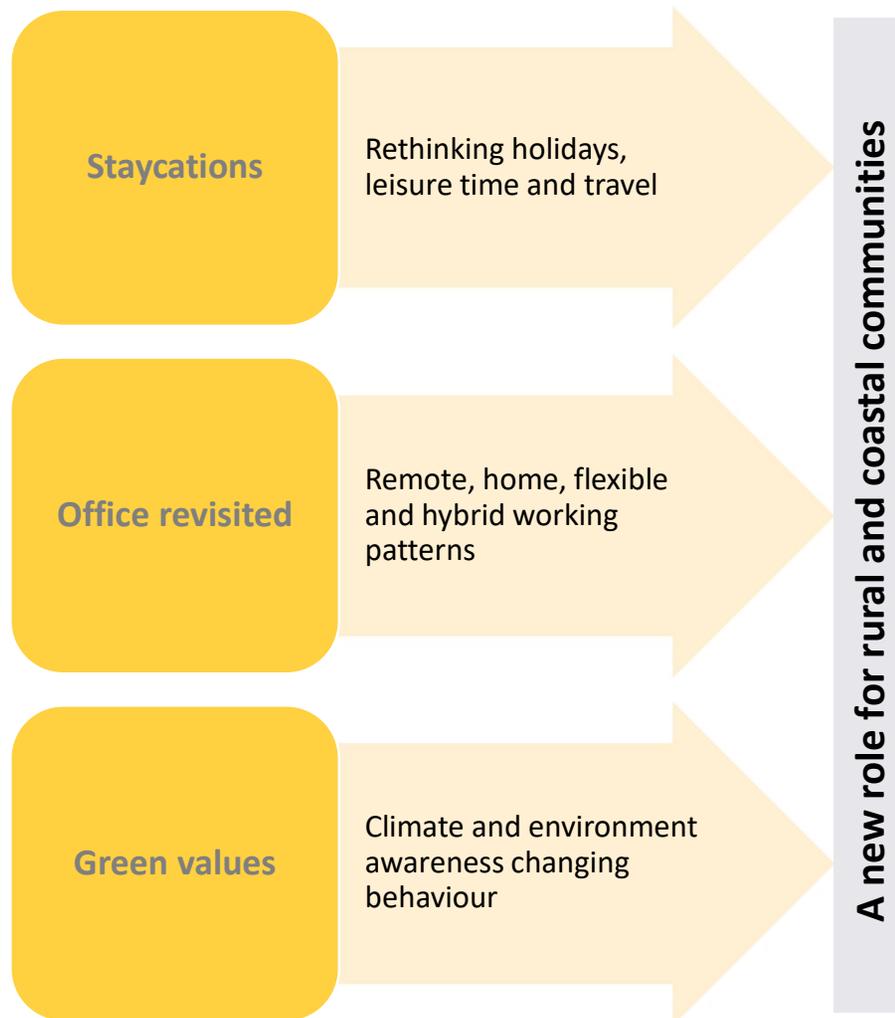


Part 2: Policy recommendations

pragmatix
advisory

Rural and coastal contributions to UK plc to increase in the New Normal



Major changes in the way we live our lives provide an opportunity to reset the economic relationship between different parts of the country, and for rural and coastal communities to make a substantial and long-lasting contribution to the sustainable prosperity of UK plc.

The pandemic has stimulated new ways of thinking, and accelerated behaviour changes in consumers and businesses alike. Three trends that have been stimulated or boosted by covid have the potential to redefine the economic value of rural and coastal locations.

The rise of 'staycations' has reminded older and introduced new audiences to what the domestic tourism and leisure sectors have to offer. And, lockdown has allowed many to revisit how and where to carry out 'office' work. 'Green values' reinforce the importance of England's natural assets and a local food chain.

If these trends are nurtured, and the appropriate investment is made in rural and coastal communities to leverage the associated economic opportunities, there is the potential for a substantial levelling up of rural areas' prosperity and contribution.

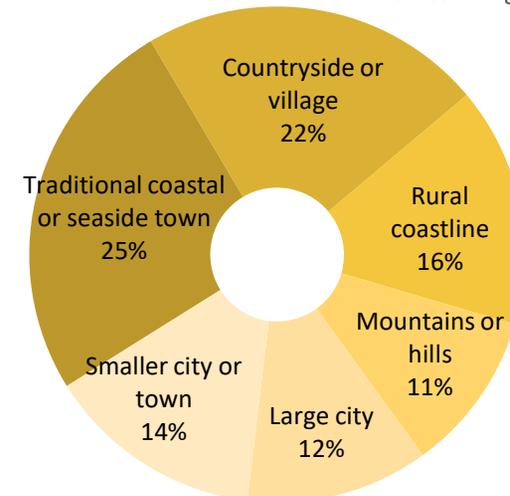
In this context, rural and coastal policy should not be seen purely through the lens of redistribution to reduce inequalities and deprivation. Instead, much the same as urban policy of the past two decades, it should be viewed in terms of investment to deliver sustainable returns to the national economy.

Pandemic staycations have potential to reignite the domestic tourism market for the longer-term

While growing climate change awareness has made some rethink the logic of air travel, the pandemic has forced many who would otherwise have holidayed abroad, to take a domestic break. If some of this additional domestic demand can be maintained beyond covid, there is the potential for new and sustained growth in the English tourism sector.

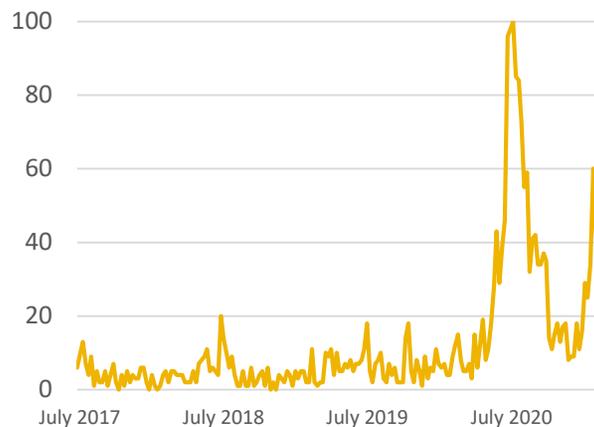
Tourism expenditure, 2017-2019 annual average	
Abroad by United Kingdom residents	£ 58.3 bn
In England (excluding London) by United Kingdom residents	£ 16.4 bn
In England (excluding London) by foreign visitors	£ 9.1 bn

Main type of destination for United Kingdom overnight trip in summer
United Kingdom, March 2021



In 2019, United Kingdom residents made 93 million visits overseas. As foreign travel this summer looks less and less likely, many of those tourists will be looking to holiday closer to home.

Google searches for 'staycations' over time
United Kingdom, peak search interest=100



Challenges of growth

1. Solvency of businesses impacted by pandemic
2. Business skills and capacity of often small traditional family enterprises
3. Retaining capacity and expertise in a sector that is highly seasonal
4. Congestion and capacity at 'honey-pot' locations
5. Demands and expectations of visitors used to holidaying abroad
6. Managing potentially conflicting interests of visitors and the resident population

"I have nine holiday lets. They are all fully booked for the whole season."

Farmer, County Durham

Proportion of working adults that have worked from home at some point in the past seven days
Great Britain, weekly from 20 March 2020, per cent

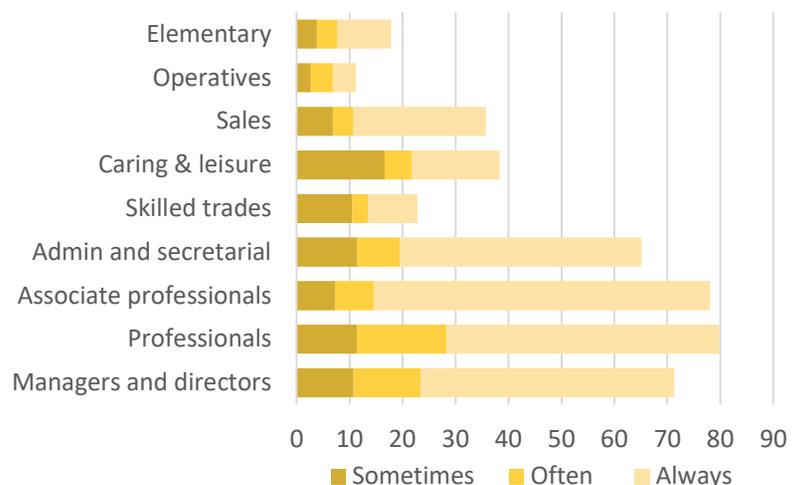


Reimagining of 'office' work provides opportunities for city-type jobs to be carried out in rural and coastal communities

Throughout the pandemic, the necessity of working from home came to transform the modern workplace, with its effect projected to last long after the stay at home order ends.

This alternative method of working provides the opportunity to inject new life into rural and coastal communities, with greater access to highly paid employment and a potentially reduced rate of outward migration by young people. By enabling residents to undertake the kind of jobs previously restricted to urban employment centres, this phenomenon could also diversify rural economies and move them away from reliance on vulnerable and lower paid industries.

Use of home as a workplace during pandemic, by occupation
United Kingdom, June 2020, per cent



Challenges of growth

1. Outward migration from cities will compound existing housing shortages and drive up house prices
2. Poor digital connectivity will limit where home-workers can live
3. Higher demand for local services and pressure on infrastructure
4. Existing residents' concerns over development such as new housing and infrastructure

Increasingly, consumer and business behaviour is being influenced by 'green values'

The pandemic has accelerated an already growing trend towards green behaviour among consumers and businesses, as well as in the public sector. Many of these behaviours place a new or increased value on rural and coastal communities, services and assets.

An increased awareness about climate change means many households are switching to green energy suppliers and purchasing hybrid or electric vehicles when their existing car needs to be replaced, while company carbon zero initiatives are increasingly the norm.

During covid lockdowns, greater importance was placed on reducing food miles and shopping local, a trend that is likely to continue. Given the right investment, the natural resources and industry mix in rural and coastal communities make them ideally placed to deliver on the 'green agenda'.

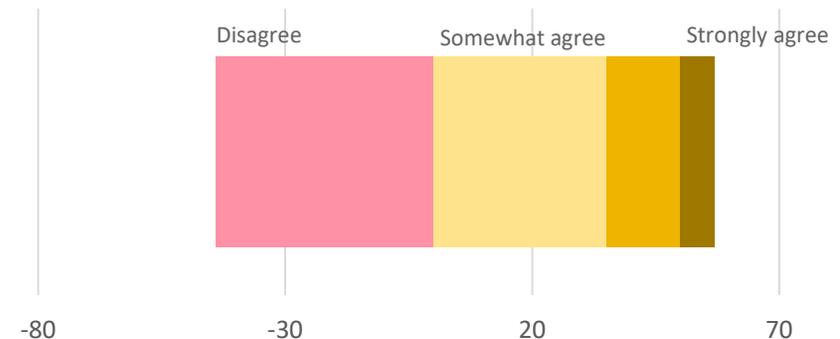
43 per cent of consumers are already choosing brands due to their environmental values

One in five consumers have opted for low carbon modes of transport, switched to renewable energy or reduced their air travel

81 per cent of European Union-consumers shopped closer to home and supported local businesses

Impact of covid on environmental impact of consumer behaviour
2020, percentage of survey respondents*

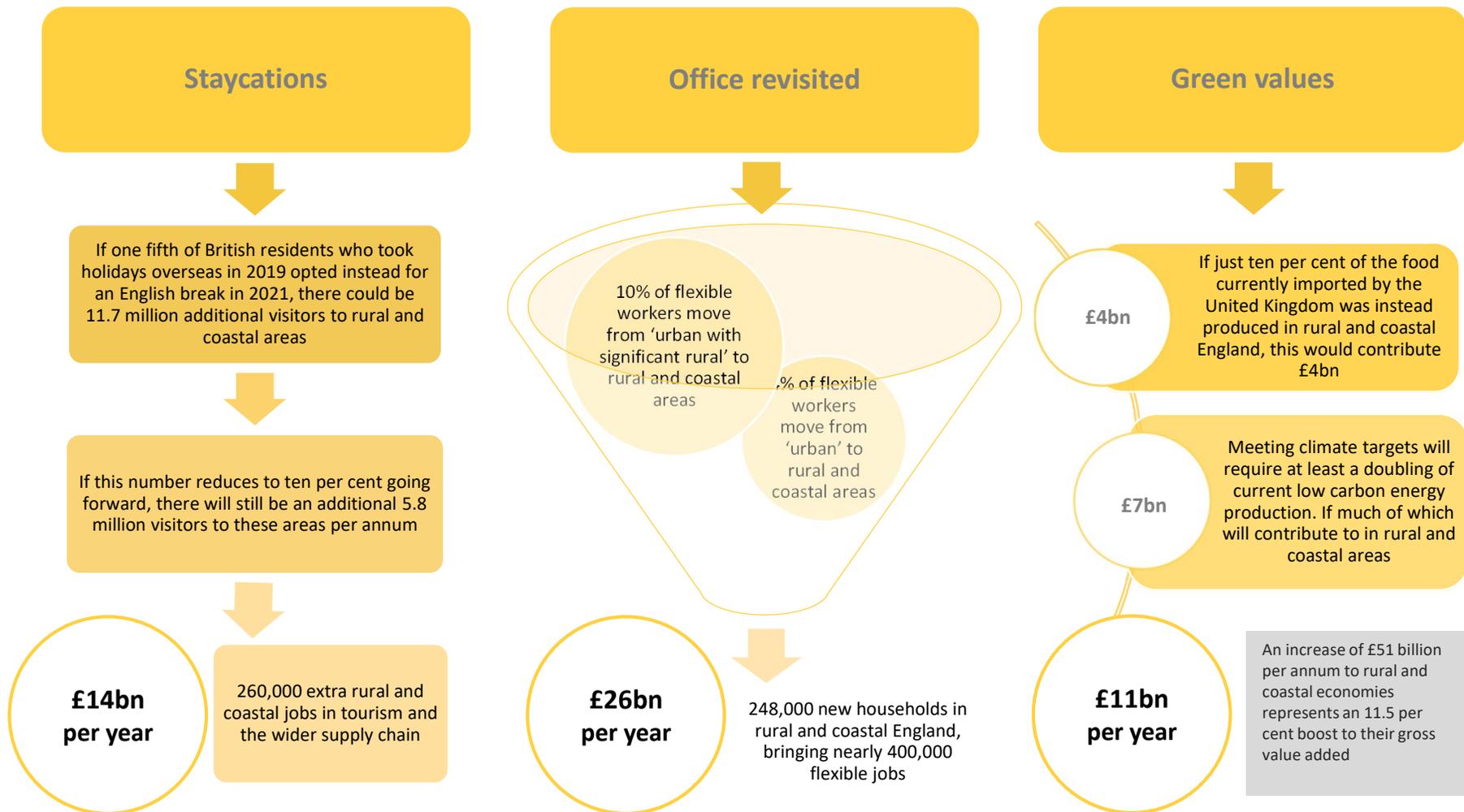
I have made significant changes to my lifestyle to lessen my environmental impact...



