

THE
RURAL
COALITION

SUPPORTING
MATERIAL FOR THE

Rural Coalition
STATEMENT
2017

EVIDENCE BASE &
Assessment of Progress



Introduction

This document has been produced to accompany the Rural Coalition's *Statement 2017*. It provides supporting information.

THE RURAL COALITION

The Rural Coalition is twelve national organisations who have come together to call for a living and working countryside in England. Given their many shared values, they seek to be more influential by joining in common cause.

Members of the Rural Coalition

Action with Communities in Rural England	National Housing Federation
Campaign to Protect Rural England	Plunkett Foundation
Country Land and Business Association	Royal Institution of Chartered Surveyors
Germinate: The Arthur Rank Centre	Royal Town Planning Institute
National Association of Local Councils	Rural Services Network
National Farmers Union	Town and Country Planning Association

Rural Coalition President: *Rt Revd Dr Alan Smith, Bishop of St Albans*

Rural Coalition Chair: *Margaret Clark CBE*

The context

England is a largely urbanised country and for many people the countryside is somewhere to visit or holiday. This can result in policy makers and deliverers overlooking the needs of rural communities and rural-based businesses, designing policies that don't suit rural areas with their dispersed settlement pattern. The Rural Coalition has been a strong advocate of 'rural proofing' – where policy makers should test the likely rural impacts of their policy proposals, making adjustments to those proposals as necessary. Policy need to be accessible in rural areas and work effectively in rural areas.

As the UK negotiates leaving the European Union it is crucial that the needs of rural communities are taken properly into account. Rural considerations should inform both the terms on which we seek to leave the EU and UK (or England) laws, regulations and funding programmes that are subsequently put in place. This should be based on a broad understanding of rural and should not focus solely on agriculture and the natural environment – crucial though both of these are. Rural communities and businesses have wide interests, including housing, healthcare, education, skills, jobs, transport and broadband, to name just a few.

PREVIOUS RURAL CHALLENGE DOCUMENTS

The Rural Coalition has published two previous documents which sought to inform policy making and policy delivery for the benefit of rural communities. The *Rural Challenge 2010* document set out a range of specific policy propositions which would help to address five broad challenges. The more recent *Rural Challenge 2015* document contained sixteen priorities for action which were described under three vital areas, namely:

- > Growing and sustaining the rural economy;
- > Providing affordable housing for local people; and
- > Working for healthy rural communities.

Statement 2017

The Rural Coalition Statement 2017 reflects the current policy situation and context, with the UK Government having given formal notice of its intent to leave the EU.

The Statement identifies four principles that the Rural Coalition wants to see adopted in Government thinking. They are that:

- > Brexit must recognise ‘rural’ is more than agriculture and the natural environment;
- > All Brexit negotiations and post-Brexit policy development must be rural proofed;
- > Policies and funding must deliver a fair deal for rural communities; and
- > Decision-making, funding and delivery must be devolved and involve rural communities.

The Statement also identifies four policy priorities which, if acted upon, it considers would make a great difference to the quality of life of those who live or work in rural areas. They are:

- > A meaningful increase in the delivery of affordable housing in villages and small towns;
- > Proper recognition of rural service delivery challenges and services designed to meet rural needs;
- > Long-term support for social action, to help communities become more resilient; and
- > Business support and infrastructure which reaches rural areas, so the rural economy can grow and create quality jobs.

This supporting document is structured in two parts. The first part provides (largely statistical) evidence to support the selection of the four policy priorities. The second part is an assessment of the progress that has been made against the 2010 and (in particular) the 2015 *Rural Challenge* documents.

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Summary

Part 1: Evidence to support the four policy priorities in the Rural Coalition Statement 2017

Policy priority: Increasing the supply of rural affordable housing

A disproportionately large part of the housing stock in rural areas is made up of owner occupied homes. Conversely, a relatively small share of the rural housing stock is in social rented or private rented tenures.

Average house prices are 26% higher in rural than in urban areas. Since local wages are also typically below average in rural areas, this makes housing unaffordable for many rural households. In some places access to affordable housing is made harder still by the demand for second homes.

New house building is happening in the most rural local authority areas at a level which is comparable with other areas. However, the core issue is access to affordable housing for those living in smaller rural settlements. The number of affordable homes being built in these settlements remains low.

Policy priority: Addressing the rural service delivery challenge

It can be hard for rural people to access services and especially higher tier services, such as hospitals and town centres. This affects certain groups more than others, such as older people, young adults and those without their own private transport.

Two service areas which have come under particular pressure are adult social care and rural bus services. Many bus services have had their public subsidy cut as local authority budgets have reduced. Adult social care is harder to deliver in rural areas and faces demand from a growing older rural population.

One long-standing issue is that public services receive less Government grant (per resident) in rural areas than in urban areas. This is due to the way that funding is distributed among local authorities and among NHS Clinical Commissioning Groups.

Policy priority: Realising the potential of rural community action

Evidence indicates the considerable extent of and potential for rural community action. Indeed, community action or engagement with initiatives is typically greater among rural communities than among those in other areas. It would also appear to have grown.

This pattern is apparent from measures of such things as community-run shops, community transport schemes, good neighbour schemes, neighbourhood planning and community land trusts.

However, that does not mean that this resource can be taken for granted or that it exists everywhere. What underpins much of the action is access to expert advice and support, grants or other funding sources and the existence of local assets such as village halls.

Policy priority: Boosting the rural economy with business support and infrastructure

The rural economy comprises a significant part of the national economy and so can be a major contributor to economic growth. Some 24% of all registered businesses in England are located in local authority areas classified as rural.

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A notable feature is that micro businesses (with fewer than 10 employees) form a large part of the rural economy. However, in many ways the rural economy is similar to the wider national economy. It is, for example, diverse in terms of the range of business sectors present.

Issues include that productivity is below the national average and that average wages are low in rural areas. One outstanding task is to complete the roll-out of broadband and mobile networks, since these have become critical to the modern economy.

Part 2: An assessment of progress against policy proposals promoted by the Rural Coalition's 2010 and 2015 Rural Challenge documents

The 2015 Rural Challenge document contained sixteen priorities for action (shown as A1 to A16) which fell under three vital areas, namely:

- > Growing and sustaining the rural economy;
- > Providing affordable housing for local people; and
- > Working for healthy rural communities.

VITAL AREA 1: GROWING AND SUSTAINING THE RURAL ECONOMY

<i>2015 priorities for action</i>	<i>Assessment of progress</i>	<i>Overall assessment</i>
A1: LEPs and devolution proposals	Some progress made	<i>Whilst continuing action is needed to meet the objective, some progress has been made across the board against this vital area since 2015.</i>
A2: Broadband and mobile infrastructure	Some progress made	
A3: The planning system and investment	Some progress made	
A4: Food and rural town centres	Some progress made	
A5: Support for micro and small enterprises	Some progress made	

Related challenges that were set by the 2010 Rural Challenge document:

Challenge 2: Building thriving rural economies	In 2015 we gave progress an amber traffic light	<i>Some further progress made by 2017, including a Rural Productivity Plan, delivery of the Superfast Broadband Programme and some devolution agreements in shire areas.</i>
Challenge 4: Flourishing market towns	In 2015 we gave progress an amber traffic light	<i>Formation of the Future High Street Forum is useful, but little further progress is apparent by 2017, to build on earlier work such as Portas Pilots and the BIDs review.</i>

VITAL AREA 2: PROVIDING AFFORDABLE HOUSING FOR LOCAL PEOPLE

<i>2015 priorities for action</i>	<i>Assessment of progress</i>	<i>Overall assessment</i>
A6: A delivery target for rural affordable housing	No progress made	Progress has been disappointing against this vital area since 2015 and certain related policy developments may hinder the delivery of affordable rural housing harder.
A7: Housing models for older people	Limited progress made (offset by other factors)	
A8: Higher grant rates for rural affordable housing	Limited progress made (offset by other factors)	
A9: Strengthening the role of neighbourhood plans	Good progress made	
A10: Planning permission for second homes	No progress made	
A11: Affordable homes on small development sites	Limited progress made	

Related challenges that were set by the 2010 Rural Challenge document:

Challenge 1: Meeting rural housing needs	In 2015 we gave progress a red traffic light	<i>Policy developments by 2017 have not made this challenge easier to meet. Notably, extending the Right to Buy (to housing association properties), attempts to exempt small sites from affordable housing obligations and widening the definition of what is an 'affordable home'.</i>
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VITAL AREA 3: WORKING FOR HEALTHY RURAL COMMUNITIES

<i>2015 priorities for action</i>	<i>Assessment of progress</i>	<i>Overall assessment</i>
A12: Preventative health action by communities	Some progress made	<i>Progress has been mixed since 2015 against this vital area. Typically progress stems from local initiatives, so benefitting some rural areas more than others. NHS STPs include some relevant aspirations, but their delivery is as yet unclear.</i>
A13: Roll out of good neighbour schemes	Fairly good progress made	
A14: Outreach services in community buildings	Some progress made	
A15: Amend the funding allocations for health care	No progress made	
A16: Drop or amend the phase out of MPIG	Limited progress made	

Related challenges that were set by the 2010 Rural Challenge document:

Challenge 3:
Delivering great rural services

In 2015 we gave progress a red traffic light

There have been further cuts to local authority funding by 2017, affecting key areas such as rural bus services and adult social care. Volunteer community action has mitigated some impacts.

Cross-cutting challenges that were set in the 2010 Rural Challenge document

Challenge 5:
Empowering communities

In 2015 we gave progress a green traffic light

By 2017 communities are continuing to take up neighbourhood planning in significant numbers. 300 plans have now passed a referendum. Take up of the Community Rights continues to be patchy. Local Plans still tend to take a simplistic (settlement hierarchy) approach to sustainable development.

Part 2 of this report offers a more detailed assessment of the progress made against each of the 2015 priorities for action. It is followed by an appendix listing all of the propositions set out in the Rural Challenge 2010 document.



