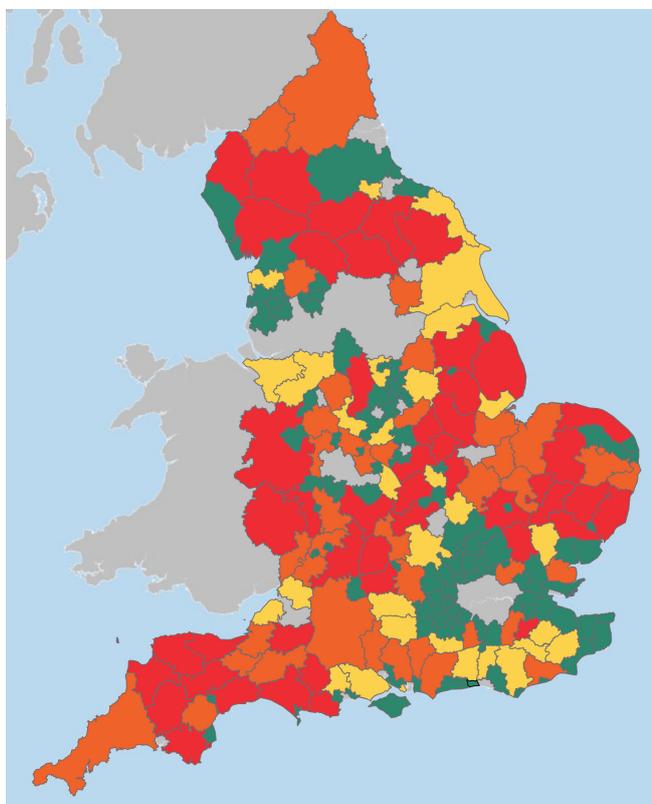
³² Work Local - Our vision for employment and skills, 2017

³³ Improving Lives - The Work, Health and Disability Green Paper, LGA submission, 2017

³⁴ State of the Nation, The Social Mobility Commission, 2017

³⁵ Barriers to education, employment and training for young people in rural areas, Commission for Rural Communities, 2012

PERCENTAGE OF RESIDENTS WITHIN 45 MINUTES OF EMPLOYMENT CENTRES BY PUBLIC TRANSPORT OR WALKING IN NON-METROPOLITAN ENGLAND (2016)



"Hampshire Jobcentre Plus offices are located in predominantly urban centres with the exception of a couple located in market towns. Benefits claimants living in rural areas are more likely to depend on public transport. This means their issues are compounded by whether or not there is suitable public transport at the necessary times, and the cost of travel.

Hampshire County Council

This is especially important as there is strong evidence that work is good for health and unemployment is bad for it. Ill health can also affect people's participation in the labour market, with over 300,000 people annually falling out of work and onto health-related welfare.³⁶ This has a huge cost to the individual, families, communities, employers and public services. Helping people with health issues to obtain or retain work, and be happy and productive within the workplace, is a crucial part of the economic success and wellbeing of every community.

Evidence also shows that good quality work is beneficial to an individual's health and wellbeing and protects against social exclusion through the provision of income, social interaction, identity and purpose. However, jobs need to be sustainable and offer a minimum level of quality, to include not only a decent living wage, but also opportunities for in-work development, the flexibility to enable people to balance work and family life, and protection from adverse working conditions that can damage health.³⁷

³⁶ Health, work and health related worklessness: A guide for local authorities, LGA, Public Health England, 2016

³⁷ Health, work and worklessness, LGA, 2016

Taken together, the importance of rewarding employment and the limitations of the current employment and skills system present a compelling case for radical reform.

The LGA vision for a new approach, Work Local, outlines how, with the right mix of devolved powers and funding, groups of councils and combined authorities can work together with their local partners to provide a 'one stop' service solution.

In place of a top-down approach, Work Local would use local opportunities and needs to provide a better targeted and more integrated skills and employment offer for both individuals and employers.

This would enable areas to plan, commission and have oversight of joined-up information, advice and guidance alongside the delivery of employment, skills, apprenticeships and wider support for individuals and employers.

The Work Local approach has the potential to make significant savings. Across a medium sized combined authority, it is estimated that an additional 8,500 people will be taken off out of work benefits and 6,000 people will attain better skills, creating additional fiscal benefits of £280 million and a benefit to the economy of £420 million.³⁸

To ensure everyone can find a good job locally, Government must:

- Work with the LGA and our member authorities to pilot our Work Local approach to deliver a devolved and integrated skills and employment system that is more coherent for local people and more effective for local businesses.

Our offer

- Councils in non-metropolitan England will work collaboratively to bring together local partners and national agencies, and ensure there is a shared vision for the local area. This coordinated and locally tailored approach will more effectively identify and target the unique skills and jobs challenges in rural and deeply rural areas, be more responsive to the needs of employers, better target retraining and upskilling support for the current workforce and ensure young people are trained for current and future jobs.

Looking to the future

- How could we use a devolved approach to employment and skills to practically meet the needs of rural communities and businesses?

³⁸ Work Local - Our vision for Employment and Skills, LGA, 2017

Access to a fast and reliable digital connection

To prosper in the digital age, residents and businesses need access to fast and reliable digital connectivity at home, at work and while on the move. Digital connectedness is now part of the fabric of our modern society. It is the fourth utility – an essential way of keeping in touch with friends and family, a pillar of the local economy, a key driver of growth, a creator of jobs and an enabler of public sector transformation.

Broadband connectivity

While the commercial broadband market has provided urban consumers with an ever increasing range of products and speeds, it has failed to expand provision to many of its rural customers without the support of significant public subsidy. The last five years have seen the Superfast Broadband Programme step in to successfully extend superfast connectivity to 95 per cent of premises across the country, with public bodies and smaller alternative network providers partnering to provide solutions to the hardest to reach areas. However, despite this progress, there is still an unmistakable digital divide in the country between urban and non-metropolitan areas not captured by national aggregate figures.

Premises in non-metropolitan England account for the vast majority of the ‘final five per cent’ unable to receive superfast broadband speeds.³⁹ Whilst the Government’s proposed solution of a broadband universal service obligation (USO) presents an opportunity to further leverage public subsidy, demand aggregation and the increasing capacity of the industry to roll out faster speeds, its minimum download speed of 10mbps and upload speed of 1mbps will only serve as a basic safety net at best.

"[One local business] that signed up to the [council-led] superfast broadband rollout in Lincolnshire attributes £1 million of its additional turnover to its ability to access the web, new markets, the cloud and accounting tools.

