



# Rural recognition, recovery, resilience and revitalisation

Strengthening economies and addressing  
deprivation in rural and coastal communities

FIELD  MOUSE

TRAJECTORY

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Full report

May 2021



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TRAJECTORY



## Rural recognition, recovery, resilience and revitalisation

A report for Local Government Association

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and Mark Pragnell

With research support from Nicholas Royle

And stakeholder focus groups undertaken by  
Trajectory Partnership and FieldMouse Research

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Recognition

Recovery

Rural and coastal communities in the round

Making rural and coastal performance and need visible

Addressing often urgent needs of vulnerable households

Supporting jobs and employability

Post-pandemic 'New Normal' behaviours and priorities redefine rural

Re-establishing business viability

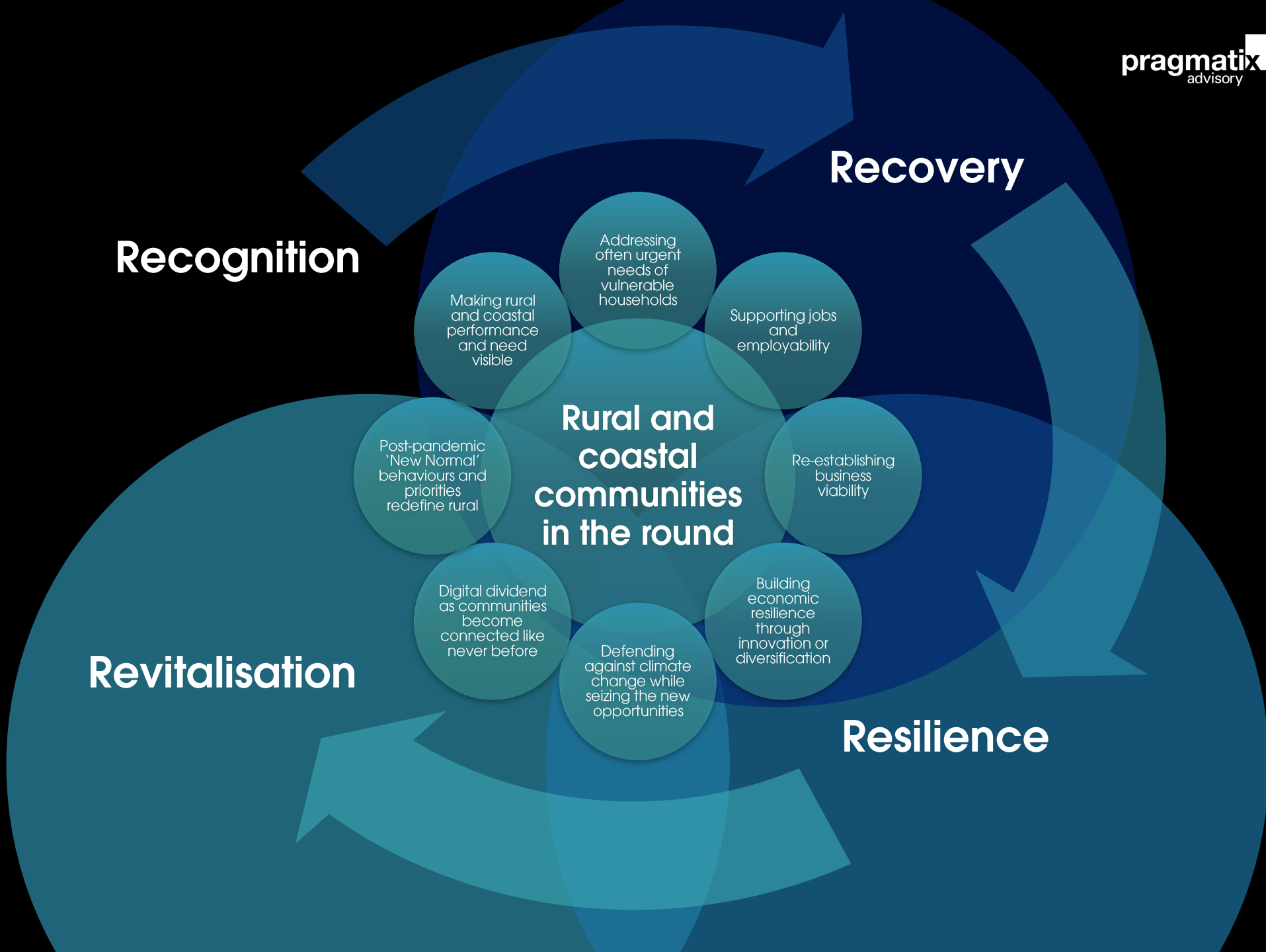
Digital dividend as communities become connected like never before

Building economic resilience through innovation or diversification

Defending against climate change while seizing the new opportunities

Revitalisation

Resilience





## Executive summary

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*Rural and coastal communities have specific challenges that policymakers must recognise.*

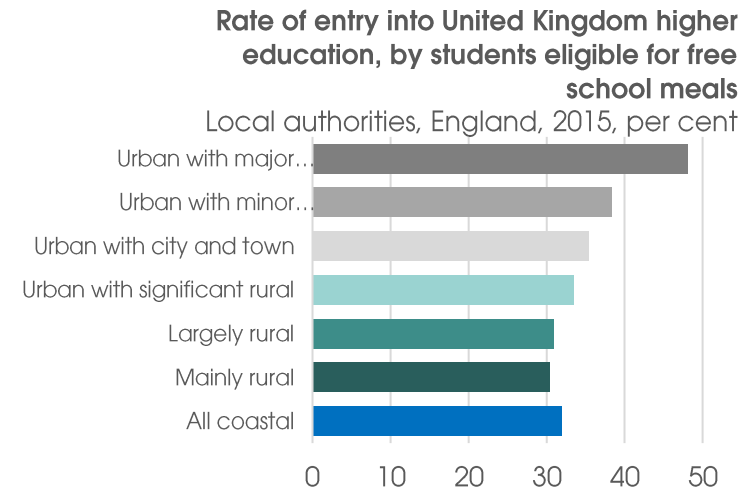


**Pragmatix Advisory has been commissioned by the Local Government Association to explore the economic challenges facing rural and coastal areas, with a particular focus on deprivation, and outline what steps government can take to strengthen the recovery and resilience of these communities within the current context.**

Many residents of English rural and coastal communities benefit from a high quality of life, the characteristics of which cannot be obtained in the cities and suburbs. From the outside, the chocolate box thatched villages, quaint (former) fishing harbours and breath-taking scenery paint an idyllic picture. However, life in the countryside or on the coast has its own often-distinct challenges with its own problematic social and economic consequences.

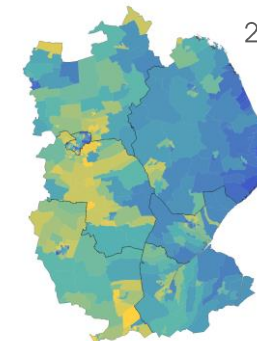
Some of these outcomes are visible from official statistics, such as: more poor quality housing; higher suicide rates; more drug-related deaths on the coast; weaker rates of educational attainment; an ageing population; and a £102 billion productivity gap.

Others are not so evident in the government's data. The use of local authority averages, for example, masks what can be significant localised differences within council areas – which themselves can cover large and varied geographies. Meanwhile, the choice of metrics deployed in the much-used Index of Multiple Deprivation sometimes fails to reflect the nature of rural and coastal disadvantage.



88 per cent of farmers under the age of 40 believe mental health is the biggest hidden problem in the agricultural sector today

**Lincolnshire: Index of Multiple Deprivation score**  
2019, national scale



Least deprived Most deprived

**The geographical characteristics of rural and coastal locations – such as low population densities, sparsity, remoteness and peripherality – present social and economic challenges.**

Their often-small labour and product market catchment areas influence the costs, scale and nature of economic activity that can be competitively undertaken. Rural and coastal locations have a disproportionate share of small businesses – and only certain industries thrive. Employment patterns are impacted: lower rates of unemployment may mask a paucity of full-time, full-year secure jobs.

Often facing smaller market catchments than their urban counterparts, businesses in rural and coastal areas have less potential to operate with economies of scale. High relative fixed costs make the viability of operations tougher, and the returns on investment weaker. This impacts decisions in the public as well as private sectors.

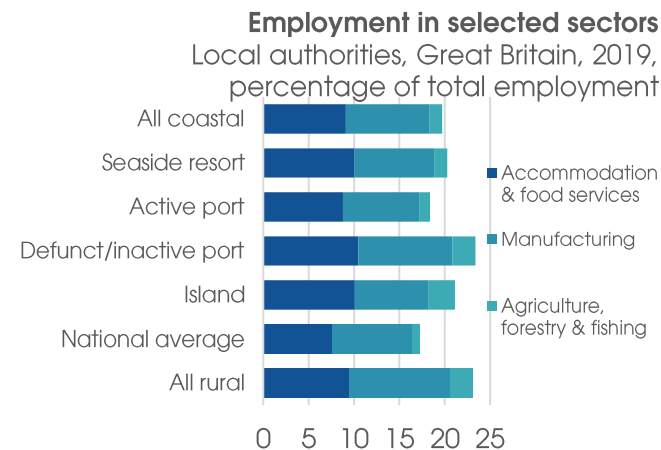
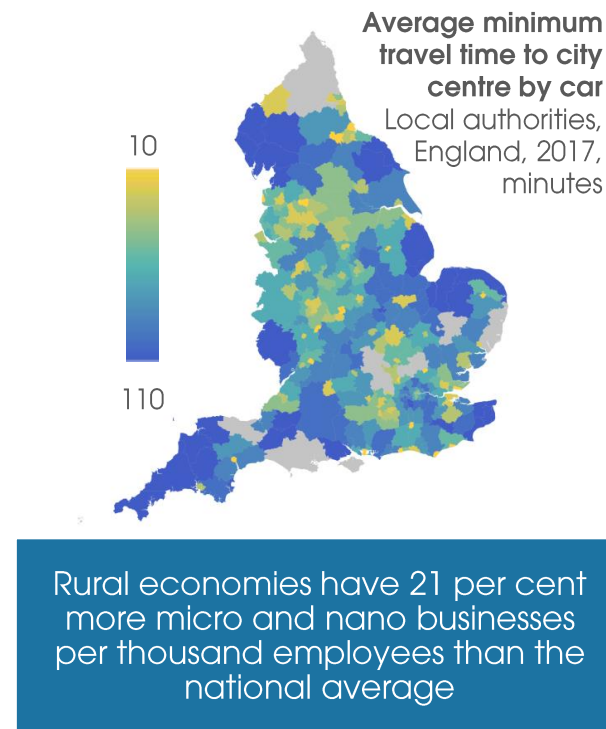
The mix of industries found in rural and coastal communities is limited by the constraints of geography and scale. Although a wide range of businesses can be found in rural and coastal areas, three sectors are often overrepresented: farming, fishing and agri-food; manufacturing (especially food and drink); and tourism.

Key rural and coastal sectors pay substantially below the national average. Jobs in the most rural areas are among the lowest paid, and they are in sectors with high rates of zero-hour contracts and casual working. With a quarter of rural workers not earning the living wage, affordability of local housing is an issue for rural workers in local jobs.

**The full impact of covid on rural and coastal economies is yet to be seen.**

To date, job losses have hit urban workers harder than rural and coastal workers. The evidence on the uptake of government emergency business support measures suggests little difference between geographies – but there is no clear data yet on the mid-term solvency of businesses after emergency support measures are lifted.

There is a higher proportion of ‘micro’ enterprises, with under ten employees, in rural areas – and small businesses in coastal. Often family-owned and owner-managed, many of these businesses are now vulnerable to failure. Experience of the last recession suggests rural economies can be disproportionately impacted by macroeconomic downturns, and both rural and coastal areas can be slow to recover.



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

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

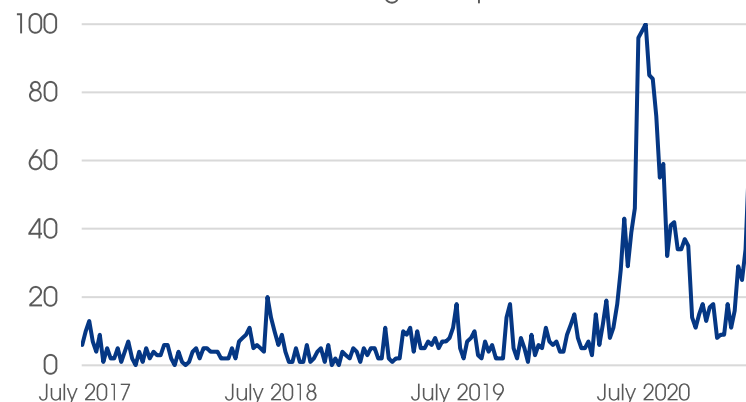
The rise of 'staycations' has reminded older and introduced new audiences to what the domestic tourism and leisure sectors have to offer. And, lockdown has allowed many to revisit how and where to carry out 'office' work. 'Green values' reinforce the importance of England's natural assets and a local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

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

**On plausible yet indicative assumptions, these three trends could contribute £51 billion per annum to the rural economy by 2030. This represents a growth of over ten per cent on the gross value contributed by the rural economy today.**

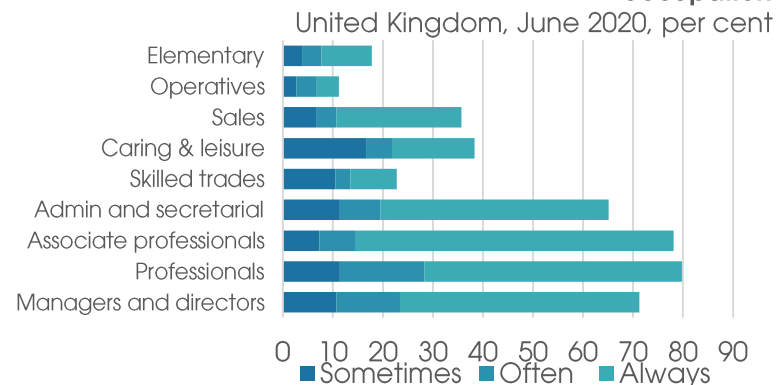
In this context, rural and coastal policy should not be seen purely through the lens of redistribution to reduce inequalities and deprivation. Instead, much the same as urban policy of the past two decades, it should be viewed in terms of investment to deliver sustainable returns to the national economy.

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



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

**Use of home as a workplace during pandemic, by occupation**



## Our recommendations for government:

### Business recovery in 2021

- Ensure businesses survive the pandemic
- Direct communication and support for micro and nano enterprises
- Financial assistance for new start-ups
- Strategic promotion, visitor management and capacity support

### Connectivity

- Improved digital and physical connectivity key to unlocking a new economic paradigm
- Redesigned and expanded public transport network
- Superfast broadband and 4G coverage

### Homes and built environment

- Provision of sustainable, energy efficient homes for social and genuinely affordable rent
- Revitalisation of town and village centres
- Capital infrastructure investment to mitigate impacts of climate change

### Business environment

- More accessible and affordable further and higher education for young people, adult learners and those needing to retrain
- Support for businesses designed and delivered to meet the needs of small businesses
- Shared business space and community networking hubs

### Sustainable energy

- National grid needs to grow capacity ahead of future demand, and support feed in from renewable energy schemes
- Scaled up electric vehicle charging network, including provision for visitors as well as resident population

### Local delivery

- Recognition and response from Whitehall to specific challenges of varied communities – sparsity, remoteness and socio-demographics increase the cost of delivering local services
- Publish statistics reflecting complexity of rural and coastal communities enabling support to be directed towards areas of deprivation

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

See Part 2 Recommendations

See Part 1 Recognising the challenges

## Rural and coastal challenges

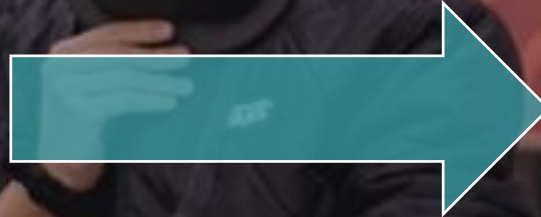
- Increase in homeworking
- Poor broadband speeds
- More direct communication needed with smallest businesses
- Fewer opportunities for business networking
- Lack of footfall in town and village centres
- Fragmented local services each struggling for viability

## Rural and coastal opportunities

# Village hubs and GigaPubs

Spaces which combine hot desking, business networking, gigabit broadband and a café or coffee shop element.

- Low HE uptake
- High costs and poor connectivity of transport links to college
- Increasing demand for niche skills
- Need for understanding of new technology and equipment
- Lack of specialist courses available locally



## Hybrid education and training

Training and courses which combine online and workplace learning with in-person delivery at both local colleges and regional/ national specialist centres of excellence (with 16+ residential accommodation)



Part 1: Recognising the challenges

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# Challenging social and economic outcomes

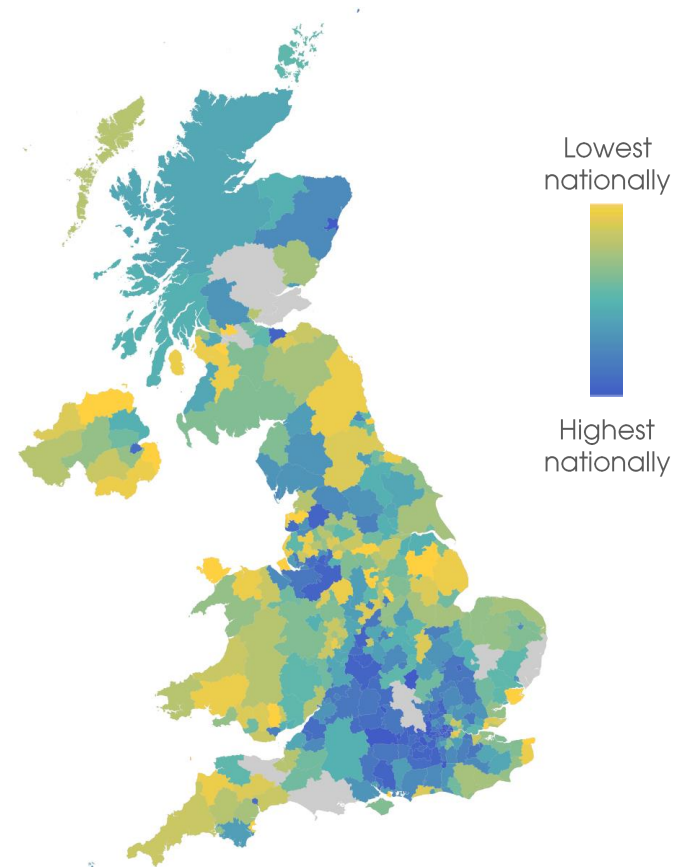
## The quality of rural and coastal life isn't as it may seem.

Many residents of English rural and coastal communities benefit from a high quality of life, the characteristics of which cannot be obtained in the cities and suburbs. From the outside, the chocolate box thatched villages, quaint (former) fishing harbours and breath-taking scenery paint an idyllic picture. But life in the countryside or on the coast has its own often-distinct challenges with its own problematic social and economic consequences.

Some of these outcomes are visible from official statistics, such as: more poor quality housing; higher suicide rates; more drug-related deaths on the coast; weaker rates of educational attainment; an ageing population; and a £102 billion productivity gap.

Others are not so evident in the government's data. The use of local authority averages, for example, will mask what can be significant localised differences within council areas – which themselves can cover large and varied geographies. Meanwhile, the choice of metrics deployed in the much-used Index of Multiple Deprivation sometimes fails to reflect the nature of rural and coastal disadvantage.