PART 1

Evidence to support the four policy priorities in the Rural Coalition Statement 2017

Evidence to support the Rural Coalition Statement 2017 priorities

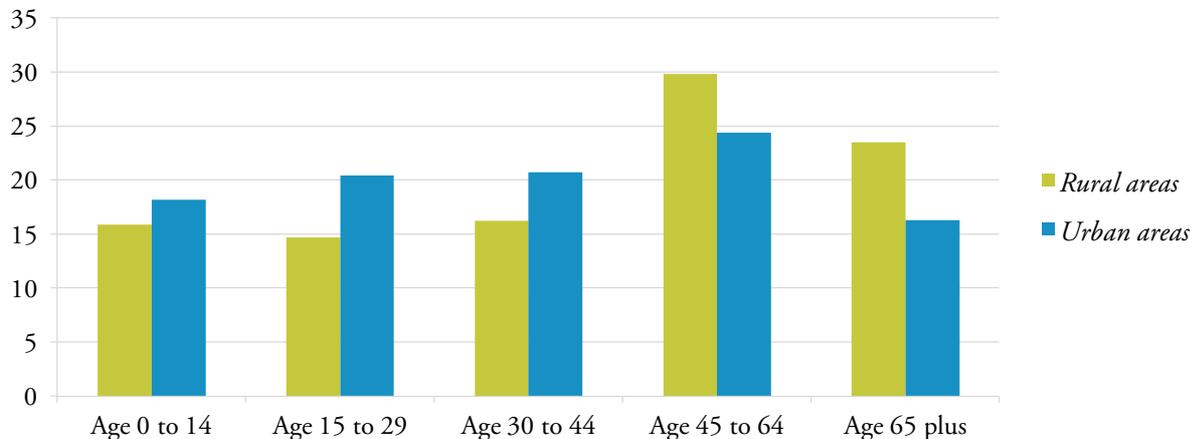
The Rural Coalition Statement 2017 sets out four policy priorities, which – if adequately addressed by policy makers – would make a significant difference to the quality of life for those who live and work in rural England. There follows a summary of the statistical evidence base which supports their inclusion as priorities. It draws significantly, though not only, on published material in the Statistical Digest of Rural England¹ (Defra) and the State of Rural Services 2016² (Rural England CIC).

Rural England is home to almost 9.3 million people, living in small towns, villages, hamlets and farms. These are defined as settlements with a population of less than 10,000, plus some slightly larger hub towns serving rural hinterlands. This rural population comprises 17% of the total England population (ONS 2014 Mid-Year Population Estimates).

<i>Settlement type</i>	<i>Resident population in 2014</i>	<i>Share of total England population</i>
Rural towns and fringe areas	5,003,956	9.2%
Rural villages and hamlets	4,256,936	7.8%
All rural areas	9,260,892	17.0%

A marked feature of the population of rural England is its age profile. Older people are over-represented, with the 65 plus age group comprising 23.5% of the rural population compared with 16.3% of the urban population. Conversely, young adult age groups are under-represented in rural areas.

Per cent of rural and urban populations that fall within age bands (2014)



Source: *Mid-Year Population Estimates (ONS)*

Moreover, whilst the nation’s population profile is set to age – with older people forming a growing share of the total population – that trend is projected to happen fastest in rural areas. Indeed, the fastest (percentage) growth of all will be that for the 85 plus age group in rural areas.

This age structure and ageing trend will inevitably have implications for housing need, access to services, community action and the rural economy.

Evidence for each of the four policy priorities in the Rural Coalition Statement 2017 is now covered in turn.

¹ <https://www.gov.uk/government/statistics/statistical-digest-of-rural-england>

² <https://rurallengland.org/the-state-of-rural-services-2016-report/>

Priority: Increasing the supply of rural affordable housing

HOUSING STOCK

At the time of the 2011 Census there were just over 3.9 million households living in the rural settlements of England.

The tenure mix of households in rural settlements shows some distinct features, when compared with that in urban settlements. Rural areas have more households living in owner occupied housing, whilst they have fewer households living in either private rented or social rented housing. This pattern is especially marked in the smallest rural settlements (villages, hamlets and isolated dwellings), where only 8% of the households live in social rented housing.

<i>Tenure</i>	<i>All urban settlements</i>	<i>All rural settlements</i>	<i>Small (only) rural settlements</i>
Owner occupied	61%	74%	76%
Private rented	18%	12%	13%
Social rented	19%	11%	8%
Other tenures	2%	3%	3%
Totals	100%	100%	100%

Source: 2011 Census tables (ONS)

Second homes are also a feature of the housing market in many rural areas, not least in coastal locations and where there are high quality landscapes (such as National Parks). Council Tax data³ for 2016 shows that 2.6% of dwellings were second homes in local authority areas classified as Mainly Rural⁴ and that 3.0% of dwellings were second homes in local authority areas classified as Largely Rural⁵.

These figures mask the concentrations of second homes that are found in certain locations. Even figures for (whole) local authority areas begin to show this. Second homes form 15.5% of dwellings on the Isles of Scilly, 9.7% of dwellings in North Norfolk, 9.1% of dwellings in South Hams (Devon) and 7.4% of dwellings in Purbeck (Dorset). This can significantly affect local house prices and affordability.

HOUSING AFFORDABILITY

According to the Halifax Rural Housing Review⁶ (2014), which covers the whole of Great Britain, the average purchase price for a dwelling in a rural location was £225,000. This was almost £47,000 higher than the average purchase price for an urban dwelling. Put another way, rural homes are 26% dearer than urban homes.

Unsurprisingly, there is considerable regional variation. The average purchase price in rural parts of the South East of England was £349,000. That in rural parts of the North East of England was £151,000. However, in every region the average rural price was higher than the average urban price.

³ *Analysis of Second Homes in Rural Areas 2016, Rural Services Network*

⁴ *Mainly Rural local authorities are defined as having at least 80% of their population living in settlements with a population under 10,000.*

⁵ *Largely Rural local authorities are defined as having between 50% and 79% of their population living in settlements with a population under 1,000.*

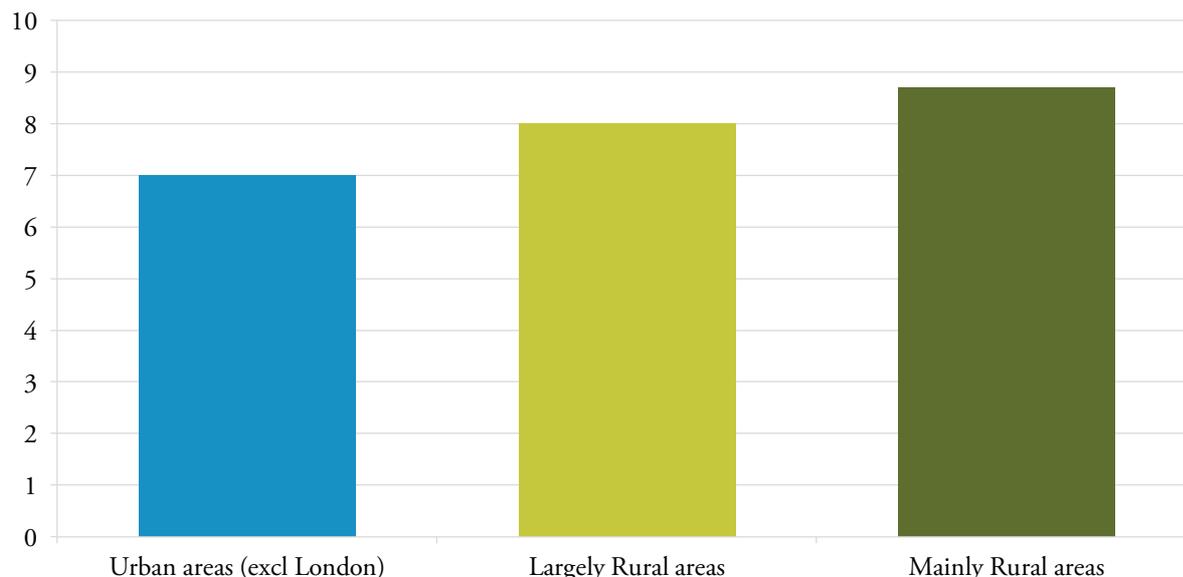
⁶ *Buyers pay an average premium of £46,600 for homes in rural areas, Halifax (2014)*

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One regularly used measure for the affordability of housing to buy, is to compare the price of the cheapest quarter of homes sold with the earnings of those in the lowest quarter of earnings. This ratio (of house prices to earnings) is a reasonable proxy for the ability of people to join the housing ladder.

As the following chart shows, excluding London (with its exceptional housing market), the ratio is higher in rural than in urban areas. In 2016 the ratio in Mainly Rural local authority areas was 8.7 and in Largely Rural areas was 8.0.

Ratio of lower quartile house purchase price to lower quartile earnings (2016)



Source: Statistical Digest of Rural England (Defra)

A combination of high house prices and low wages (see later) in rural areas results in a high housing affordability ratio. In practical terms, those on low incomes will find it more difficult to buy a local home if they live in a rural area.

Private rental prices are also relatively high in rural areas, though the rural-urban difference is not that marked. Once again, the highest private rental prices are found in London. Elsewhere, the highest rental prices are found in two rural categories of local authority area (2013 data, Department for Communities & Local Government or DCLG).

HOUSING DEVELOPMENT

House Building tables published by the DCLG⁷ show that there were almost 42,000 additional homes built in 2014/15 in local authority areas classified as either Mainly Rural or Largely Rural. It should be noted that this will include development at a mix of locations, including on greenfield sites and at larger towns within rural authority areas, as well as at more obviously rural settlements.

The figure – which is for new build housing completions of all tenures – means that roughly 27% of England's additional homes were built in these areas. It also means that the housing stock of Mainly and Largely Rural areas grew by just under 0.9% during 2014/15.

⁷ Reported in *Statistical Digest of Rural England, Defra (2017)*

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However, as indicated above, it is widely recognised that a particular issue is the delivery of affordable housing in the smallest rural settlements. Planning restrictions are typically tighter in countryside locations and development costs are generally higher on small sites. The Rural Affordable Housing Commission estimated there was a need for some 7,500 new affordable homes in smaller settlements across England – a figure that was subsequently considered a low estimate by the Rural Housing Policy Review (2014).

According to the DCLG statistics there were just 3,696 new affordable homes delivered during 2015/16 in settlements with a population of less than 3,000. Some 1,020 of these were built on ‘rural exception sites’, where planning permission is given only for homes that will remain affordable and for local need in perpetuity.

CONCLUDING COMMENT

The housing stock in rural areas is skewed towards owner occupied homes, with a relatively small share being social rented or private rented homes. House prices are notably higher in rural than in urban areas, and they are high relative to local earnings, causing issues with affordability. In some places access to affordable housing is made harder by the market in second homes. New house building is taking place in the most rural local authority areas at comparable levels to other areas. However, the number of affordable homes that are being built in small rural settlements remains low.

Priority: Addressing the rural service delivery challenge

SERVICE ACCESSIBILITY

Households living in rural areas have less easy access to service outlets than people living elsewhere. The Department for Transport measures access to eight different service types e.g. primary schools, GP surgeries, town centres, employment centres.

Across all eight of the service types a lower proportion of rural households have ‘reasonable access’ to them, than is the case for urban households. Three other points are notable:

- > The rural-urban difference in accessibility is more marked for higher tier services, such as hospitals and town centres, than it is for lower tier services such as GP surgeries and convenience food stores;
- > The rural-urban difference in accessibility is more marked when measured in terms of travel by public transport or walking, than it is when measured in terms of travel by car;
- > There is better accessibility for rural households in town and fringe areas than there is for rural households in villages and hamlets.