Lincolnshire County Council

The standard of digital connectivity provided to rural new build homes is also below par, and doesn’t reflect the Government’s national ambition to roll out world-class digital infrastructure across the country. At present, one in five rural homes built in the last three years is still not connected to superfast broadband. Moreover, one in 10 is unable to achieve the USO minimum speeds.⁴⁰ In the absence of planning authority powers to obligate developers to connect properties to future-proofed digital connectivity, the LGA has called for the introduction of a new Fibre to the Premises Kitemark to make it clear to the public whether or not their new home will have a fully future-proofed internet connection.⁴¹

³⁹ Connected Nations Report, Ofcom, 2017

⁴⁰ LGA commissioned research from Thinkbroadband.com, 2018

⁴¹ 'Housing developers must adopt a 'fibre to the premises' kitemark for new builds', LGA, 2018

Mobile connectivity

With website traffic from mobile devices having overtaken desktops in 2017, and mobile data consumption in the UK forecast to increase sevenfold by 2021, good mobile coverage is necessity of modern day life.⁴² For many it is replacing the need for fixed line telephone and broadband services.

However, while non-metropolitan residents will have seen significant advances in the power of their smartphone devices, they have not seen an equivalent increase in the strength, speed and capacity of their mobile network.

"Broadband and mobile connectivity are critical to the ability of tourism providers to be operationally effective and meet the demands of consumers who are increasingly looking to book and interact online.

The Tourism Management Institute

Ofcom reports that national mobile connectivity is improving, but country-wide coverage figures have a tendency to mask the deep disparity between coverage in urban and rural areas. When disaggregated, Ofcom's latest figures reveal only 60 per cent of rural premises can receive an outdoor 4G signal from all operators, falling to 19 per cent for indoor coverage.⁴³

To encourage mobile network operators to extend their coverage, the Government set a series of obligations which they had to meet in exchange for legislative and planning reform to make the roll out of mobile infrastructure simpler. The LGA is concerned by the recent disclosure that, owing to the low performance thresholds set in the original agreement, the resulting coverage will not be of sufficient strength or capacity to support the needs of modern day smartphone users.⁴⁴

With the Government having pledged to extend mobile coverage to 95 per cent geographic coverage of the UK by 2022, the failure of these obligations to secure a modern standard of coverage highlights the need for Ofcom to have the right measurement mechanisms to hold mobile operators to account on the quality and strength of the coverage they provide. This will be especially important when the regulator sets its conditions on mobile operators' coverage in rural areas as part of its auction of the spectrum formerly used for digital terrestrial television, later this year.

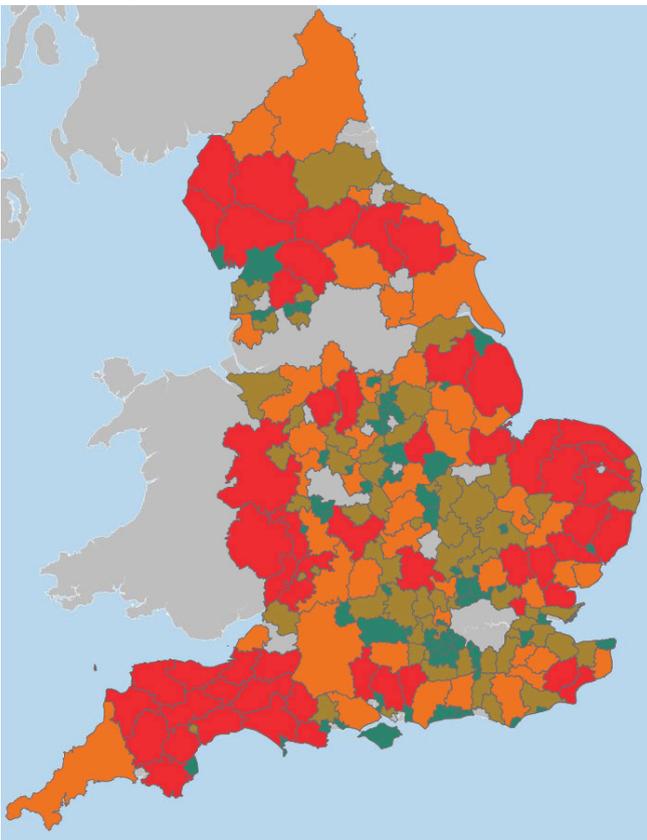
Premises in non-metropolitan England account for the vast majority of the 'final five per cent' unable to receive superfast broadband speeds

⁴² StatsCounter - Mobile and tablet internet usage exceeds desktop for first time worldwide and CCS Insight: UK mobile data usage will grow sevenfold by 2021

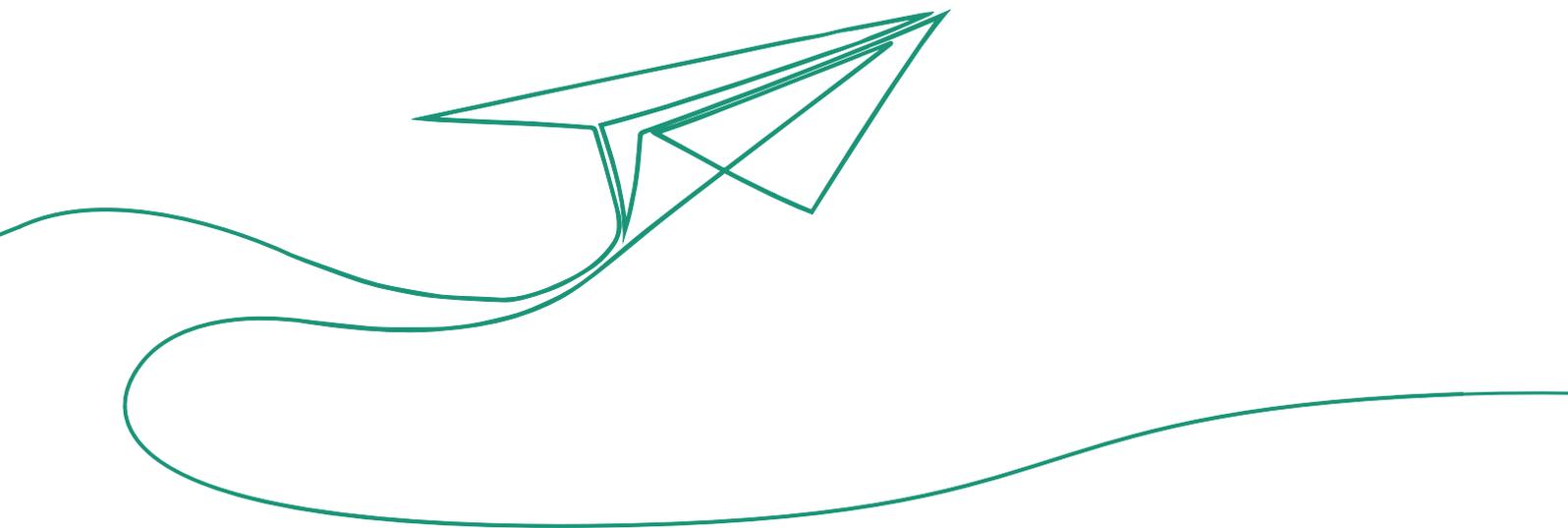
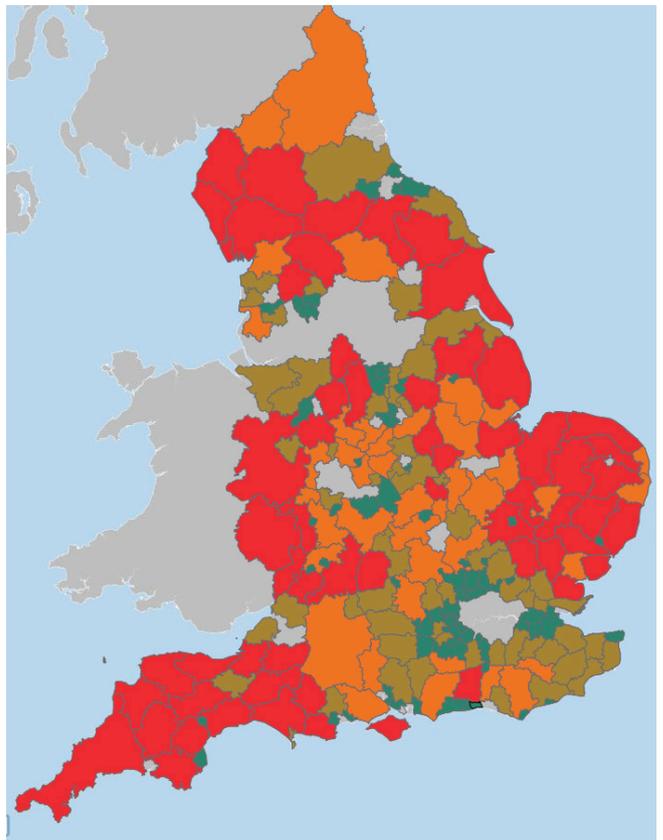
⁴³ Connected Nations Report, Ofcom, 2017