Challenges of growth

1. Promotion of English products and services to the domestic market has previously been weak
2. Specialised employees are needed to work in diversifying and emerging markets
3. Shortage of skilled labour
4. Consumers may shift back to pre-pandemic behaviours
5. Existing residents' concerns over development such as renewable energy schemes

New Normal trends to potentially add over ten per cent to rural economy by 2030



Outcomes of concern	Underlying challenges	Drivers of opportunity	Policy themes	Specific interventions	
	Covid	Addressing immediate threat	1: Business recovery in 2021	1a: Support for micro and nano businesses 1b: Managing the peak season 1c: Mental health	
<i>Housing conditions</i>	Geography	Staycations	2: Connectivity	2a: Public transport	
<i>Educational attainment</i>				2b: Fixed broadband	
<i>Skills</i>				2c: Mobile broadband	
<i>Mental health</i>				2d: Digital skills	
<i>Crime</i>		Offices revisited	3: Housing and built environment	3a: Affordable housing	
<i>Ageing population</i>				3b: Village and town centres	
<i>Town centres</i>				3c: Sustainable living	
<i>Migration</i>				4: Business environment	4a: Skills pipeline
<i>Lower wages</i>					4b: Business support
<i>Productivity gap</i>					4c: Promotion
	Scale	Green values	5: Sustainable energy	5a: Power grids	
				5b: Electric vehicles	
			6: Local delivery	6a: Funding and delivery mechanisms	
				6b: Ongoing recognition	

1: Business recovery in 2021

The immediate priority must be to ensure rural and coastal businesses and jobs can survive the pandemic.

Rural and coastal economies, like elsewhere, have benefited from the national government's emergency measures, such as the Job Retention Scheme, the Self-Employed Income Support Scheme, coronavirus business support grants and business rates relief. Councils have stepped up and used their local knowledge and presence to deliver many of these initiatives, which are of unprecedented scale, to their diverse business populations quickly and effectively.

The mix of businesses in rural and coastal areas means that navigating a path to recovery will require different focus and resources than elsewhere:

- With a large share of micro and nano businesses, rural areas need the capacity to support the smallest of businesses to financial recovery
- With substantial seasonal business, rural and coastal communities need help to manage the peaks in demand this year as the hospitality sector gets set for record levels of stay-cations, whilst agriculture and food manufacturing face post-Brexit and covid shortages of migrant labour
- Existing mental health struggles of business owners have been amplified by the strain of the past twelve months, and immediate help is required to support these individuals

	Rural deviation from national average	Coastal deviation from national average
Employment in accommodation and food services	+24%	+19%
Employment in agriculture, forestry and fishing	+201%	+67%
Employment in manufacturing	+27%	+5%
Employment in accommodation and food services, agriculture forestry and fishing, and manufacturing	+34%	+14%
Employment in tourism	+14%	+12%
Percentage of local authorities recovered from 2008 recession by 2016 (to peak pre-crisis GVA growth rate)	-14%	-25%
Nano and micro local units per thousand employees	+21%	-4%

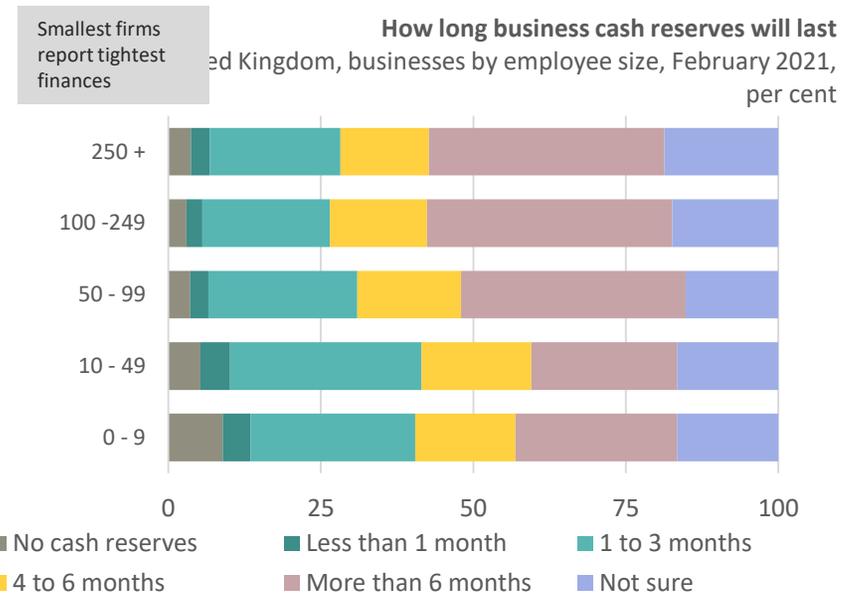
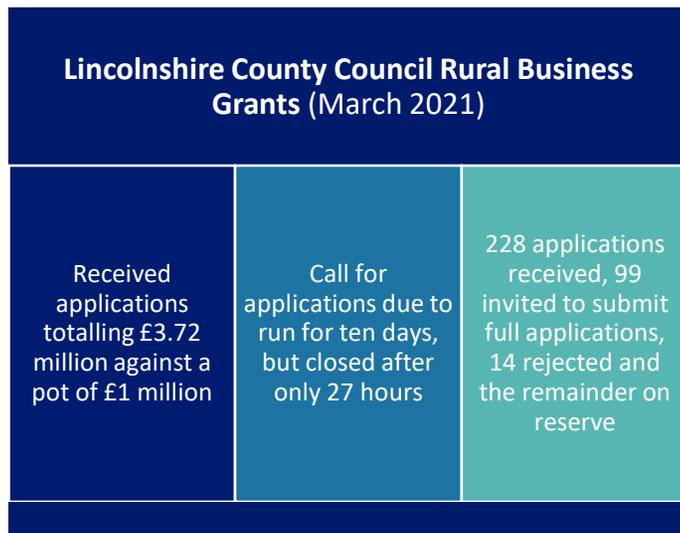
With more nano and micro enterprises, rural and coastal communities face a challenging 2021 (and beyond)

Rural and coastal economies were among the slowest to recover after the last recession. Now, reliance on the smallest of businesses and on some of the sectors most adversely affected by the pandemic makes them especially vulnerable again.

Government emergency support schemes have prevented mass business failure so far, but more of the smallest businesses now have little or no cash reserves and increased levels of debt – especially in hospitality and tourism. These nano and micro enterprises on the brink are among the hardest to reach for economic development professionals and the least likely to know where or how to ask for help. Many are affected by seasonality.

Business failures and job losses are inevitable, but many rural and coastal communities are entrepreneurial and need only limited support to get back on their feet.

Support need much greater than level of funding available



- We recommend that Government**
1. Ensure funding is available for local authorities and partners to:
 - support the smallest of businesses recover from the pandemic, including a programme of intensive engagement to improve awareness among nano and micro enterprises of support available
 - provide digital devices, apps and training to allow businesses to implement online booking systems and switch from cash-only transactions to card payments
 2. Extend 'Help to Grow' scheme eligibility to include existing registered enterprises with fewer than five staff
 3. Support entrepreneurs with a programme of start-up grants and affordable guaranteed loans for new small businesses

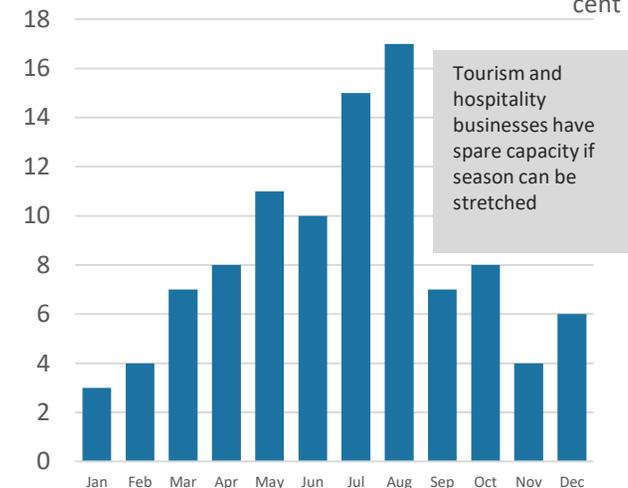
Domestic tourism renaissance could help businesses bounce back – provided it is managed correctly

The seasonal nature of domestic tourism means businesses (including high-street firms) have a short amount of time to make enough money to support themselves for the entire year. In any normal year, the most popular spots are at peak capacity during the summer, even without the additional visitors expected to arrive this year. Work must be done to spread demand throughout the year, as well as directing it to areas with spare capacity.

The tourism and agriculture sectors rely on migrant seasonal labour – previously, 25 per cent of coastal hospitality workers were from outside the United Kingdom. In a year in which business capacity will already be stretched, labour shortages will compound the issue.

Without support for the tourism sector, there is a real risk that last year's scenes, in which people flocked from towns and cities to the seaside, might be repeated, with businesses unable to capitalise on the domestic tourism boom, and escalating tensions between the local and visitor populations.

Annual turnover by month generated
Coastal tourism businesses, England, per cent



Travel restrictions and Brexit impacting availability of foreign labour

Visa type	Percentage change
Skilled (Tier 2)	-28%
Youth mobility and temporary workers (Tier 5)	-32%
Non-PBS work	-28%
High Value (Tier 1)	-56%
Total	-30%

Work related visas granted by type
United Kingdom, Year ending September 2020

We recommend that Government

- Increase funding available through the Welcome Back Fund, and extend the criteria to allow local authorities and partners to:
 - Provide visitor management funding to assist communities and destination management organisations in educating and safely welcoming the large numbers of domestic tourists anticipated
 - Attempt to extend the traditional season with funding support for off-season events and festivals, as well as an additional bank holiday later in the year
- Undertake a national marketing campaign encouraging overnight stays outside the traditional 'honey-pot' locations
- Implement an improved seasonal worker visa regime for European Union, Commonwealth and other temporary hospitality and agricultural workers
- Incentivise domestic seasonal labour

Concern for mental health of business owners as stresses of past twelve months continue in 2021

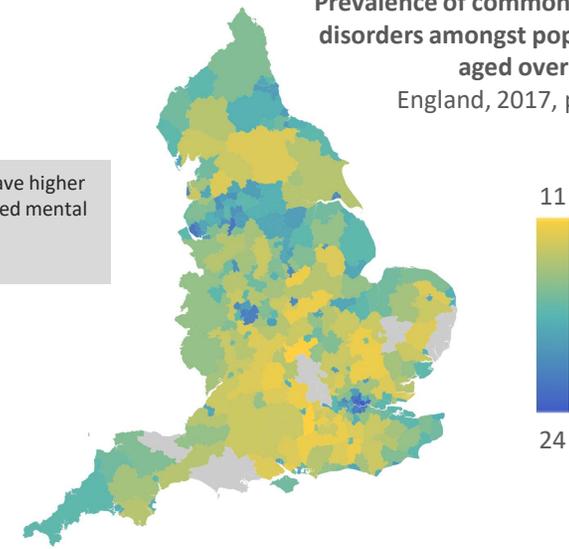
The nature of enterprises in rural and coastal communities means business pressures are more keenly felt at a personal level. Though the data shows higher levels of diagnosed mental health disorders amongst urban populations, suicide rates have been consistently higher in rural areas. The lack of accessible support services may impact on rates of diagnosis.

In a recent survey, the Farm Safety Foundation found that 88 per cent of farmers under the age of 40 believe mental health is the biggest hidden problem in the agricultural sector today. Farmers are one of the professional groups at the highest risk of suicide in England and Wales, and account for about 1% of all suicides.

Without improved mental health services, many of those at risk and in need of support will not be reached.

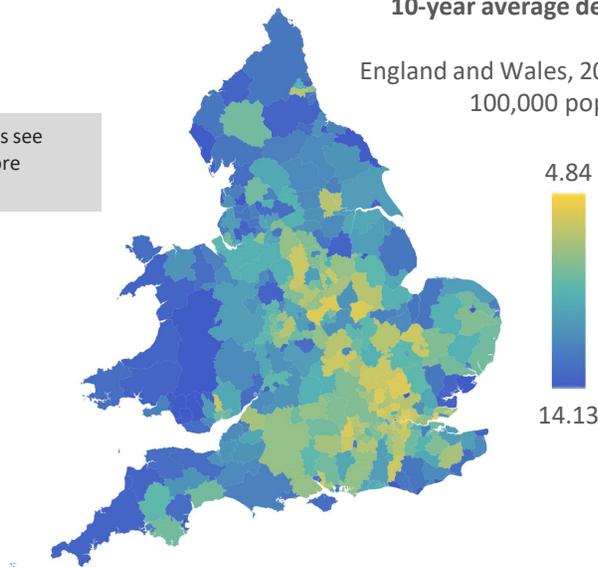
Urban centres have higher levels of diagnosed mental health disorders

Prevalence of common mental disorders amongst population aged over sixteen
England, 2017, per cent



10-year average deaths by suicide
England and Wales, 2019, per 100,000 population

Rural communities see proportionally more suicides



We recommend that Government

Provide funding to local authorities and NGOs allowing them to:

- Support the mental health needs of business owners by addressing the under-provision of mental health professionals
- Undertake a campaign encouraging people to seek help through promotional material and hot spot interventions

2: Connectivity

Improving connectivity is fundamental to unlocking a new economic paradigm.