PUBLIC TRANSPORT

Getting to service outlets is dependent upon access to transport for many rural residents. Car ownership is relatively high, with 2012 figures showing that 89% of rural households had at least one vehicle (car or van) and 48% of rural households had at least two vehicles. Nonetheless, there are those dependent on public transport, community transport or lifts from neighbours. Groups where this is more prevalent include older people, young people and low income households. This can include members of a household with a car, but where it is used by someone else.

The Department for Transport uses the National Travel Survey to monitor access to a regular bus service, defined as households living within a 13 minute walk of a service that is at least hourly. In 2012: 86% of households in rural town or fringe areas had access to a regular bus; and 49% of households in smaller rural settlements had access to a regular bus.

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The figures show there was an improvement up to 2011 or 2012. However, the figures are now five years out-of-date. Evidence suggests that there have been substantive cuts to rural bus services in the years since, particularly affecting services that relied on local authority subsidy.

Figures compiled from local transport authorities by the Campaign for Better Transport⁸ show the number of bus services which have been withdrawn, reduced or otherwise altered. Whilst these figures are not rural-specific, shire areas make up the bulk of local authorities where the largest service changes have happened.

<i>Bus services that were:</i>	<i>2014/15</i>	<i>2015/16</i>	<i>2016/17</i>
Reduced or otherwise altered	274	248	245
Withdrawn altogether	222	124	235
The two categories combined	496	372	480

It is also notable that the budget of English local authorities (rural and urban) for supported buses has reduced from £298 million in 2010/11 to £200 million in 2016/17. Three shire local authorities – Cumbria, Isle of Wight and Lancashire – no longer provide any financial subsidy to support bus services.

Community transport schemes also play a key role in rural areas. According to a Community Transport Association survey in 2011/12 there were 600 schemes in rural areas, which is a third of all such schemes across England. They carried around 8 million passengers over the course of the year. It should, however, be noted that the rural schemes are typically smaller in scale than those found elsewhere and are more reliant upon fares revenue for their income than those operating elsewhere.

HEALTH CARE

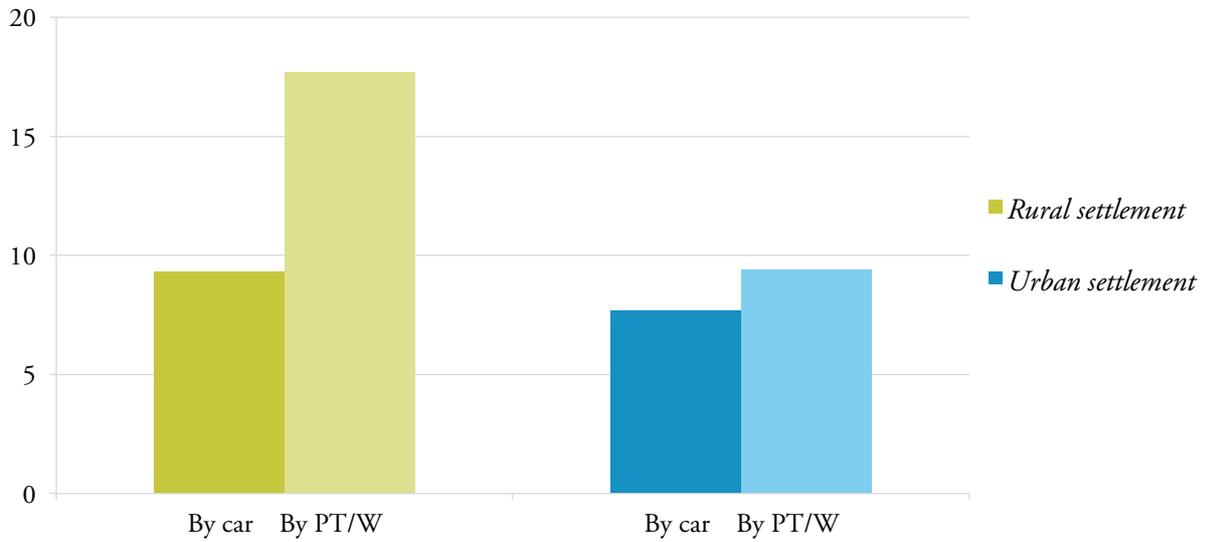
A slightly dated analysis from 2010⁹ showed there were over 8,000 GP surgeries in rural areas of England, which is almost a fifth of the national total. However, around half of those in the smaller rural settlements (villages) were not 'principle GP surgeries', meaning they were probably open part-time and offered limited services.

As the chart below shows, the average minimum journey time for a rural household to reach their nearest GP surgery is 9 minutes by car and almost 18 minutes by public transport or walking. It should be noted that the latter figure does not take account of the frequency of public transport services.

⁸ *Buses in Crisis, Campaign for Better Transport (annual reports)*

⁹ *State of the Countryside 2010, Commission for Rural Communities (2010)*

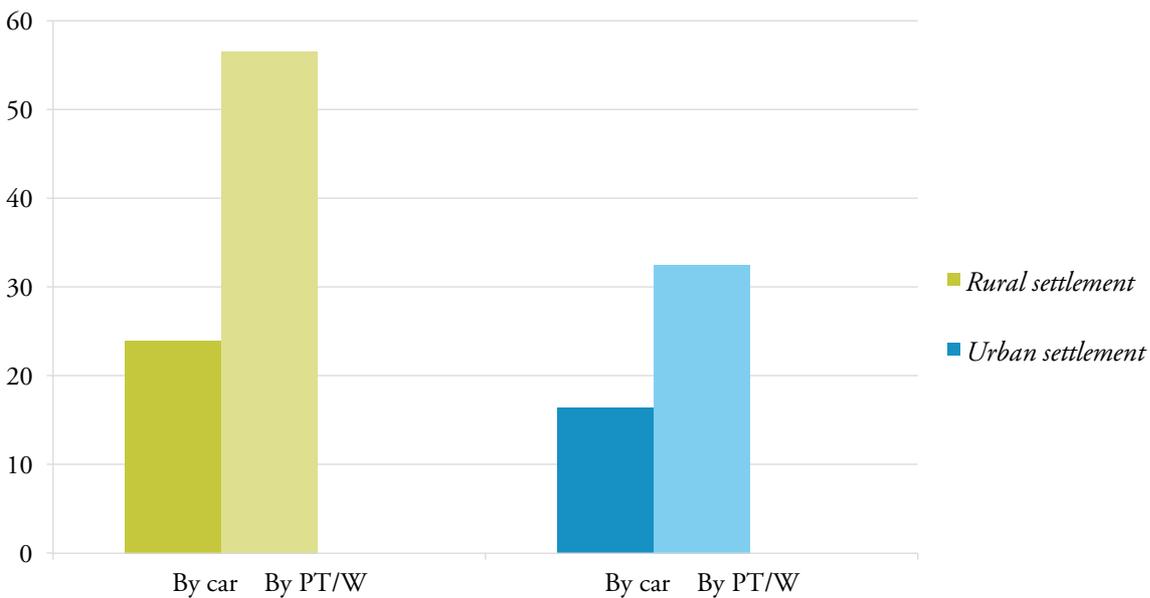
Average minimum travel time in minutes for households to reach the nearest GP surgery by car and by public transport or walking (2014)



Source: *State of Rural Services 2016 (Rural England)*

Travel times to hospitals are, as expected, longer. The next chart shows that the average minimum journey time for a rural household to reach their nearest hospital is 24 minutes by car and 57 minutes by public transport or walking. One important qualification is that the data does not distinguish between different types of hospital and what range of services they offer.

Average minimum travel time in minutes for households to reach the nearest hospital by car and by public transport or walking (2014)



Source: *Department for Transport data tables (2014)*

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ADULT SOCIAL CARE

A report produced in 2009 found that in rural areas 550,000 people aged 65 and over had some level of social care need, a figure which was projected to increase rapidly with an ageing population (Cabinet Office).

Evidence gathered from shire local authorities with adult social care responsibilities identified a number of rural delivery challenges¹⁰. They include:

- > Domiciliary care: growing demand, staff recruitment and contract providers reluctant to serve outlying locations;
- > Self-directed support: less service choice for clients and low client interest in this form of support;
- > Day centres: most are urban located, small rural centres have less specialist provision and there is less public transport to access them.

Of course, many with care needs benefit from informal caring given by family, friends and neighbours. The 2011 Census showed that more than one in nine rural residents were providing care for someone else and one in four older rural people are themselves carers for someone else i.e. more than in urban areas.

COST OF RURAL SERVICE PROVISION

The funding of GP surgeries and hospital trusts is largely dependent upon allocations (or distribution) of the overall NHS budget to local Clinical Commissioning Groups (CCGs). Analysis by Asthana at Plymouth University¹¹ has shown that allocations are distinctly lower for rural than they are for urban CCG areas. Although the allocation formula used takes account of each area's age profile (with older people more likely to incur NHS costs), there are also deprivation factors within the formula that disadvantage rural CCGs. The 2010/11 CCG allocation per resident was £1,560 for rural Dorset and was £2,084 for urban Tower Hamlets (London). These figures look odd given that the all cause mortality rates were (respectively) 1,159 and 441 per 100,000 of their populations. Funding is not following service demand.

The funding of both adult social care services and bus subsidy payments come from upper tier local authorities (county and unitary councils). Analysis by the Rural Services Network shows that predominantly rural local authorities, when compared with urban local authorities, have less revenue funding available to them for local services. In 2016/17 the rural local authorities had £116 less for each of their residents. Put another way, the Settlement Funding Assessment (SFA) was 40% higher per resident in urban local authority areas.

Moreover, Council Tax bills (one source of income making up the SFA) are 21% or £82 higher per resident in rural than in urban local authority areas. This is because there is less central Government grant (another source of SFA income) being paid to rural local authorities. The position is therefore that rural residents are paying higher bills whilst receiving fewer services.

CONCLUDING COMMENT

It is harder for rural people to access services and especially higher tier services. This affects certain groups more than others, such as older people, young adults and those without their own private transport. Two service areas which have recently come under particular pressure are adult social care and rural bus services. They are being impacted by reducing local authority budgets. However, there is also a long-standing issue, with rural local authorities and rural CCGs receiving less funding than their urban equivalents.

¹⁰ *The Rural Review of Public Services, Rural Services Network (2010)*

¹¹ *NHS Resource Allocation: are we betraying the principle of universality? Asthana S (2013)*

Priority: Realising the potential of rural community action

Social action is dependent upon both the capacity and skills of local people or organisations and the existence of local infrastructure such as community buildings.