**Gross value added per capita**  
Local authorities, United Kingdom, 2016

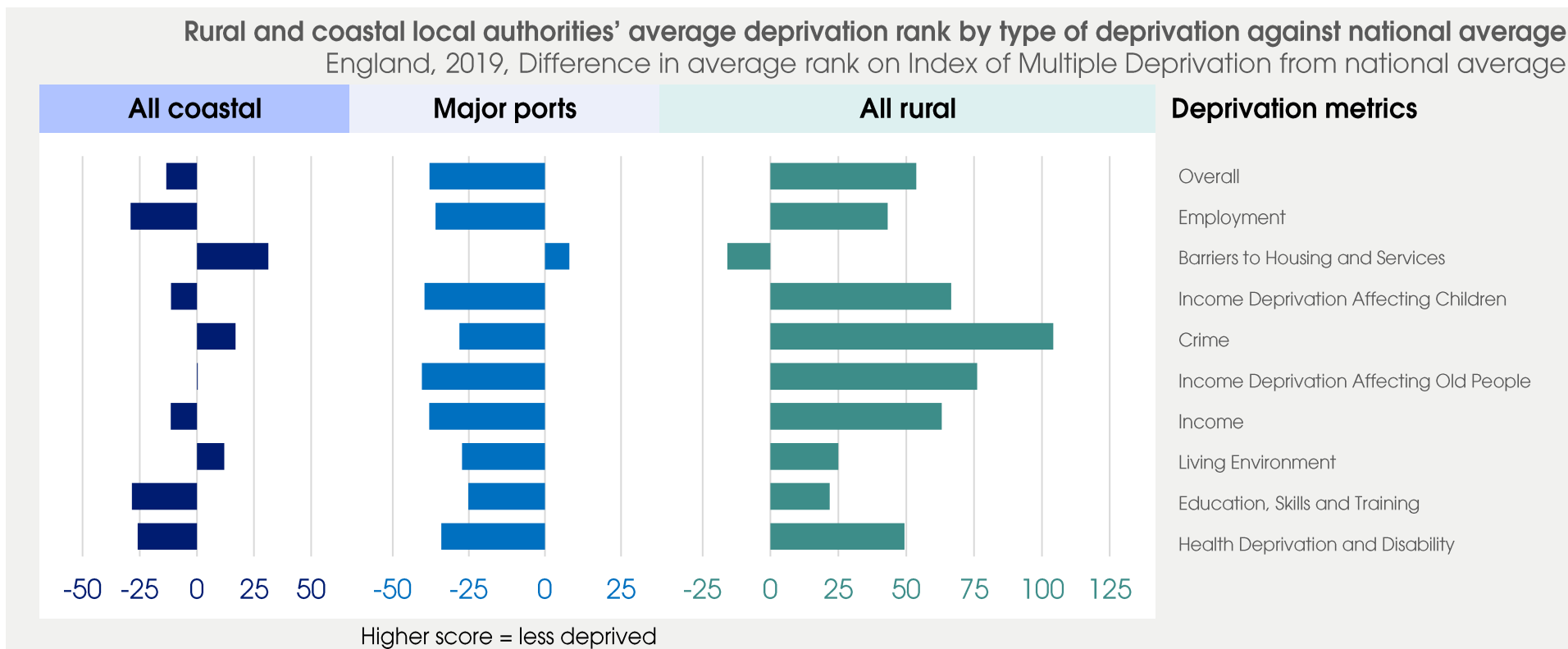


**Part 2: Recommendations report identifies specific policy interventions to address key issues:**

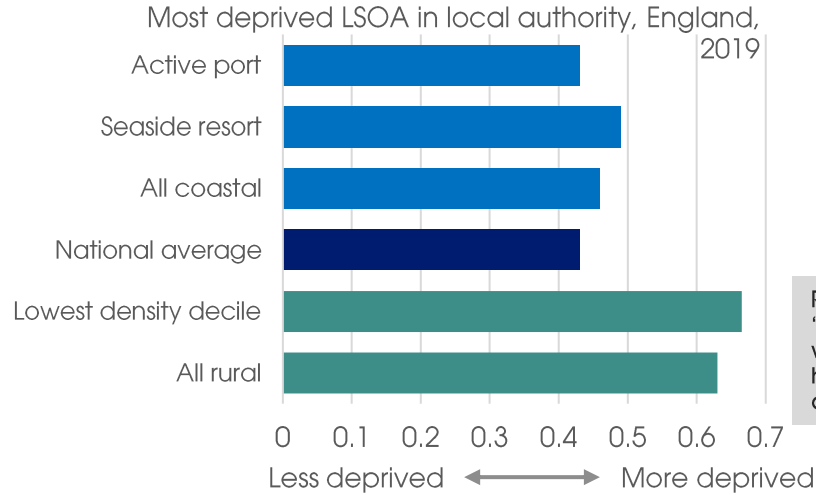
- 1c. Mental health
- 3a. Affordable housing
- 3b. Village and town centres
- 4a. Skills pipeline
- 4b. Business support
- 6a. Funding and delivery mechanisms
- 6b. Ongoing recognition

## Although official deprivation rankings look favourable, they fail to capture the full rural picture

On the official Index of Multiple Deprivation, rural areas are typically ranked as being less deprived than the national average. But metrics like these, which average across a local authority area, can mask pockets of deprivation. Moreover, the government's index does not include issues of concern that are specific to rural communities. Coastal communities are typically more deprived on the official scores than the national average, with major port areas faring especially poorly.

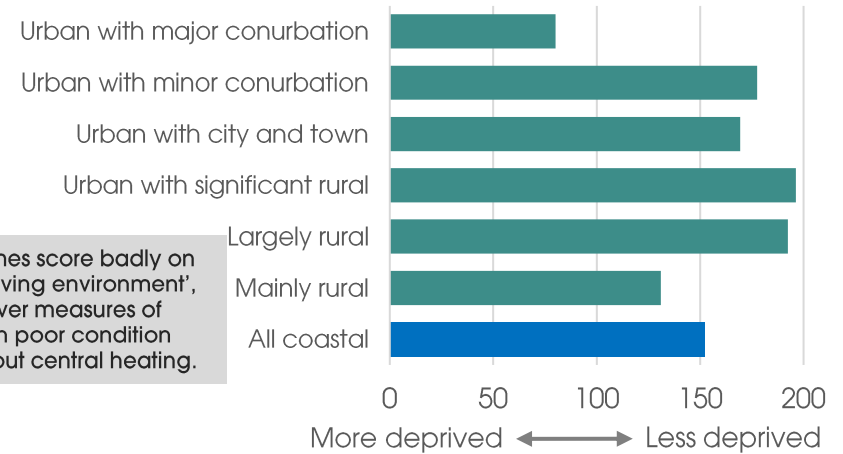


**Index of Multiple Deprivation housing in poor condition indicator**



Rural homes score badly on 'Indoors living environment', which cover measures of housing in poor condition and without central heating.

**Index of Multiple Deprivation living environment rank**  
Local authorities, England, 2019



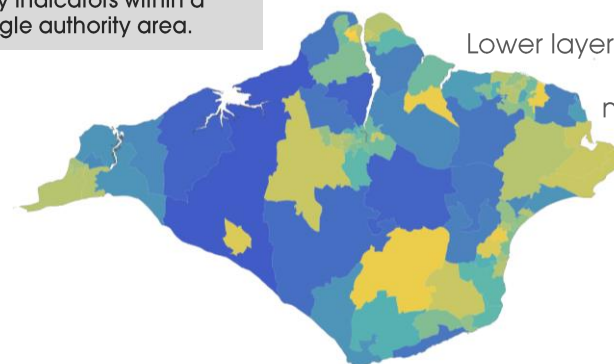
**People in rural and coastal areas are more likely to be living in housing that is old and in poor condition**

As well as costing extra to heat, poor quality housing can have negative health impacts. Rural residents also face barriers to accessing housing and services, which partly reflects the physical geography of the locations but also the relative affordability of homes.

Our case study, Isle of Wight, demonstrates the substantial variations in key indicators within a single authority area.

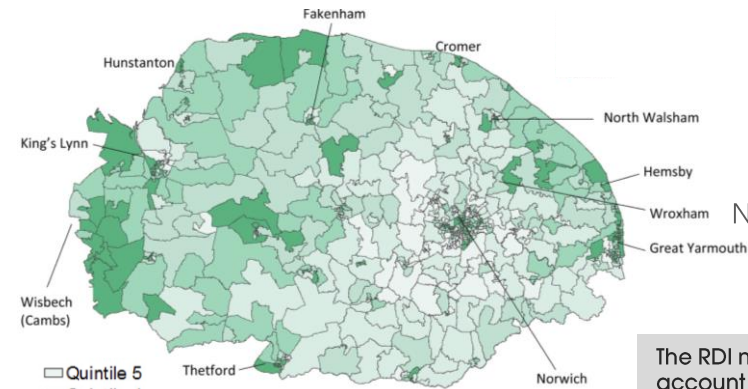
**Isle of Wight: Index of Multiple Deprivation barriers to housing and services indicator**

Lower layer super output areas, 2019, national scale



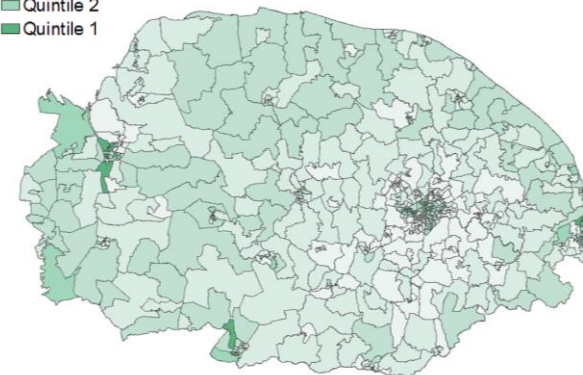
Lowest Highest

**Rural Deprivation Index (2016)**  
Norfolk LSOAs

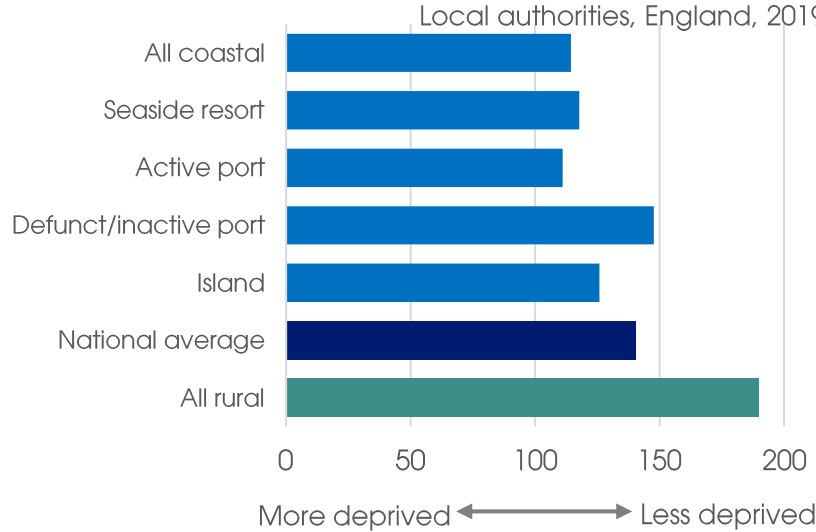


The RDI model takes account of relative household deprivation, locality related deprivation, spatial scale and population characteristics

**Index of Multiple Deprivation (2015)**  
Norfolk LSOAs

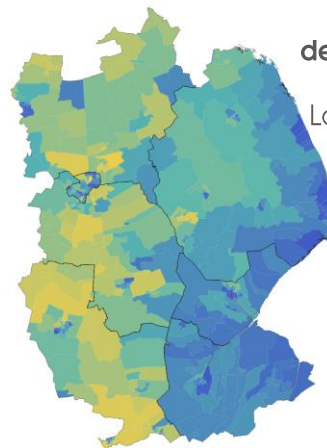


**Index of Multiple Deprivation health deprivation and disability rank**



**Lincolnshire: Index of Multiple Deprivation health deprivation and disability indicator**

Lower layer super output areas, 2019, national scale



Lowest Highest

Lincolnshire's marked east-west divide partly reflects differences between better connected communities in the A1 corridor and those on the coast and in the Wolds.

**Official deprivation index shows coastal areas have poor health and disability outcomes, but many rural problems are missed in the data**

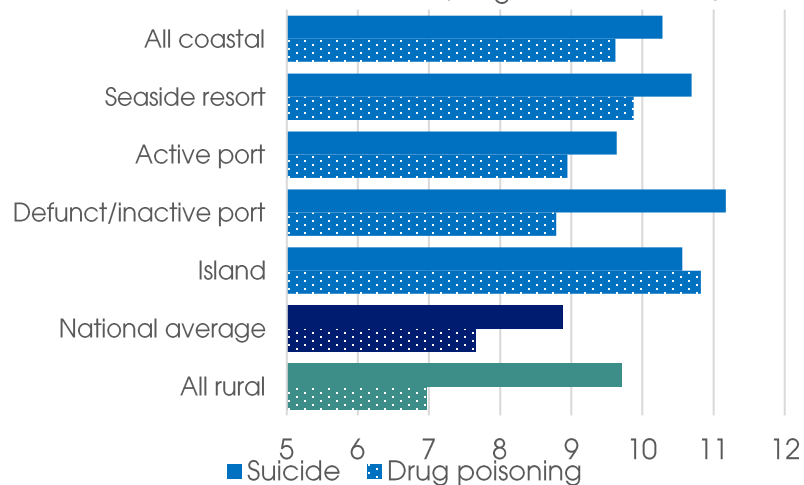
The health and disability metrics chosen for the Index of Multiple Deprivation do not fully capture the diversity of need and deprivation in rural and coastal communities. The deprivation levels across North Norfolk look quite different when the University of East Anglia's Rural Deprivation Index (top right) is applied. It takes account of rural specific demographics such as an older population and issues of sparsity which are not included in the official Index of Multiple Deprivation.

## Higher suicide rates in rural and coastal communities

Despite rural and coastal areas having a lower prevalence of diagnosed mental health disorders amongst the adult population, both see higher rates of suicide than the national average – as are drug related deaths in coastal communities, especially islands and seaside resorts.

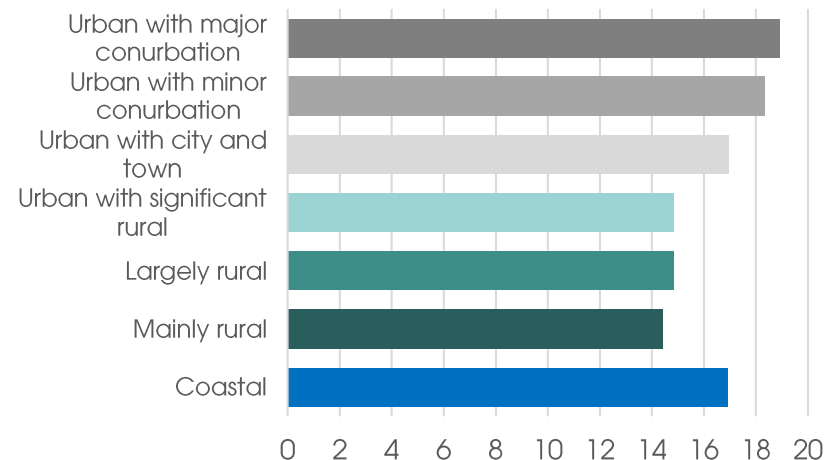
### Suicide and drug poisoning deaths per 100,000 people (average per annum)

Local authorities, England and Wales, 2017-19



### Prevalence of common mental disorders amongst population aged over sixteen

Local authorities, England, 2017, per cent



## Farmers particularly high risk

A Farm Safety Foundation survey in 2020 found that 88 per cent of farmers under the age of 40 believe mental health is the biggest hidden problem in the agricultural sector today.

Farmers are one of the professional groups at highest risk of suicide in England and Wales, and account for about one per cent of all suicides according to the British Medical Journal.

Lowest rate of diagnosed mood and anxiety disorders

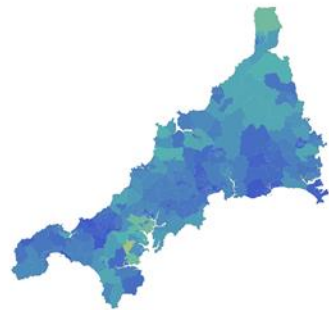


Highest rate of diagnosed mood and anxiety disorders

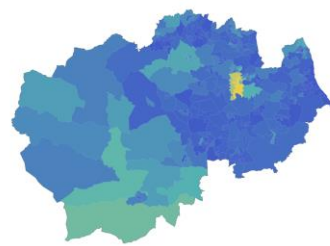
## Index of Multiple Deprivation mood and anxiety disorders indicator

### Case study areas, 2019, national scale

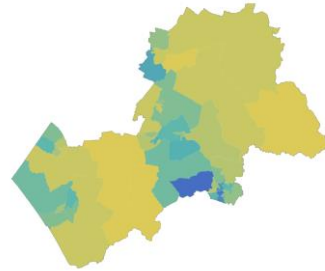
Ten local authority areas have been chosen as case studies to illustrate variations within districts.



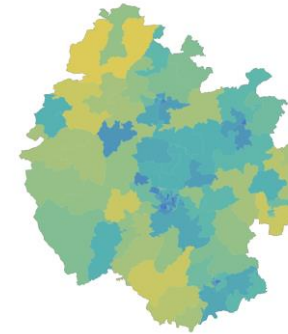
Cornwall



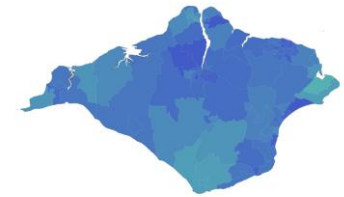
Durham County



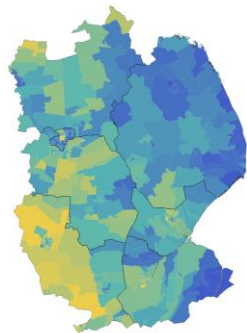
Harborough



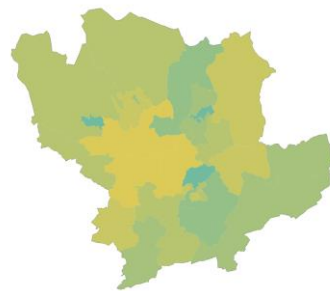
Herefordshire



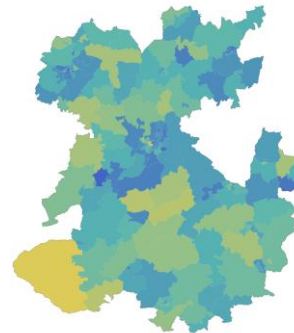
Isle of Wight



Lincolnshire



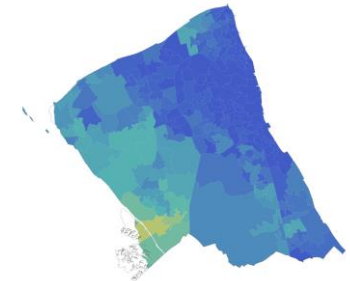
Ryedale



Shropshire



Tendring



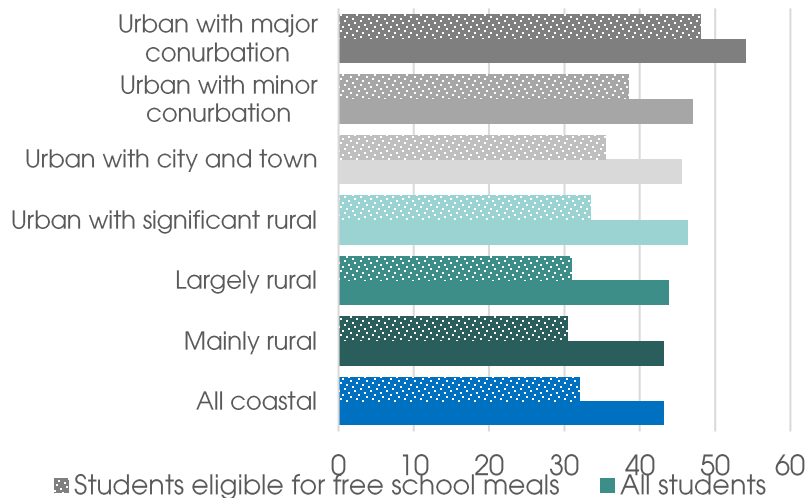
Wirral

*“Skills for our young people has to be the priority. They are the future of our community.”*

Project Manager for a Heritage Charity, County Durham

### Rate of entry into United Kingdom higher education

Local authorities, England, 2015, per cent



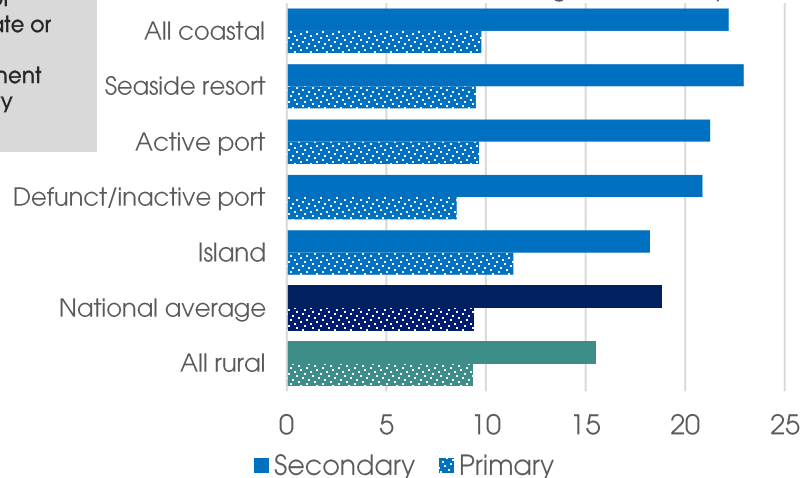
### Fewer young people from rural and coastal communities go on to higher education

There is a marked difference between the proportion of students progressing to higher education from schools in the most urban areas versus those in rural and coastal areas. This difference is greater when considering students from disadvantaged backgrounds.