⁴⁴ ibid

PERCENTAGE OF HOMES IN NON-METROPOLITAN ENGLAND UNABLE TO ACHIEVE 10MBPS DOWNLOAD SPEED BY LOCAL AUTHORITY

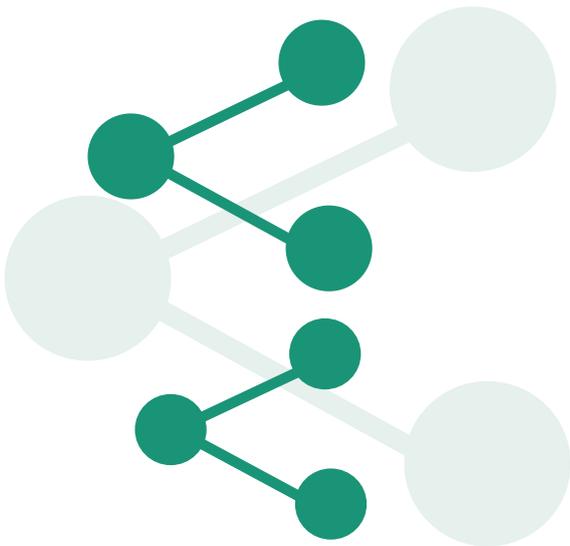


PERCENTAGE OF HOMES IN NON-METROPOLITAN ENGLAND WITH AN OUTDOOR 4G SIGNAL FROM ALL OPERATORS





In a recent survey conducted by Amazon, almost 40 per cent rated their internet connection speed as poor, and a quarter were dissatisfied with the reliability of their connection



Businesses' access to and adoption of faster digital connectivity

The economy continues to undergo a digital revolution catalysed by the increasing processing power of computer hardware and faster connectivity. However, in non-metropolitan areas many rural businesses are still deeply dissatisfied with the broadband services available to them. In a recent survey conducted by Amazon, almost 40 per cent rated their internet connection speed as poor, and a quarter were dissatisfied with the reliability of their connection.⁴⁵ Ofcom analysis has also found that a third of rural firms believe poor connectivity is hampering their growth.⁴⁶

This is not just a concern for our economy of today, but for the growth potential of the high-value industries that will come to supplant the key sectors, such as manufacturing, that are predicted to decrease in non-metropolitan England in the coming years. There is already evidence showing that non-metropolitan economies are lagging behind the rest of England in 'high productivity' sectors reliant on digital infrastructure as well as fast and reliable digital connectivity, such as information and communications, finance and insurance.⁴⁷

To build a prosperous economy, non-metropolitan England will require digital infrastructure capable of supplying upload and download speeds not just to meet the present demand, but which will be capable of meeting the needs of the industries of the future.

It will also be essential that businesses are provided with support to take up faster services when they become available.

⁴⁵ Unlocking the digital potential of rural, Rural England, 2018

⁴⁶ The SME experience of communications services: research report, Ofcom, 2016

⁴⁷ County Councils Network Submission

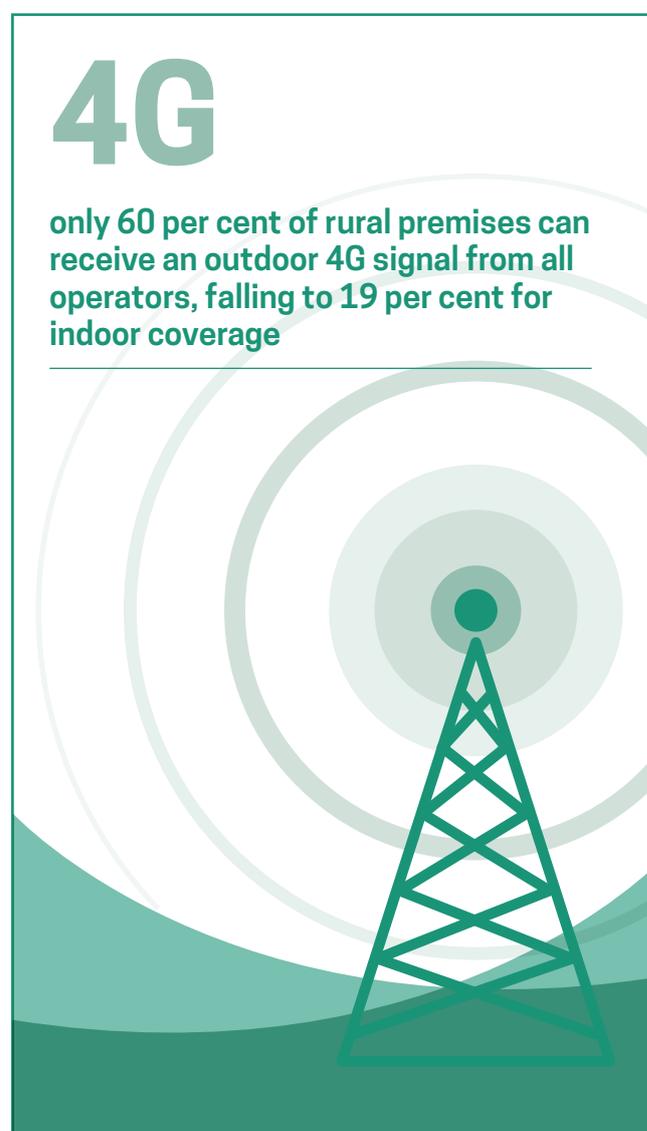
At present the take up of superfast services where they have been rolled out in non-metropolitan areas lies between 40 to 60 per cent.⁴⁸ This shows there is more work to be done to encourage residents and businesses to utilise the speeds they have available. Tackling constraints to digital adoption for rural businesses, especially small and micro businesses, can also offer substantial increases in productivity, with current barriers to take-up thought to be costing the economy up to £26 billion in lost Gross Value Added (GVA).⁴⁹