COMMUNITY ORGANISATIONS

In 2014 support body, Locality, conducted a survey of its members who were managing assets. Among almost 500 members, it found that 16% operated in rural areas and another 20% operated in mixed (urban/rural) areas. Numerically, rural members would therefore seem to be fairly well represented. However, whether these figures are truly representative of the sector is hard to assess and could be that many rural-based community organisations look to other support bodies with a rural specialism e.g. the ACRE Network.

VOLUNTEERING

The Community Life Survey (Cabinet Office) for 2014/15 provided a recent snapshot of the number of people aged 16 and over who had formally volunteered. It found that 37% of those living in rural areas of England were volunteering on (at least) a monthly basis. This is noticeably higher than the 25% figure for those people living in urban areas. A similar pattern is evident for those who had undertaken any formal volunteering during the previous year to the survey, with figures being 54% for rural and 40% for urban people.

COMMUNITY-RUN SHOPS AND PUBS

According to the Plunkett Foundation¹², by 2014 there were 277 community-run shops open and trading in rural England. This is impressive given there were 325 community-run shops in total across the whole UK (in both rural and urban locations). Moreover, the year-on-year trend shows that the number of community-run shops has increased significantly and consistently. Their number rose by 52% in the five years from 2009 to 2014.

In most cases (70%) community-run shops are also providing Post Office services, no doubt reflecting the fact that many of them are the last retail outlet within their settlement.

Some information about community-run pubs is available from CAMRA. This states that there are now around 70 such pubs operating across the UK. Whilst no rural analysis is provided, case studies of the pubs appear to show that a large number are in rural locations. Some corroboration for this view comes from the Plunkett Foundation, who note that 28 out of 43 community-run pubs which operate as co-operatives are located in rural areas.

COMMUNITY TRANSPORT SCHEMES

As noted in the evidence above, community transport schemes are also well represented in rural areas. A third of such schemes are serving rural areas. One qualification, however, is that rural schemes are generally smaller in scale than their urban equivalents.

GOOD NEIGHBOUR AND VILLAGE AGENT SCHEMES

Intelligence gathered by the ACRE Network indicates a growing number of rural-based Good Neighbour schemes (which provide regular contact for vulnerable or isolated people, as well as helping them with day-

¹² *Community Shops: A better form of business, Plunkett Foundation (2014)*

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to-day tasks) and rural-based Village Agent schemes (where volunteers support mainly older people so they can access services and information).

Another source is the Elderly Accommodation Counsel (EAC), which reviewed and sought to log what it termed First Contact schemes¹³. It logged 31 such schemes, which it classified into two groups, namely:

- > Agency-based schemes, where organisations that frequently contact older people, such as fire services and adult social care, seek to identify their unmet needs and offer referrals. 12 of the 17 logged operated in largely rural areas;
- > Agent-based schemes, which include the Village Agent and Community Agent schemes described above. 13 of the 14 logged by EAC operated in largely rural areas.

RURAL COMMUNITY BUILDINGS

Social action often requires some local infrastructure. An obvious case is the existence of community buildings which can host things such as meetings, events and local services. According to ACRE there are roughly 10,000 village halls and community buildings across rural England. That organisation's 2009 survey concluded that upkeep of this resource can present a significant financial challenge¹⁴. For example, 65% of village hall groups had carried out improvement or rebuilding work to their hall during the previous five years. Some 60% of these groups similarly said that they had plans for some capital works during the next five years. It was calculated from the survey that the annual level of investment in improvement and rebuilding work was approximately £13 million.

The surveyed village halls¹⁵ enabled a wide variety of social, recreation, sports and arts activities to take place, and they were often the host to local services. Examples were that three-quarters of the halls were used by nursery or pre-school groups, three-quarters were used for arts or cultural activities and one in ten were used for retail services (such as an outreach post office or WI country market).

Other types of community building can equally provide space for social action, not least the large number of church halls that are found in rural areas.

NEIGHBOURHOOD PLANNING

Since the Localism Act 2011, one way in which communities can act is by creating Neighbourhood Plans for their local area, which sets out planning policies to guide future development and to protect valued assets. The Government says that more than 2,000 communities have now taken up neighbourhood planning across England and that 300 have now passed a referendum. In most rural areas the formal role for creating these plans falls to parish councils.

Research in 2014 by consultants, Turley, found that two-thirds of Neighbourhood Plan groups were in rural areas. Indeed, it is likely that parish councils help to explain this rural bias, since they simplify the process of starting work on a Plan. Other factors might include previous rural community experience with Parish Plans and Village Design Statements. It is notable, too, from a Government map of Neighbourhood Plans, that the distribution of rural groups appears uneven, with take-up considerably greater in some rural places than in others.

¹³ *First Contact Schemes: Extent and Impact*, Rodden M for Elderly Accommodation Counsel (2014)

¹⁴ *The Economic Impact of Community Buildings in Rural Areas*, ACRE (undated)

¹⁵ *Village Halls – Factfile*, ACRE website (accessed 2017)

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COMMUNITY LAND TRUSTS

Local action is also seen as increasingly important for community-led solutions to the shortage of rural affordable housing. One such response is the formation of Community Land Trusts (CLTs) or not-for-profit groups which acquire sites for new affordable homes. According to the National Community Land Trust Network by 2016 there were 170 CLTs across England and Wales. A measure of their rapid growth is that roughly half of these were formed within the two year period from 2014 to 2016.

Whilst there is no definitive rural list, a quick review by Rural England CIC¹⁶ concluded that most are operating in rural areas. Out of 49 reviewed, 34 appeared to be in rural areas and a further 6 in mixed rural-urban areas. It also revealed that CLTs are often clustered in certain geographic areas, such as Cornwall, Devon, Somerset, Oxfordshire, Cambridgeshire and Cumbria.

CONCLUDING COMMENT

Evidence indicates the considerable extent of and potential for rural community action. Indeed, community action or engagement with initiatives is typically greater among rural communities than those in other areas. It would also appear to have grown. However, that does not mean that this resource can be taken for granted or that it exists everywhere. What underpins much of the action is access to expert advice and support, grants or other funding sources and the existence of local assets such as village halls.

Priority: Boosting the rural economy with business support and infrastructure

BUSINESS NUMBERS

There are 537,000 businesses registered in local authority areas classified as predominantly rural. This accounts for 24% of all registered businesses in England (ONS Business Demography 2015). It should be noted that: this excludes businesses neither registered for VAT nor for PAYE; and this is based on a broader definition of rural areas than the settlement definition quoted above. Nonetheless, figures underline that rural businesses are important within the national economy.

ECONOMIC DIVERSITY

As the pie chart below illustrates, the economy of rural England is a diverse one. Whilst the largest number of business units is within the farming, forestry and fishing sector, almost as many businesses can be found in the professional, technical and scientific services sector, and in the retail and wholesale services sector.

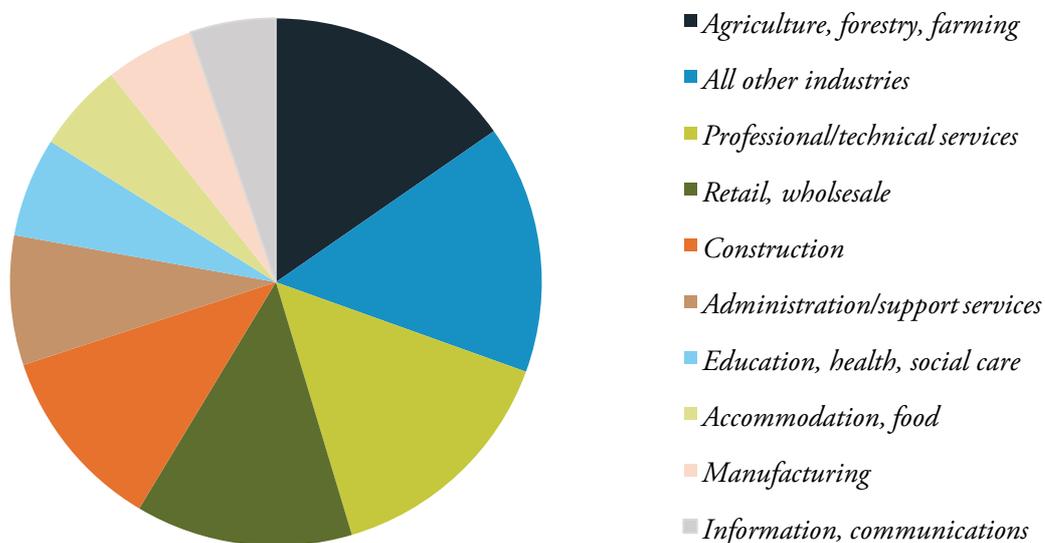
Indeed, the share of rural businesses within most economic sectors is similar to the national share. The only sectors which are over-represented in rural areas are:

- > Farming, forestry and fishing – 3.9 times over-represented;
- > Mining and quarrying – 1.5 times over-represented;
- > Construction – 1.1 times over-represented; and
- > Manufacturing – 1.1 times over-represented.

Two sectors which are notably under-represented in rural areas are: financial services (0.6 times); and information and communications services (0.7 times).

¹⁶ Chapter on community assets in State of Rural Services 2016, Rural England CIC (2017)

Share of rural based business units within each sector (2015/16)



Source: Inter-Departmental Business Register (ONS)

The number of business units located in rural areas grew by more than 10% in the four years up to 2015/16.

BUSINESS SIZE

The great majority of rural business units are classified as being either small or micro businesses. When compared with urban areas, there is a particularly high proportion of single person businesses (sole traders and partnerships) and a particularly low proportion of larger businesses in rural areas.

<i>Businesses with:</i>	<i>Rural areas</i>	<i>Urban areas</i>
No employees	18.4%	7.7%
1 to 9 employees (micro)	70.0%	75.8%
10 to 49 employees (small)	9.9%	13.1%
50 to 249 employees (medium)	1.6%	2.9%
250 or more employees (large)	0.2%	0.5%
All sizes of business¹⁷	100.0%	100.0%

¹⁷ Column numbers may not add exactly to 100.0% due to rounding.

HOME WORKING

Home working is common in rural areas and particularly so in the smallest settlements. In 2013 there were 994,000 home workers in rural areas, who comprised 22% of all those working in rural areas. This figure compares with 12% for those working in urban areas. Whilst home working has increased across all types of area, the fastest rate of growth has been that recorded in rural areas.

The small size of many rural businesses is further illustrated by the table below. Although 24% of all English businesses are located in predominantly rural areas, they comprise a much smaller share of business employment and a smaller share still of business turnover.

<i>As a proportion of the England total (2015/16)</i>	<i>In predominantly rural areas</i>
Number of registered businesses	24.3%
Number of business employees	13.4%
Size of business turnover (£s)	9.0%

LOW PRODUCTIVITY (GVA)

Predominantly rural areas contributed an estimated £237 billion of Gross Value Added (GVA) or slightly under a 17% share of England's GVA in 2015¹⁸.