Little difference at primary level, but coastal has disproportionate number of inadequate or requiring improvement secondary schools.

### Students attending schools rated 'inadequate' or 'required improvement'

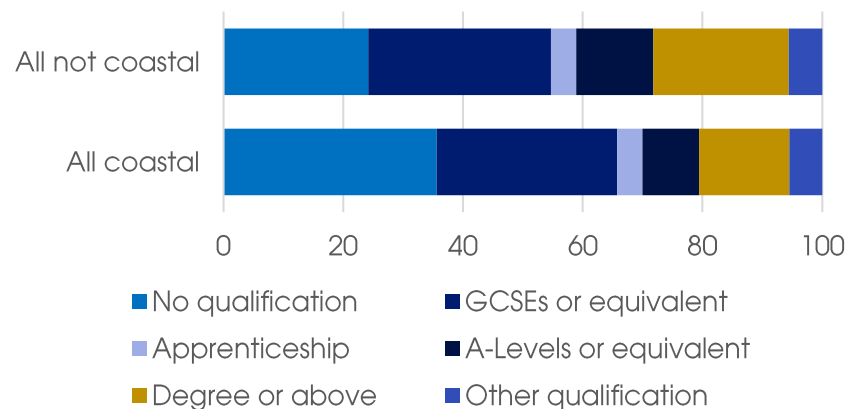
Local authorities, England, 2017, per cent



Lincolnshire's east-west divide revealed in educational attainment data.

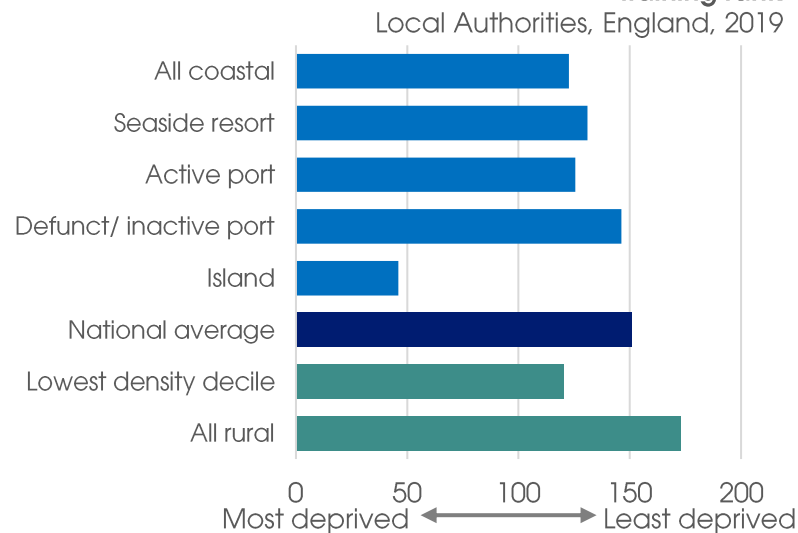
### Lincolnshire: Highest qualification attained

Lincolnshire, 2011, adult population, per cent  
Analysis of middle layer super output area data



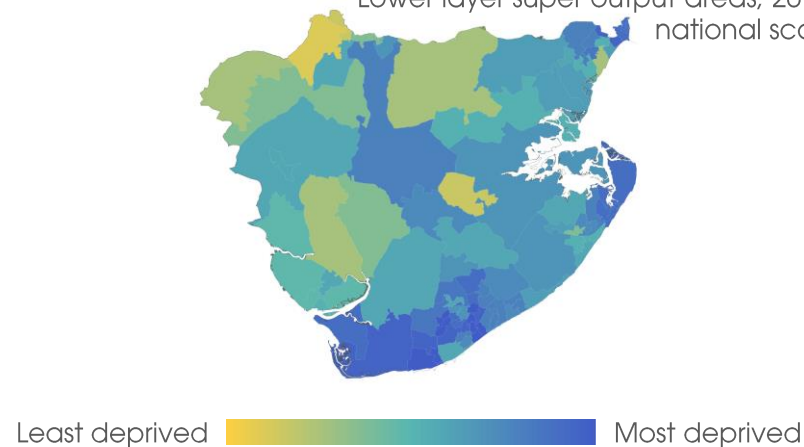


**Index of Multiple Deprivation education, skills and training rank**



**Trending: Index of Multiple Deprivation skills and employment deprivation scores**

Lower layer super output areas, 2019, national scale



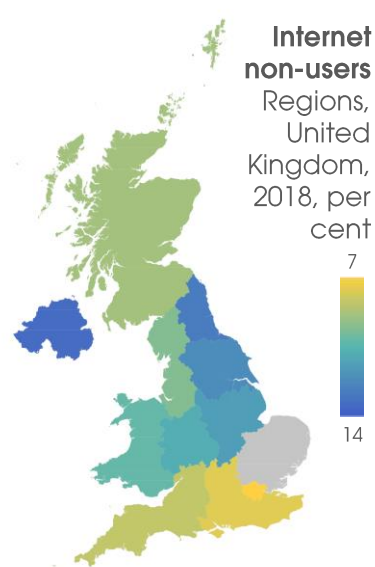
**Higher levels of skills and training deprivation can be seen in coastal authorities - particularly islands**

The most sparsely populated areas of the country are also more deprived on this metric than the national average.

Our interviews identified particular concern about a lack of digital skills in rural areas, both in terms of businesses and individuals.

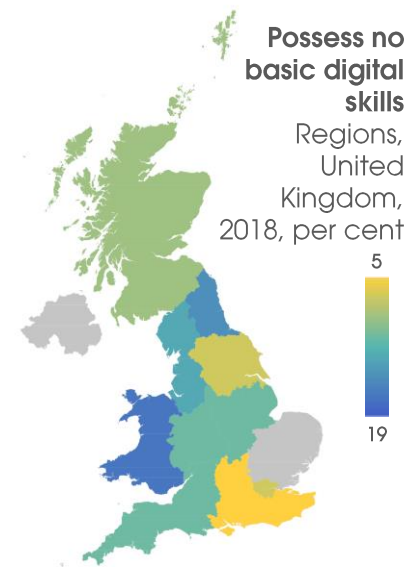
**Internet non-users**

Regions, United Kingdom, 2018, per cent



**Possess no basic digital skills**

Regions, United Kingdom, 2018, per cent



## Low crime rates are a positive – but rural communities face their own particular issues

Recorded crime rates are much lower in rural areas (and slightly lower in coastal) than urban, as is reflected in the relevant Index of Multiple Deprivation metric. Nonetheless, there remain specific challenges for rural communities such as agricultural theft and fly-tipping. Meanwhile, police response times are impacted by the greater distances needed to cover in remote and sparse locations.

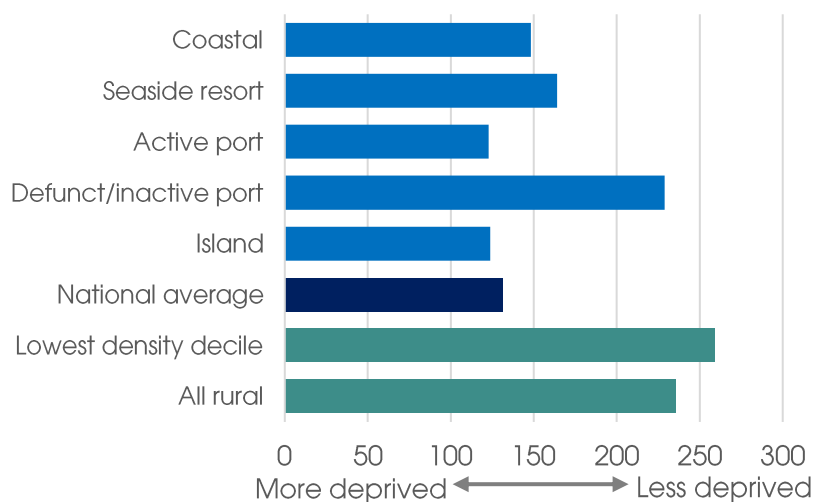
Moreover, the official deprivation data focus on recorded crime. Many rural crimes go unreported.

Lincolnshire was the worst affected county in 2019, with the cost of rural crime rising by 11.1% to £2.8m

	2018	2019
Agricultural vehicle theft	7.4	9.3
Quadbike / All Terrain Vehicle theft	2.6	3.1
Livestock theft	2.8	3.0
Land Rover Defender theft	1.6	2.1

**Cost of rural crime estimates based on NFU claims statistics**  
United Kingdom, £ million

**Index of Multiple Deprivation crime ranking**  
Local authorities, England, 2019



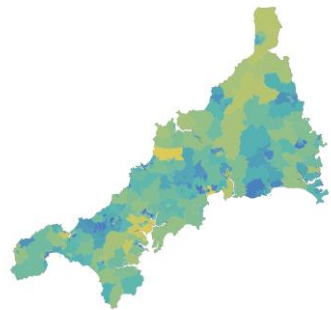
Source: Ministry for Housing, Communities, and Local Government (top right and bottom left); National Rural Crime Network (bottom right)



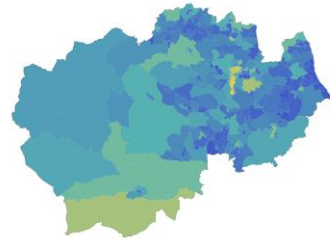
**Non-reporting of rural crime by victims**  
England and Wales, 2018

## Index of Multiple Deprivation crime indicator Case study areas, 2019, national scale

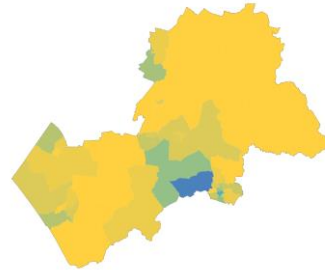
Least crime  Most crime



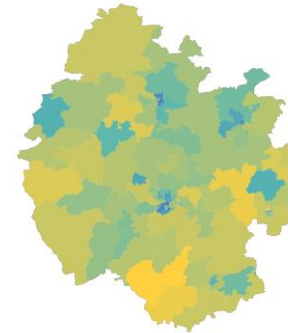
Cornwall



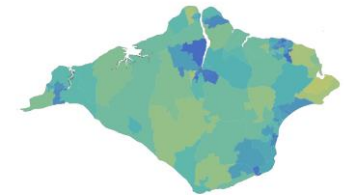
Durham County



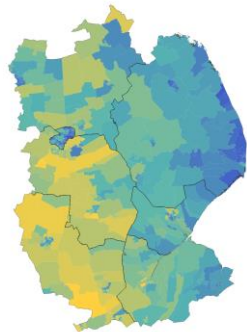
Harborough



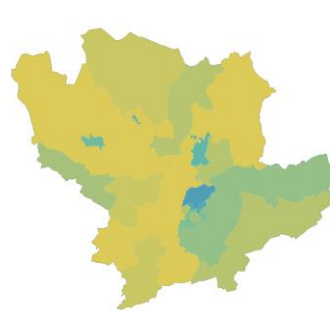
Herefordshire



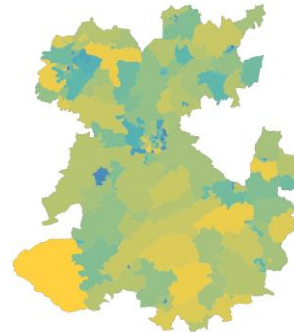
Isle of Wight



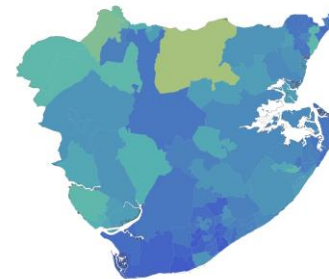
Lincolnshire



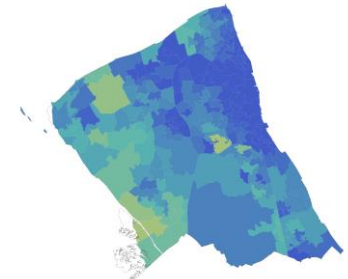
Ryedale



Shropshire

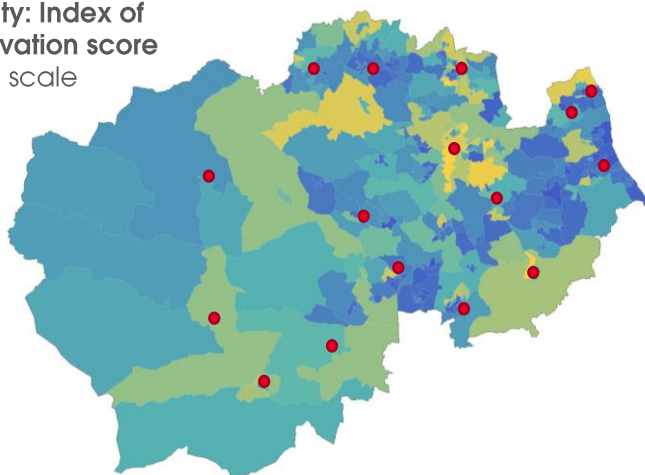


Tendring



Wirral

**Durham County: Index of multiple deprivation score**  
2019, national scale



Many of Durham County's areas of most severe deprivation are found in or on the outskirts of its towns.

Least deprived Most deprived

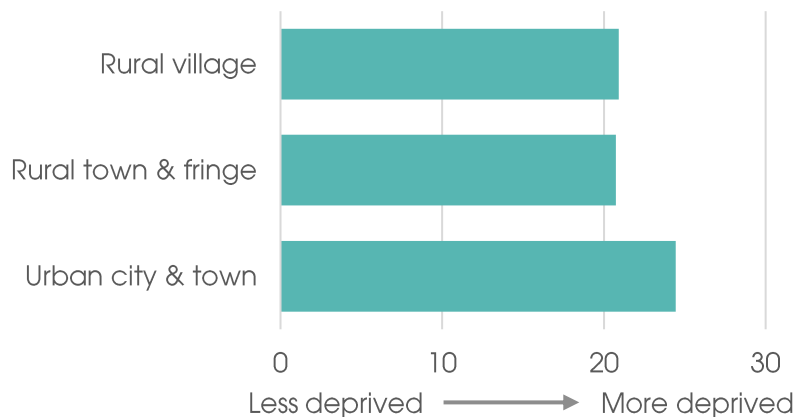
**Deprivation in rural authorities tends to be concentrated within towns and villages**

The average across a local authority can mask substantial variations in levels of deprivation within it. Geographically large rural councils may include pockets of deep deprivation.

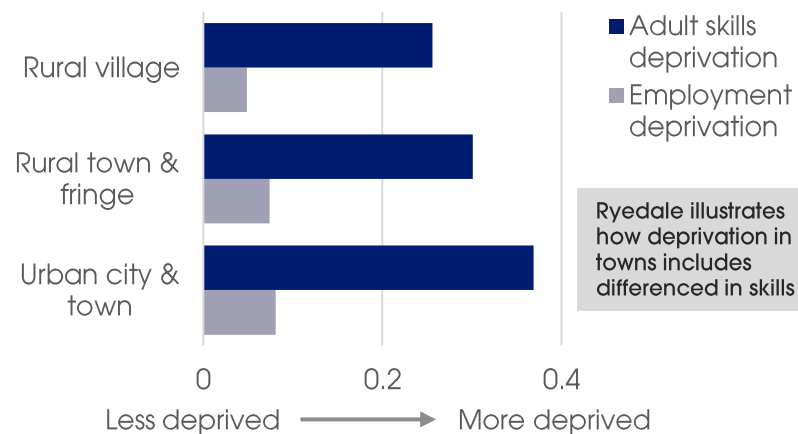
Some of the most marked pockets of rural deprivation are found in towns and larger villages – often where there cheaper, rental and/or multiple occupancy housing can be found.

IMD scores for the Isle of Wight demonstrate how deprivation is greater in towns.

**Isle of Wight: Index of Multiple Deprivation score**  
Lower layer super output areas, 2019



**Ryedale: Index of Multiple Deprivation skills and employment deprivation scores**  
Lower layer super output areas, 2019



Ryedale illustrates how deprivation in towns includes differenced in skills

*"Our population is old and getting older. We have  
a real care crisis coming."*

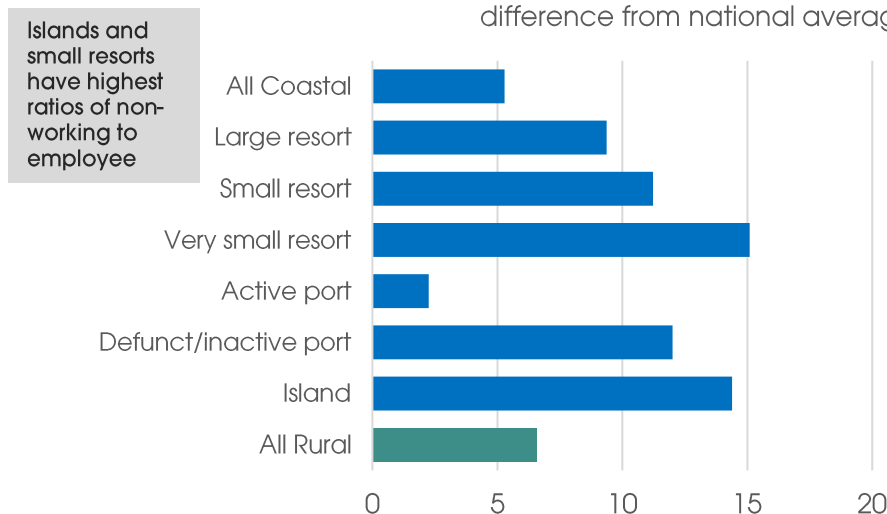
CEO of a charity providing support for other charities and community  
groups, Isle of Wight

## Ageing populations mean higher care costs for local authorities

Rural and coastal communities have higher proportions of older cohorts in their populations than elsewhere. This reflects the attractiveness of such locations for retirement, and the outward migration of younger adults in search of education and employment opportunities.