Enabling Digital by Default public services

The digitisation of public services offers an important opportunity to support sustainable local services in more remote settings and overcome the barriers of isolation in non-metropolitan areas. And there is a clear willingness from the public to use more services online; a recent survey has shown that 89 per cent of residents are ready and willing to use additional digital services when they become available.⁵⁰ However, the full transition to Digital by Default will be premature if not all residents have adequate connectivity.

For healthcare, connectivity presents an opportunity to reduce the demand on services, such as hospital admissions, by providing support to enable assisted living or helping residents better manage longer term conditions like Type 2 diabetes through remote healthcare devices. The Government has recognised the potential of digital health and will invest £4.2 billion over the next five years in areas such as apps, wearable devices, telehealth and assistive technologies.

Many of these services can already be supported by 4G coverage, but only where it is available and of consistent reliability. This places non-metropolitan areas at a considerable disadvantage considering the poor rates of both outdoor and indoor coverage they receive from mobile providers.



⁴⁸ ISP Review - take-up Progress of the BDUK Superfast Broadband Rollout

⁴⁹ Unlocking the digital potential of rural, 2018

⁵⁰ The Citizen View of Government Digital Transformation, Rural England, Ipsos Mori and Sopra Seria, 2017

To ensure universal access to fast, reliable digital connectivity

Government must:

- Give councils the statutory backing to ensure all new build homes are connected to future-proofed digital infrastructure.
- Work with Ofcom to ensure mobile coverage data is accurate, up-to-date and reflects consumer experience in non-metropolitan areas.

Our offer

- Councils in non-metropolitan England will engage with developers through the planning system to ensure that digital connectivity is a key consideration in planning applications so residents can be assured their new homes will have future-proofed digital connectivity.
- Councils will work constructively with mobile network operators to understand the role local policy and public sector infrastructure can play in helping expand mobile connectivity across rural and deeply rural areas.

Looking to the future

- How can we better evidence the importance of ubiquitous high-speed digital coverage, particularly in more rural areas?

Support services to help maintain health and wellbeing

It is sometimes assumed that residents in non-metropolitan areas are the healthiest in the country. On the face of it, the evidence base would appear to support this assertion; statistics show that in rural areas self-reported wellbeing is higher⁴⁹, life expectancy is longer⁵⁰, and the infant mortality rate is lower⁵¹ than in other areas. However, these broad-brush indicators can mask pockets of significant deprivation and poor health outcomes for residents within rural and deeply rural communities.⁵²

This raises key questions for public service providers on how best to identify areas of isolated deprivation, ill health and the factors impacting them, and how health and social care provision can be better designed to tackle them.

This gap in the evidence base is by no means the only challenge inhibiting the effective delivery of health and social care. In non-metropolitan areas these services also face challenges responding to rising demand and reducing resources, challenges in recruitment and retention, and barriers preventing rural populations from accessing services.

Delivering health and social care services to non-metropolitan areas

Rural populations typically consist of larger proportions of older people and smaller proportions of younger adults. In rural areas, an average of 23.5 per cent of the population is over 65, compared with 16.3 per cent in urban areas.⁵⁵ Given that national population projections anticipate the percentage of people aged over 85 will double over the next twenty years, it is likely that these rural demographic dynamics will accelerate further, placing increasing pressure on health and social care services as a result.⁵⁶

Non-metropolitan areas face increasing difficulties delivering health and social care services with decreasing resources over wide and sparsely populated areas.

⁵¹ Statistical Digest of Rural Areas, Defra, January 2018

⁵² Public Health England, life expectancy statistics: www.phoutcomes.info

⁵³ Child mortality in England and Wales, ONS, LGA analysis

⁵⁴ Health and wellbeing in rural areas, LGA, Public Health England, 2017

⁵⁵ The State of Rural Services 2016, Rural England, 2017

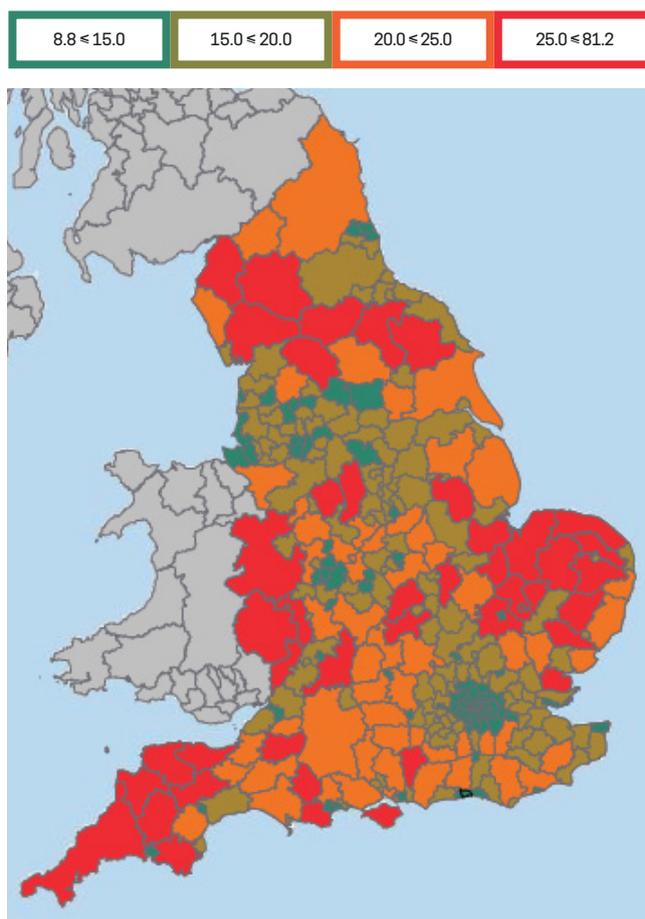
⁵⁶ The coming crisis: access to health services in our towns, The Centre for Towns, 2018

At present, councils across the country are also facing the increasing costs of providing social care for those aged between 18 to 64 years old. A survey of local authorities found that working-age adult social care expenditure almost matched that of adults aged 65 or older, and accounts for a rising proportion of the pressure on local authority adult social care budgets.⁵⁷ Furthermore, national analysis conducted by the LGA shows that as of March 2018, there will be a gap for adult social care funding at a local level of £2.2 billion by 2020.