If measured on a per job basis this is fairly low. GVA per workforce job is:

- > £43,900 in predominantly rural areas;
- > £45,100 in predominantly urban areas (excluding London); and
- > £49,400 for England as a whole (including London).

INNOVATION AND CAPITAL INVESTMENT

According to the UK Innovation Survey, the number of firms who were engaged in innovation activities (from 2010 to 2012) was not dissimilar in predominantly rural and predominantly urban areas, being 47% and 49% respectively. This covers such things as the introduction of new or significantly improved products (goods or services), business processes, marketing strategies, R&D activities and acquiring new machinery or equipment.

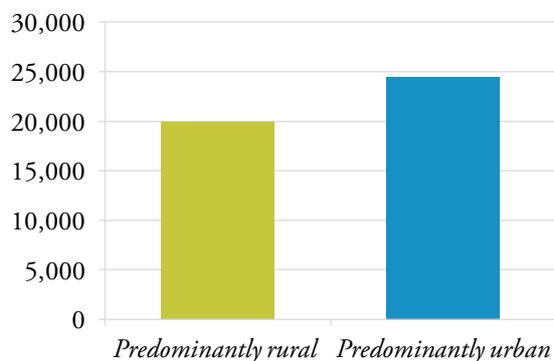
However, ONS analysis for Defra shows that businesses in predominantly rural areas are more obviously behind the curve when it comes to their levels of capital investment. In 2013 capital investment per employee was £3,100 in rural areas. This compares with £3,600 in urban areas (excluding London) or £4,100 in urban areas (including London).

LOW EARNINGS

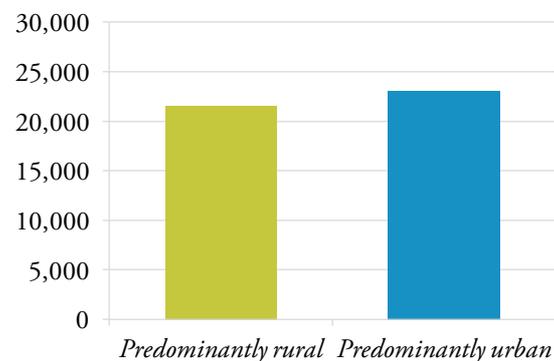
Another issue, which may be linked with productivity, is relatively low wage levels in rural areas. The average for those who work in predominantly rural areas is £19,900, which is £4,600 less than the average for those who work in urban areas. The average for those who live in rural areas is £21,600, which is £1,500 less than the average for those who live in urban areas. This indicates that rural residents who commute to urban jobs are able to increase their earnings above those who work locally in rural areas.

¹⁸ See analysis in *Statistical Digest of Rural England, Defra (2017)*

Workplace based average annual earnings (2013)



Residence based average annual earnings (2013)



Source: Annual Survey of Hours and Earnings (ONS)

BROADBAND (FIXED LINE) CONNECTIVITY

By 2014 the average download speed for a broadband connection for premises (households and businesses) in rural areas was 13 Megabits per second (Mbps). Regulator, Ofcom, says that this compares with a national average speed of 24 Mbps. The smaller and more remote the settlement, the slower the average broadband speed, so in practice rural speeds range from an average 17 Mbps in rural towns to an average 5 Mbps in hamlets in sparsely populated areas. Research by the National Farmers Union found that only 4% of farms had access to superfast (or 24 Mbps) broadband.

According to Ofcom (Connected Nations 2016 report) 95% of all premises (nationally) now have access to a broadband connection of 10 Mbps – a speed defined as fast, but not as superfast. However, the remaining 5% are concentrated in rural areas. Ofcom conclude that around a quarter of all rural premises do not yet have access to a 10 Mbps broadband connection.

A recent (2017) business survey by the British Chambers of Commerce similarly found that 30% of responding businesses from rural areas did not have a reliable broadband connection.

MOBILE CONNECTIVITY

In 2016 Ofcom stated that 72% of premises (nationally) could access a 4G mobile phone signal from all four of the network operators. One of those operators (O2) has a licence which means that it should provide a 4G signal to 98% of premises by the end of 2017. The gaps in provision are, again, concentrated in rural areas.

If coverage is measured in terms of landmass the picture is less positive, so a good signal is far less likely when travelling through open countryside. A 4G signal is available from all four network operators in 40% of the landmass. A basic mobile phone call cannot be made on all four networks across a third of that landmass.

A recent survey of business support organisations found that access to broadband and mobile networks was their top rural concern. Other concerns identified were rural businesses' access to finance, skilled labour, start-up/growth advice, marketing advice and transport networks – not rural-specific issues, but ones which may well have a particular rural dimension.

CONCLUDING COMMENT

The rural economy is a significant part of the national economy and so can be a major contributor to economic growth. Although there are some notable rural features – such as the number of micro businesses – it is diverse in terms of the business sectors represented. However, productivity is below the national average and there are other issues, such as low local wages in rural areas. There is also an outstanding task to complete the roll out of broadband and mobile networks, which are now critical infrastructure for any economy.



PART 2

An assessment of progress against policy proposals promoted by the Rural Coalition's 2010 and 2015 Rural Challenge documents

The Rural Challenge 2015 priorities for action: an assessment of progress

The 2015 Rural Challenge leaflet contained sixteen priorities for action, which in turn fell within three vital areas for public policy, relating to the rural economy, affordable housing and healthy rural communities. What follows is an assessment of progress made (or not) against each of the priorities for action.

VITAL AREA 1: GROWING AND SUSTAINING THE RURAL ECONOMY

A1: Rural proof Local Enterprise Partnerships (LEPs) and devolution proposals to realise the potential for rural areas, including market towns.

ASSESSMENT OF PROGRESS:

It is left to individual LEPs whether and how to rural proof their operational models, their strategies and their funding programmes. The picture is therefore, perhaps unsurprisingly, an inconsistent or very varied one among the family of LEPs. Quite a few run rural groups or sub-groups to inform their work. However, many LEPs are overly focussed upon large strategic growth projects in and around urban centres. The LEPs are responsible for managing one rural-specific funding stream (EAFRD), the objective of which is to support enterprise and grow rural economies. Questions remain about the extent to which their other (typically larger) funding programmes are benefitting rural areas. Indeed, research by CPRE has identified a lack of available LEP monitoring information, making it hard to assess where spend takes place and what outcomes result. It is noted that Defra holds regular meetings with the more rural LEPs to discuss their work, including their delivery of EAFRD.

Initial devolution agreements, under which some central government powers and funding were passed to the sub-regional level, were struck exclusively with large cities or city-regions. However, a number of agreements have now been struck with shire (rural) areas. Shire examples include the devolution agreements struck by: i) Cornwall; ii) Derbyshire and Nottinghamshire; and iii) Cambridgeshire, Norfolk and Suffolk. Rural proofing questions remain whether the Government's model of devolution to Combined Authorities with directly elected mayors is appropriate or flexible enough for shire areas. Other structures could be permitted where two-tier local authority partnership working exists or where there is no obvious core settlement. Some devolution proposals, such as that for Greater Lincolnshire, have stalled over this inflexibility.

WHERE WE ARE NOW:

Some progress made. LEPs are the key vehicle for driving local economic growth and devolution agreements typically give local control over relevant budgets to Combined Authorities e.g. for skills. Influencing this agenda further would seem best achieved by locally based organisations, given that it is (by definition) about local decision-making.

A2: Speed up the roll out of broadband infrastructure and 4G mobile technology to ensure a universal service obligation of at least 10 Mbps by the end of 2015.

ASSESSMENT OF PROGRESS:

The Government funded Superfast Broadband Programme, which aims to extend superfast networks so that they are available to 95% of all UK premises, has been progressing and is due to complete delivery in 2018. Indications are that the 95% target will be met and probably exceeded, though issues are often cited in outlying areas which are supposed to have been dealt with. Those households and businesses still unable to

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access a fast broadband connection will be largely in rural areas, not least smaller settlements and remote areas. In December 2016 regulator, Ofcom, reported that one in four of all rural premises could not get a fast broadband connection. The picture is particularly poor for farm businesses.

Government has announced its intention to introduce a broadband Universal Service Obligation (USO), set at 10 Mbps. During 2016 it and Ofcom consulted on both the specification for such a USO and how it might be implemented. It is noted that the proposed USO is actually a right to request a broadband connection of at least 10 Mbps (download speed). Where the cost of providing such a connection exceeds an amount to be defined, the household or business would be asked to share that cost. Logically, high costs are most likely to occur in sparse or deep rural areas. So rural households would gain a USO right to request broadband, but some would have to pay extra towards the required infrastructure upgrade – indications are this could be substantially extra for the remotest properties.

The auction for 4G mobile network licences included one operator licence that specified it should reach 98% of UK premises by the end of 2017. (Areas of open countryside without premises are a different matter.) According to Ofcom other network operators say they will seek to match this coverage, and in so doing will bring a 4G signal to many areas that have not had 3G. If achieved (and some commentators doubt it will be) this will represent a positive development, even assuming – as seems likely – the outstanding 2% of premises are rural. A less positive element was the Government's Mobile Infrastructure Programme (MIP) which sought to bring coverage to places served by none of the four network operators. This programme struggled with delivery and has been wound up.

WHERE WE ARE NOW:

Some progress made. Getting broadband to the final 5% of premises is increasingly important, but will be challenging, and it is unclear how far the USO will achieve that objective. Influencing this agenda would be possible by seeking to engage with the Department for Culture, Media & Sport and with Ofcom.

A3: Strengthen cross-boundary strategic planning, and support and simplify the delivery of neighbourhood plans, linking these with investment decisions.

ASSESSMENT OF PROGRESS:

Attempts have been made by Government to simplify the delivery of neighbourhood plans. The Housing and Planning Act 2016 sought to speed up the neighbourhood plan process. Those powers were brought into force in October 2016, introducing timescales within which local planning authorities must deal with certain key stages of the neighbourhood planning process. The Neighbourhood Planning Bill 2016-17 proposes placing a duty upon local planning authorities to support neighbourhood plan groups in their area (who will need to set out their support offer) and introducing a proportionate process for groups wishing to update an existing neighbourhood plan.

Nonetheless, neighbourhood planning remains a relatively lengthy and complex process for groups of local volunteers. Typically groups work for two or more years to bring forward a draft plan to a point where it is submitted to their local planning authority (for checking, examination, referendum and making). Many groups make progress as a result of help from external consultants or support organisations. Government provides grant funding (via Locality) for neighbourhood plan groups, which they often use to pay for external support, and this funding has recently been extended to the period 2018 to 2020.

Since 2012 over 2,000 communities are understood to have commenced work on a neighbourhood plan, though work by some of these may have stalled. More than 300 plans have now passed a referendum. Whilst this represents progress, some question whether it represents good enough progress after five years of

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neighbourhood planning. It is also notable that take-up is considerably higher among communities in some parts of the country than in others.