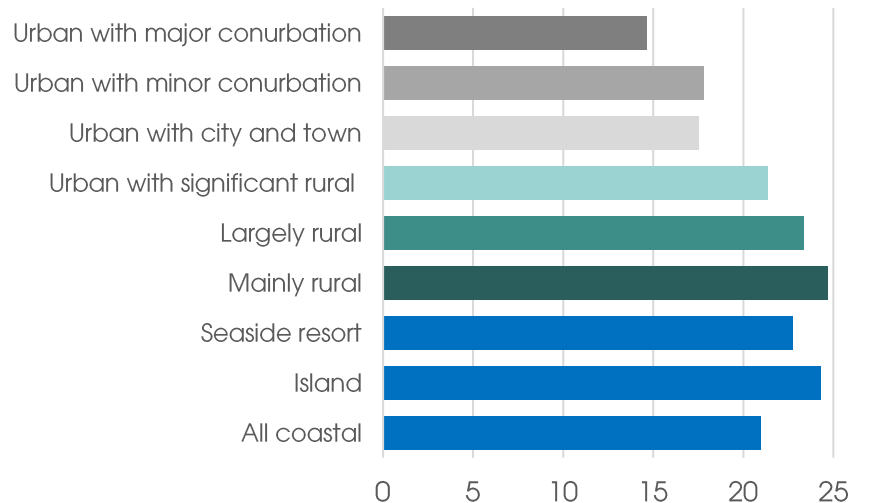
### Dependency ratio: dependents per employee

Local authorities, England, 2020, percentage difference from national average



### Population aged over 65 years

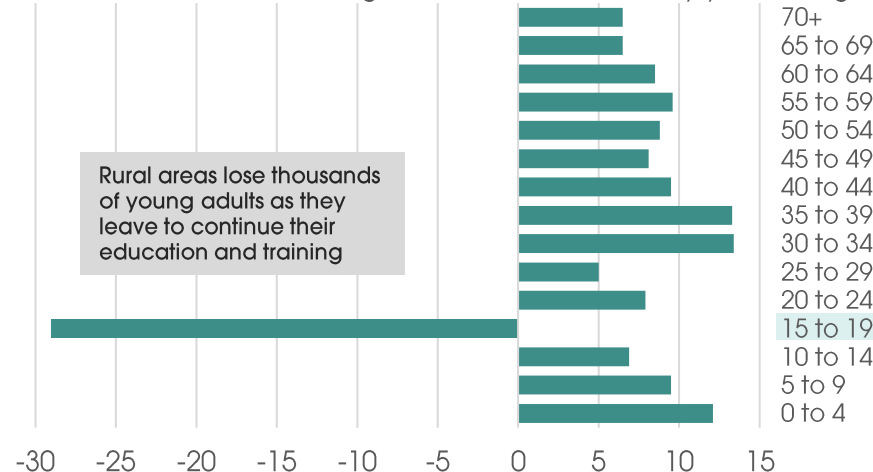
England, 2020, per cent



### Net migration into predominantly rural areas

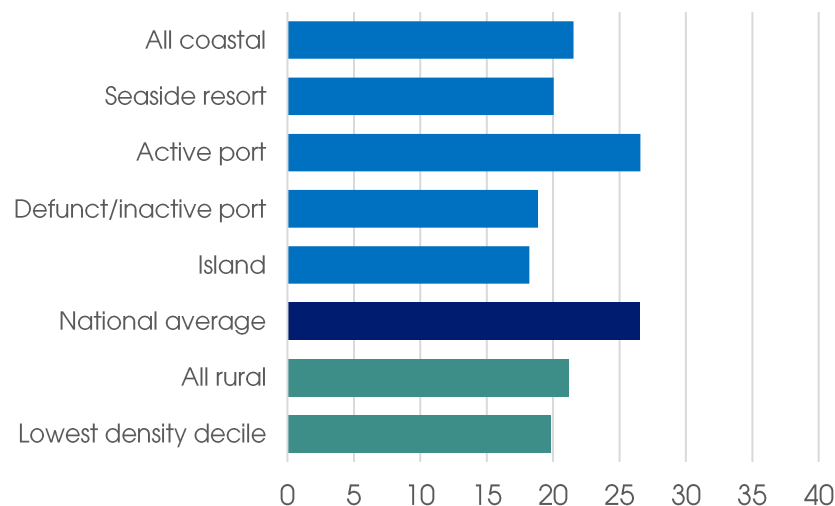
(Domestic 'internal' migration)

England, 2019, thousands by years of age



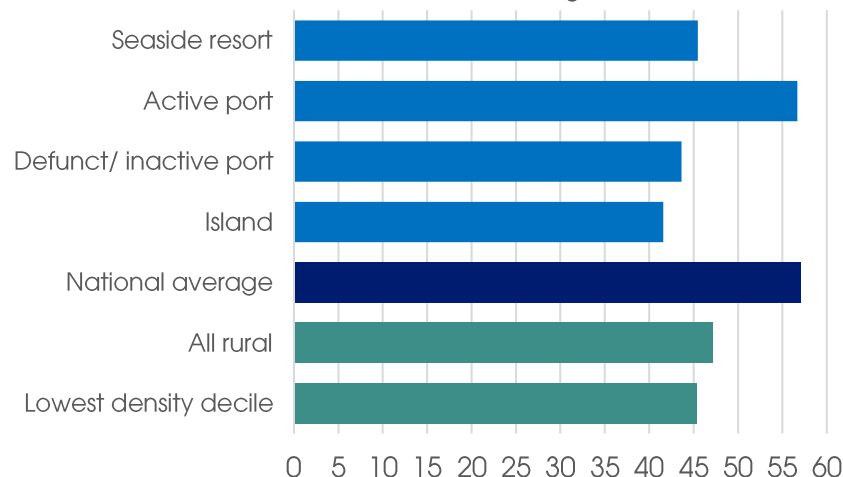
**Gross value added per capita**

Local authorities, United Kingdom, 2016, £ thousand



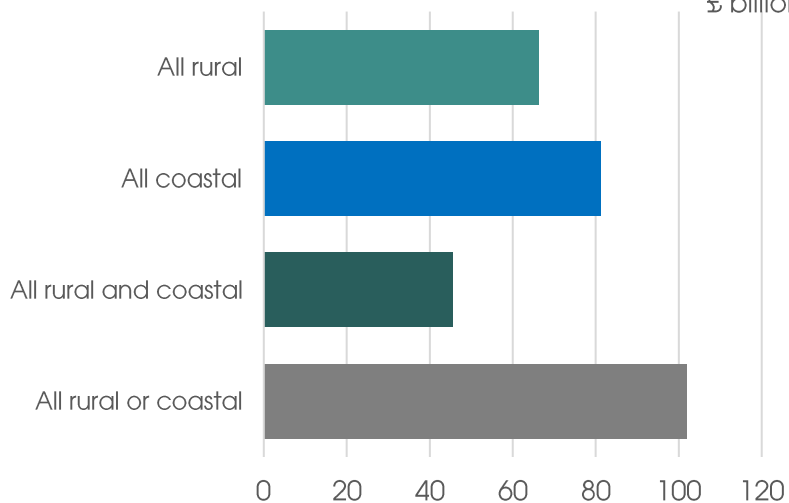
**Gross value added per workplace  
full-time equivalent worker**

Local authorities, United Kingdom, 2016, £ thousand



**Productivity gap with national average**

Local authorities, England, 2020, gross value added, £ billion



**£102 billion productivity gap between rural and coastal communities and the national average**

Rural and coastal areas underperform the rest of the country economically – with lower than national average rates of output per capita and productivity.

If all rural or coastal areas had national average rates of worker productivity, the national economy would be around £102 billion bigger.

# Fundamental challenges of geography

## The geographical characteristics of rural and coastal locations present social and economic challenges.

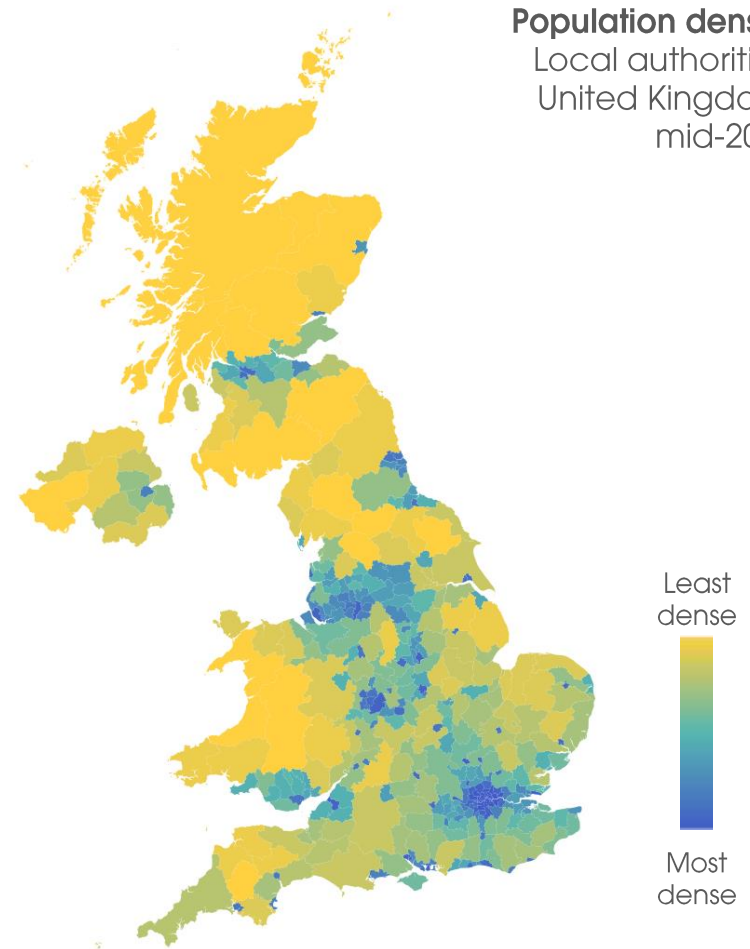
There is no universal definition of rurality, but such areas typically exhibit one or more of low population density, sparse populations, remoteness and peripherality. Coastal locations may share some or all of these characteristics – but there are plenty that don't. Islands also face some level of separation.

Small labour and product market catchment areas influence the costs, scale and nature of economic activity that can be competitively undertaken. Rural and coastal locations have a disproportionate share of small businesses – and only certain industries thrive. Employment patterns are impacted: lower rates of unemployment may mask a paucity of full-time, full-year secure jobs.

**Part 2: Recommendations report identifies specific policy interventions to address key issues:**

- 1a. Support for micro and nano businesses
- 1c. Mental health
- 2a. Public transport
- 2d. Digital skills
- 3c. Sustainable living
- 4b. Business support
- 6a. Funding and delivery mechanisms
- 6b. Ongoing recognition

Population density  
Local authorities,  
United Kingdom,  
mid-2019





Local authority area characteristics	Rural	Coastal	Economic implications
<p><b>Low average population density</b> Overall average population densities below suburban levels, but may still include more dense settlements.</p>	All	Some	<ul style="list-style-type: none"> <li>• Smaller market catchments</li> <li>• Higher average travel times/costs</li> <li>• Weaker economies of scale</li> <li>• Higher relative fixed and sunk costs</li> </ul>
<p><b>Sparsity</b> A low population density where settlements, dwellings and premises are spread out geographically.</p>	Some	Some	<ul style="list-style-type: none"> <li>• Smallest market catchments</li> <li>• High average travel times/costs</li> <li>• Limited economies of scale or clustering</li> <li>• High relative fixed and sunk costs</li> </ul>
<p><b>Remoteness / Poor connectivity</b> Distance from neighbouring settlements, regionally and nationally significant cities, and key regional and national assets.</p>	Some	Some	<ul style="list-style-type: none"> <li>• Greater distance to non-local markets</li> <li>• Higher cost of access to non-local markets</li> <li>• Reduced network economies of scale</li> <li>• Reduced spill-over benefits</li> <li>• Greater susceptibility to connection failures</li> </ul>
<p><b>Peripherality</b> At a physical boundary which substantially limits or stops development and/or connections in certain directions.</p>	Some	Most	<ul style="list-style-type: none"> <li>• Smaller market catchments</li> <li>• Reduced network economies of scale</li> <li>• Greater likelihood of congestion/bottlenecks</li> </ul>
<p><b>Coast</b> Includes coastline and/or major tidal estuary as part of its boundary.</p>	Some	All	<ul style="list-style-type: none"> <li>• Possible reduced market catchments</li> <li>• Possible greater likelihood of congestion/bottlenecks</li> </ul>
<p><b>Island</b> Surrounded by sea or other significant body of water. Connected to the mainland by water transport, air transport and/or by bridge, tunnel or tidal causeway.</p>	Some	Some	<ul style="list-style-type: none"> <li>• Smaller market catchments</li> <li>• Reduced network economies of scale</li> <li>• Greater likelihood of congestion/bottlenecks</li> <li>• Greater susceptibility to connection failures</li> </ul>

### Small labour market catchments

- Greater chance of recruitment mismatch
- Pressure on wage bargain for skilled jobs
- Less ability to grow and expand operations
- Less access to specialist talent
- Fewer spill over externalities
- Greater share of labour employed to carry out essential local services

- Lower labour productivity
- Less scope for organic innovation
- Limited scope to develop in multiple high/specialist skilled sectors
- More mechanised roles
- Less operational redundancy and business resilience
- More workers with multiple jobs and employers

### Challenges of limited sector diversity

- Dependence on fewer sectors
- Greater overall volatility
- Limited scope for risk mitigation/pooling
- Reduced potential to swap into growth sectors
- Greater impact from structural economic decline

### Small local product market catchments

- Lower volumes
- Higher cost of transport
- Higher cost of / lower return from marketing
- Narrower product offerings
- Reduced competition

### Smaller enterprises with thinner margins across fewer sectors

- Higher prices
- Fewer economies of scale to exploit
- Less consumer choice

### Challenges of micro and small businesses

- Dependence on owner/owner-manager
- General business skills
- Business planning capacity
- Mental health
- Less exposure to new practices, including digital skills and use of electronic money
- Business solvency often entwined with personal finance, assets and bankruptcy

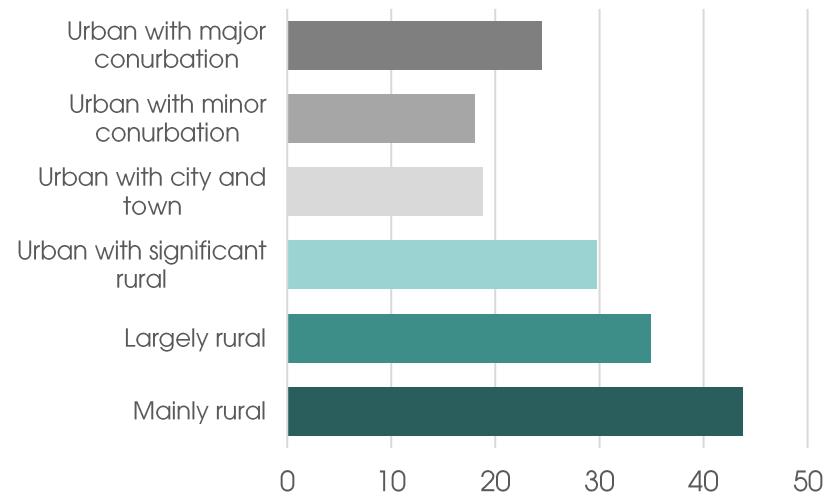
### Challenges of natural resource businesses

- Resource constraints
- Climate and environmental change
- Productivity growth more likely leads to reduced employment

## Residents in rural and coastal areas face longer journey times to reach jobs and amenities

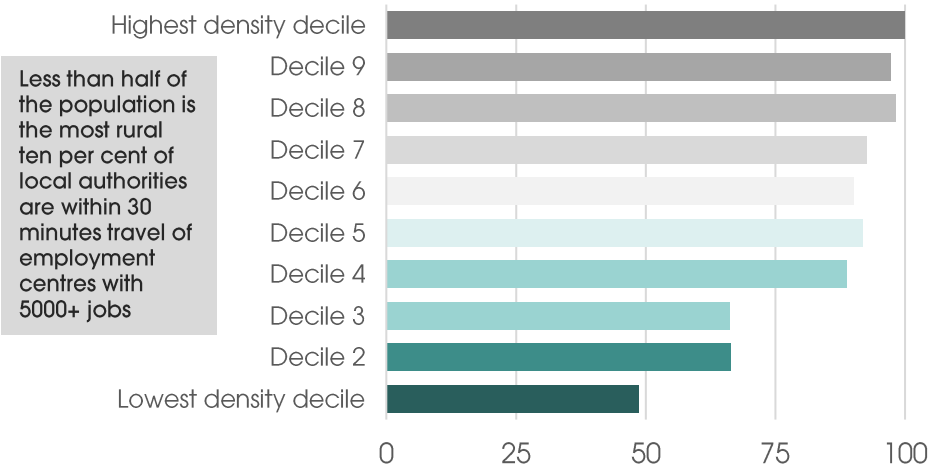
Rural and coastal geographies typically result in longer journeys to reach major employment centres, which limits work options for those without access to private transport in locations with poor or no public transport links.

**Average minimum travel time to city centre by car**  
Local authorities, England, 2017, minutes



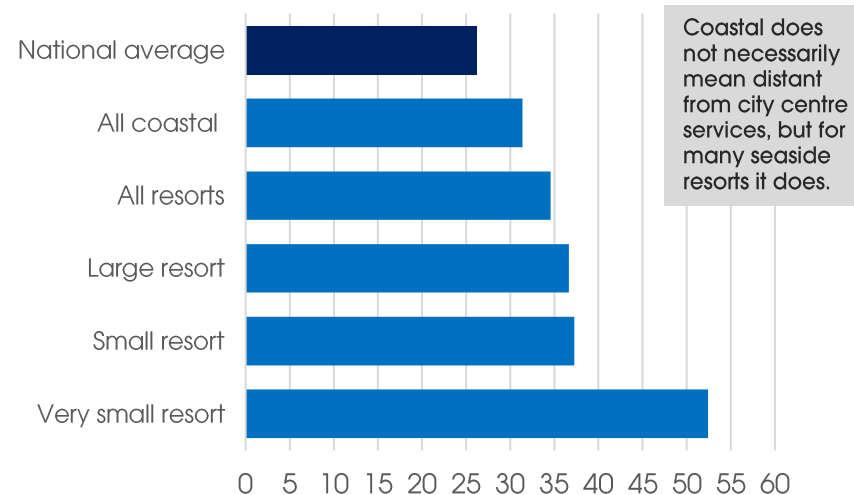
**Population within 30 minutes of a major employment centre**

Local authorities, England, 2017, per cent



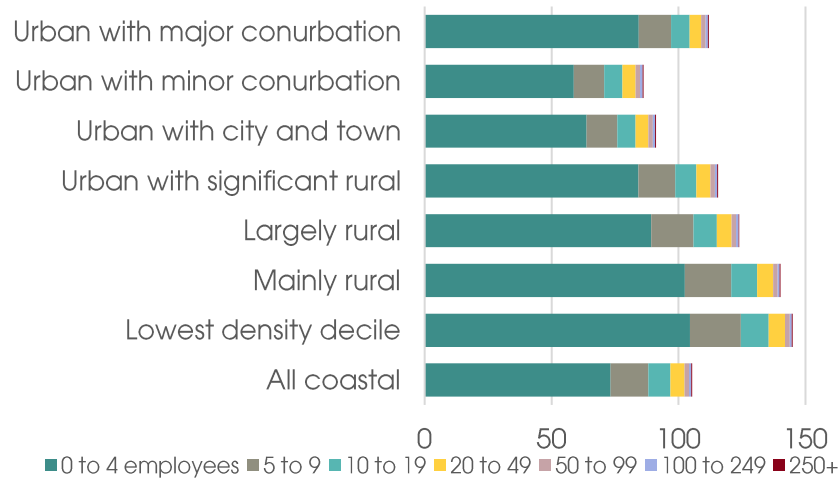
Less than half of the population is the most rural ten per cent of local authorities are within 30 minutes travel of employment centres with 5000+ jobs

**Average minimum travel time to city centre by car**  
Local authorities, England, 2017, minutes

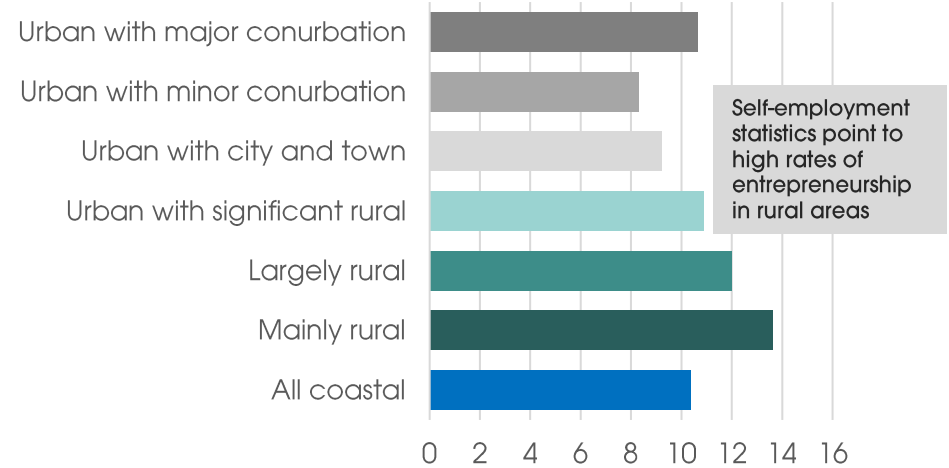


Coastal does not necessarily mean distant from city centre services, but for many seaside resorts it does.