In non-metropolitan areas, these challenges are exacerbated by the difficulty of delivering health and social care services to wide and sparsely populated areas with decreasing resources. It is often older people, and disabled and vulnerable adults, that are disproportionately more likely to experience transport isolation.⁵⁸ Indeed, Age UK found that cuts to bus services had made it more difficult for older people in particular to get to their local doctor's surgery and hospital⁵⁹, an issue compounded by the fact that residents in rural areas are already less likely to live in close proximity to health settings, and more likely to experience 'distance decay' where service use decreases with increasing distance.⁶⁰

For services delivered within the home, such as social care, the sparsely populated geography of more rural areas can also result in higher service delivery costs and shorter care visits because of longer journey times between appointments.

TIME TRAVEL IN MINUTES TO EIGHT KEY SERVICES BY PUBLIC TRANSPORT OR WALKING ACROSS ALL COUNCILS



⁵⁷ Adass Budget Survey 2017

⁵⁸ Buses in Crisis, Campaign for Better Transport, 2017

⁵⁹ Missed opportunities, the impact on older people of cuts to rural bus services, Age UK, 2015

⁶⁰ Health and wellbeing in rural areas, LGA, Public Health England, 2017

This is before one considers any post-Brexit changes to migration which might affect the 7 per cent of care workers or the 16 per cent of registered nurses working in care that are originally from the EU.⁶¹

The Commission has also received evidence from areas that some of the most significant savings within healthcare costs lie in the development of technologies that will allow rural communities to be looked after with smart devices, negating some of the need for outreach services. However, as detailed previously, issues with digital connectivity in non-metropolitan areas remain a barrier to their implementation on a wider scale.⁶²

Addressing the wider social and economic factors is of critical importance in improving health and wellbeing in rural areas. A good job, a warm and secure home, a social network, clean air, a reliable internet connection and access to transport links are all vital in maximising the health and independence of residents, yet access to these components is by no means guaranteed to all in non-metropolitan England. Councils are also clear that the long term solution for the financial and demographic challenges facing local government and the NHS is to invest in prevention and address the wider determinants of physical and mental health, with councils and health and wellbeing boards as the vehicles for driving this action forward.

To help maintain residents' health and wellbeing, Government must:

- Urgently address the projected funding gap facing adult social care and support by 2020.

Our offer

- Councils will have the right resources to continue to tackle some of the unique non-metropolitan challenges to health provision, such as population sparsity, to better support vulnerable and ageing populations to stay healthy and live within their own communities; mitigate high demand for NHS services; alleviate the pressure on the provider market; decrease strain on informal carers and alleviate the pressure on an already overstretched care workforce.

Looking to the future

- How can we develop an integrated approach to social and physical infrastructure that directly contributes to improving the health and wellbeing of residents?

⁶¹ The state of the adult social care sector and workforce in England, Skills for Care, 2017

⁶² Submission to Commission from Buckinghamshire County Council, Buckinghamshire Thames Valley LEP and Buckinghamshire Business First Response

High quality transport provision and infrastructure

Communities rely on high quality transport provision and infrastructure to get on in life. In non-metropolitan England, transport is key to helping maintain access to vital amenities and services, but local policy makers face a significant challenge of working within increasingly limited budgets to ensure our transport systems serve those in the most remote areas.

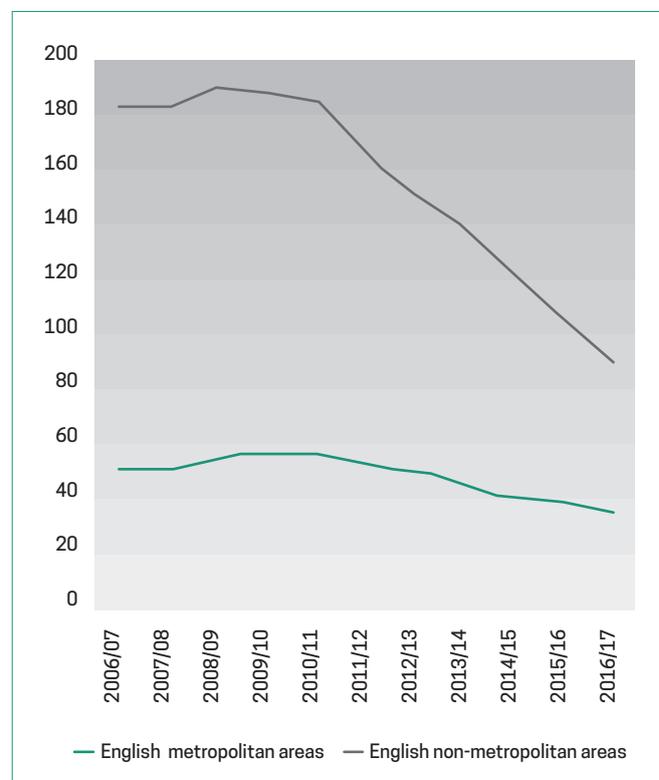
Buses in rural areas

Of the total public transport trips taken in non-metropolitan areas last year, seven out of 10 were made on a bus, making them the most significant part of public transport provision outside major cities.⁶³ From services that weave through networks of smaller towns, to the longer-distance routes set up to serve isolated villages, buses connect communities and residents to friends and family, public services, training courses, employment opportunities and much more. Across the country, they support the wider functioning of the economy, taking 40 per cent of shoppers to the high street compared with 30 per cent who choose to travel by car.⁶⁴ They are a lifeline for the vulnerable, a route to opportunity for the young, and an essential service for those who do not own a car.

Councils play a vital role in maintaining and improving bus transport for the communities and local economies they serve. However, in the face of cuts to government funding, over 2,000 bus services have had to be reduced, altered or withdrawn across the country since 2010.⁶⁵

In non-metropolitan areas, passenger bus journeys have fallen almost 6 per cent in the last 10 years with the distance travelled on council supported buses having decreased by over 50 per cent over the same period.⁶⁶

MILES TRAVELLED ON COUNCIL-SUPPORTED BUS ROUTES IN THE LAST 10 YEARS.



⁶³ National Travel Survey, LGA analysis, 2016

⁶⁴ Making the connections, Urban Transport Group, 2014

⁶⁵ Buses in crisis, Campaign for Better Transport, 2017

⁶⁶ Transport statistics, ONS, LGA analysis

In non-metropolitan areas, the distance travelled on council-supported buses has decreased by over 50 per cent in the last 10 years.