Feedback from neighbourhood plan groups indicates that the examination process can prove frustrating. Examiners have sometimes deleted key policies from draft plans, without engaging with groups to understand their intentions and exploring if they could be reworded to make them acceptable.

We are not aware of evidence to show that public sector investment decisions – for example on road infrastructure and health care facilities – are being influenced by neighbourhood plans. This is not to say neighbourhood plan groups do not sometimes discuss their ideas with bodies such as Highways Authorities or NHS Clinical Commissioning Groups. But the lack of linkage with investment makes it hard to deliver on some aspirations of neighbourhood plan groups.

The Localism Act 2011 places a legal ‘duty to co-operate’ on neighbouring local planning authorities, when one of them is preparing its Local Plan. They must co-operate on strategic matters (including major housing developments) which have impacts across local government boundaries. Compliance with this duty is tested when draft Local Plans are assessed at their Examination in Public. In practice, the duty has had mixed results, causing some draft Local Plans to fail at examination and some local planning authorities (with differing strategic objectives) to fall into dispute. With no regional planning tier sitting about the Local Plan level it is important that co-operation works.

The last Government’s 2015 Productivity Plan said that guidance would be strengthened to improve the operation of the duty to co-operate, making sure that housing and infrastructure needs are identified and planned for. This has been taken forward by the Housing White Paper (Fixing Our Broken Housing Market), published in February 2017, which proposes that in future local planning authorities must prepare a ‘statement of common ground’ setting out how they will address housing needs that cut across local authority boundaries. It further proposes a provision allowing the Secretary of State to direct local planning authorities to produce a joint plan, where this would ensure more effective planning.

WHERE WE ARE NOW:

Some progress made. Demand among communities for taking up neighbourhood planning remains strong. If particular issues continue to surface e.g. with examinations, further engagement would be possible with the Department for Communities & Local Government. The effectiveness of the proposed ‘statement of common ground’ would benefit from occasional review.

A4: Encourage the development of local food supply chains, with a national Food Strategy, local investment and stronger national planning to protect town centres.

ASSESSMENT OF PROGRESS:

The evidence points towards a widespread interest in local food and drink. There are, for example, roughly 750 registered and unregistered farmers’ markets in England – a number which has peaked for now, though there are signs of renewed interest from new locations. These markets are an outlet for 4,000 farms and 5,000 other food producers. The CPRE Local Food Webs survey found that those who visit them do so in order to support local producers and to spend in their local economy, as well as for the quality of the products on sale. Another example is the estimated 4,000 farm shops across the UK with a turnover of £1.5 billion. Innovation is also found with developments such as community-supported farms.

There have been a number of national policy developments since 2015 with the potential to provide significant support for local foods and the development of local supply chains. The Department for Environment, Food & Rural Affairs (Defra) announced the start of work on a 25 year food and farming

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plan, with the aim of promoting quality British foods, improving industry competitiveness through skills and innovation, boosting food exports and increasing its procurement by the public sector. Welcome though this is, the timescale for completing the plan appears to be uncertain and it may be delayed. Another development from 2015 was the launch of the Great British Food Campaign, a five year initiative to promote and celebrate excellence in home grown food and drink. Defra also announced its initial proposals for 11 Food Enterprise Zones (FEZs) in 2015. Where there is local support for them FEZs can use Local Development Orders to simplify the planning process, so it is easier for food and farming businesses to expand and innovate.

In February 2017 Government gave its response to the evidence it received during its Rural Planning Review. This includes a proposal to amend planning guidance to say that conditions placed on planning consents for farm shops must be reasonable and proportionate. It should make it easier for farm shops to set up (though it is noted that among conditions considered unreasonable are those about selling a high percentage of home grown products).

The Rural Development Programme for England is used locally to grant fund many projects that develop local food products and local supply chains. Such projects may be funded by Local Enterprise Partnerships under the European Agricultural Fund for Rural Development (EAFRD) or by Local Action Groups under the LEADER programme.

National planning policy in relation to town centres has not been altered. The National Planning Policy Framework seeks to ensure the vitality of town centres, with local planning authorities expected to apply a sequential test when assessing applications for new retail space. This prioritises town centre development sites and, if none exist, then edge-of-town centre development sites. If neither of these is available then suitable out-of-town locations for retail development must be considered. The policy states that developments which fail the sequential test or which would significantly undermine town centre vitality can be refused. In small rural towns the lack of available town centre development sites may, however, make it harder for planners to turn down out-of-town proposals, unless they can prove significant viability issues. Changing market conditions may be a more powerful trend, slowing the growth of out-of-town superstores and benefitting the smaller convenience stores.

WHERE WE ARE NOW:

Some progress made. The scope to capitalise further on consumer interest in local food and drink remains. There is an opportunity to influence whatever initiative replaces the Rural Development Programme for England, once the UK leaves the European Union.

A5: Support micro/small businesses by developing Rural Growth Networks, including community enterprise and renewable energy schemes.

ASSESSMENT OF PROGRESS:

Micro and small businesses are the bedrock of the rural economy, where large businesses are noticeable by their absence. Assisting business start ups and helping small businesses to grow is, therefore, key to the future of rural economies. Despite some positive features, rural economies record below average productivity and perhaps linked to this average wage levels are low.

In 2012 the Department for Environment, Food & Rural Affairs (Defra) set up five pilot Rural Growth Networks, which were in Cumbria, Devon and Somerset, Durham and Northumberland, Warwickshire and Wiltshire. The investment for these was designed to help rural-based businesses address particular barriers to growth. An evaluation of the initiative was positive, finding that the five pilots helped 428 individuals to

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start up a business and they safeguarded or created some 780 jobs. It does not appear, however, that the Rural Growth Network concept and the lessons learned have been taken forward or rolled out to other areas.

In 2015 Defra published a ten point Rural Productivity Plan which, amongst other things, sought to promote:

- > Enterprise Zones in rural locations;
- > An expansion of apprenticeship opportunities;
- > Better broadband and mobile communication networks;
- > A relaxation of planning rules through permitted development; and
- > A fast track planning application process for small-scale rural developments.

There is considerable evidence that the community enterprise sector, with its social good rather than profit maximising objective, is expanding in rural areas. In many cases community enterprises are delivering public services. Various organisations offer support (which may be Government grant funded) to those with community enterprise project proposals, including the Plunkett Foundation, the ACRE Network, Locality and local social enterprise networks. There are also some grant funding opportunities for communities with projects, such as The Community Business Bright Ideas Fund, managed by Locality. Germinate: The Arthur Rank Centre has set up Germinate Enterprise as a resource for rural churches and church groups, to help people take forward ideas that they have for social or commercial enterprise.

The Rural Community Energy Fund remains in operation (having been established in 2012), with its £15 million budget drawn from Defra and the Department for Business, Energy and Industrial Strategy. It supports rural communities to develop renewable energy projects that can provide them with economic and social benefits. It offers grants for initial feasibility studies and then (for those that progress) unsecured loans for further development work, to help projects reach the investment and delivery stage.

WHERE WE ARE NOW:

Some progress made. Despite the number of business start-ups and social enterprises, rural economies continue to underperform and face productivity challenges. There should now be opportunities to influence how the last Government's Industrial Strategy Green Paper is taken forward, given its aspiration to spread "wealth and opportunity ... across every community".

VITAL AREA 2: PROVIDING AFFORDABLE HOUSING FOR LOCAL PEOPLE

A6: Introduce and monitor national targets for the delivery of affordable housing in smaller rural settlements.

ASSESSMENT OF PROGRESS:

There continues to be no national target set for the delivery of affordable housing in 'smaller rural settlements', usually taken to be those with a population of less than 3,000. The Rural Affordable Housing Commission estimated there is a need for 7,500 new affordable homes in these smaller settlements across England (a figure which the later (2014) Rural Housing Policy Review felt was an under-estimate).

During 2015/16 the number of new affordable homes which were built in smaller rural settlements was 3,690 (DCLG Live Table: Local Authority Housing Statistical Dataset).

Since 2015 the definition of 'affordable housing' has been changed. Social rents for homes that are built using Government grant can be up to 80% of open market rental values. With housing association finances under pressure, this level of rent appears to have become the norm. The 2016 Housing White Paper proposes to extend this definition further by including properties which are developed for private rental at up to 80% of open market rental value.

In future it will also be possible to include Starter Homes as affordable housing. These are homes reserved for purchase by first time buyers at a 20% discount. Local planning authorities will be able to exclude Starter Homes from rural exception sites. More information about their use on other types of site is expected in a revision to national planning guidance.

The case for having a rural target has not materially altered since 2015. In comparison with urban areas, rural areas have higher average house prices, lower local wage levels, a lower proportion of housing in the social rented sector and a shortage of available development sites.

WHERE WE ARE NOW:

No progress made. The core challenge of delivering more truly affordable homes in rural areas remains as great (if not greater) than ever, especially in the smaller settlements. Influencing this agenda would require working alongside other interested parties, whilst seeking to influence the Department for Communities & Local Government and the Homes & Communities Agency.

A7: Develop models for older people's housing in rural areas, through local plan policies, funding, tenure mix and care services/support.

ASSESSMENT OF PROGRESS:

The ageing of the rural population is a very notable feature. Rural older people (like those in urban areas) need housing solutions which offer access to health and social care, providing them with a good quality of life and independence, where possible within the setting of their own home.

Whilst 93% of older people live in mainstream housing, others live in communal establishments including supported housing and residential care homes. Issues for those continuing to live in their own homes may include adapting it for special needs or downsizing to a place that requires less looking after. Rural issues may include larger housing, older housing stock and urban-based care homes. This is a wide-ranging topic, but a number of points can be made.

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The 2014 Care Act places specific duties on social care and health professionals to assess and respond to the needs of those requiring care and their carers. The deliverability of this duty is under pressure everywhere, but is heightened in rural areas by the high delivery costs resulting from distance and sparsity. When support is offered in the home this can lead to inconsistent or poor quality care, particularly where transport costs are covered by carers covering a large geographical patch.

Many local authorities have responded to funding pressures by cutting the fees they are willing to pay care home providers for residents who are publically funded. Care home providers say that this, plus the increasing costs that they face, are creating an unsustainable funding gap and that thousands of care home beds may be lost.

There is limited housing choice for older people in rural areas, particularly that offering someone the opportunity to receive care and stay close to their community. This seems likely to be exacerbated by the 1% cut in housing association rents required over the next three years, which from 2017/18 will also affect supported housing. It appears to have stalled supported housing developments and the impact could be greatest in rural areas where scheme viability is likely to be more marginal.