The shift in how and where many of us work over the past year has opened up areas of the country from which many occupations would previously have been inaccessible. Even a small migration of home workers towards rural and coastal areas could have a big impact on local populations. This opportunity to grow sustainable communities is reliant on improved connectivity, both digital and physical.

The cost of providing public transport and broadband infrastructure in more sparse and remote locations is usually higher because of the lack of economies of scale, so the approach to delivering these services will differ from that in urban areas:

- With an over-reliance on car usage and a lack of bus routes, public transport schemes need to be more suited to sparsely populated areas
- Since a significant share of rural and coastal premises cannot access sufficient broadband speeds, superfast broadband (and upload speeds in particular) needs to be recognised as an essential fourth utility
- There is also a need for digital skills provision for businesses and older members of the community
- As many businesses tend to be more mobile, or located in an area where a fixed broadband line is simply not feasible, remote areas need reliable and consistent 4G coverage

According to Openreach, broadband usage more than doubled in 2020

5.3% of rural premises are below the USO of 10Mbps, compared to 2.2% nationally

12% of rural premises have no reliable 4G signal, compared to the national average of 5.8%

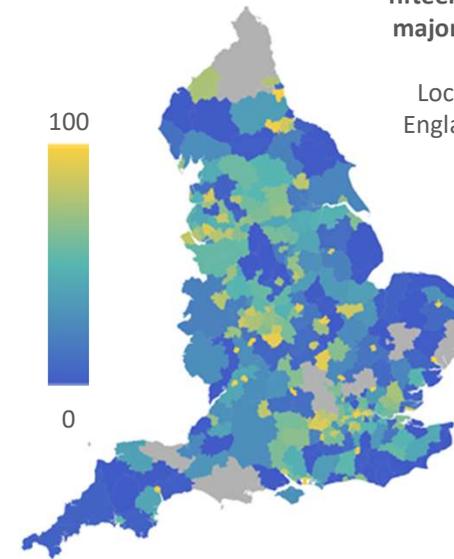
Improved public transport crucial to reducing mobility poverty and reaching net zero

Remote and sparse locations often fail to deliver the density of travel demand needed to support meaningful public transport on a purely commercial basis. Without adequate subsidy, communities are left with little or no bus or rail provision – and residents must rely on car and motorcycles for access to services, employment and healthcare. Rural households incur the added costs of purchasing and maintaining multiple vehicles – many of which will be older and more polluting. Those without access to private vehicles risk isolation.

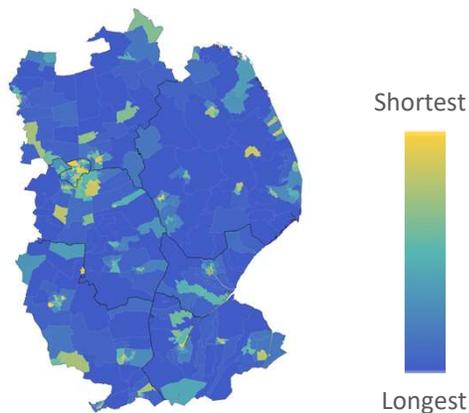
Better funded bus services, with subsidy levels that take fuller account of the wider socio-economic and environmental benefits, will help residents get to work, access local services and attend further education and apprenticeship opportunities. It will in turn help to reduce emissions and connect businesses with a greater pool of skilled staff. Rural and coastal communities offer the opportunity for the research and development of new smaller-scale transport options too, more suited to local demand.

Population within fifteen minutes of a major employment centre*

Local Authorities, England, 2017, per cent



Distance to services
Lincolnshire, 2019, national scale



We recommend that Government

1. Ensure that the National Bus Strategy has objectives for rural and coastal provision, with ambitions to better serve communities and their economic needs on a sustainable basis, improve existing routes, restore valuable lost routes and establish new routes where clear gaps exist
2. Ensure funding is available for local authorities and partners to:
 - pilot new public transport schemes more suited to sparsely populated areas such as electric (and, in time, autonomous) cars and mini-buses
 - promote the use of community and demand-responsive transport schemes which serve outlying settlements and feed into bus or rail routes

*Note: major employment centres are employment centres with 5,000+ jobs; data unavailable for grey local authority districts. Source: Department for Transport

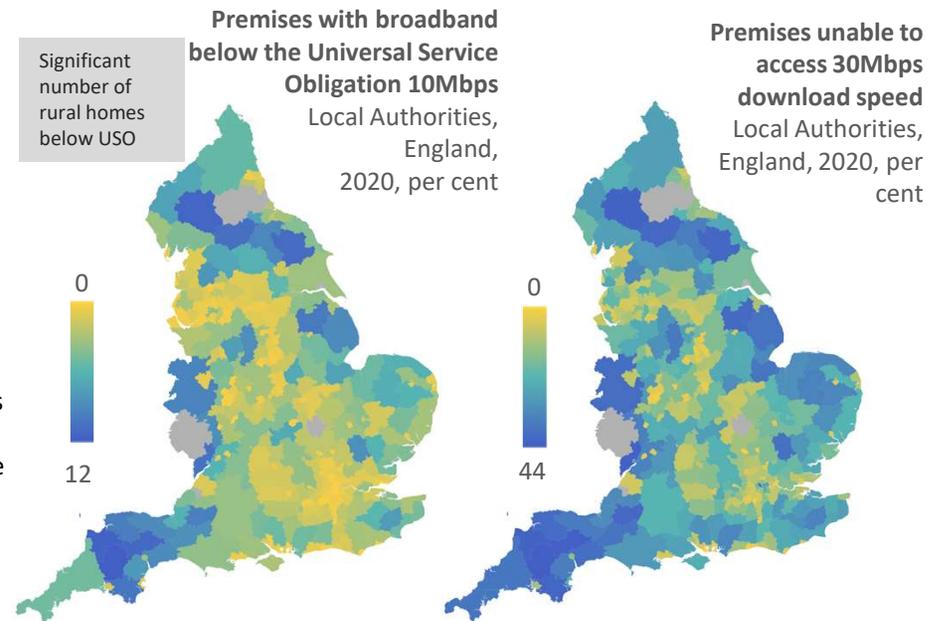
*"Poor broadband is so debilitating and not just for businesses.
It affects the ability of our young people to learn and every
other area of your life."*

Chair of agricultural charity, Isle of Wight

Home working opens up rural England for business – provided there is decent broadband

Remote working during the pandemic has demonstrated that businesses can be productive and successful without staff working in an urban office five days a week. Although we expect a return to office working, it is unlikely to be at the same levels as pre-covid. This shift to remote working offers the opportunity for workers to live in rural and coastal communities while doing a ‘city’ job.

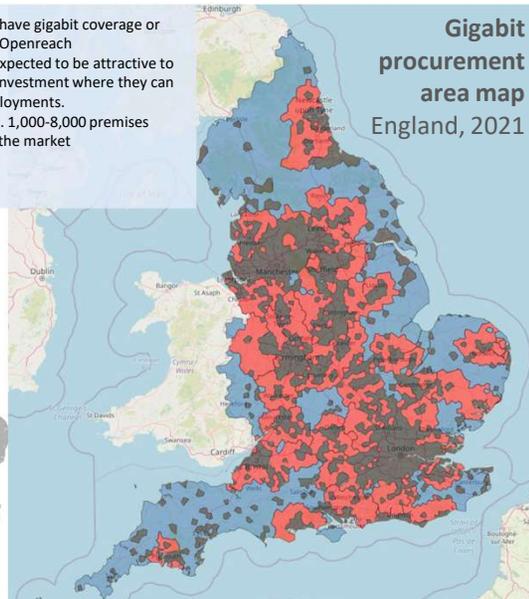
In order to take advantage of the new normal working environment, decent broadband – upload as well as download speeds - is essential. Sixteen per cent of households in the most sparsely populated decile cannot access download speeds of 30 Mbps, compared with only three per cent of those in the most densely populated third. Rural and coastal communities will not be able to take advantage of the opportunities remote working presents without improved broadband provision.



Grey Areas: Forecast build. Areas which already have gigabit coverage or are expected to be delivered commercially or by Openreach
Red Areas: Large Contract procurement areas. Expected to be attractive to larger suppliers planning significant commercial investment where they can combine build-out with adjacent commercial deployments.
Blue Areas: Small procurement areas. Areas of c. 1,000-8,000 premises where gigabit is not expected to be delivered by the market

Gigabit procurement area map
England, 2021

Premises included in ‘Project Gigabit’ first round
Local Authorities, England, 2021



We recommend that Government

1. Increase Universal Service Obligation download speed from ten to 30 Mbps, and increase USO upload speed from one to ten, targeting 100 per cent superfast coverage by the end of 2023
2. Review the cost cap of £3,400 for Universal Service Obligation and find a mechanism for funding those with costs in excess of this
3. Prioritise investment in broadband services to properties with least connectivity first (measured by current speed)
4. Quickly deliver the Gigabit Broadband Plan, including connecting primary schools or other council-owned buildings to gigabit, creating local broadband hubs in village centres

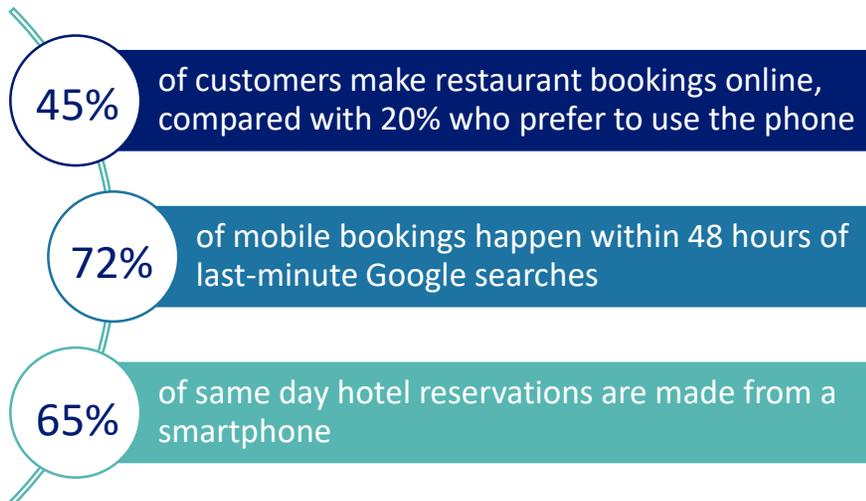
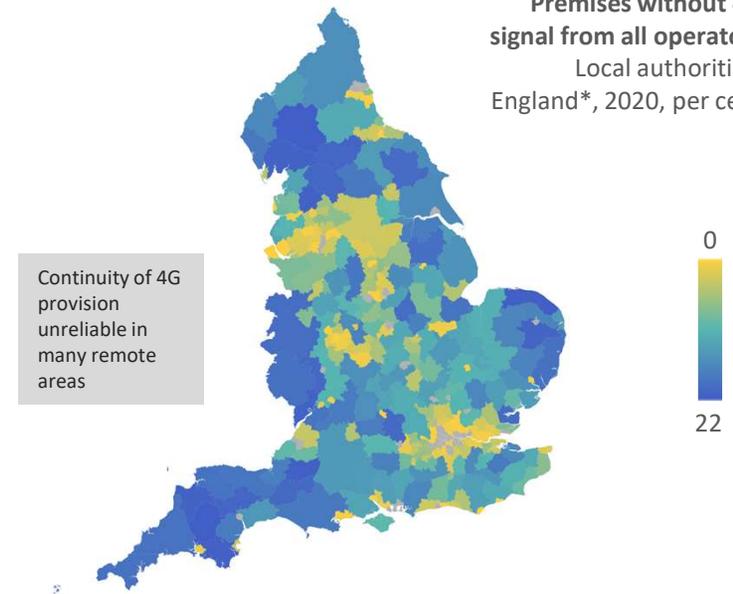
Mobile data connectivity key for businesses in remote communities

Many businesses in rural and coastal communities tend to be more mobile or located in an area where a fixed broadband line is simply not feasible. This can be a food van on the beach, a tour boat or a forestry company. For these businesses, their ability to take card payments, for example, relies on an adequate 4G signal.

Extending fast mobile data coverage across the entire country would enable businesses in the most remote communities to expand and innovate. Addressing 'not spots' of service provision is also crucial for visitor access in areas with a reliance on the tourism economy. It allows visitors to explore the local area online, find out what is available around them and plan their day.

A lack of mobile broadband coverage will constrain business growth and visitor experience in rural and coastal communities.

Premises without 4G signal from all operators
Local authorities, England*, 2020, per cent



We recommend that Government

1. Instate more ambitious Shared Rural Network targets to address rural 'not spots' ensuring 100 per cent 4G provision from at least one network for all public roads and 98 per cent of land mass in England by 2023
2. Ensure at least one 4G network alone is available across 98 per cent of land mass in England by 2025 enabling continuity for mobile businesses
3. Ensure all settlements with visitor or hospitality businesses have access to all four 4G networks by 2025
4. Provide funding for local authorities to pilot new ideas for using 5G to improve rural and coastal productivity, and deliver better public services

*Note: Excludes the Isles of Scilly; data unavailable for grey local authority districts, Source: Ofcom (top right); GO Technology, Condon Ferries, Eventforte (bottom left)

Digital exclusion not just about broadband

Our interviews with stakeholders identified concerns about skills deprivation contributing to digital exclusion. Older members of the community may not use email - only 40 per cent of over 65s have a smartphone and those that do can be unsure about how to use them. As more services move to online only, the ability to access them is restricted for those without the hardware or expertise.