**Local units per 1,000 in employment**  
Local authorities, England, 2020



**Self-employment rate**  
Local authorities, England, 2020, percentage of working age population

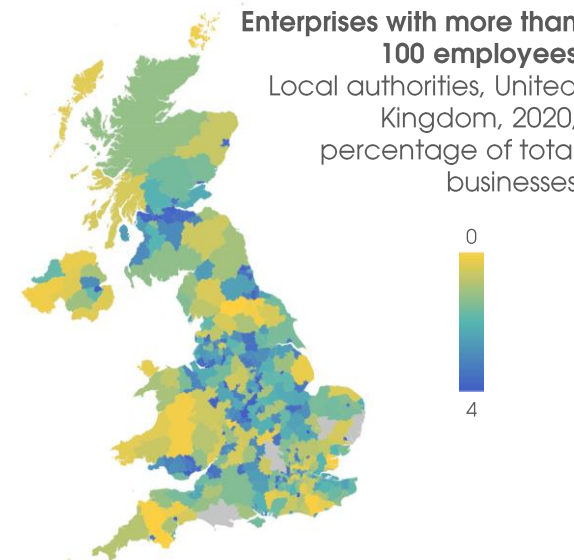


**Rural and coastal geographies cannot support as many big business as the cities, so micro and nano businesses dominate local economies**

Rural and coastal areas have both higher proportions of small business (especially micro and nano – under ten and five employees respectively) and self-employment.

**Enterprises with more than 100 employees**

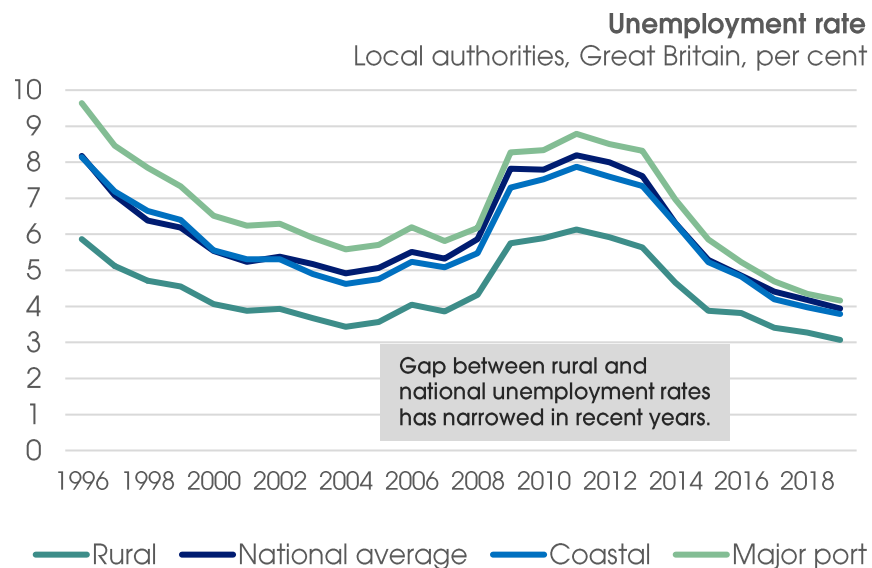
Local authorities, United Kingdom, 2020, percentage of total businesses



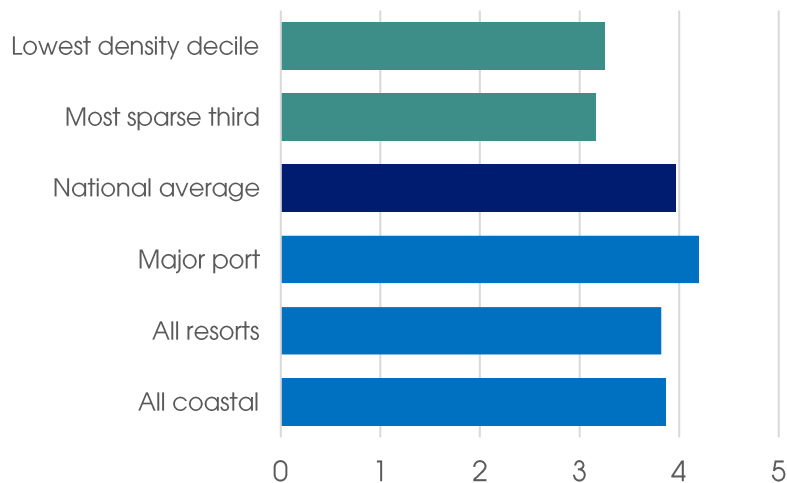
## Unemployment lower in rural areas

The rate of unemployment is appreciably lower than the national average in rural communities – and is generally a little lower on the coast too. Major ports are an exception and have jobless rates tracking above the norm.

Levels of long term unemployment are also low in rural areas, although there are some severe pockets in coastal towns and cities.

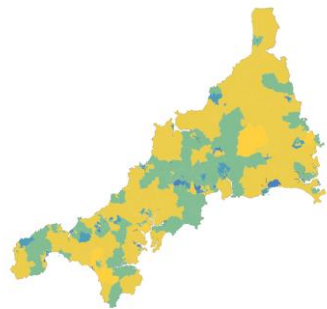


**Pre-covid average unemployment rate**  
Local authorities, Great Britain, year ending September 2019, per cent

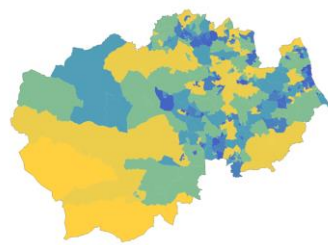


Least long-term unemployment  Most long-term unemployment

### Long-term unemployment rate Case study areas, 2011, national scale



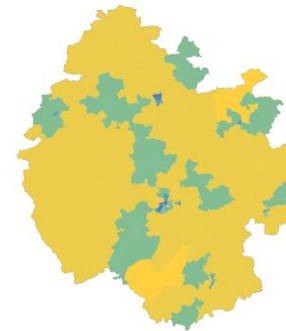
Cornwall



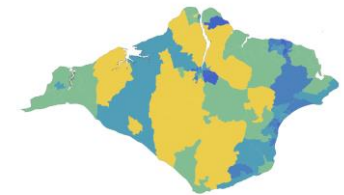
Durham County



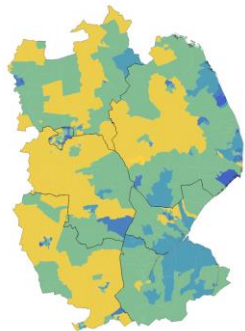
Harborough



Herefordshire



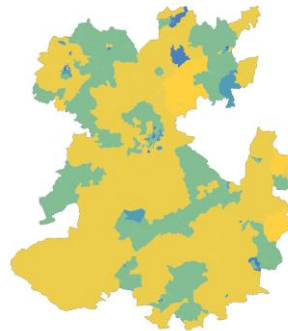
Isle of Wight



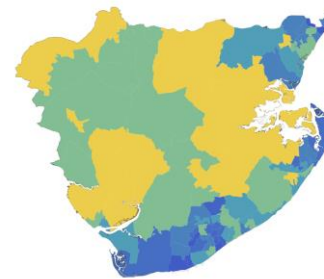
Lincolnshire



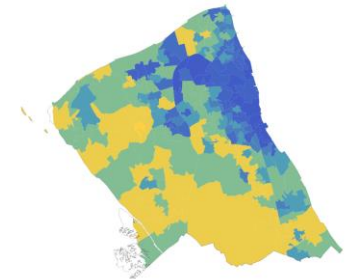
Ryedale



Shropshire



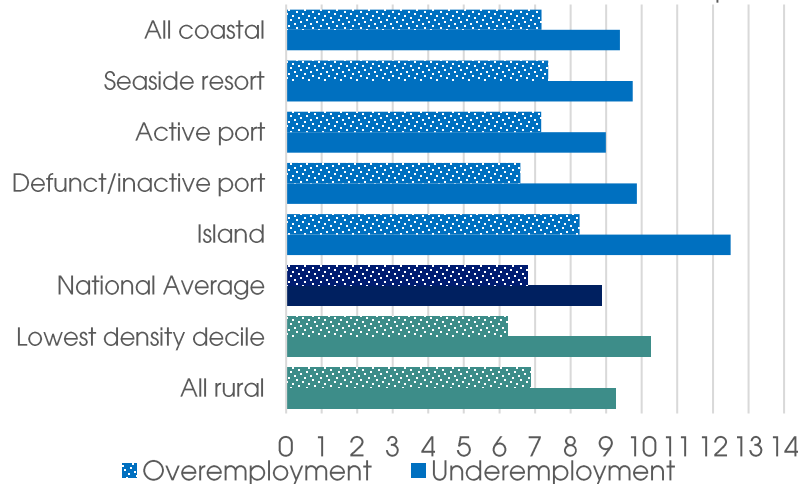
Tendring



Wirral

**Proportion of employees reporting they want more, less or different work**

Local authorities, Great Britain, 2018, per cent



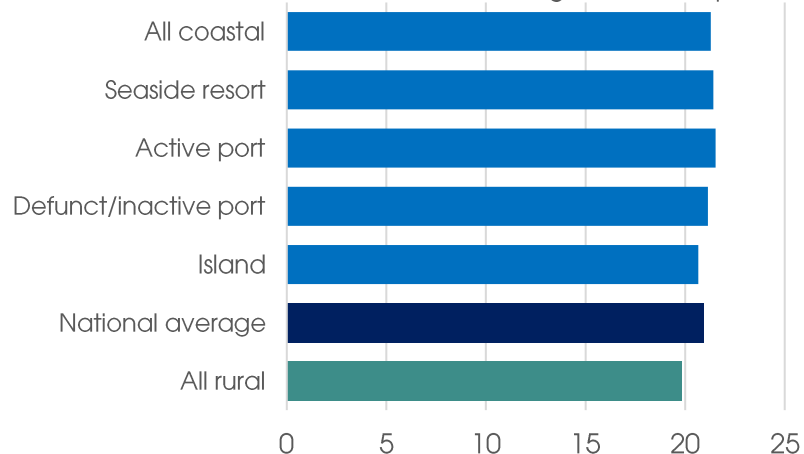
**Seasonal employment and multiple jobs common – but difficult to quantify**

Although unemployment rates have remained comparatively lower in rural areas, the official statistics hide both under and overemployment in rural and coastal areas.

Residents may have to work several part-time jobs to earn a liveable income, or particularly in the 'off season', only have a fraction of their usual work hours.

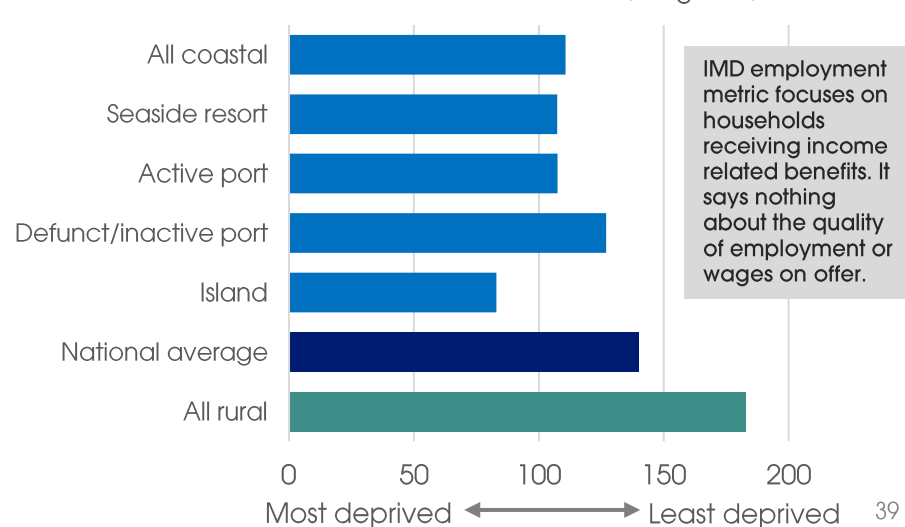
**Population aged sixteen to 64 years that are economically inactive**

Local authorities, United Kingdom, 2020, per cent



**Index of Multiple Deprivation employment rank**

Local authorities, England, 2019



# Challenge of scale

**Often facing smaller market catchments than their urban counterparts, businesses in rural and coastal areas have less potential to operate with economies of scale.**

The challenge of limited scale or high relative fixed costs makes the viability of operations tougher, and the returns on investment weaker. This impacts decisions in the public as well as private sectors.

**Part 2: Recommendations report identifies specific policy interventions to address key issues:**

- 2a. Public transport
- 2b. Fixed broadband
- 2c. Mobile broadband
- 5a. Power grids
- 5b. Electric vehicles
- 6a. Funding and delivery mechanisms

## Infrastructure

- Limited connectivity is inherent to many rural and coastal locations, but the unit costs of **transport** infrastructure and public transport service provision compound the problems of geographical separation
- Rollout and maintenance of new generations of telephony (fixed and mobile), broadband and other **communications network technologies** hampered by viability
- Although electricity is covered by a universal service obligation, viability of **energy distribution networks** limits electricity capacity and reliability, while gas grid has restricted scope
- Future **electric vehicle parc** makes charging points and grid capacity next bottleneck
- Economics of **coastal erosion and flood risk** hamper resilience to climate change

Limited scale and high relative fixed costs

### Mobility poverty

- Stranded households
- Costly multiple car households

### Digital exclusion

Lack of access to services and information, which then compounds the acquisition of digital skills by disadvantaged groups

### Fuel poverty

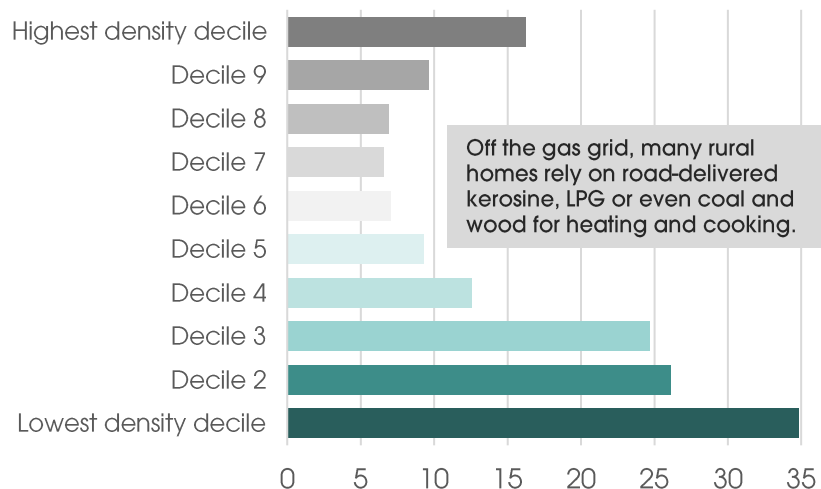
Dependency on road-delivered heating fuel

## Delivering essential and everyday services

- Weaker viability places pressure on retail, **town and village centres**, and general services, as well as other **community facilities**
- Higher unit costs of **public services** mean that increased levels of per capita funding are needed to deliver equivalent standards of service
- **Local government funding** formulae, limited business rates retention, Green Book rules and Whitehall's 'cost centre culture' mean funding under-delivers
- Stretched local authorities struggle to gain **devolved powers**
- **Volunteers and third sector** take disproportionate burden



**Households not on the mains gas network**  
Local authorities, Great Britain, 2019, per cent

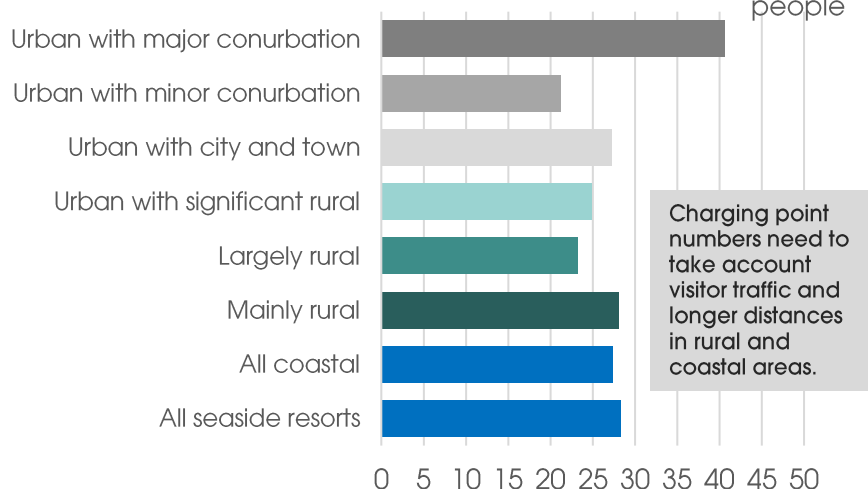


## Rural and coastal under-invested in infrastructure

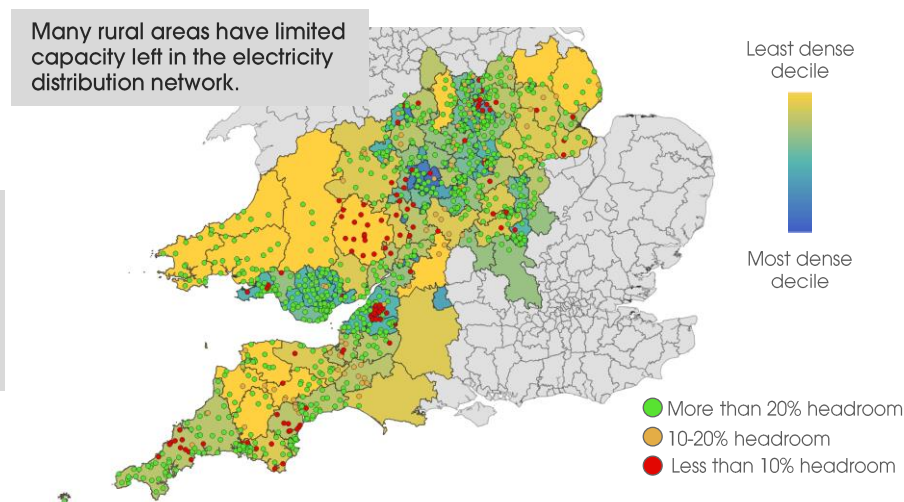
With larger distances and smaller markets, it's harder to make both commercial and social returns on investment in infrastructure in rural and coastal locations. There is evidence in the electricity grid, for example, that infrastructure is stretched on existing levels of demand.

Meanwhile, homes and premises in remote or sparsely populated locations are more likely to be 'off-grid' for utilities – especially gas, sewerage and broadband, but also mains water (and occasionally telephone and electricity).

**Publicly available electric vehicle charging devices**  
Local authorities, England, 2021, devices per 100,000 people



**Aggregated primary power demand**  
Western Power Distribution Network, 2021

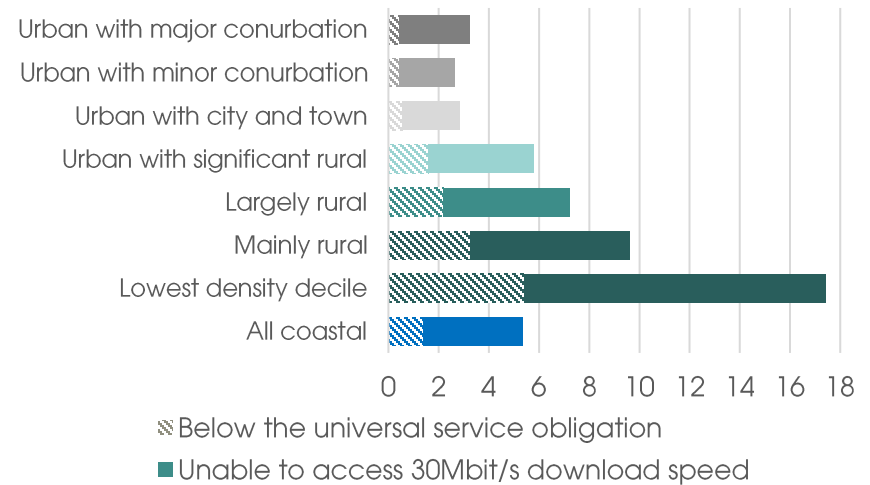


## Lack of access to reliable broadband holds back residents and business in modern economy

Rural and coastal communities remain more likely to lack access to decent mobile and fixed broadband.