Government has been considering how it intends to replace benefit funding for those in supported and sheltered housing. It is proposed to cap this at Local Housing Allowance levels, with access to local authority top-up funding if this is insufficient to pay their rent. In rural areas supported and sheltered housing schemes are typically smaller than average, so they do not benefit from economies of scale when providing communal services. This potentially makes them more reliant upon local discretionary decisions about top-up funding. The Government is still working on the new funding arrangements which it is hoped will be rural proofed, not least to see if future allocations will account for rural costs.

A recent positive development has been the Government proposal to amend its National Planning Policy Framework, to require local planning authorities to plan specifically for the housing needs of particular groups, which includes older people.

These are policy changes happening at the national level and their rural impacts are not yet well understood. We are aware, however, that Rural England CIC has research on the topic underway.

WHERE WE ARE NOW:

Limited progress made and offset by funding pressures that have a rural dimension. There may be opportunities to influence the future funding for Supported Housing, primarily by engaging with the Department for Communities & Local Government.

A8: Allow the flexibility for higher (public investment) grant rates for small affordable housing schemes, where viability is a cause of under-supply.

ASSESSMENT OF PROGRESS:

Following concerns raised by the social housing sector, Government has allowed the Homes & Communities Agency to exercise some flexibility in the level of grants it offers, in order to address scheme viability. This is a welcome step. However, the relatively high cost (per dwelling) of rural schemes remains a key issue. This has not been helped by the 1% cut in the rents that housing association can charge for each year up to 2020, which – whilst good for tenants – has affected their business plans and poses a risk to smaller rural developments. The 2017 Housing White Paper says that Government will consult housing associations about rents after 2020.

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It is worth noting that for a period during 2016 no grants were available for affordable social rented housing, which has an impact on delivery in rural areas. Grants were reinstated by the 2016 Autumn Statement.

In December 2016 Government announced first year allocations for a £60 million per annum Community Housing Fund (CHF), primarily targeting rural and coastal areas with high levels of second home ownership. It is aimed at community-led approaches, such as community land trusts, co-housing, co-ops and self- or custom-build housing. It can pay for capital or revenue spend, as well as for support to community groups. There may be room to use this fund flexibly to reflect rural scheme viability.

This need for higher grant rate remains an important issue, given higher than average development costs in rural areas, often associated with design and infrastructure requirements. Whilst the CHF is welcome, there are also significant issues in other rural areas with fewer second homes. Moreover, not all communities wish to take ownership of affordable housing provision and would prefer to see others e.g. housing associations, taking the lead.

WHERE WE ARE NOW:

Limited progress made. How the new Community Housing Fund is delivered and its effectiveness will be of considerable interest. There is also an opportunity to seek to ensure that the flexibility being afforded the Homes & Communities Agency is properly utilised by them.

A9: Strengthen the role of neighbourhood plans within the planning system, where advanced plans conflict with developer proposals that fail to address local needs.

ASSESSMENT OF PROGRESS:

The text in National Planning Practice Guidance has been revised to clarify that emerging neighbourhood plans can be used to inform local authority planning decisions about development proposals. This is particularly so where draft neighbourhood plans have not raised relevant objections or where they have reached an advance stage of the process. Plans may be considered a material consideration after they have been submitted to local planning authorities with appropriate supporting documents. Furthermore, the Neighbourhood Planning Bill 2016-17 proposes to require local planning authorities to have regard to plans once they pass a referendum (rather than having to wait until they are 'made').

Progress has been made with a linked issue. National Planning Practice Guidance was amended in late 2016 to address the issue whereby some neighbourhood plans were undermined by a shortage of sites for a five year housing supply in the wider Local Plan area. Guidance now says that planning permission should not generally be granted for housing developments which are at odds with neighbourhood plan policies in such areas, so long as: the neighbourhood plan is less than two years old; it allocates sites for housing; and the local planning authority can at least demonstrate a three year housing supply.

WHERE WE ARE NOW:

Good progress made. Given how recently the policy changes have been introduced it would nonetheless seem prudent to continue some monitoring of the situation.

A10: Require change of use permission for new second homes in areas where there is a shortage of local housing.

ASSESSMENT OF PROGRESS:

Second homes are a significant factor within some rural housing markets, especially in high quality landscape and coastal areas. Sales to second home buyers push up prices, to the exclusion of lower income local households and in extreme cases can leave communities almost deserted for much of the year, undermining the viability of local services.

The change of use proposal for new second homes has not been taken forward within national planning policy or practice. However, a few neighbourhood plans have succeeded in getting a second homes policy through examination (and, indeed, through a High Court challenge). The St Ives Neighbourhood Plan is the best known example. This contains a policy that planning permission will only be granted for new housing where it is for use as a principal residence by the occupier. Whilst it is unclear how this will be enforced, this has set an interesting precedent which has sparked considerable interest among communities in popular visitor destinations. It seems likely various rural communities will now seek to pursue a similar policy approach, if they can show evidence of the local impact of second homes.

One National Park Authority has included a similar policy in its draft Local Plan. In all probability such policies will have a modest affect on housing affordability, with recent research suggesting they may suppress sale prices by 5% to 10%. The fact new dwellings house permanent residents, who are more likely to use local services and spend in the local economy, may be the more salient point.

As noted at A8 (above), from 2017/18 the Government's Community Housing Fund will target some finance for community-led affordable housing projects at rural and coastal areas with large numbers of second homes.

WHERE WE ARE NOW:

No real progress made. Legislative change would seem a more effective approach than relying on plan policies. However, the chances of achieving this change must be questionable.

A11: Retain the ability to require a proportion of affordable housing to meet local needs on small development sites (under ten dwellings).

ASSESSMENT OF PROGRESS:

Over the last three years changes to national planning guidance have been introduced, withdrawn and re-introduced, to prevent local authorities seeking affordable homes on small development sites with fewer than 10 dwellings. Whilst this limitation applies everywhere, there are some small concessions in rural areas. They are that in National Parks, Areas of Outstanding Natural Beauty and (the 16% of) parishes designated under the 1985 Right to Buy Act, local planning authorities can take a financial contribution from developers of small sites towards the cost of providing affordable housing elsewhere i.e. on other sites. However, this flexibility only applies to sites with 6 to 10 dwellings (and not to the very smallest sites with up to 5 dwellings).

The Court of Appeal has since ruled that local planning authorities can adopt lower thresholds than this if they have the evidence to support it. The position is now unclear and there are inconsistencies in decisions coming from the Planning Inspectorate.

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In addition, a clause in the Housing & Planning Act 2016, which was due to exempt National Parks and Areas of Outstanding Natural Beauty from regulations limiting the use of planning obligation for affordable housing, may not now be brought into force.

This complex situation is not helping the delivery of affordable housing in rural areas, where most development takes place on small sites. It effectively stops the delivery of affordable homes on (otherwise) market housing sites and it limits the levy of Section 106 contributions which have helped finance rural exception sites.

The 2017 Housing White Paper is positive about small development sites, proposing a presumption they are treated positively by the planning system and that they should form at least a tenth of all allocated sites in Local Plans. However, this does not alter the fact it will be hard to secure affordable housing from such sites.

WHERE WE ARE NOW:

Limited progress made. On this key issue the rural safeguards offered to-date are inadequate and the Court of Appeal ruling is being applied inconsistently. Making any kind of progress would require influencing the Department for Communities & Local Government and its Planning Inspectorate.

VITAL AREA 3: WORKING FOR HEALTHY RURAL COMMUNITIES

A12: Recognise the vital role played by local social care and community support in preventative action on health in rural areas.

ASSESSMENT OF PROGRESS:

Good support for older people at home helps maintain their independent living and it can lessen the chance of falls or other accidents which place an extra burden on NHS services. There is widespread acknowledgement that preventative healthcare approaches are desirable, though this doesn't necessarily translate into action which would support it.

Adult social care services in shire areas (and elsewhere) have been scaled back as local authority budgets have reduced. Increasingly, provision of this formal support is restricted to those who are assessed as having either critical or substantial needs, with some in the local government sector warning that even this is in doubt. To a limited extent these funding pressures have been offset by allowing local authorities to set an additional Council Tax precept, by the Better Care Fund and by some extra funding announced in the Chancellor or the Exchequer's March 2017 Budget.

Research has shown that rural areas often face a number of challenges providing support for vulnerable older people. These are that:

- > Day care centres are more likely to be based in urban locations;
- > Rural-based day care centres are less likely to host specialist provision e.g. for those with dementia;
- > Transport networks to access social and health care facilities may be scarce;
- > Commissioned care providers can be less willing to serve clients living in outlying and harder-to-reach locations; and
- > Recruiting trained social care staff can prove particularly difficult.
- > There are, equally, rural opportunities such as those afforded by Good Neighbour and Village Agent schemes (see A13) and by telecare (see A14).

The Better Care Fund is a sizeable Government budget that provides pooled funding for specific local initiatives spanning the NHS and local government, seeking to bring about more integrated care for vulnerable people who require care. Many shire county councils are recipients of the Better Care Fund in 2016/17.

Informal caring is hugely important, with one in nine rural residents being an unpaid carer for someone else (in most cases an older person) and one in four older rural people themselves caring for a partner or friend. These figures are somewhat higher than those for urban areas.

WHERE WE ARE NOW:

Some progress made. Caring for a growing cohort of older people in rural areas is a significant challenge and will become more so over time. Influencing this agenda would primarily require engagement with the Department of Health and the Department for Communities & Local Government. This is an issue which is the focus of wider national debate.

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A13: Scale up and roll out existing successful community support models, such as Good Neighbour and Village Agent schemes.

ASSESSMENT OF PROGRESS:

Good Neighbour and Village Agent schemes provide volunteer or neighbourly support to older or vulnerable people in rural communities, helping them to live independently at home and to access services, such as health care and shops. The charity, Linking Lives UK, similarly supports churches to develop befriending schemes for older people. This social action addresses isolation and loneliness, through regular contact, support and signposting to help elsewhere. It also directly benefits service providers, for example when providing lifts that help people to access medical appointments without the need for costly specialist transport or home visits.

Based on local intelligence, it seems quite clear that Good Neighbour and Village Agent schemes are growing in number and in geographic spread. A significant (probably, disproportionate) share of these schemes operate in rural locations, though it is hard to assess just how many rural communities are covered by them.

Many of the schemes – including those that are newly established – are supported by members of the ACRE Network, who receive their income from a variety of funding sources (including an investment programme by the Department for Environment, Food and Rural Affairs).

The approach adopted by these schemes attracted some development funding from Nesta, a body which promotes innovation in service delivery. However, no national funding has yet been found to speed up their roll out.

WHERE WE ARE NOW:

Fairly good progress made. Given growing pressures on health and social care services, the practical and financial case for supporting the roll out these social action schemes more widely seems a strong one. If the issue is to be addressed in a strategic sense it will almost certainly need some national-level or mainstream funding, rather than relying solely on individual applications to local grant schemes and lottery sources.