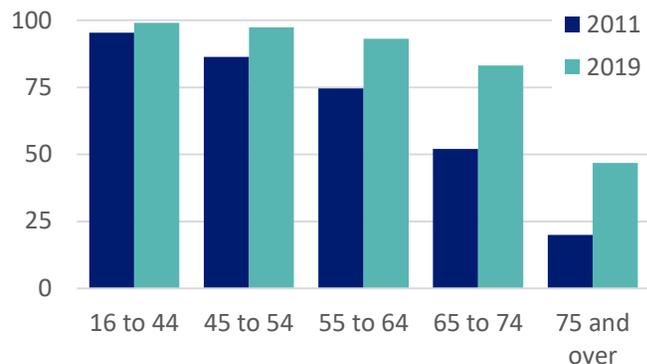
Further concerns have arisen from the loss to the agricultural sector of farmers and their wealth of practical knowledge, as they struggle to keep up with the growing administrative element of the job. Similarly, there appears to be a void in business planning – less than half of SMEs in the United Kingdom have a formal business plan in place.

Without support to improve digital skills, older members of rural and coastal communities risk further exclusion from services and society, while many experienced farmers and business owners could be lost.

“Much of my time during lockdown was spent filling out online forms and attaching documents in emails for constituents who were unable to do so themselves.”

District Councillor, Shropshire

Proportion of adults that have used the internet within the last three months
United Kingdom, per cent



Although internet usage has increased since 2011, more than half of those over 75 had not used the internet in the past three months

We recommend that Government

1. Ensure funding is available for local authorities and partners to:
 - a) provide digital skills training for older members of the community
 - b) support the provision of business planning and administrative assistance for business owners

3: Housing and built environment

Stretched housing will act as a brake without more sustainable and affordable development

The lack of good quality, genuinely affordable housing has long been an issue for rural and coastal authorities. Whilst the increase in remote working and outward migration from cities offers the opportunity to grow more sustainable communities, it will also heap pressure onto an already squeezed housing market.

Poor housing provision and a lack of amenities should not be allowed to smother potential revitalisation and growth:

- Scaled up building of sustainable starter, genuinely affordable and social rent homes can help address current and anticipated housing shortages, as well as reducing levels of fuel poverty
- The regeneration of housing and high streets in town and village centres will help to tackle pockets of deprivation and improve the 'daytime economy'
- With fewer opportunities to network and more people working from home, the creation of village hubs and GigaPubs (see page 26) offers the opportunity to work in a shared office environment and access gigabit internet, while providing income for local amenities such as the village hall and the local pub

One in ten households nationally are living in fuel poverty

A recent Country, Land and Business Association survey found that over half of young people want to swap city life for rural areas

Savills projects an additional 356,000 new units are needed in rural areas by 2025

"We have a big problem with second homes. Local people just cannot afford the housing."

Fisherman, Cornwall

Without housing, post-covid opportunities will not be realised

While outward migration from cities could reinvigorate rural and coastal communities, it will put additional strain on an already strained housing market.

Prior to the pandemic, many young people were priced out of the most popular locations, while genuinely affordable and social rent housing was in short supply. Lockdown and covid restrictions have seen demand for properties outside of cities grow, pushing up demand and prices further.

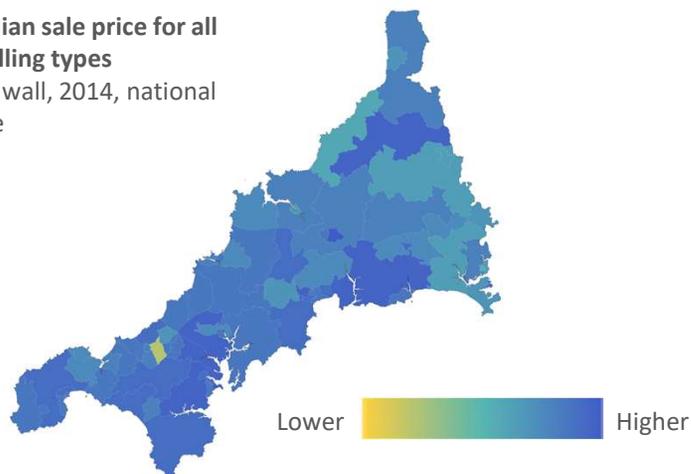
A programme of building sustainable, digitally-connected energy-efficient homes would help tackle housing shortages and fuel poverty in rural areas, while guaranteeing a local workforce to support the new jobs created by growing communities.

“We expect to spend 30 per cent more building each house here than we would if we were on the mainland”

Council Officer, Isle of Wight

Median sale price for all dwelling types

Cornwall, 2014, national scale



We recommend that Government

1. Ensure funding is available for local authorities and partners to support a scaled-up programme of building well-designed, energy-efficient, starter, affordable and social rent homes, all of which are connected to superfast broadband
2. Have Homes England allocate funding for housing developments to be designed and delivered at a local level
3. Broaden the definition of ‘designated rural areas’ to cover all settlements with a population of below 3,000, increasing Section 106 provision
4. Whether through community housing schemes, council provision, housing associations or other vehicles, create a rental tenure which is truly affordable to households on local incomes

Reimagining village and rural town centres key to support growing populations and address current deprivation

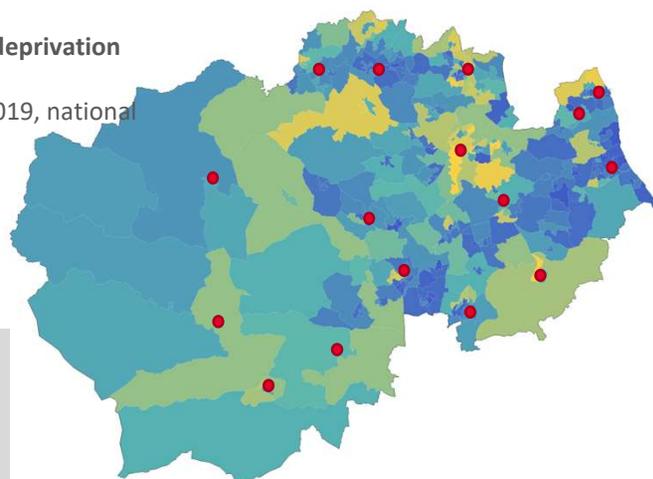
The need for additional housing could be served in part by increasing the density of current settlements. Building in locations with existing services and connectivity would be more cost effective, and support the viability of local services.

There is an opportunity to grow the 'daytime economy' in rural town and village centres with the creation of village hubs and GigaPubs – spaces which combine hot desking, business networking, gigabit broadband and a café or coffee shop element.

According to official deprivation metrics, rural authorities appear less deprived than urban areas, but rural deprivation tends to be concentrated inside towns and villages. Regeneration of housing within these communities, as well as improving the high street 'offer', would help tackle rural deprivation.

Index of multiple deprivation score

Durham County, 2019, national scale



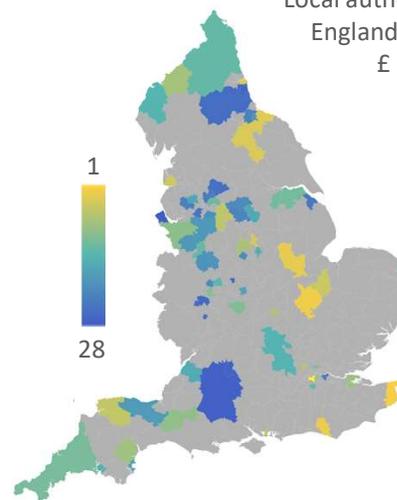
Many incidences of rural deprivation occur in towns and villages

Least deprived

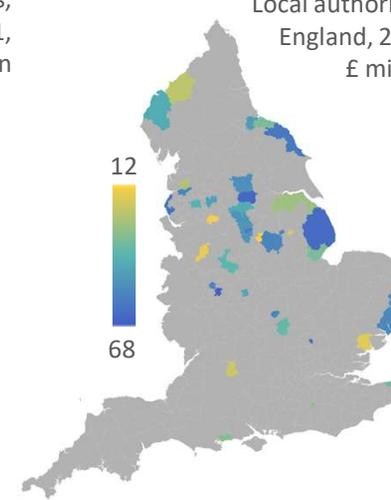


Most deprived

Future High Streets Fund recipients
Local authorities, England, 2021, £ million



Towns fund recipients
Local authorities, England, 2021, £ million



We recommend that Government

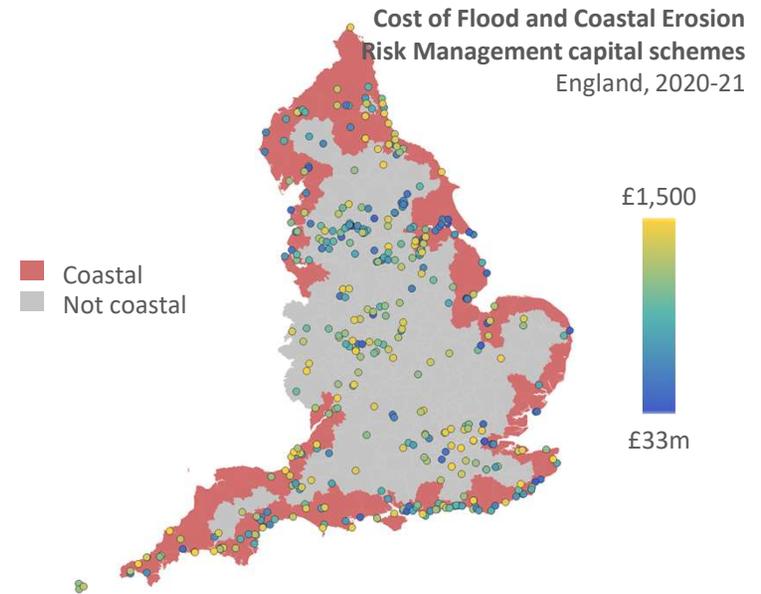
1. Ensure funding is available for local authorities and partners to:
 - Increase community engagement to determine areas favoured by local residents for development
 - Review planning regulations to allow for increasing village and town densities
 - Facilitate the creation of village hubs and GigaPubs
2. Allocate and ringfence funding for the decontamination of rural and coastal brownfield sites
3. Review the eligibility criteria for the Towns Fund, Future High Streets Fund, Shared Prosperity Fund and Levelling Up Fund to ensure proportionate treatment of rural and coastal areas

Climate change mitigation must be a top priority

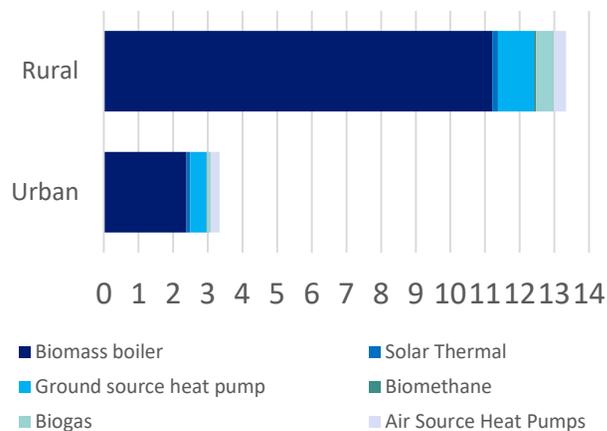
The challenges of food and energy security, flood risk, and coastal erosion are national issues and should be treated as such.

At a local level however, many existing homes, farms and businesses are a risk due to rising sea levels, collapsing cliffs and burst river banks. Businesses are increasingly unwilling to invest in areas more vulnerable to the impact of climate change.

Without government investment in flood prevention schemes, and support for household energy efficiency and reduced carbon consumption, climate change will leave large areas of the countryside unsuitable for habitation or for the production of food.



Number of full accreditations to the Renewable Heat Incentive scheme
England and Wales, November 2011 to December 2020, thousands



81% of accreditations in rural areas were to premises not on the mains gas network, compared with just a quarter of those in urban areas

We recommend that Government ...

1. Review the eligibility criteria for UK Infrastructure Investment Bank support, guaranteeing that rural and coastal communities have the opportunity to secure proportionate investment.
2. Ensure the UK Infrastructure Investment Bank develops new long-term funding mechanisms to ensure both future development and the climate security of currently vulnerable locations
3. Provide clarity on the future of the Coastal Communities Fund

4: Business environment

Skills pipeline, business support and promotion activity must reflect local needs

As jobs demand more specialised skills and qualifications, care must be taken to ensure workers in rural and coastal areas are adequately trained to fill the roles. Current provision of further education needs rethinking if this is to happen.

The nature of most businesses in these locations - fewer than ten staff and high levels of self-employment - also requires different resources and methods of support delivery than would be deployed in metropolitan areas.

The resurgence in domestic tourism, as well as the turbocharging of the green agenda, offers further opportunity for business growth and expansion if the promotion is right:

- With fewer young people from rural and coastal communities going on to further education, changing the way in which courses are accessed and delivered would encourage greater uptake
- As areas with a large share of micro and nano businesses, rural and coastal authorities need the capacity and funding to support the growth and innovation of small business
- The domestic marketing of England and its products and services has been lacking. Additional promotion would help retain and grow the domestic tourism market and support the growth of food producers and suppliers

44% of students in rural and 43% of students in coastal communities go on to higher education, compared with 54% in the most urban authorities

14% of the working population in mainly rural authorities are self employed

In 2019, UK residents made 93 million visits overseas, spending £62.3 billion

*"We need to provide skills and jobs for our young people.
Otherwise, they are going to leave."*

CEO of a charity providing support for other charities and community groups, Isle of
Wight

Further and higher education provision needs to respond to skills requirements

The skills employees require are becoming more specialised and niche. In traditionally labour-intensive sectors like farming or forestry, an understanding of new technology and equipment is now essential; these are no longer manual labour occupations. Rural and coastal communities see fewer young people going on to higher education, with the most disadvantaged students significantly less likely to do so. Attending college can involve multiple lengthy and expensive bus journeys, if a student's chosen course is even available within a reasonable distance.