The reduction of bus services is a significant challenge for non-metropolitan areas. The LGA has called for the devolution of the bus service operator grant (BSOG), which currently reimburses operators on the fuel they consume irrespective of the value and profitability of the service, to ensure it can be better targeted at funding unviable services that have a significant local impact. It has also called for councils outside major cities to be given the choice of whether to franchise local services. This solution could allow councils to ensure that operators provide a decent service to all communities rather than cherry picking the most profitable routes. In addition, the LGA has asked that the Government fully funds councils for the cost of the statutory national concessionary bus fares scheme which it is estimated councils have to subsidise by at least £200 million annually. This is money that is diverted from providing supported and commercially unviable bus services or other vital public services.

The rail network in non-metropolitan areas

Enhancements to the rail network serving the communities of non-metropolitan England are also vital for driving business growth as well as increasing the social wellbeing of residents. Investing in a faster, more reliable and higher capacity rail infrastructure can not only decrease journey times but also relieve congestion on local roads and help to unlock local economic growth.

Whilst most public transport journeys within non-metropolitan areas are taken on a bus, trains provide essential long-distance connectivity to major urban centres. As such, improvements in journey times, especially to major centres

like London, have the potential to strengthen non-metropolitan England's contribution to the economic development of the country.

Councils have long called for greater influence over investment as well as the operational aspect of rail so that there is greater integration with local transport and local economic growth strategies. Through devolution deals, areas have sought the ability to influence franchises and embed development plans for rail networks into wider transport and spatial plans. This presents a key opportunity to consider how funding can be invested into the improvement of connectivity into non-metropolitan areas, as well as via inter-city links.

The local road network

Councils also manage the local roads that act as vital arteries for communities and form an important part of daily life for car owners, businesses, farmers, walkers and cyclists alike. With England's rural road network having seen the fastest growth in car traffic in the country over the last decade,⁶⁷ local government will need increased funding to undertake more maintenance to keep up with the demands of residents and businesses. Despite fixing a pothole every 19 seconds, councils are trapped in an endless cycle of patching up a deteriorating road network.⁶⁸ A recent report by the Asphalt Industry Alliance estimates a backlog of £9.3 billion of road repairs across England.⁶⁹

To support councils, the LGA has called for the Government to correct the current imbalance of maintenance funding provided to national roads compared to local roads.

⁶⁷ Road traffic estimates, Department for Transport

⁶⁸ 'Government's national roads receiving 52 times more funding than councils' local roads', LGA, 2018

⁶⁹ Annual Local Authority Road Maintenance Survey, Asphalt Industry Alliance, 2018

The majority of journeys taken on motorways begin and end on the local road network, yet government funding for strategic roads is 52 times higher per mile. As such, the LGA has called on Government to commit to long-term investment in local road maintenance to allow councils to embark on a programme of widespread improvement.⁷⁰ This money could be raised through the investment of 2 pence per litre of existing fuel duty, which would generate £1 billion a year for councils to spend on improving roads and filling potholes.

To ensure high quality transport, Government must

- Devolve the bus service operator grant and give non-metropolitan councils the choice of whether to franchise local services
- Fully fund councils for the cost of the statutory national concessionary bus fares scheme
- Correct the current imbalance of maintenance funding provided to national roads compared to local roads.

Our offer

- With greater powers and flexibilities over funding and franchising, local government can: better target funding of those at-risk bus services in non-metropolitan areas with the greatest social benefit; prevent operators cherry picking the best routes and ensure they provide a decent service to rural communities.
- With a long term commitment from Government to adequately fund local roads, councils will embark on a widespread programme of maintenance across non-metropolitan England.

Looking to the future

- How can we ensure that the benefits of future transport technologies, such as autonomous vehicles, can be harnessed by rural areas?

⁷⁰ 'LGA responds to ALARM survey of local roads', LGA, 2018

Support for businesses to export and attract foreign direct investment

Government has made clear its ambitions to create a truly global Britain capable of maximising trade and investment opportunities both with and outside the EU. In the coming years, it will be tasked with securing post-Brexit trade deals across the world to make these ambitions a reality.

To fully realise the wider benefits of the new export and investment opportunities in non-metropolitan areas it will be essential that the Government's ambitions are underpinned by a sub-national trade and investment policy framework that works for all places, supporting local businesses to expand into new international markets, and encouraging foreign companies to invest in our localities for the long term.

The local economies of non-metropolitan England contribute a significant amount to England's exports, accounting for more than 40 per cent of trade in 2015.⁷¹ There is further untapped potential to be realised with England's rural firms significantly more likely to have goods or services suitable for exporting, than businesses operating from its towns and cities.⁷²

However, recent LGA research has shown that the current trade and investment support framework is in desperate need of reform. The institutional landscape is complex and messy, with overlapping organisations at local, regional and national levels, and over 80 national programmes seeking to promote trade and investment.⁷³

Online, the Department of Trade's International Trade and Investment division (ITI formerly UKTI) operates 15 different websites offering multiple services.⁷⁴ This leaves national, regional and local agencies struggling to join up and present a clear local offer to local businesses and investors.

The way the Government measures the performance of its trade and investment support offer must also be better designed to take account of the broader value as well as the volume of increased exports. The LGA has heard from local agencies who feel hamstrung by national targets which encourage support services to focus on first time exporters over and above building an increasing stock of firms already exporting who, with better support, have real potential to expand international sales exponentially.

This is a view echoed by businesses who feel the current framework is too geared towards sales and revenue targets rather than their individual needs.⁷⁵

⁷¹ Oxford Economies: Understanding County Economies, 2017 (Figure covers exports of 37 county councils and county unitary authorities), County Councils Network

⁷² Small Rural Firms in English Regions: Analysis and Key findings from UK Longitudinal Small Business Survey, 2015

⁷³ Strengthening Sub National Trade and Investment Policy, Value Adage and LGA Research, 2017

⁷⁴ Emerging findings from inquiry into Exports and the role of UKTI, Business, Energy and Industrial Strategy Committee, 2016

⁷⁵ Enabling small businesses in the drive for more UK exports, FSB, 2013

Encouragingly, devolution deals have recognised the need for more effective joint working between regional ITI teams and local areas. Many contain agreements with the Department of Trade to work in partnership with the mayoral combined authority to produce Joint Export Plans to better tailor export support services to reflect local priorities. However, this still leaves those non-metropolitan areas without a devolution deal working within a policy framework which is failing to deliver the most for areas and which businesses themselves believe is of variable quality.⁷⁶

To support businesses, Government must:

- Commit to working with councils and across Whitehall to review and strengthen sub-national trade and investment infrastructure to take better account of the needs of non-metropolitan businesses and economies.