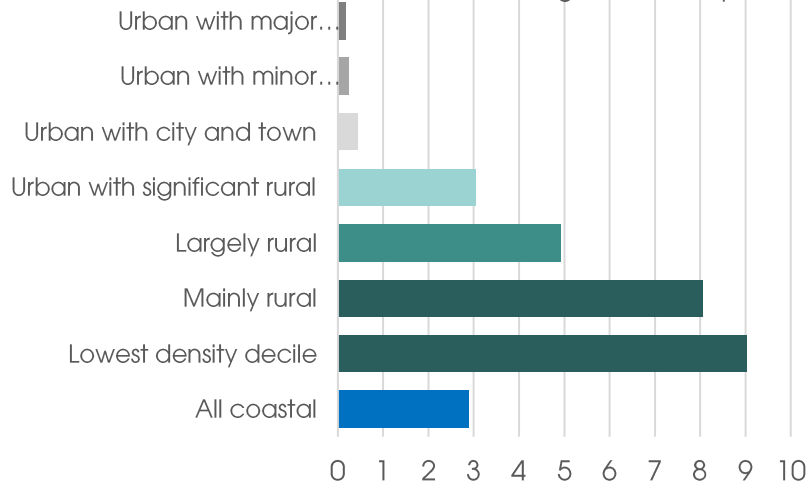
### Premises with inadequate fixed broadband

Local authorities, England, 2020, per cent



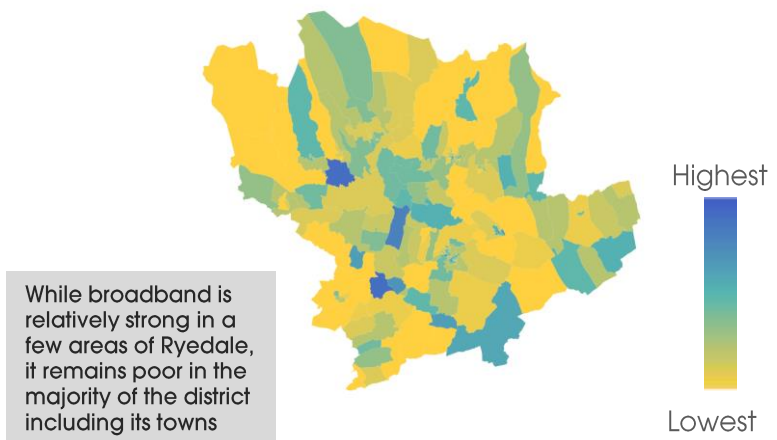
### Premises without 4G mobile broadband signal from all operators

Local authorities, England, 2020, per cent



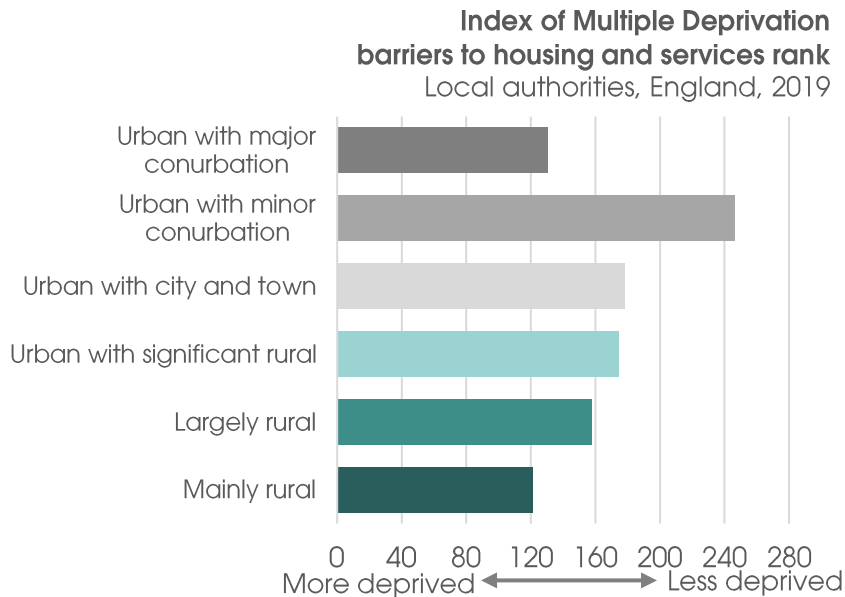
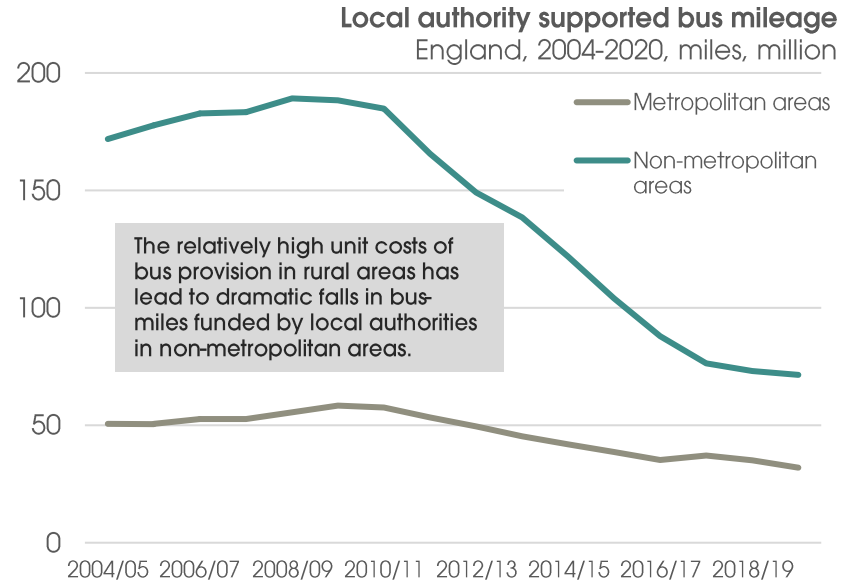
### Ryedale: broadband performance (median download speed)

Output areas, 2020, national scale



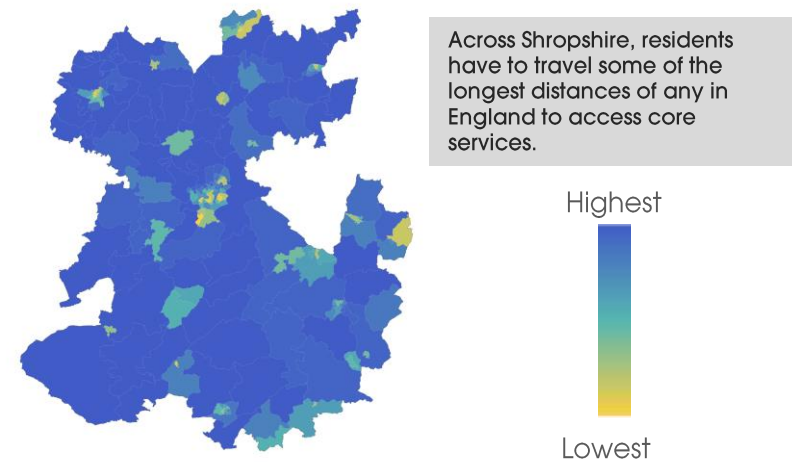
## Delivering services to remote communities can be challenging and costly

Sparsity and remoteness means rural and coastal populations have to travel further to access services, such as healthcare, retail and leisure. Associated smaller market catchments make their provision more costly.



### Shropshire: Road distance to services

Lower layer super output areas, 2019, national scale

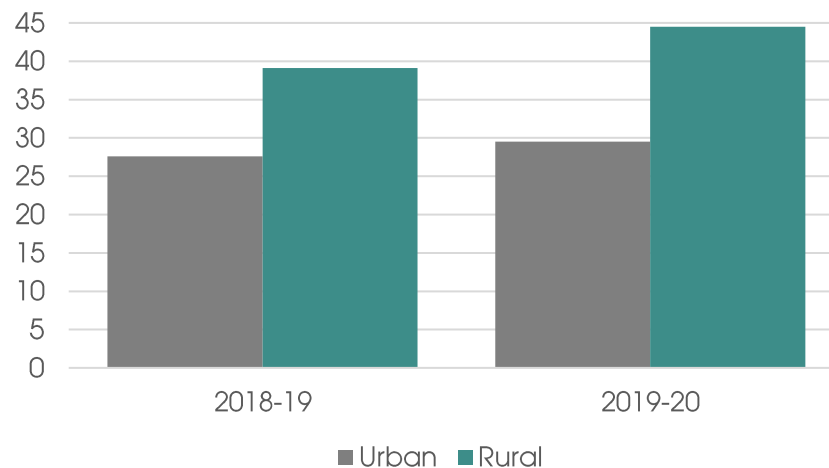


## Volunteers filling some of the gaps in service provision

A higher percentage of adults in rural areas undertake voluntary work than in the rest of the country. In many cases, this volunteering will be supplementing or even replacing public services at little or no cost to central or local government. This may be in the form of driving people to appointments, delivering prescriptions, or other charities working to support their local communities.

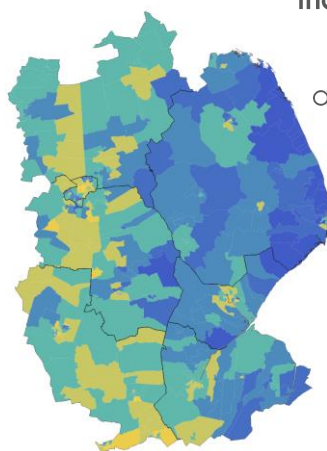
Similarly, a higher proportion of rural and coastal populations provide unpaid care to family and other members of their local communities. This means volunteers in rural areas are undertaking jobs that would be paid for by the taxpayer elsewhere.

**Adults doing any voluntary work in the year**  
England, per cent



**Lincolnshire: Share of population providing more than twenty hours of unpaid care per week**

Lower layer super output areas, 2011, national scale

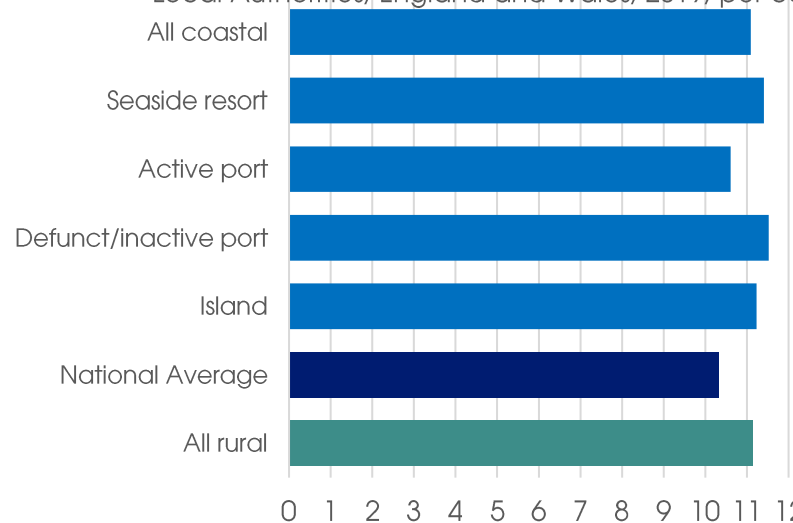


Lincolnshire coast has some of the highest rates of unpaid care provision in the country.



**Population providing unpaid care**

Local Authorities, England and Wales, 2019, per cent



# Challenging industry mix

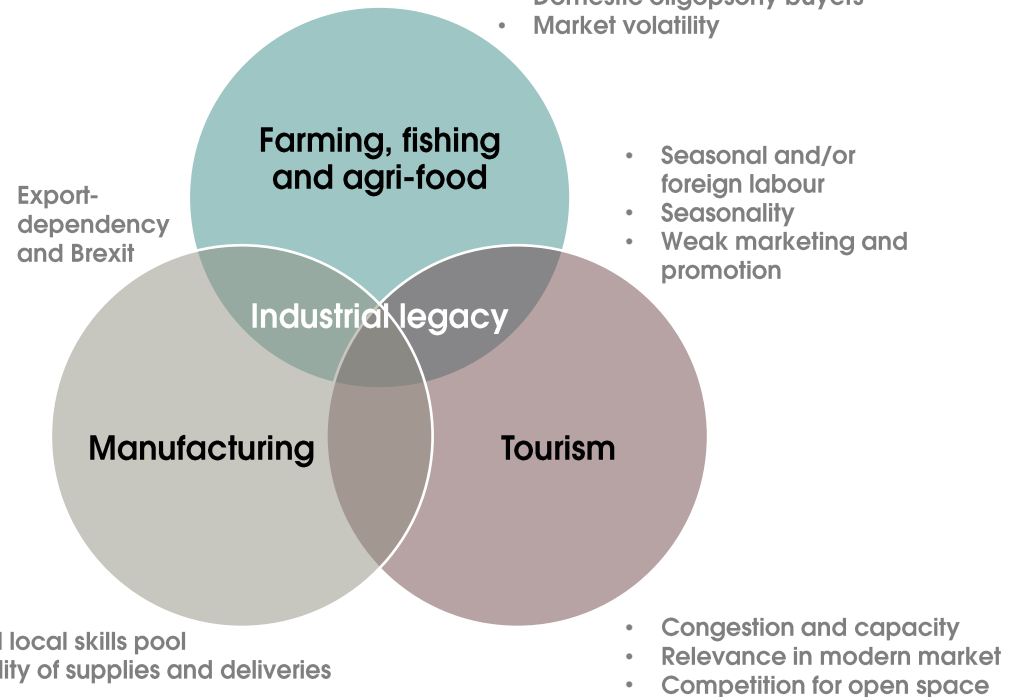
**The mix of industries found in rural and coastal communities is limited by the constraints of geography and scale.**

Although a wide range of businesses can be found in rural and coastal areas, three sectors are often over-represented: farming, fishing and agri-food; manufacturing; and tourism.

These three highlighted business sectors account for just under a quarter of jobs in the most rural locations. There are other over-represented or critical sectors – such as the creative industries, retail, personal care and, for many coastal locations, ports and logistics.

Nonetheless, agri-food, manufacturing and tourism are key drivers of what makes rural and coastal different to the rest of the country. And, the specific characteristics and challenges of these businesses are reflected in the overall performance of rural and coastal economies.

## RURAL AND COASTAL SECTORAL CHALLENGES

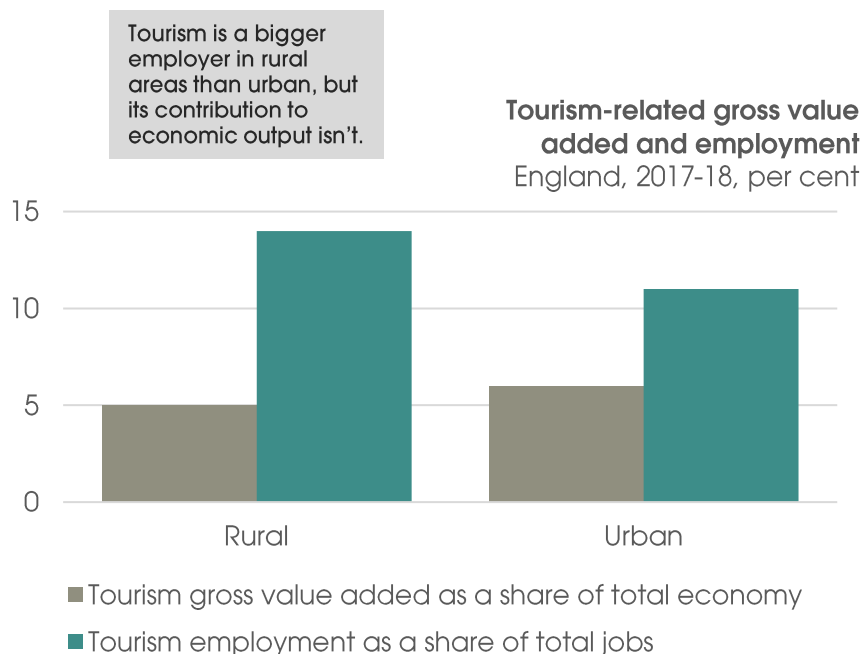


Part 2: Recommendations report identifies specific policy interventions to address key issues:

- 1b. Managing peak season
- 3a. Affordable housing
- 4a. Skills pipeline
- 4b. Business support
- 6a. Funding and delivery mechanisms
- 6b. Ongoing recognition

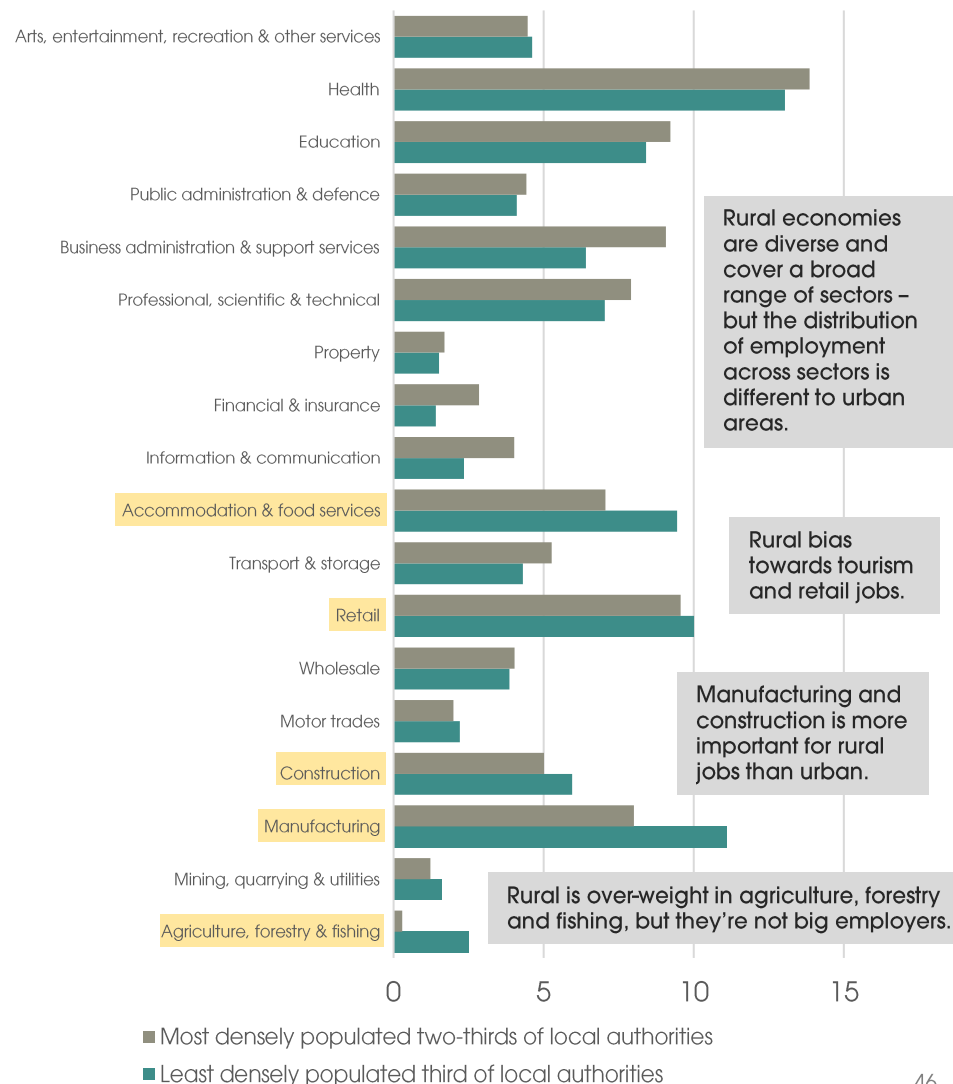
## Employment in rural and coastal dominated by a few main industries

Authorities have a higher share of workers in tourism, manufacturing and agriculture compared to the national average. These jobs tend to be low skilled and lower paid – although this is changing as sectors innovate and rely more on technology. The care economy is also a big employer because of the high proportion of older residents.