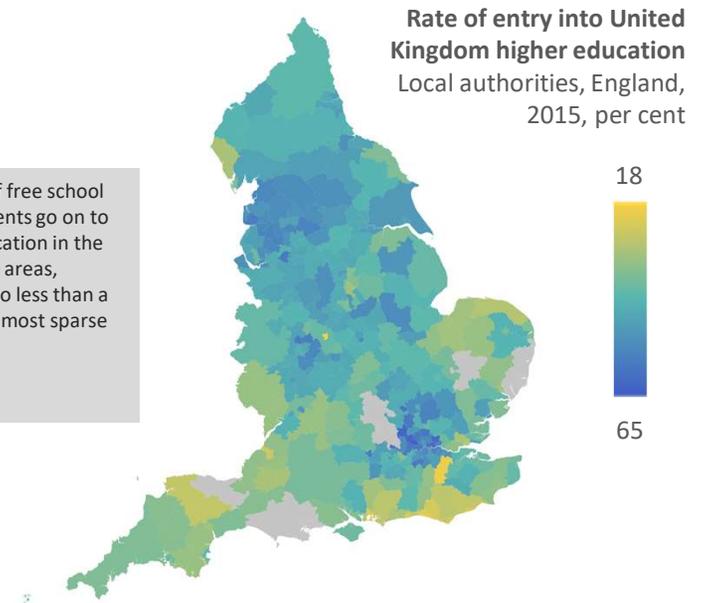
The switch to online and hybrid teaching during the pandemic has provided an alternative method of training and educating those in more remote communities. A different approach to teaching would enable more young people to attain specialist skills without relocating to major towns or cities.

It is important that college courses and apprenticeships are strategically aligned with local skills needs across multiple institutions and with private sector partners. Rethinking the way in which further education is delivered can help reverse the 'brain drain' and provide local businesses with skilled workers who will boost productivity.

"I've spoken to a student who requires two bus changes to get to college, and because none of the transport is subsidised his travel costs £7.50 every day."

Council officer, Lincolnshire

Over half of free school meals students go on to higher education in the most urban areas, compared to less than a third in the most sparse authorities



We recommend that Government

Ensure funding is available for local authorities and partners to:

1. Deliver hybrid teaching of courses – combining online and workplace learning, with in-person delivery at both local colleges and regional/national specialist centres of excellence (with 16+ residential accommodation)
2. Provide statutory free travel for seventeen and eighteen-year-olds in education and/or training, in line with current provision for sixteen-year-olds

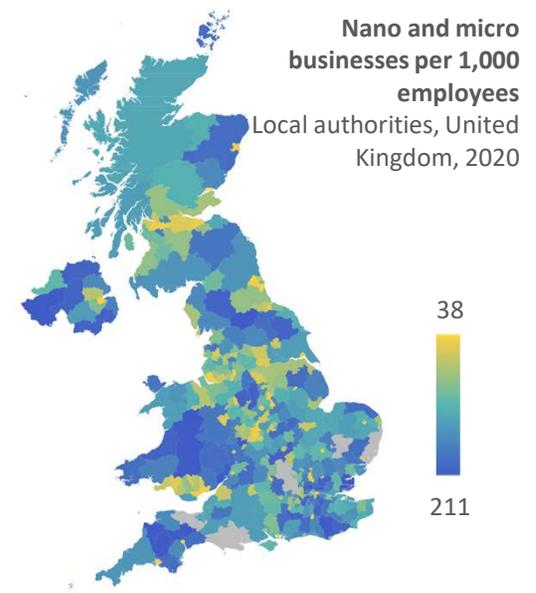
Supporting businesses and helping them grow

Appropriate business support isn't one-size-fits-all. Nano and micro businesses need access to help and advice as much as bigger employers, but the delivery of the assistance needs to be different. More time and resources are required to directly engage locally with the smallest businesses in rural and coastal communities.

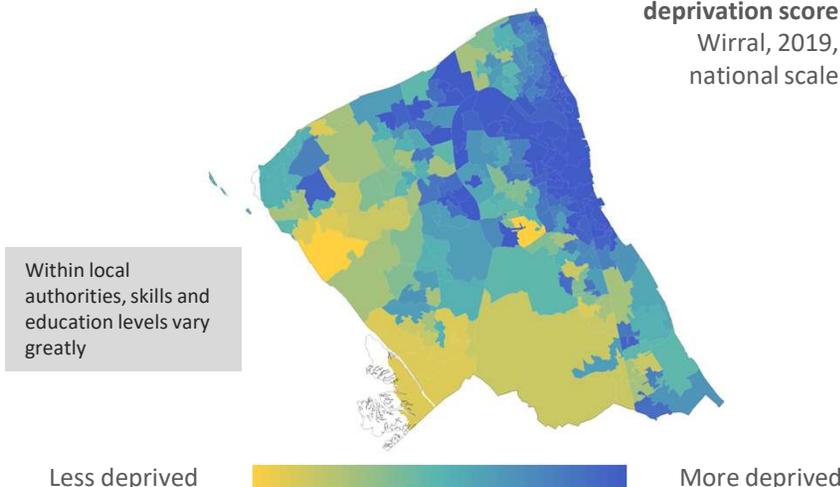
Enterprises in more sparse locations lack the same opportunities to network, so facilitating communication and support between small business owners would allow the pooling of resources, knowledge and advice. It would also offer the opportunity for innovation and collaboration, and the ability to expand and grow rural businesses.

Without targeted communication and assistance specific to micro and nano businesses, some will be unaware of the support available and will fail to grow.

The majority of businesses in rural and coastal communities have fewer than ten staff



Skills and employment deprivation score
Wirral, 2019,
national scale



We recommend that Government

1. Ensure funding is available for local authorities and partners to:
 - Develop community business hubs (as part of Village Hubs and GigaPubs) with support and space for businesses to grow and innovate
 - Create programmes of local networking and targeted support for the expansion of nano and micro businesses
2. Continue and build on 2021 economic development initiatives (see page 13)

Time to shout about great things England has to offer

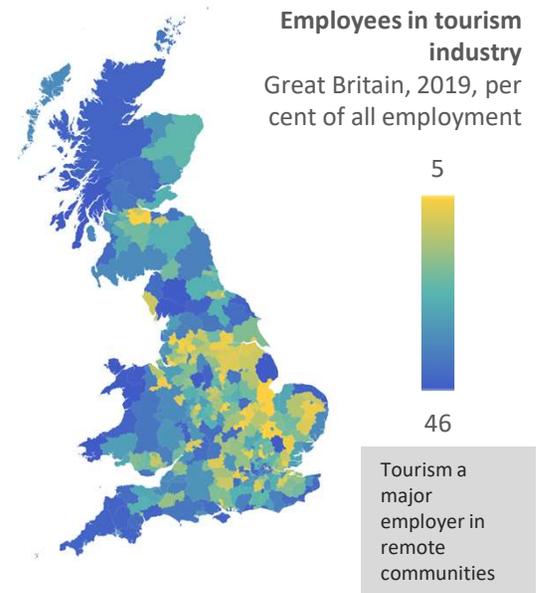
One of the big opportunities covid has presented is the reinvigoration of the domestic tourism market. The challenge will be for communities and businesses to hold on to those new visitors and persuade them to holiday at home even after international travel has resumed. This will require joined up and better resourced marketing of the rural and coastal offer, including better promotion of England in the United Kingdom.

Buying local produce and reducing food miles was popular pre-covid, but lockdown restrictions have escalated demand and offer an opportunity to grow businesses, champion rural producers and suppliers, and improve food security.

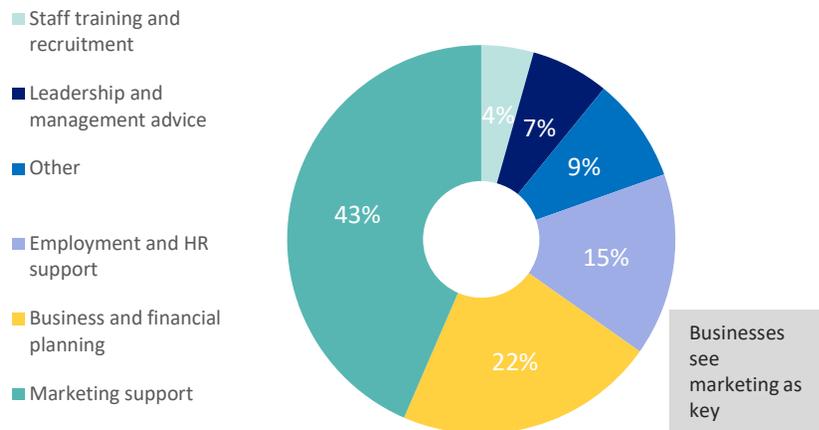
Without a programme of promotion, the chance to retain some of the acquired market share and grow food businesses could be lost.

“Investment in domestic advertising doesn’t spark competition between Cornwall and the Lakes, it’s about the competition between England and holiday destinations in the rest of the world”

Director, Tourism business membership organisation



Support most helpful to businesses now and in future
Ryedale, September 2020



We recommend that Government

1. Undertake an ongoing programme to promote England domestically for key products and services, including tourism and food, and food production
2. Increase Visit England funding to promote England to the domestic market

5: Sustainable energy

Power grid needs the capacity to deliver on a green and prosperous future

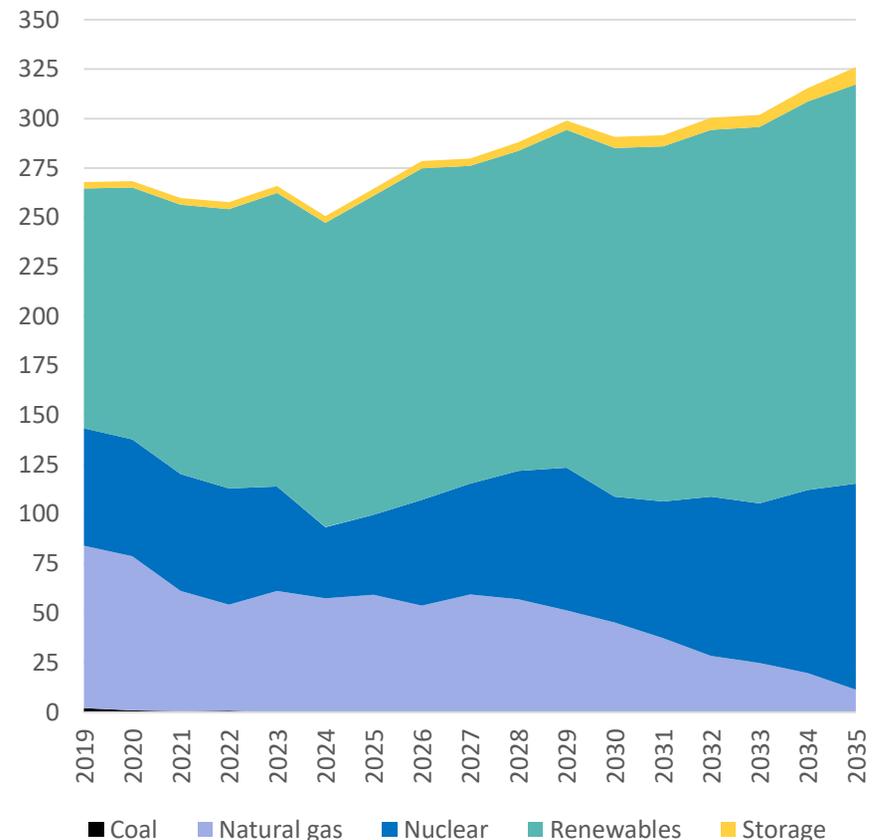
Longer-term opportunities for revitalisation in rural and coastal communities require a power supply network that grows ahead of demand. Our conversations with local stakeholders identified concerns that a lack of available capacity in parts of the country will constrain economic growth.

The pandemic has also accelerated existing trends in climate awareness and shifted behaviours accordingly. Cognisance of environmental impact will increase demand for green energy production, and as the country moves towards all-electric by 2030, the electric vehicle charging network has a long way to go before it is fit for purpose.

Rural and coastal authorities will play a vital role in the growth of sustainable energy generation and the move towards net zero, provided the infrastructure is in place:

- With increased house building and business expansion expected in rural and coastal areas, investment is needed to ensure limited grid capacity does not stunt growth
- As the green agenda gathers pace, sparsely populated areas offer the natural resources and space required for both large and small scale renewable schemes
- Planning for the electric vehicle charge point network must take account of the longer journey times and higher seasonal demand in rural and coastal authorities

Electricity generation by source
Major power producers, United Kingdom, Terawatt-hour



Source: Department for Business, Energy, & Industrial Strategy (2019)

"The offshore wind industry is providing work for people."

Tourism development charity worker, Lincolnshire coast

"Well not round here it's not. The work is all done by outside contractors, and there's little benefit locally. And we have the things (wind farms) imposed on us."