Our offer

- With greater ability to provide a locally coherent offer of trade and investment support for businesses, councils will ensure support is better tailored to the needs of the micro, and small and medium enterprises (SMEs) that dominate the non-metropolitan economy.

Looking to the future

- How do we make sure that small and micro businesses in more rural areas are able to contribute to Britain's future trading success?

⁷⁶ Enabling small businesses in the drive for more UK exports, FSB, 2016

Increasing non-metropolitan productivity and securing inclusive growth

As we embark on leaving the European Union, the Government has made clear its vision, through the Industrial Strategy, to drive the creation of a successful, world-leading economy.

Non-metropolitan England, and its diverse local economies, has a fundamental stake in ensuring these ambitions come to fruition. It is the economic backbone of the country, contributing 56 per cent of England's Gross Value Added (GVA) and, between 2010 and 2015, increasing its GVA per head by 13 per cent – more than the growth rate of metropolitan areas outside London, and double the growth of the capital.⁷⁷ Even with this success, there is further untapped potential to be realised within its local economies, each with their own unique opportunities and challenges, in the coming years.

Driving productivity

In rural areas, it is the small and micro-businesses that hold the unrealised potential for growth but which represent those least likely to benefit from the current one-size-fits-all model of business and export support, structured primarily to support much larger businesses.⁷⁸ Many rural businesses can also suffer from lower rates of productivity compared with the national average, held back by inadequate digital skills, a lack of access to high speed broadband, poor transport connectivity and a lack of genuinely affordable housing to help attract and retain staff.⁷⁹

For England's coastal communities it is the tourism and hospitality industries which contribute most significantly to the economy. In 2014, the hospitality sector alone employed over half a million people on the coast and contributed over £14 billion to the national economy.⁸⁰ Despite this, coastal areas remain the worst ranked parts of the country across a range of economic indicators, including earnings and employment, with the GVA per capita in coastal areas now standing 26 per cent lower than in non-coastal communities.⁸¹ These areas also lack high quality public and private transport as well as the digital infrastructure needed to promote business growth, and attract more visitors.⁸²

For both rural areas and coastal communities, these productivity challenges represent barriers to growth that cannot be overcome by one-size-fits-all national approaches, nor can they be addressed by councils alone. The introduction of local industrial strategies therefore presents a critical opportunity for the Government to back local partnerships to tackle the productivity challenges which national top-down policy decisions have failed to fully address.

⁷⁷ GVA statistics, ONS, LGA analysis

⁷⁸ Forgotten Opportunities: The dynamic role of the rural economy in post-Brexit Britain, IPPR, 2017

⁷⁹ SW LEP commission evidence, South Hams and West Devon Evidence submission, Cornwall County Council, 2017

⁸⁰ Creating Coastal Powerhouses, British Hospitality Association, 2016

⁸¹ Living on the edge: Britain's coastal communities, British Hospitality Association, 2017

⁸² APPG for Visitor Economy - Report on the Inquiry into Coastal Communities, APPG for Visitor Economy, 2017

If non-metropolitan areas are to successfully address local barriers to productivity, then national funding mechanisms must be designed to support this effectively

These key mechanisms for driving growth and prosperity must be introduced across the whole country as a matter of urgency.

"Whilst national policy and priorities can provide an over-arching framework, local industrial strategies have a key role to play in reflecting the specific business profile and sector requirements in disparate rural areas.

Hampshire County Council

Funding for growth

If non-metropolitan areas are to successfully address local barriers to productivity, then national funding mechanisms must be designed to support this effectively. However, the current national approach has led to a highly fragmented local investment landscape, with £23 billion of public money spent on growth, regeneration and skills spread across 70 different national funding streams and managed by 22 government departments and agencies.⁸³

Following the EU referendum, one of the biggest concerns for councils was addressing the potential £5.3 billion funding gap for local government across England that would immediately open up from the point we left the EU, unless a viable domestic successor to EU structural funding was in place. This funding has been vital to creating local jobs, supporting small and medium enterprises, delivering skills, and boosting local growth across the country.

While the December agreement between the UK and the EU stated that the UK would continue to participate in EU programmes to the end of the current funding programme (2014-20), the key issue now is to ensure that there is a UK replacement for the structural funds which is fully funded and operational by January 2021.

The Prime Minister has pledged to create a UK Shared Prosperity Fund (UKSPF) to replace the money local areas currently receive from the European Union. This presents the opportunity for local communities to play a more substantial role in setting priorities and joining up funding streams, putting them in the best position to deal with future challenges that will need to be addressed after Brexit.

By way of example, Essex County Council has produced a report, 'Taking back control – Essex's local solution to post Brexit economic growth', challenging the weakness of centralised control and proposing a more place-based future for this funding post Brexit. It estimates that funding (2014-2020) will have an economic impact in Essex of between £300-364 million by 2021 – a return of £6.50 per £1 of public investment. Through fully devolved budgets without the central administrative overhead, the report sets out that the yield to Essex could have been 10-15 per cent or £33-50 million higher by 2021.

The LGA has recently published a report, *Beyond Brexit*⁸⁴ which presents in-depth analysis of a number of options which aim to inform the design and delivery of the UKSPF and continues to work with government to develop the detail of its future approach.

⁸³ Fragmented Funding for Growth, LGA, 2017

⁸⁴ Beyond Brexit: future of funding currently sourced from the EU, LGA 2017

For deeply rural communities the reform of the Common Agricultural Policy (CAP) also has the potential to play a significant role in shaping both local economies and land use. Local government already works closely with farming communities on issues such as animal welfare and environmental standards. Councils have a vested interest in protecting and maintaining natural capital, as do farming communities. A lot of partnership work already takes place around technical issues such as flood prevention and the maintaining of public footpaths and stonewalls. With the proposed reform of CAP and the phasing out of direct payments, local government could provide additional support to farmers during the suggested transitional period and build on this role to develop a broader, placed based approach to agricultural policy.

Ensuring everyone benefits from growth

Despite the perception that non-metropolitan areas form some of the healthiest and wealthiest parts of the country, 15 per cent of households in rural areas live in relative poverty and this poverty is disproportionately concentrated among older people.⁸⁵ This is a sobering reminder that steps to drive productivity and local economic growth must be delivered with consideration as to how this growth can derive benefits for the whole community.

"There is a very real risk to our communities that accelerated growth, without the social policies to support our disadvantaged, coupled with a place-based approach will reduce the number of people who are able to contribute to and benefit from the growth that Cornwall will strive to deliver.

Cornwall Council

Both in their role as major local employers and key players in the drive for local economic growth, councils will have a significant role in ensuring that the post-Brexit economies of non-metropolitan areas are delivering for the wider community. The introduction of policies such as the UK Shared Prosperity Fund, local industrial strategies and the common devolution framework present key opportunities to take a more place-based approach to this challenge.