## Employees by sector

Local authorities, Great Britain, 2019, percentage of total workforce

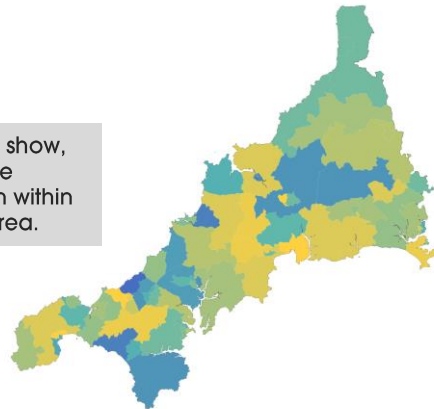


*"You have to understand that we are seasonal businesses. Anything that can extend the season is welcome – essential this year."*

Business owner, Lincolnshire coast

**Cornwall: Share of employment in hospitality industry**  
Middle layer super output areas, 2019, national scale

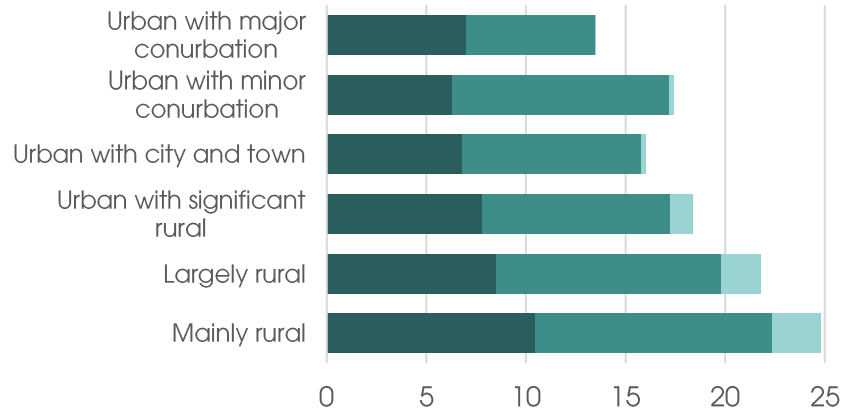
As Cornwall's data show, tourism jobs can be concentrated even within a local authority area.



Lowest Highest

**Employment in selected sectors**

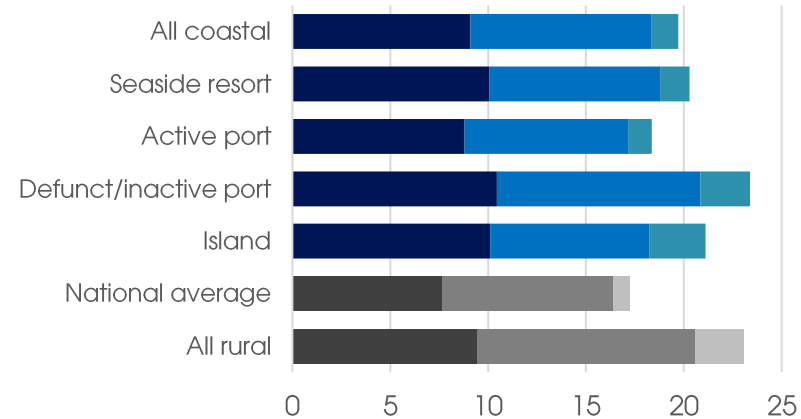
Local authorities, Great Britain, 2019, percentage of total employment



■ Accommodation & food services ■ Manufacturing ■ Agriculture, forestry & fishing

**Employment in selected sectors**

Local authorities, Great Britain, 2019, percentage of total employment



■ Accommodation & food services ■ Manufacturing ■ Agriculture, forestry & fishing

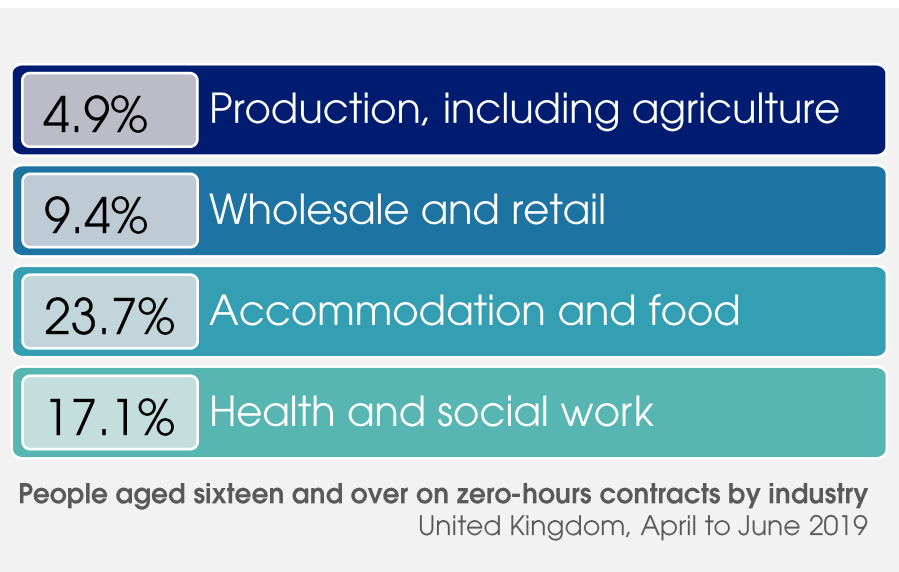
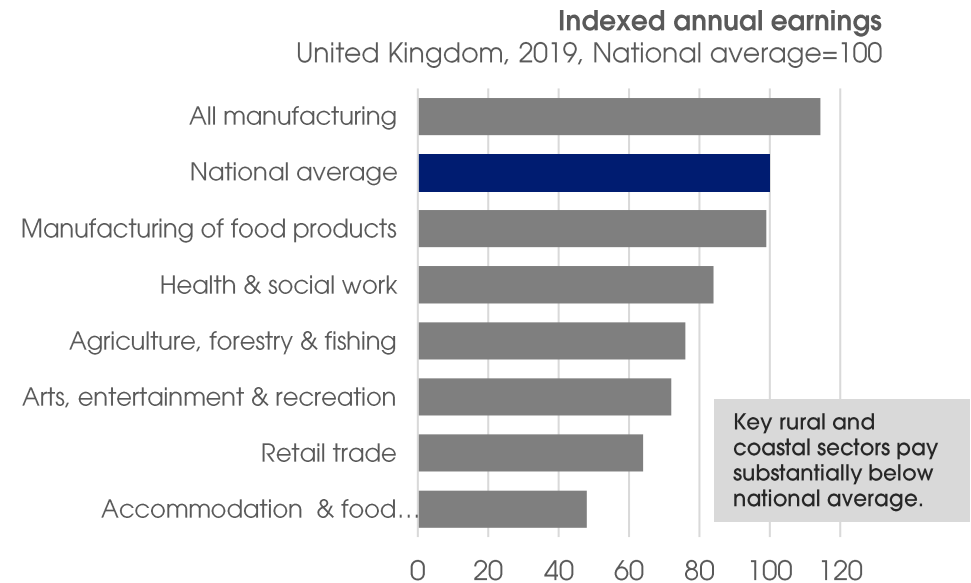
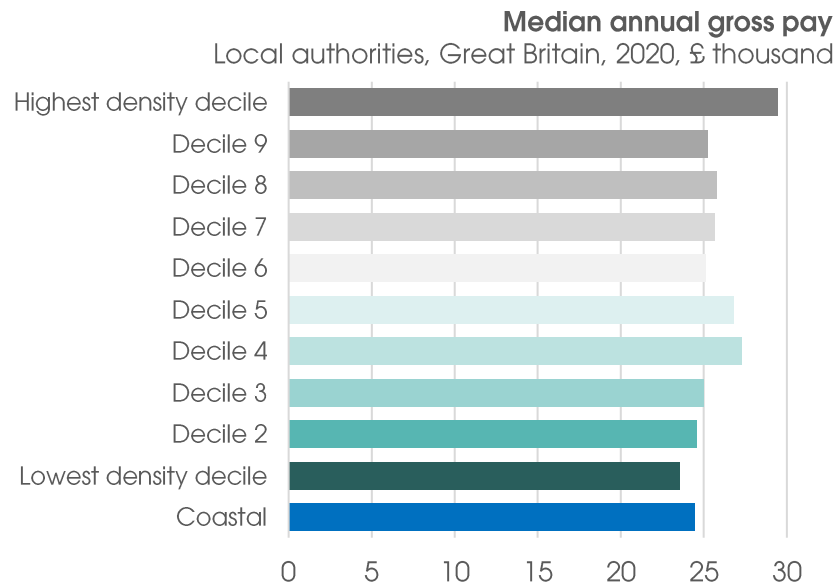
**Almost one-in-four of jobs in the most rural authorities are in the three main sectors**

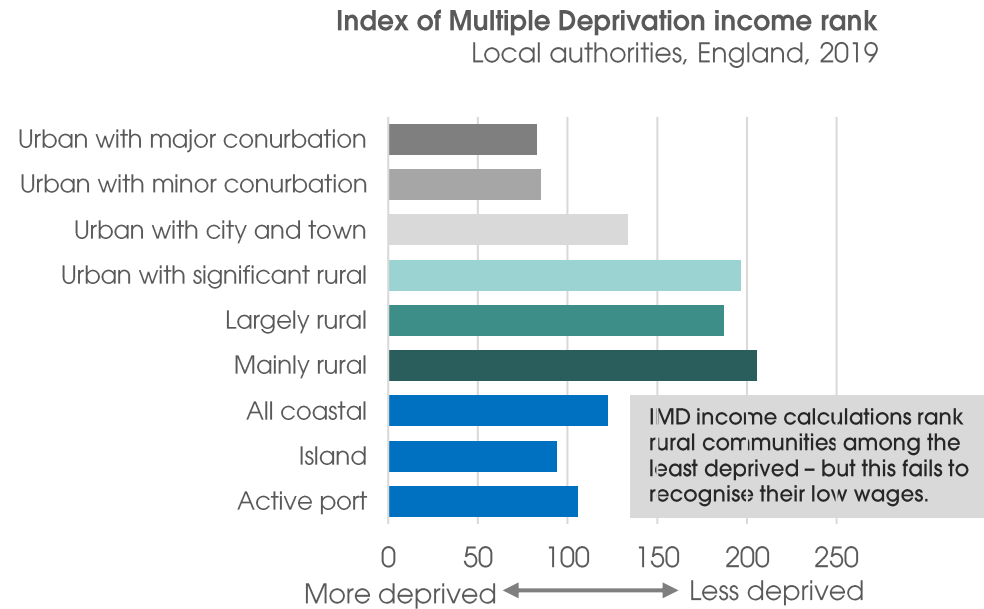
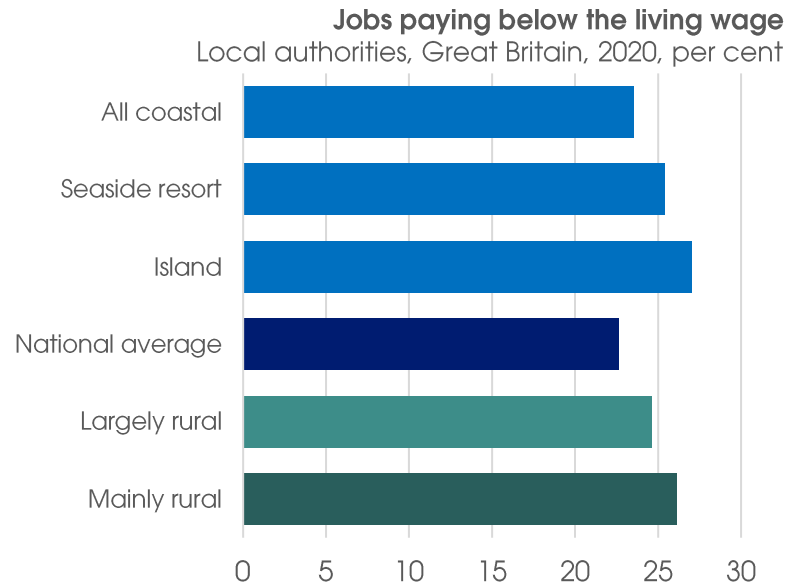
Tourism, manufacturing and agri-food are key drivers of employment and economic activity in rural and coastal communities. Many of these businesses have highly seasonal trading and operational patterns.



## Rural and coastal industry mix results in relatively low wages and more casual employment patterns

Jobs in the most rural areas are among the lowest paid, and they are in sectors with high rates of zero hour contracts and casual working.

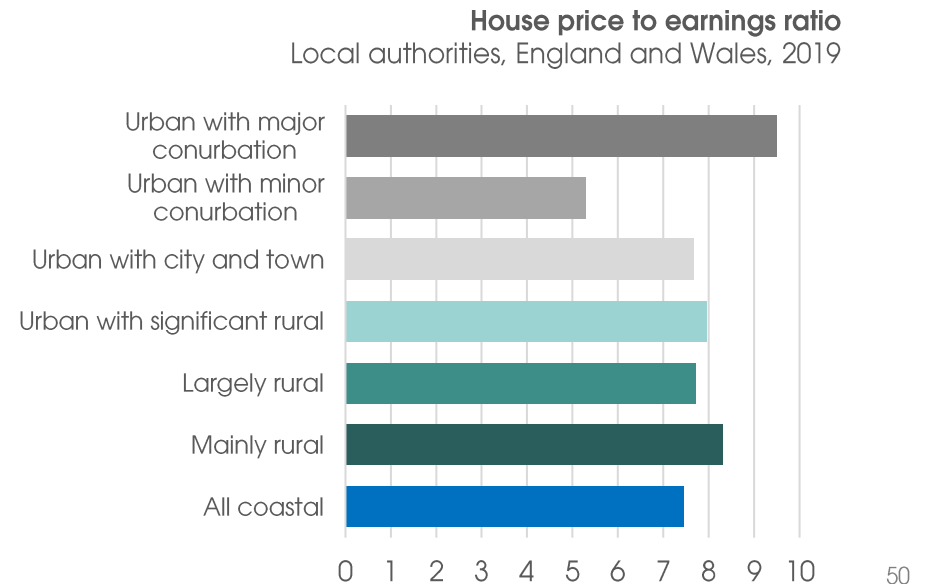




## With a quarter of rural workers not earning the living wage, affordability of local housing an issue for rural workers in local jobs

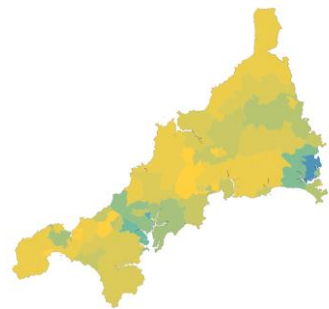
Despite fewer workers being paid the living wage and average incomes being lower, rural locations score favourably on official measures of income deprivation. Focused only on benefit recipients, the Index of Multiple Deprivation calculations do not consider earned income levels or job-related financial insecurity.

Outside of the most expensive conurbations, rural areas have the highest house price to earnings ratios. Once housing costs are deducted, families in many rural communities have among the lowest disposable incomes of any in the country. (See next page.)

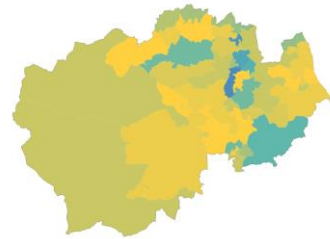


## Net annual household income after housing Case study areas, 2017-18, national scale

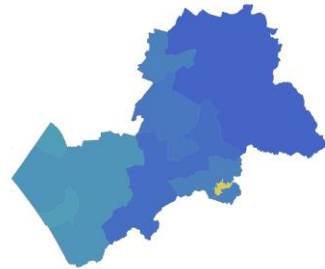
Lowest net income  Highest net income



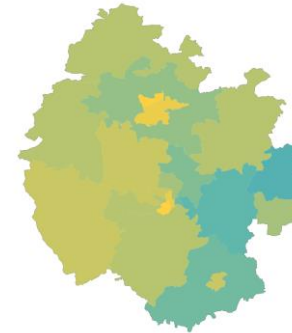
Cornwall



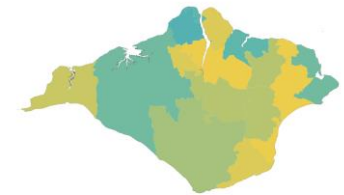
Durham County



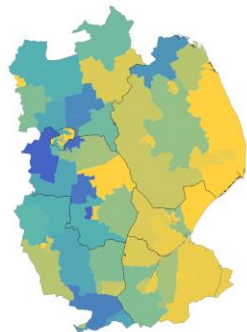
Harborough



Herefordshire



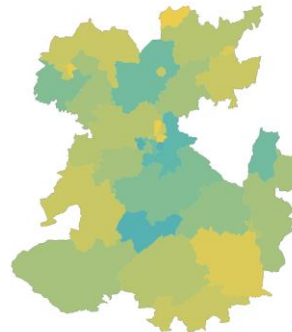
Isle of Wight



Lincolnshire



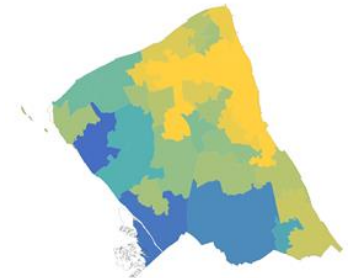
Ryedale



Shropshire



Tendring



Wirral

# Current challenge of covid

## The full impact of covid on rural and coastal economies is yet to be seen.

To date, job losses have hit urban workers harder than rural and coastal. The evidence on the uptake of government emergency business support measures suggests little difference between geographies – but there is no clear data yet on the mid-term solvency of businesses after emergency support measures are lifted.

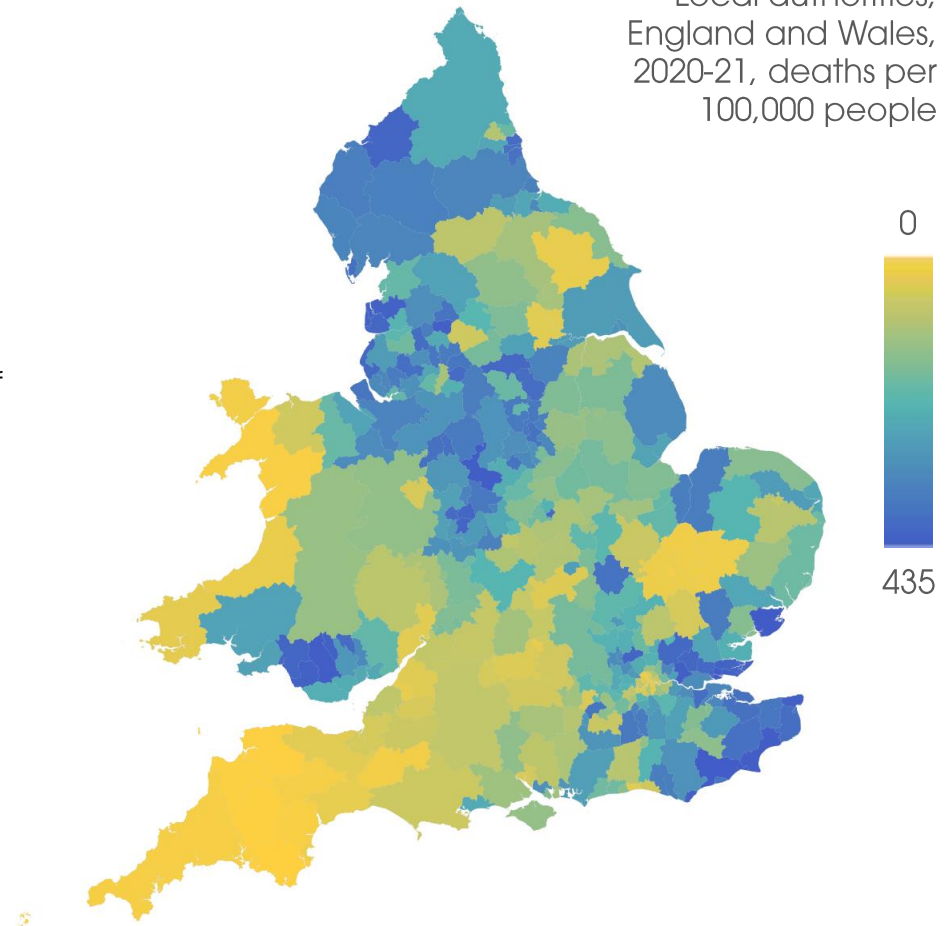
There is a higher proportion of ‘micro’ enterprises, with under ten employees, in rural areas – and small businesses in coastal. Often family-owned and owner-managed, many of these businesses are now vulnerable to failure.