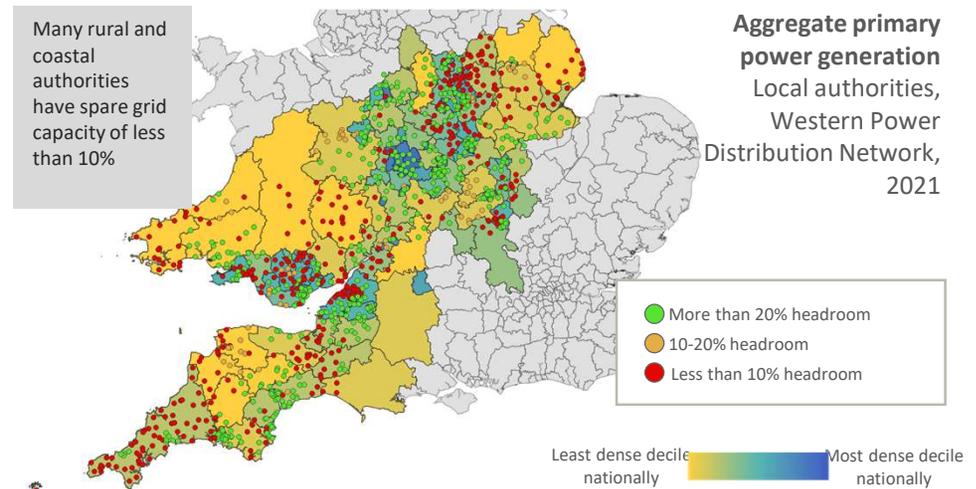
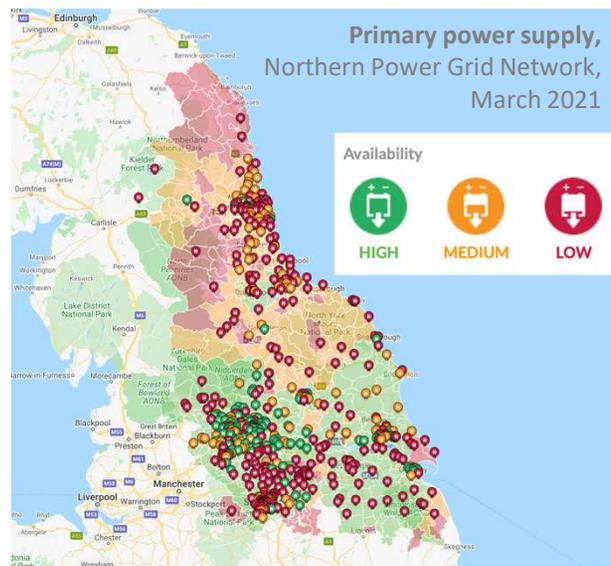
Fisherman, Cornwall

Limited grid capacity should not be allowed to stifle potential growth

England's countryside and waters offer an endless source of renewable energy, both for local use and to help cover urban shortfalls. As the nation moves away from fossil fuels and reduces reliance on natural gas, electricity infrastructure will be increasingly critical to sustainable prosperity in rural and coastal areas.

Sustainable energy could be a major export to urban centres from these areas, while the use of electrical heat pumps and similar will help address fuel poverty.

National electricity grid capacities need to grow to support increased generation from renewables and rising demand from new housing and businesses. Without this, economic growth and opportunities in rural and coastal communities will be suppressed.



We recommend that Government

1. Create a funding and regulatory framework to ensure grid capacity grows ahead of demand, and doesn't act as a constraint on growth
2. Ensure feed-in tariffs incentivise, remunerate and encourage locally-sensitive, sustainable rural and coastal generation
3. Ensure the costs of upgrading existing grid pinch points are fairly distributed and not disproportionately borne by those bringing forward the necessary new sustainable generation capacity
4. Provide support for genuinely community-led renewable schemes, in parallel with green development, including the piloting of new technologies
5. Develop and increase support provided through the Rural Community Energy Fund

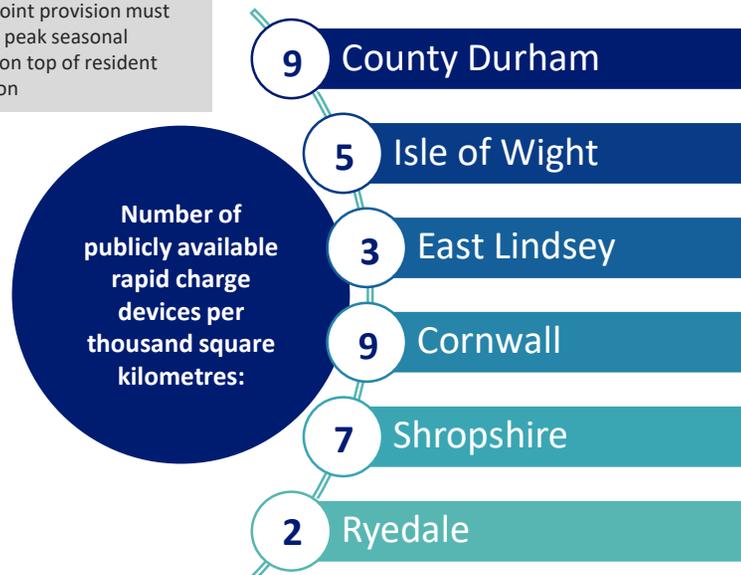
Infrastructure investment a priority before switch to all-electric vehicles

As the country moves towards a ban on the sale of new petrol and diesel cars in 2030, it is essential that infrastructure is in place to deal with the change.

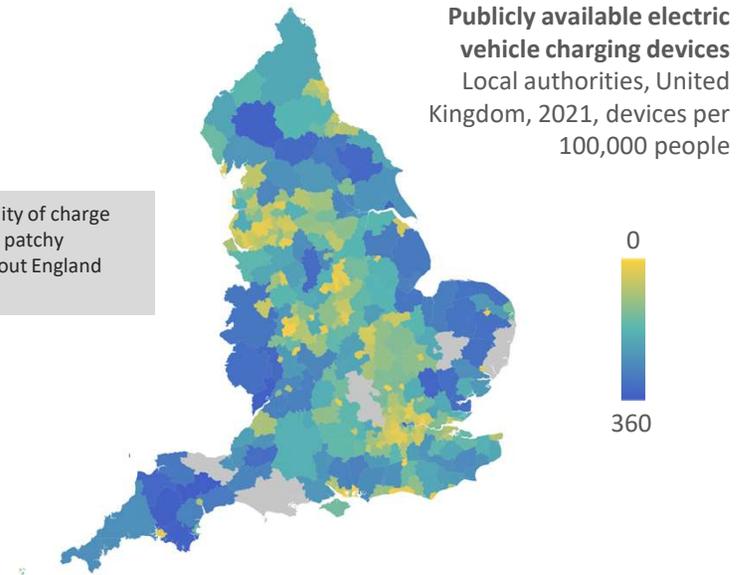
Provision of electric vehicle infrastructure in popular visitor locations must take into account not only the needs of the resident population but also of the additional demand during holidays – proportional charge points per capita will fail to capture real need, while bank holidays and weekends will increase demand on the national grid.

If the infrastructure is not in place to support travel to and from rural and coastal areas, residents will be disadvantaged and visitors will be unwilling or unable to holiday there.

Charge point provision must allow for peak seasonal demand on top of resident population



Availability of charge points is patchy throughout England



We recommend that Government

1. Increase investment in charging points for electric vehicles to reflect peak seasonal need, longer distances and higher car usage, not just relative to local populations
2. Ensure EV charging point network will be able to deliver on the National Infrastructure Commission's net zero targets and match Government's ambition
3. Increase research and development investment in green hydrogen and other technologies to support the development of larger vehicles suitable for rural and coastal needs

6: Local delivery

Whitehall must recognise and respond to the specific challenges of varied communities

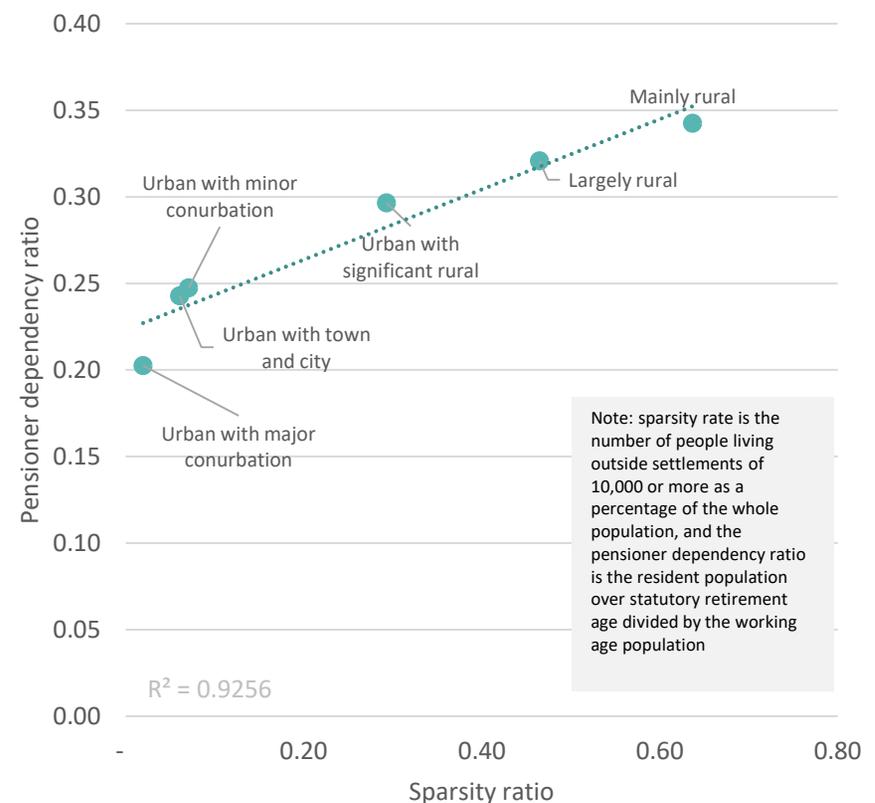
Remote authorities face the challenges of elevated delivery costs, lower funding and increased need. The ageing population in many rural and coastal communities means councils face higher social care bills, and in areas with a high proportion of second homes they are missing out on council tax receipts.

Rural and coastal authorities would be better placed to deliver services and capital projects if central government assessment and funding provision allowed for varying circumstances:

- A one-size-fits-all approach to cost-benefit appraisals will always disadvantage rural and coastal capital projects, so there is a need to recognise the added costs of remoteness, sparsity and differing socio-demographics
- Failing to take a place-based approach to funding allocation sees spending concentrated in a few high-return locations
- In local authorities where the sharing of resources with neighbours is not possible, further devolution of powers to support integration of services would be beneficial
- With current IMD averages masking pockets of deprivation, analysis and tracking of additional metrics would assist in identifying areas of need in rural communities, as would releasing data on a more granular level

Relationship between pensioner dependency and sparsity ratio

English local authorities, rural and urban classification, 2011



"Central government do not have a clue (about what it is like to live here). Your local authority knows the area and understands what the real issues are."

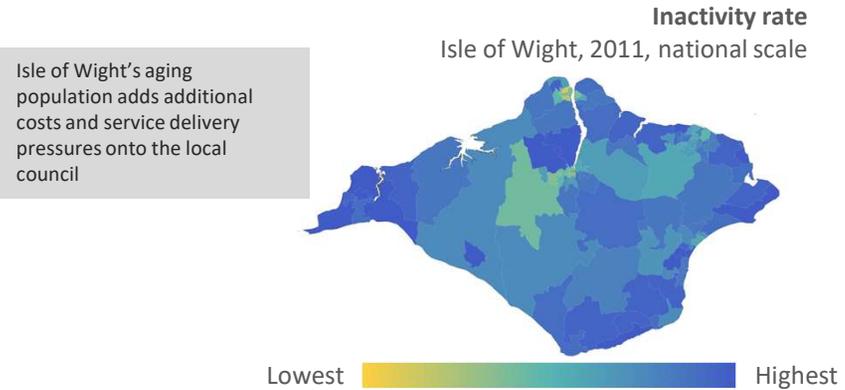
"I worry they (local authorities) don't always have the right skills. Are they outward looking enough? Would private contractors run rings round them?"

Business owner, Tendring

Sparsity, remoteness and socio-demographics increase the cost of delivering local services, while smaller councils lack resources to bid for Whitehall funds

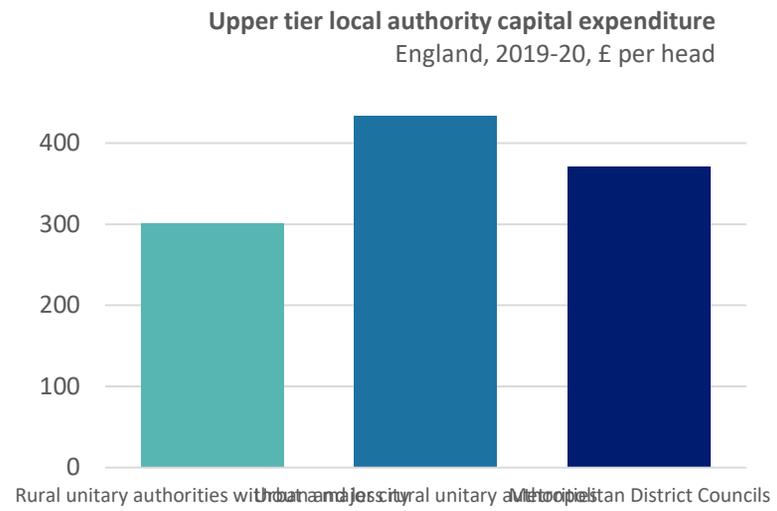
A lack of economies of scale and demographic characteristics, such as an ageing inward migrant population, add to the costs of public services in rural and coastal communities. These challenges are only partially recognised by central government in its funding allocations. Meanwhile, complex and competitive bidding regimes developed by Whitehall to allocate central government funds make it tough for small rural councils; already well-resourced metropolitan and combined authorities win a disproportionate share of funds with well-equipped bidding teams.

The problems are greatest for islands and the most remote locations. On the Isle of Wight, the local council expects to spend an extra 30 per cent on each house built due to the island ‘premia’.