Non-metropolitan England contributes 56% of England's Gross Value Added and, between 2010 and 2015, increased its GVA per head by 13% - double the growth rate of London.

85 Health and wellbeing in rural areas, LGA and Public Health England, 2017

To increase productivity and growth, Government must:

- Work with places to implement local industrial strategies in every area.
- Fully devolve replacement EU structural funding to non-metropolitan areas, allowing it to be aligned with local economic priorities outlined in local industrial strategies;
- Work with councils in non-metropolitan areas to consider the future role that local government can play in partnership with farmers using the next iteration of the Common Agricultural Policy (CAP) to positively -shape both local economies and land use.

Our offer

- Non-metropolitan councils will help ensure that future funding received by rural areas is tailored to suit local priorities and best supports inclusive economic growth in local areas.

Looking to the future

- What scope is there for the ensuring the replacement for the CAP can be aligned by councils with the proposed UKSPF to meet the needs of rural communities?

Conclusion

This report is being published at a time when the final parameters of the United Kingdom's departure from the European Union have yet to be fully established. However, the demographic pressures of an ageing population and the limitations of interventions led from Whitehall have created significant challenges to the viability, productivity and opportunity of non-metropolitan England that have developed over many years and, unless tackled, will only increase in magnitude regardless of the final deal.

This report outlines to Government a firm offer from councils in non-metropolitan areas, to play a greater role in building thriving, connected and healthy communities. Across each of the seven areas set out we have highlighted the once in a lifetime opportunity to chart a new course that draws on the trusted public leadership of councils to achieve better outcomes for communities.

In the short term the Industrial Strategy and the proposed development of a common devolution framework present potential opportunities to advance our ambitions for greater local control over the powers and resources needed to strengthen non-metropolitan England.

But, however successful these initiatives are, post-Brexit England will require a more ambitious approach to public service provision and economic growth, one that can only be led by leaders at the local level. As such, following this report the Commission will continue to run roadshows across the country, gather evidence and commission research that starts to add detail to the type of local solutions likely to make a real difference.

We will look to publish a final report in early 2019 and would welcome your contributions: PBECcommission@local.gov.uk

The Commission's South West roadshow

The Commission held its first roadshow in Taunton, Somerset to capture the views of people across the south west of England. The event was attended by a range of representatives from local government, the farming and tourism sectors, as well as local business and trade unions.

The South West is uniquely placed to offer a high-quality place to work, invest and live in. However, in discussions it emerged that the region is hampered by a significant skills deficit, suffers from poor connectivity and has seen funding from the European Union play a substantial role in spurring on local economic development.

The South West skills deficit

There is a deficit of both highly skilled and lower skilled workers across the South West. Sectors in which the region specialises, such as its leading Marine Industry Hub, are generating job vacancies which businesses are struggling to fill. In addition, the region's ageing population is placing increased demand on adult social care services, which have typically relied on non-UK EU nationals. It was argued that greater control of skills provision at a local level would help join up training with business demands.

Within deeply rural areas, residents struggle to access training and jobs located many miles from where they live leaving some areas in education and training 'cold spots'. Attendees felt this was having a knock-on effect on social mobility across the region and negatively affecting local aspiration.

Improving infrastructure provision

From road and rail networks to digital infrastructure, the South West suffers from a range of 'pinch points' leading to opportunity costs for businesses and residents.

Despite these challenges, attracting infrastructure investment from government, especially for rail infrastructure, is particularly difficult. Whilst improved journey times can bring significant benefits to areas, a lack of return on investment, specifically in terms of revenue, can make it difficult to develop a business case that resonates with government.

Attendees stressed that future infrastructure investment decisions taken at a national level need to take better account of the wider social benefits infrastructure can bring to rural communities.

The successor to EU funding arrangements

European funding for economic development has made a significant contribution to the South West, supporting several high-profile projects. Attendees made clear that the replacement of this funding, through the UK Shared Prosperity Fund, should be seen as an opportunity to empower local government and its partners to play a leading role in better targeting investment and tailoring interventions to suit South West priorities.

As the largest geographic region in England, stretching more than 9,000 square miles, stakeholders outlined that land is a major asset to the South West. As such, the successor arrangements for the Common Agricultural Policy, along with the Government's 25-year Environment Plan, present an opportunity to consider the future of land-use across the region and better join up funding streams related to agriculture with other elements important to the rural economy.

The Commission's East Midlands roadshow

The Commission held its second roadshow in Nottingham to capture the views of stakeholders across the East Midlands. The event was attended by a range of stakeholders from local government and business as well as local MPs.

In the discussions on the day, there was consensus amongst businesses and local government that the laws and powers repatriated from the EU should not simply reside in Whitehall. Instead, stakeholders felt that Brexit presents an opportunity for the Government to empower councils in the East Midlands, as well as local partners, to tackle a range of structural issues across the region which are restricting local growth.

In addition, a number of key themes emerged relating to business resilience, skills and connectivity.

Supporting business resilience in preparation for Brexit

Whilst the East Midlands is bucking the national economic trend, with many exporting businesses thriving due to the weak pound, there were doubts as to how solid the foundations of this economic success will turn out to be in the longer term. It was of significant concern to attendees that many local businesses are failing to adequately plan for the potential impact of Brexit, curtailed by a lack of strategic capacity within their organisations.

Attendees reflected on the importance of councils in providing better tailored business support, not only to enable smaller businesses to start exporting or find new overseas markets, but to also take advantage of potential domestic supply chain opportunities.

Local agencies in the East Midlands are already supporting businesses to explore potential supply chain opportunities related to HS2 and stakeholders felt similar initiatives should be undertaken more widely to act as an 'insurance' against the impacts of Brexit. To mitigate the risk of potential tariffs or custom delays, some larger manufacturers might also need to consider more locally based supply chain businesses to maintain their 'just in time' delivery models.

The East Midlands skills deficit

A presentation from the East Midlands Chamber highlighted that of those businesses seeking to recruit in the East Midlands in the last quarter, 60 per cent had struggled to find suitable labour, particularly for high skilled and managerial roles.⁸⁶ Attendees agreed this echoed "a well-established trend" of East Midlands businesses struggling to meet skills gaps through recruitment.

Improving rural digital connectivity

In parts of the East Midlands, especially the more deeply rural areas, attendees highlighted that there are still major issues regarding reliable and fast broadband and mobile connectivity. Business representatives in particular reflected that digital connectivity, including both its speed and reliability, is one of their biggest concerns. In those parts of the region where faster connectivity had been rolled out following public subsidy, some stakeholders felt that an emerging issue was a lack of digital skills amongst residents and businesses which could lead to potential threats in terms of cyber security.

⁸⁶ Presentation at East Midlands Roadshow, East Midlands Chamber 2018



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