A14: Strengthen the role of rural community facilities as outreach centres for health and social care, including investment in telemedicine and video links.

ASSESSMENT OF PROGRESS:

England's 10,000 village halls and rural community buildings (such as community centres and church halls) frequently act as hubs where a range of local services and activities are delivered. For example, survey information from ACRE shows that half of such buildings in England are used as venues which host health and wellbeing activities or services. It is difficult to assess the trend, but local intelligence appears to show many village hall committees and their communities seeking to expand the use of their facilities. There is still considerable potential to do so, as there can be with church halls. It should be noted that this typically includes services offered on a commercial basis (e.g. fitness classes) and by volunteers (e.g. lunch clubs for older people), and in some cases by statutory providers (e.g. baby clinics).

There are interesting pilots which make use of IT to improve access to health care services and professionals for those living in rural areas, but as yet they appear to be few in number. The Airedale Telehealth Hub serving much of the Yorkshire Dales is one such, delivering tele-consultations to older patients without them having to leave their home or care home. This can save patients a long journey to hospital, which in some cases would require the expense of providing patient transport. Although telemedicine has its limitations, the

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approach nonetheless appears to have considerable potential for addressing the geographical challenge associated with rural service delivery.

WHERE WE ARE NOW:

Some progress made. Rural outreach provision could improve access for rural communities and deliver cost savings. To that end there will be opportunities to influence the NHS Sustainability and Transformation Plans (STPs), though this needs to happen at a local level. There may nonetheless be scope to influence the direction of travel for STPs, nationally, by engaging with the Department of Health.

A15: Overhaul the formula that allocates NHS funding to Commissioning Groups and the funds for local authority public health work, ensuring they reflect sparsity costs.

ASSESSMENT OF PROGRESS:

The NHS funding formula to Clinical Commissioning Groups (CCGs) has not been changed in any fundamental way that addresses the rural concerns. There is no allowance for the additional cost of providing services to sparse populations e.g. through lost economies of scale and extra travel time.

A disproportionately large share of the rural population is from older age groups and the ageing of the population will make this more pronounced still. Older people are the major cost driver of demand for NHS services, as a result of chronic illness, disability and mortality. Whilst age structure is a key part of the allocation formula, so too are measures of social deprivation. Research by Plymouth University has shown that, as a result, urban areas with younger populations receive more funding per resident than rural areas with older populations.

The funding given to local authorities for their public health responsibilities also disadvantages rural areas. Those receiving the lowest allocation per resident in 2014/15 were Surrey (£22), East Riding of Yorkshire (£27), Rutland (£28) and Devon (£29). They compare with a national average of £51 and well over £100 in some London boroughs. These allocations are based largely on historic spending patterns which have not been updated to reflect measurable needs, as they were expected to be. Again, there is no allowance for sparsity costs with this funding stream. It is noted that from 2019 Public Health Grant will no longer be treated as a separate grant but will be subsumed within the overall local authority funding baseline.

WHERE WE ARE NOW:

No progress made. There remain disparities in health funding locally, which work to the disadvantage of rural areas. This would require influencing the Department of Health and NHS England, as well as the Department for Communities & Local Government on public health.

A16: Drop or amend NHS proposals to phase out the so-called MPIG which helps to fund small GP surgeries, thus ensuring that they remain viable.

ASSESSMENT OF PROGRESS:

The phasing out of the Minimum Practice Income Guarantee (MPIG), which has provided extra financial support to the very smallest GP surgeries, is continuing. Whilst MPIG has been paid to relatively few GP surgeries, many of those who have received it are in rural locations. If they were to be financially weakened and to close as a result, some of their patients are likely to find it difficult to travel to the next nearest GP surgery. As it is, Department of Transport accessibility indicators show that 44% of rural households do not have 'reasonable access' to a GP surgery by public transport or by walking.

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The Department of Health has said that it will monitor the phasing out of MPIG, to see if it causes any particular issues at the affected GP surgeries and whether solutions are therefore required. The Rural Coalition has not recently been made aware of any issues, though that is not to say they do not exist or might not yet arise.

WHERE WE ARE NOW:

Limited progress made. It would appear this is a fairly localised issue and no examples of problem cases have yet been cited. However, the Department of Health could be asked to provide an update on its monitoring.

Appendix: Key propositions in the Rural Challenge 2010

The *Rural Challenge 2010* document contained a series of propositions (P1 to P34), which are listed below. Most of these were set against five broad challenges. The later *Rural Challenge 2015* document included a high-level assessment of progress since 2010 and this is summarised below in the boxes.

CREATING AND MAINTAINING SUSTAINABLE RURAL COMMUNITIES

P1: Local planning authorities should draw up local plans based on:

*A thorough understanding of local economies and society;
A comprehensive assessment of sustainable development criteria;
A genuine incorporation of community-led plans¹⁹ aspirations.*

P2: The new NPPF to have clear messages about: building and maintaining sustainable rural communities; and the involvement of local people.

P3: Rural communities that take advantage of community-led planning.

P4: Rural Coalition members and others providing support and advice on community-led planning.

Not separately assessed in the 2015 document, but largely covered by the assessment of challenge 5 on community empowerment.

CHALLENGE 1: MEETING RURAL HOUSING NEEDS

P5: National Government and local planning authorities should promote policies that favour consent when communities bring forward small schemes to meet local needs.

P6: The Community Right to Build policy should enable market housing, affordable housing, workspace, retail space, recreational space, community facilities and renewable energy production.

P7: The Government, HCA and others should explore and develop options for intermediate affordable housing (requiring less grant).

P8: Local authorities should be given more freedom to manage their housing finances, through Housing Revenue Account reform and retaining all income from Council home sales.

P9: The Government should bring forward incentives to encourage landowners to provide low cost land for affordable housing.

P10: The Localism Bill should rule out vexatious or trivial village green applications which block community development.

P11: Government proposals for a Green Deal should take particular account of the energy efficiency issues facing much rural housing.

¹⁹ The 2010 phrase 'community-led plans' is now interpreted as meaning Neighbourhood Plans.

2015 assessment: RED traffic light was given due to:

- > *Delivery of affordable rural housing having declined since 2010 (HCA figures).*
- > *The housing crisis and desperate need for more affordable housing.*
- > *Most new housing being beyond the reach of so many rural wage earners.*
- > *Concern at proposals to drop the requirement for affordable homes on small sites.*

CHALLENGE 2: BUILDING THRIVING RURAL ECONOMIES

P12: Local Enterprise Partnerships covering rural territory should ensure those areas have a strong voice and specific strategies to benefit them.

P13: Government should consult on how business support services can best meet the needs of rural areas.

P14: The CLA and local government sector should work to encourage the adoption of innovative rural approaches to employment and enterprise.

P15: Government should ensure that national planning guidance supports home extensions or alterations that assist appropriate business growth.

P16: Government should conduct a review of the tax regime in relation to home-working and small-scale business premises.

P17: The RTPI, TCPA and local government should explore whether formal change of use planning consent could be dropped for home-based business adaptations.

2015 assessment: AMBER traffic light was given due to:

- > *This topic being a stated rural priority by Defra Ministers.*
- > *Rural Growth Networks having been established, as were the LEPs.*
- > *The NPPF aiming to support sustainable economic growth in rural areas.*
- > *Evidence of a growing interest in locally sourced and prepared food.*
- > *Though many LEPs had failed to recognise the importance of the rural economy.*
- > *Plus a lack of support for rural communities to capitalise on the low carbon economy.*
- > *Plus delays in making high quality broadband and 4G readily available.*

CHALLENGE 3: DELIVERING GREAT RURAL SERVICES

P18: The upcoming Comprehensive Spending Review should assess its proportionate impact on rural areas and take account of rural delivery costs.

P19: Government and public sector agencies should seek to use small-area geographical data that can reflect the rural context.

P20: Universal Service Obligations (USOs) are needed to ensure that contracted service providers do not cherry-pick easier urban areas at the cost of rural areas.

P21: Government should scale back inspection frameworks and activity, in order to help public and third sector providers innovate in rural areas.

P22: The proposed Community Right to Bid should extend to initiatives that offer partial solutions to retain services, as well as like-for-like service replacement.

P23: The Government should work with Post Office Ltd to achieve a full range of financial services available through rural PO branches.

P24: Public service providers should explore options such as multi-purpose outlets, outreach and mobile provision before instituting cuts that leave gaps in services.

P25: Government proposals to improve IT infrastructure should seek to improve rural access to e-services, including wiring up facilities like village halls.

P26: Local transport strategies should take greater account of rural access issues and consider supporting innovative community-based solutions.

P27: Some of the financial savings made by withdrawing traditional services should be used to help communities offer low-cost local solutions.

2015 assessment: RED traffic light was given due to:

- > *Rural services being heavily impacted by public sector austerity measures.*
- > *Rural bus cuts and health facility closures/centralisation meaning worse delivery.*
- > *Rural health services being under stress and sparse area needs going unrecognised.*
- > *The gap in rural and urban funding for local authority services being far too great.*

CHALLENGE 4: FLOURISHING MARKET TOWNS

P28: Best practice knowhow should be available to encourage ‘whole community development approaches’, offering housing, jobs, services and green infrastructure.

P29: Local planning authorities should involve communities in shaping development proposals by using Planning for Real, Enquiry by Design or similar methods.

P30: Bodies such as TCPA, RTPI, CPRE, CABE and local authorities should work to provide help and advice on the creation of attractive and sustainable communities.

2015 assessment: AMBER traffic light was given due to:

See the assessment (above) of challenge 2 on building thriving rural economies.

CHALLENGE 5: EMPOWERING COMMUNITIES

P31: National and local government should recognise and adopt community-led planning as best practice.

P32: Government needs to build capacity for localism by supporting local enablers, activists, advice and training, with modest funding opportunities.

P33: Parish and town councils should become the guardians of the community-led plan, including monitoring and refreshing them as appropriate.

P34: Local authorities should recognise that communities often want some visible benefit in return for accepting more development. A mechanism is needed for this.

Assessment: GREEN traffic light was given due to:

- > *Legislative action with the introduction of the Localism Act 2011*
- > *The introduction of Neighbourhood Planning and the Community Infrastructure Levy*

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Members of the Rural Coalition



Action with Communities in Rural England
Campaign to Protect Rural England
Country Land and Business Association
Germinate: The Arthur Rank Centre
National Association of Local Councils
National Farmers Union

National Housing Federation
Plunkett Foundation
Royal Institution of Chartered Surveyors
Royal Town Planning Institute
Rural Services Network
Town and Country Planning Association

Rural Coalition President:
Rt Revd Dr Alan Smith, Bishop of St Albans

Rural Coalition Chair:
Margaret Clark CBE