We recommend that Government

1. Adopt a strategic place-based portfolio approach to project assessments and end the vicious circle of competitive bidding for central government funding where already well-resourced local authorities win a disproportionate share of funds with well-equipped bidding teams
2. Allocate central government funds based on clear metrics of need and taking account of unit cost differentials, and provide single pot funding for all place-based interventions with spending decisions made locally
3. Permit imaginative local arrangements for, and further devolution of powers to, islands and the most remote councils where shared services with neighbouring authorities are impractical, including integration of services e.g. health and social care
4. Include the use of sparsity normalised costs in benefit-cost ratios in the Treasury's *Green Book* appraisal guidance



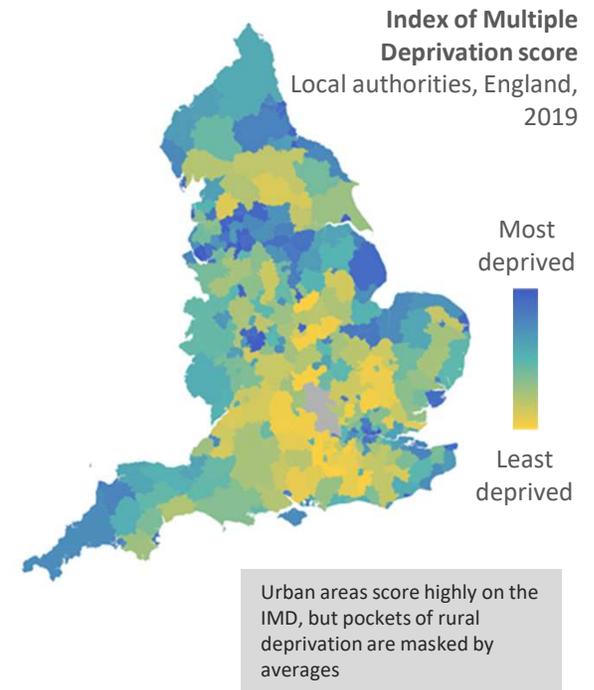
Source: Ministry of Housing, Communities & Local Government (top right) Ministry of Housing, Communities & Local Government, Pragmatix Advisory (bottom left)

Official metrics mask rural and coastal deprivation

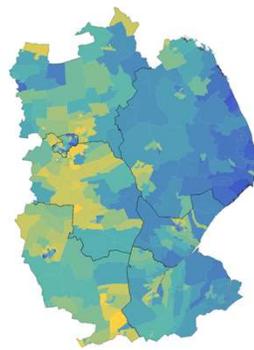
Although the Index of Multiple deprivation uses multiple metrics, those it includes do not fully reflect the true picture in England’s rural and coastal authorities. Alternative measures of deprivation, such as the University of East Anglia’s Rural Deprivation Index are designed to account for the impact of rural-specific demographics such as an older population and issues of sparsity.

The use of gross household income rather than the income earned in the rural economy also provides poor visibility of the conditions facing families working locally. This means that the Index potentially distorts the levels of fuel and mobility poverty experienced in these areas. It is not just about the affordability of heating a home, it is about lack of choice – 35 per cent of households in the most-sparse decile are not on the mains gas network compared to the national average of fourteen per cent. Lack of reliable (or any) public transport means residents are more likely to need a car (and more than one vehicle per household) to get to work or local services, the extra cost of which must be met with relatively low rural wages.

Publishing statistics that reflect the complexities of rural and coastal communities would better enable support and funding to be directed towards areas of deprivation. This means making data available at the lowest non-disclosive level. Unless these pockets are acknowledged and addressed, deprived communities will fall further behind.



Index of Multiple Deprivation score
Lincolnshire, 2019, national scale



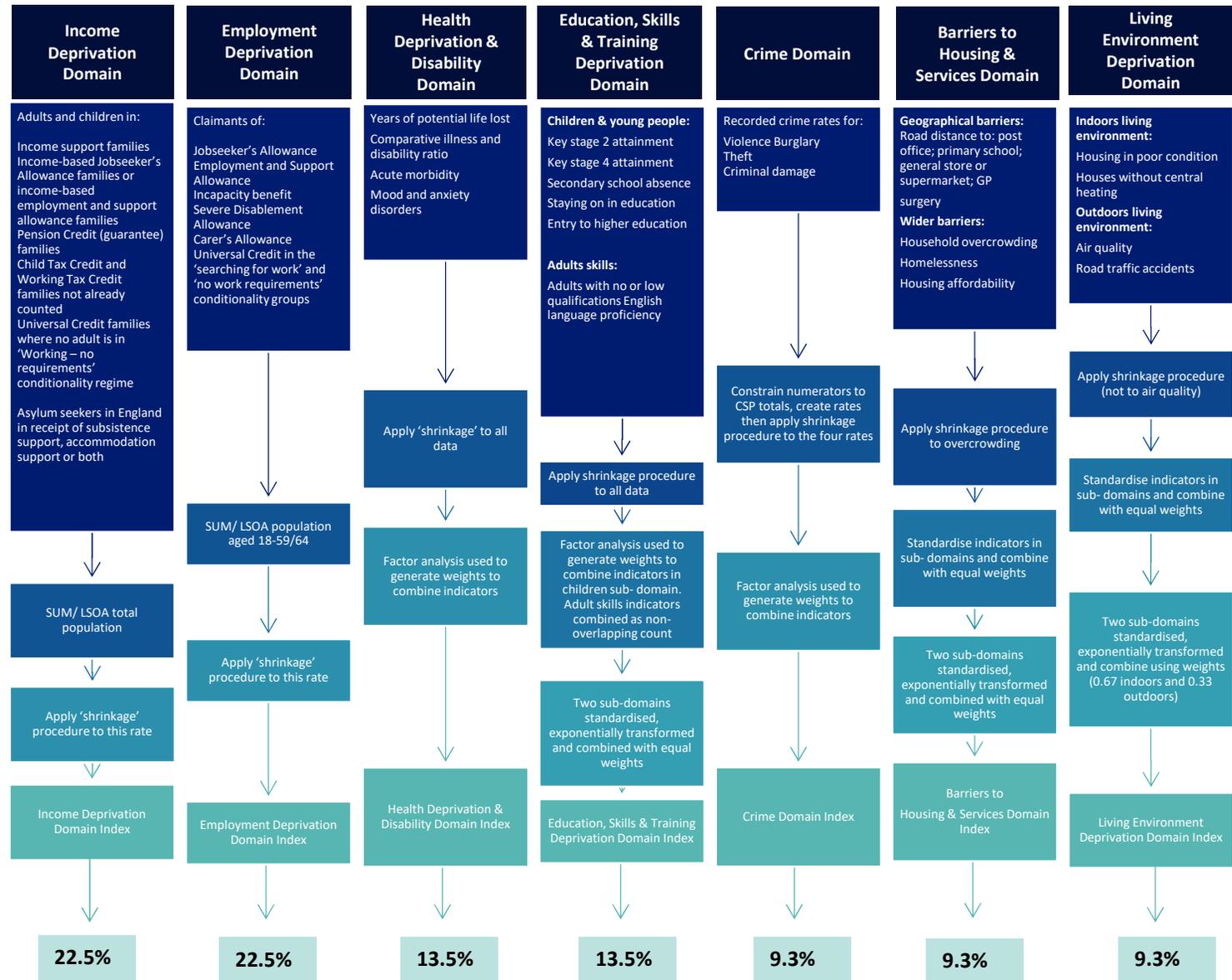
The east of Lincolnshire suffers from a lack of physical connectivity, while the west of the county benefits from its proximity to the A1

Least deprived Most deprived

We recommend that Government ...

1. Recognise that the choice of metrics in the Index of Multiple Deprivation can mask deprivation in rural and coastal communities (see following slides)
2. Recognise that focus on local authority averages – in IMD, labour market and other data – can hide material and deep pockets of disadvantage across geographically wide areas
3. Collate and release data on all government current and capital expenditure, by department and programme, to at least the NUTS 3 level

Summary of domains, indicators and data used to create the Index of Multiple Deprivation 2019



Index of Multiple Deprivation misses important metrics, while weightings minimise rural disadvantage

The metrics used in the government's deprivation index do not reveal the nature or scale of rural and coastal disadvantage. (See next slide.)

In addition the choice of weightings between and within domains compounds the issue. For example, the 'entry to higher education' metric receives a low weight, but is an issue where rural and coastal perform relatively poorly.

Almost half of index is determined by domains that focus on benefits data and ignore local low wage employment

IMD domain	Limitations impacting on rural evaluation	Potential metrics for incorporation
Income	Covers benefits data – and not earned income. Fails to capture low wages in rural jobs	<ul style="list-style-type: none"> • Lower quartile local wages net of housing costs • Jobs below living wage
Employment	Covers benefits data. Fails to capture quality of local job opportunities in rural areas	<ul style="list-style-type: none"> • Seasonal employment • Zero hours and casual contracts • Distance to major employment centre
Health and disability	Covers core health outcomes. Fails to capture healthcare provision or underlying drivers of need in rural areas	<ul style="list-style-type: none"> • Specific diagnosed conditions • Elderly population • Suicides • Access to specialist healthcare • Population not in regular contact with medical professionals
Education, skills and training	Covers basic school-age and limited 16+ outcomes. Fails to capture rural modern skills requirements or institutional performance	<ul style="list-style-type: none"> • Access to specific skills training at FE • Adult skills and business skills • Digital skills
Crime	Covers reported crimes. Fails to capture unreported rural crime and nuisance	<ul style="list-style-type: none"> • Non-reported crime
Barriers to housing and services	Covers narrow selection of local service. Fails to capture rural barriers to full range of services	<ul style="list-style-type: none"> • Early-years education • Not on mains gas • Broadband access • Emergency service response times • Mains utilities: water, sewerage, gas • Public transport • Job centre • Optician / Dentist
Living environment	Covers limited indoor and outdoor metrics. Fails to recognise environmental risks	<ul style="list-style-type: none"> • Flood risk and coastal erosion

Appendix: Study approach

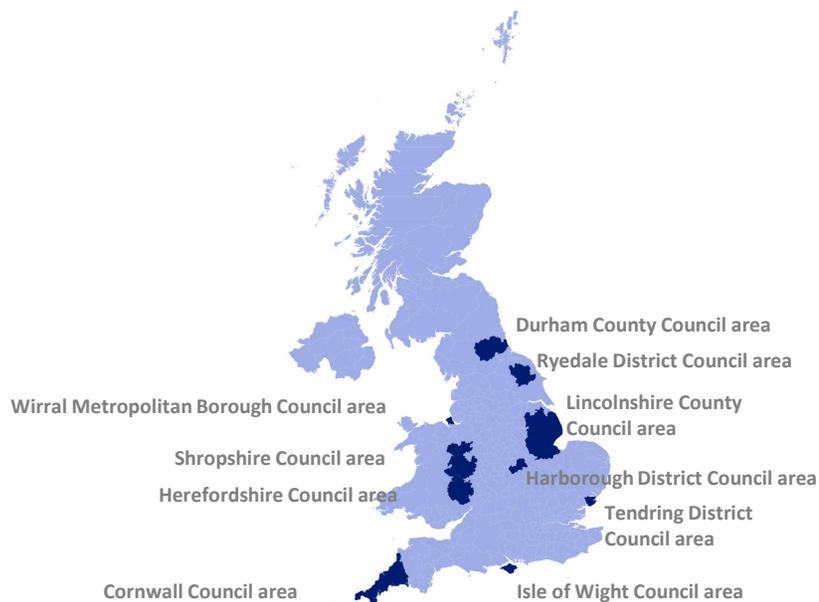
This report is based on research and analysis carried out by a team from Pragmatix Advisory.

In addition to extensive desk research and analysis of official and other public domain data sources, the team consulted with and interviewed over 60 practitioners and experts. These included council leaders, cabinet members and senior offices from councils across England, representatives from local enterprise partnerships, central government and academic institutions, and business groups. In addition members of the LGA People and Places Board contributed to a workshop on policy recommendations.

Local authorities and councils	Other public sector and LEPS	Representative bodies
<ul style="list-style-type: none"> • Boston Council • Breckland Council • Cornwall Council • Cromer Town Council • Durham County Council • East Lindsey Council • Herefordshire Council • Isle of Wight Council • Lincolnshire Council • North Kesteven Council • Essex Council • Ryedale Council • Shropshire Council • South Holland Council • West Lindsey Council 	<ul style="list-style-type: none"> • Cumbria LEP • D2N2 LEP, Rural Reference Group • DEFRA • Leeds City Region LEP • LGA Coastal Special Interest Group • Lincolnshire Chambers of Commerce • Greater Lincolnshire LEP • New Anglia LEP • University of East Anglia • Writtle University College • York and North Yorkshire LEP 	<ul style="list-style-type: none"> • British Association of Shooting and Conservation • British Holiday and Home Park Association • Country, Land & Business Association • CPRE, The countryside charity • Farming Community Network • Institute for Fiscal Studies • National Association of Local Councils • National Coastal Tourism Academy • Royal College of General Practitioners' rural forum • Rural Services Network • The National Federation of Fisherman's Organisations • Tourism Alliance • Visit England

Case study authority areas

Ten local authority areas have been used for more detailed analysis of local data. Between these ten, the case studies cover all English regions and the widest range of characteristics of both rural and coastal communities. Wherever possible, interviews with non-national stakeholders were in case study locations.



Focus group testing and validation of policy recommendations

Focus groups were used to explore residents' views of the needs of their rural and coastal communities post covid – and to test and validate emerging conclusions and recommendations.

Three online focus groups were conducted between 9 and 11 March 2021. With covid restrictions in place, they were conducted via Zoom. This had the advantage (compared to face to face interviewing) of allowing participation from a wide range of relevant communities across England.

Each focus group consisted of six residents who were 'active' in their communities either because they ran local businesses, NGOs and/or were active in local organisations and committees. Many respondents both ran businesses and were active in NGOs/committees. No politicians or local authority officers were included.

The focus groups were structured to allow for equal representation of rural and coastal communities:

Group 1: Coastal local authorities

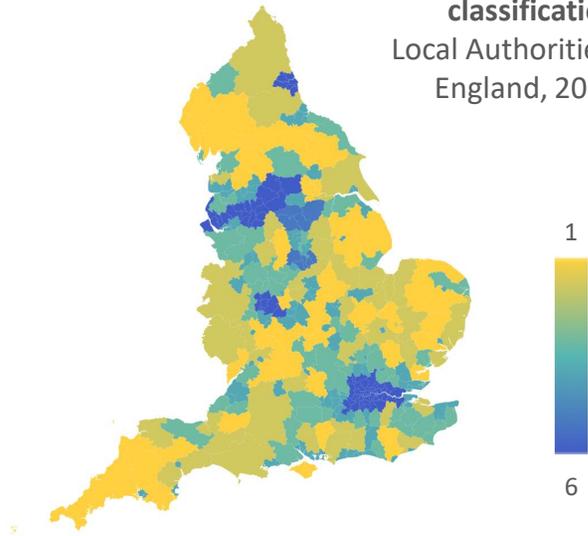
Group 2: Less sparse rural local authorities

Group 3: Most sparse rural and/or coastal local authorities

Participants were drawn from a wide range of communities including the case study locations. Participants included a roughly equal mix of men and women, with a broad range of ages. The youngest participant was aged 25 and the oldest was 84. Two participants were of BAME origin. Each group lasted for 90 minutes.

Focus groups were conducted by Trajectory, a specialist qualitative research consultancy. The participants were recruited by FieldMouse Research.

“RUCLAD” rural-urban classification
Local Authorities, England, 2011

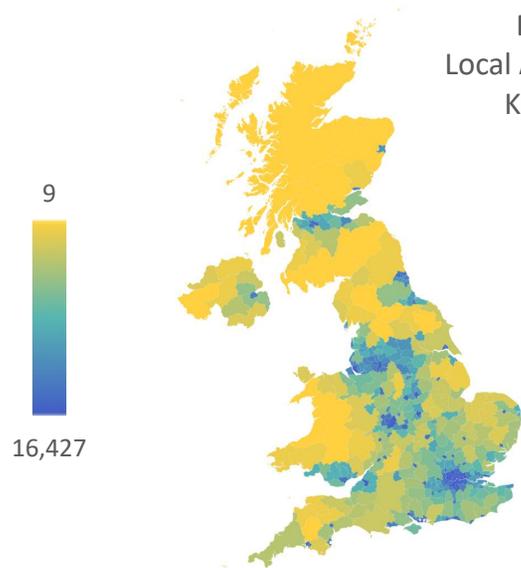


There is no single universally applicable definition of rural – and ‘coastal’ covers the widest variety of locations.

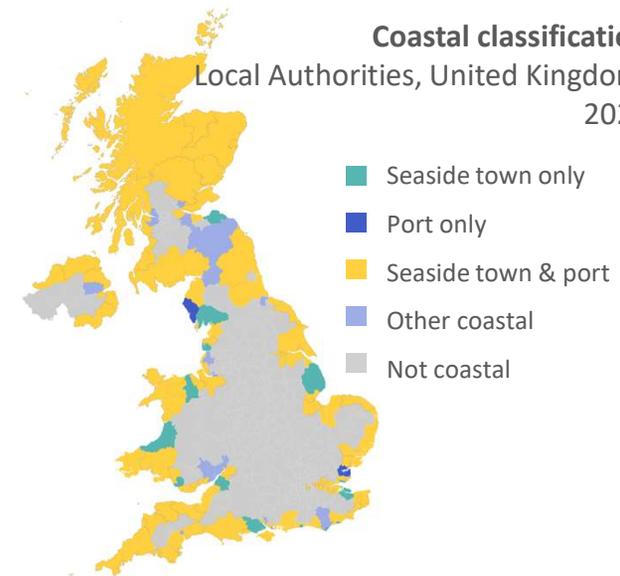
In most of the study, we have defined rurality by either the Office for National Statistics’ ‘RUCLAD’ system, or simply by population density decile. We have additionally categorised coastal locations by type.

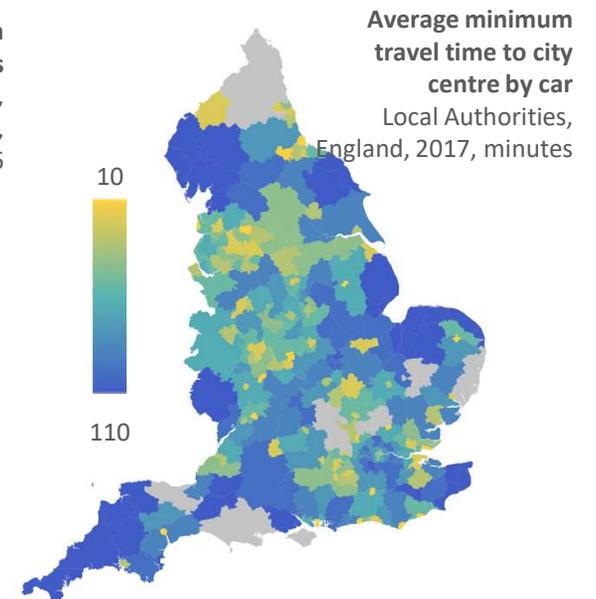
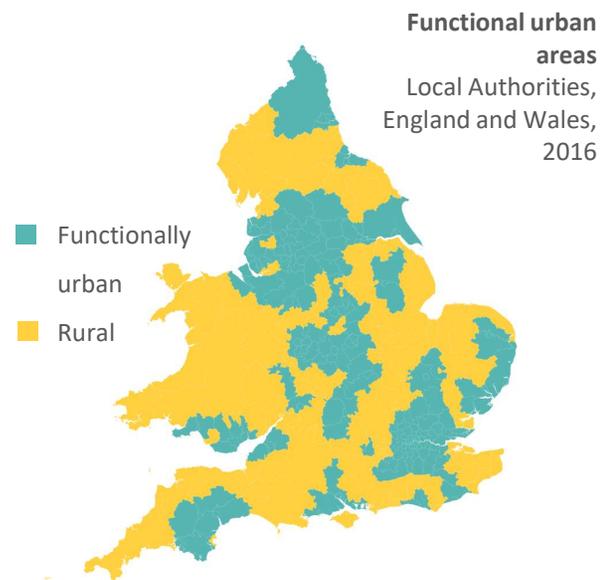
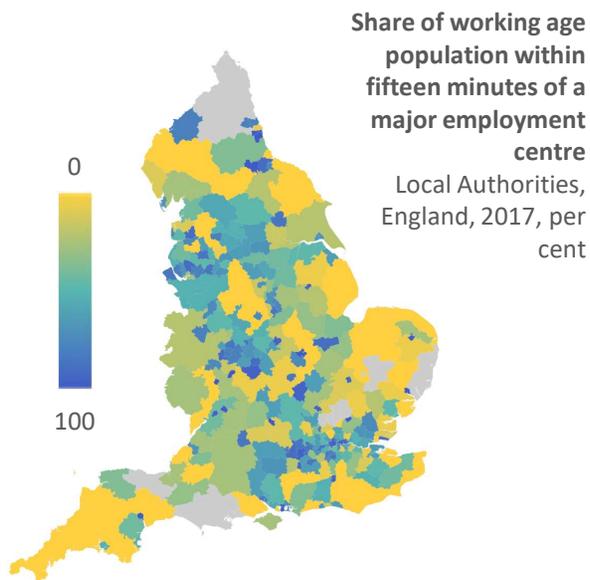
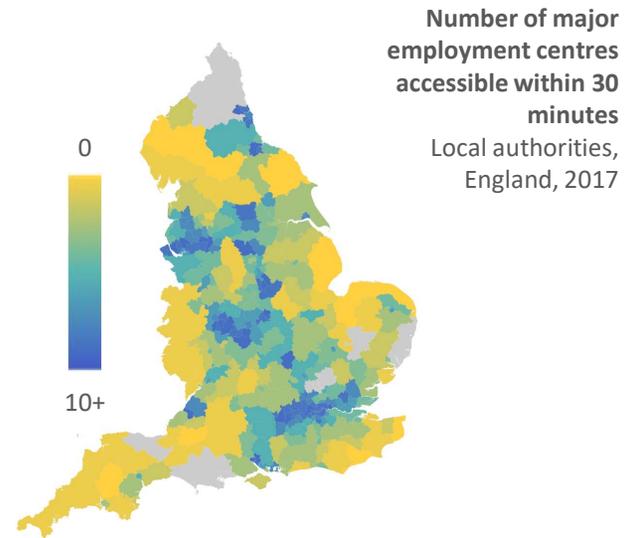
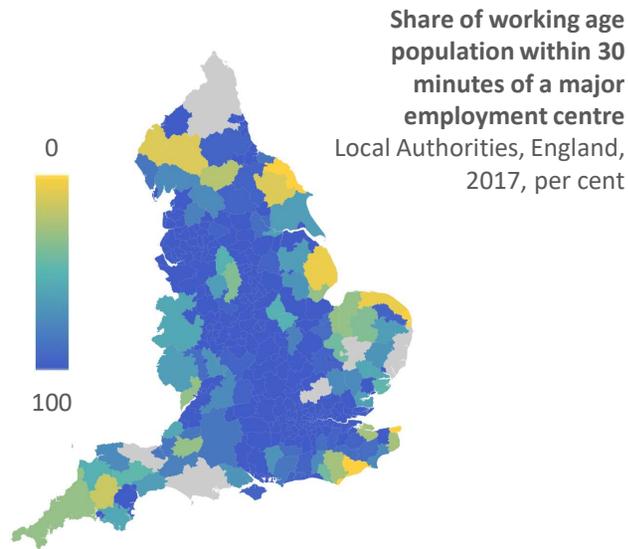
In our background analysis, we have also tested our findings using other potential categorisations of rurality. (See next slide.)

Population density
Local Authorities, United Kingdom, mid-2019, people per sq km

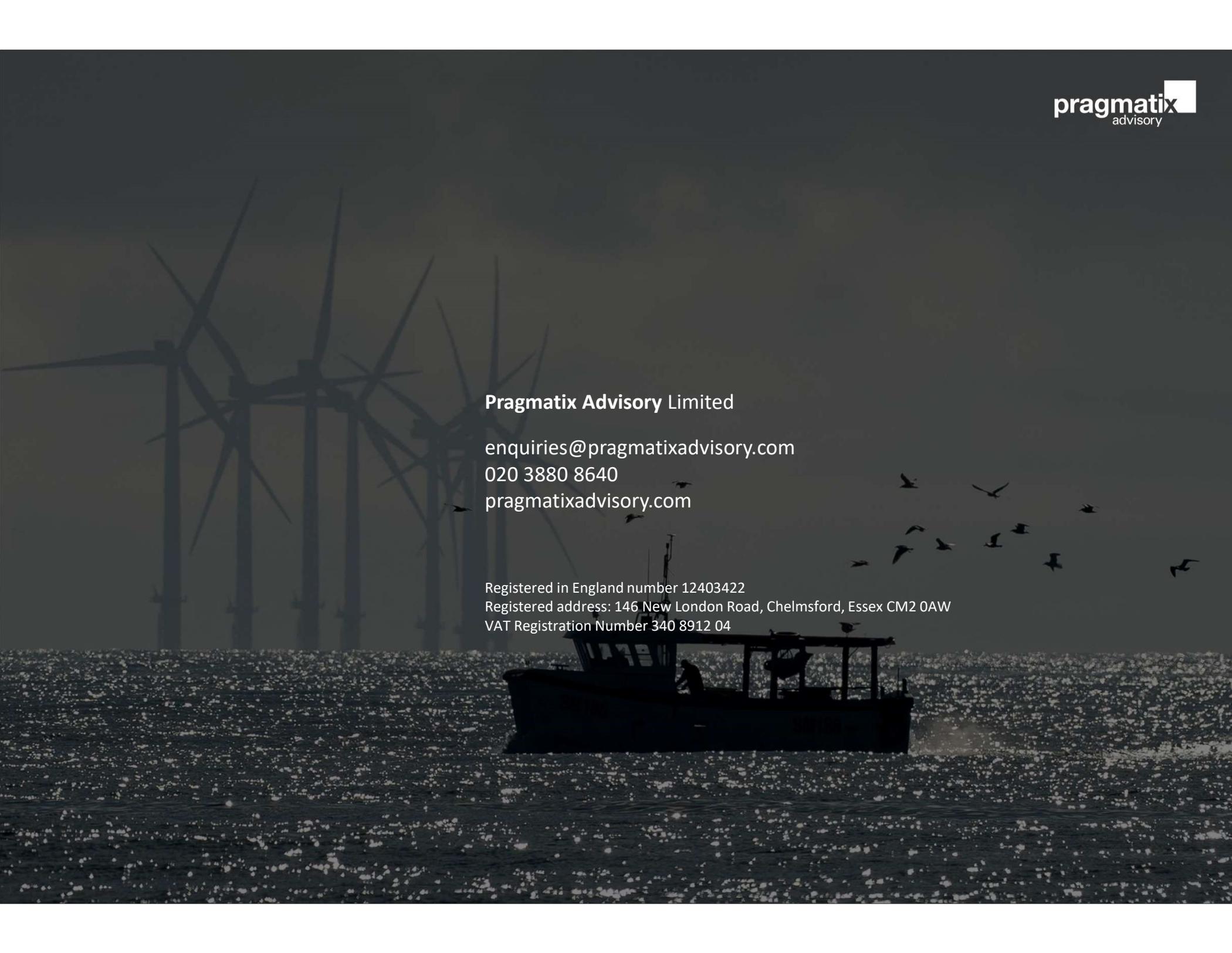


Coastal classification
Local Authorities, United Kingdom, 2021





Note: data unavailable for grey local authority districts; ; major employment centres are employment centres with 5,000+ jobs.
Source: Department for Transport (top left, top right, bottom left and bottom right); EU-OECD (bottom middle)

The background is a dark, monochromatic photograph. On the left, several wind turbines are visible, their blades and towers silhouetted against a lighter sky. In the foreground, a boat is moving across the water, leaving a white wake. The water is dark with many small white specks, possibly representing birds or debris. The overall mood is industrial and maritime.

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