Experience of the last recession suggests rural economies can be disproportionately impacted by macroeconomic downturns, and both rural and coastal areas can be slow to recover.

**Part 2: Recommendations report identifies specific policy interventions to address key issues:**

- 1a. Support for micro and nano businesses
- 1b. Managing the peak season
- 1c. Mental health
- 4b. Business support
- 6b. Ongoing recognition

**Deaths from covid**  
Local authorities,  
England and Wales,  
2020-21, deaths per  
100,000 people

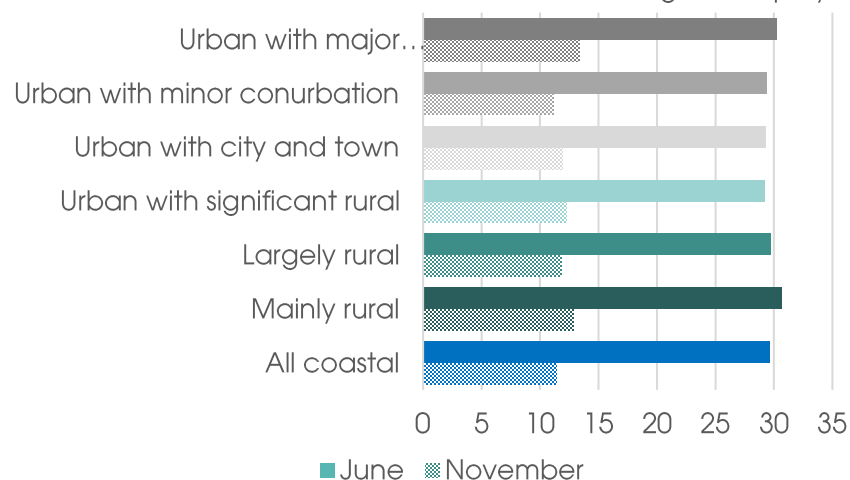


*"The high street has really suffered. The few national brands we have are gone. So many shops will be empty when this is over."*

Manager of a charity for the homeless, Lincolnshire coast

### Job retention scheme uptake

Local authorities, England, 2020, percentage of all eligible employees

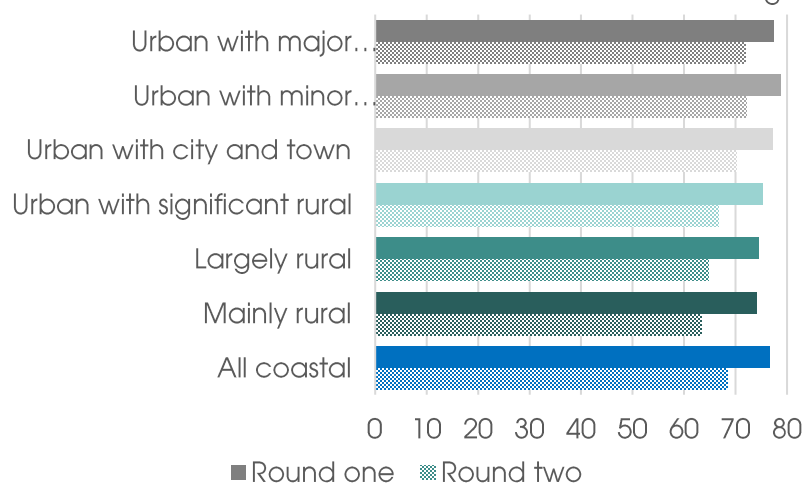


### Fewer immediate jobs losses but otherwise little evidence of substantial differences in covid impact between rural, coastal and urban economies

Through 2020, urban areas have seen greater proportionate jobs losses than rural and coastal communities. There has been marginally higher take up of furlough by employers in rural areas than in urban, and slightly less take up of the self-employed income support scheme.

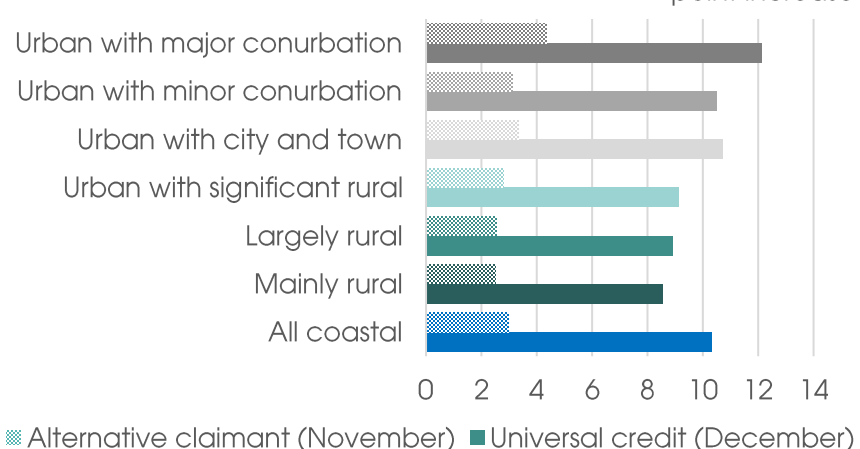
### Self-employed income support scheme uptake

Local authorities, England, 2020, percentage of all eligible

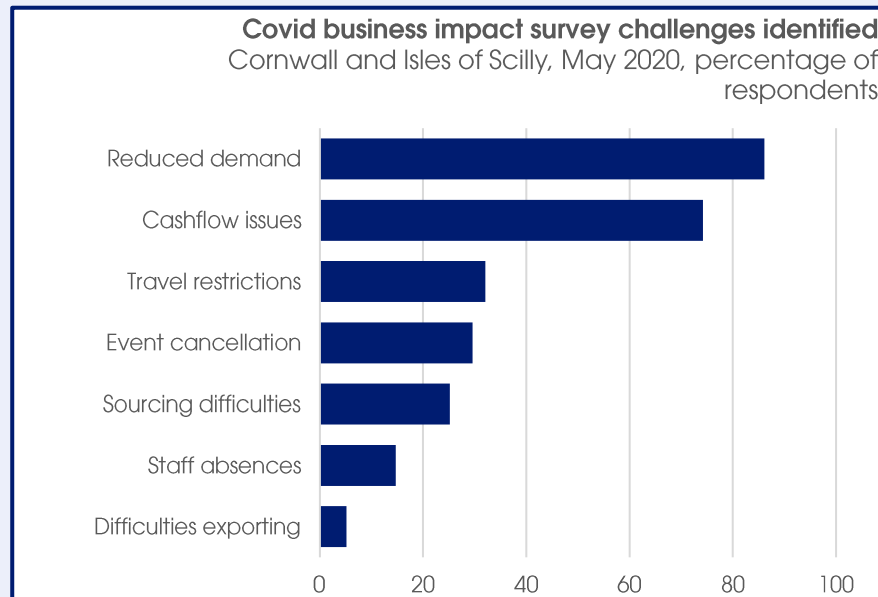


### Increase in claimant count as share of working age population

Local authorities, England, 2019 to 2020, percentage point increase



## Covid impact: Cornwall



Town	Percentage employed in shutdown sectors
<b>Newquay</b>	<b>56.2</b>
Skegness	54.7
Whickham	52.8
Cleveleys	48.2
<b>St. Ives</b>	<b>48.0</b>
Minehead	48.0
Whitby	46.9
Ilkley	44.7
Kingsteignton	44.5
Mablethorpe	44.5

**Identified at-risk sectors:**

- Accommodation
- Art and leisure
- Non-food retail
- Pubs and restaurants

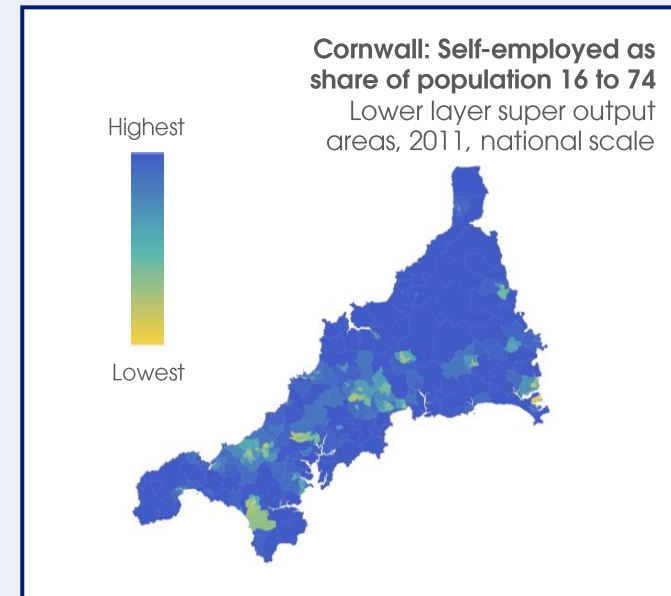
Towns with the highest sectorial impact from covid  
England, 2020

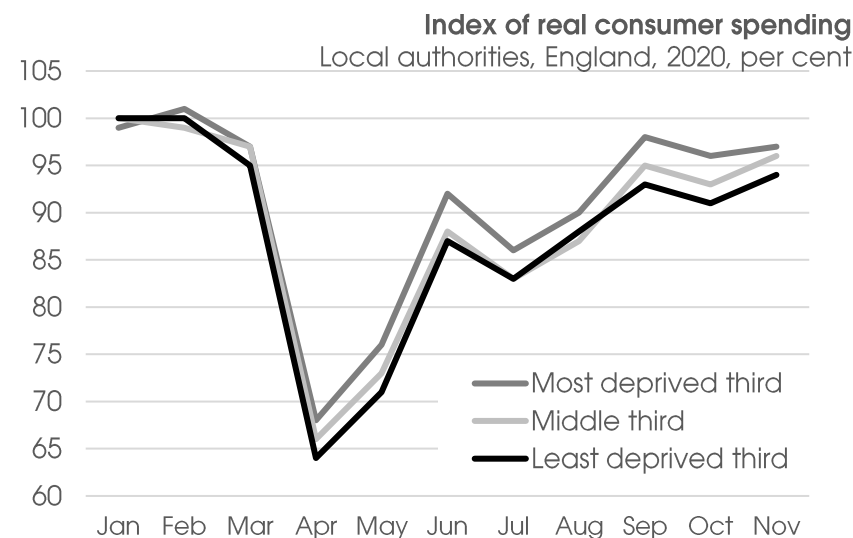
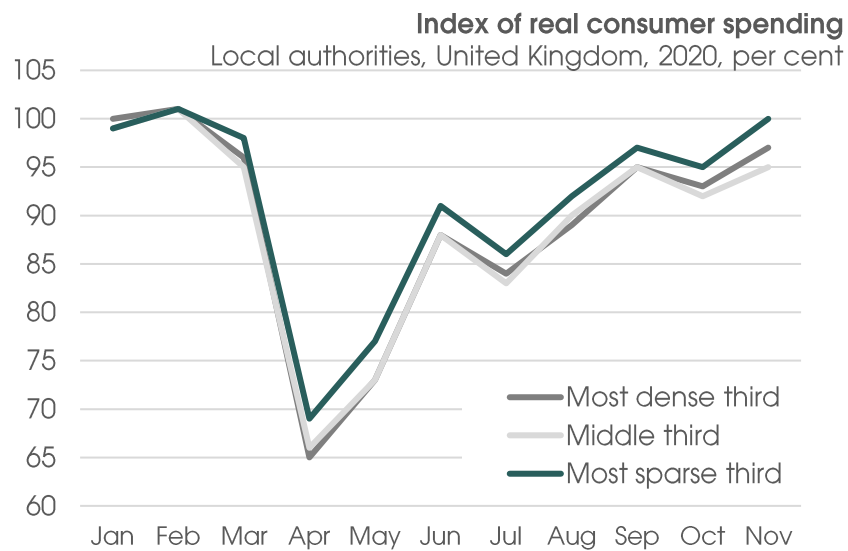
**“Cornwall may be the biggest economic British loser from the (first) lockdown” based on per cent change in weekly sales in the same week from 2019 and 2020.**

This is potentially an underestimate as the 2020 period coincides with the Easter holiday period, whilst the 2019 period does not.

	All sales	Non-grocery sales
Penzance	-69%	-89%
Wadebridge	-67%	-85%
Redruth and Truro	-56%	-73%
Falmouth	-54%	-77%
St Austell and Newquay	-48%	-71%
Bude	-46%	-67%
Liskeard	-45%	-73%
Launceston	-42%	-66%

**Self-employed as share of population 16 to 74**  
Travel to Work Areas, week ending 14 April  
2019 to 2020, percentage change

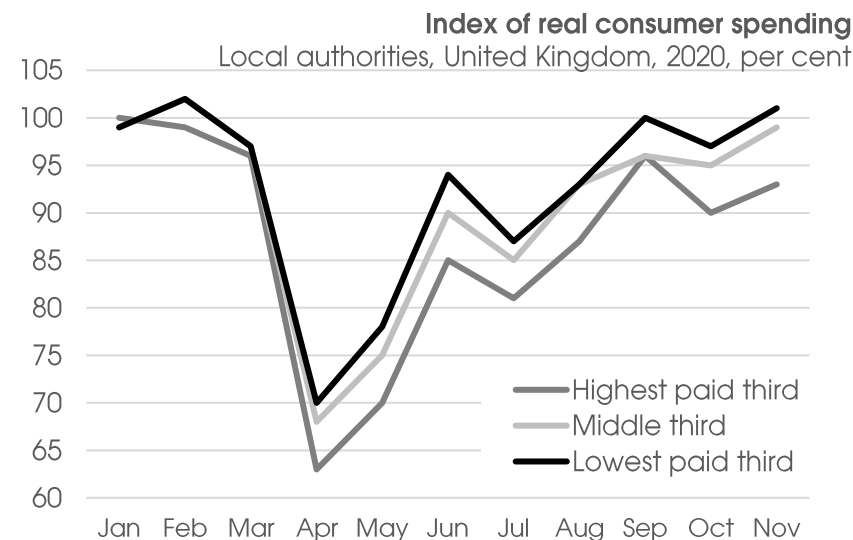




### Consumers' spending in rural areas didn't fall as far in 2020 as it did in the cities

Institute for Fiscal Studies has analysed consumers' spending patterns across local authority areas – and their results point to income levels, and not rurality, as the main driver of differential impacts on households' behaviour.

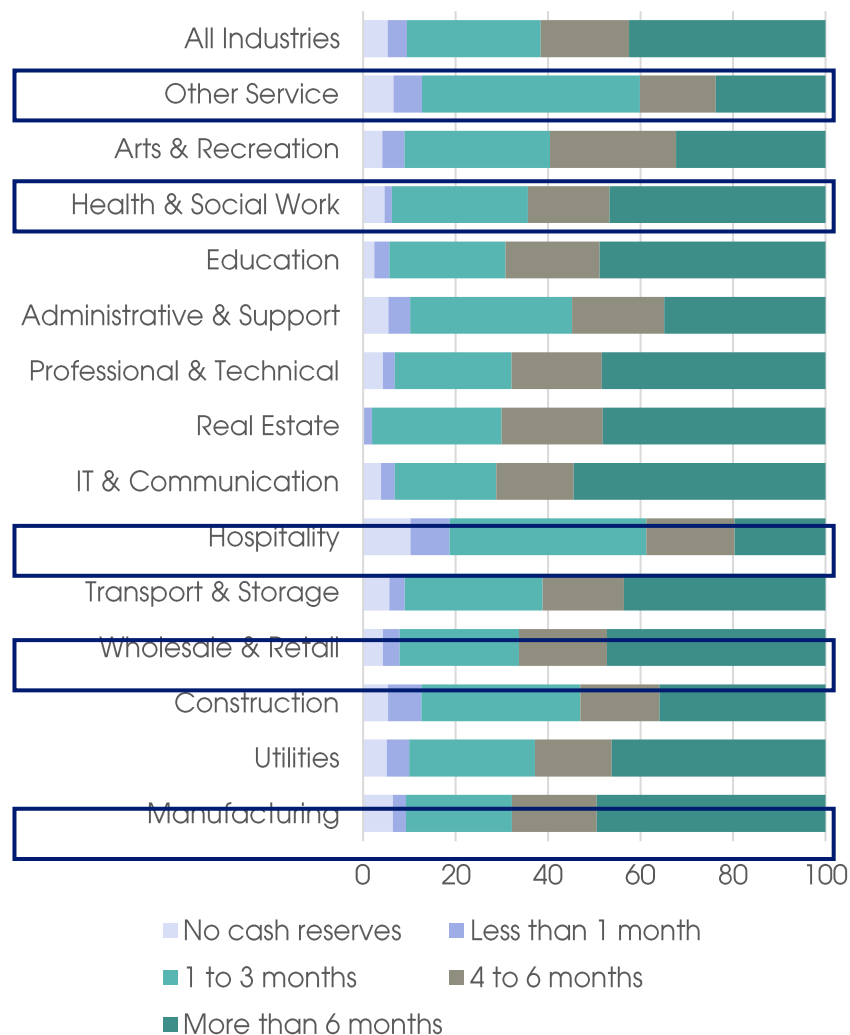
The impact of covid on consumers' real spending through 2020 was less severe in rural areas than urban, and has recovered faster. Similarly, the falls in spending were lower in local authority areas that were more deprived and had lower incomes – and were likely to have a lower proportion of discretionary spending.





### How long business cash reserves will last

United Kingdom, weighted estimates, February 2021, percentage of all businesses



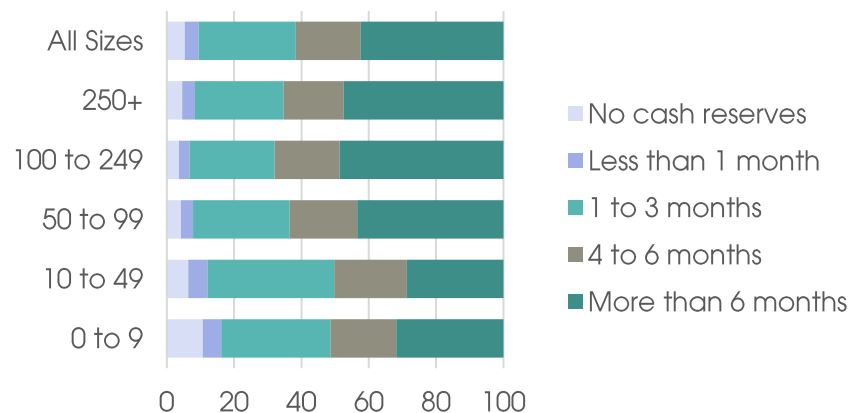
### Potential economic damage of covid, especially in rural and coastal businesses, is not easily recognised

Although some data suggests that rural and coastal economies have performed relatively well throughout the pandemic, there are warning signals that their mix of businesses leaves these communities at risk.

Although government emergency measures, like furlough, have stopped for example tourism businesses from failing, they are among the sectors now reporting the tightest of cash positions. Similarly, cash reserves in the smallest of firms leave them with least free cash to maintain their operations.

### Business cash reserves

United Kingdom, weighted estimates, February 2021, percentage of all businesses

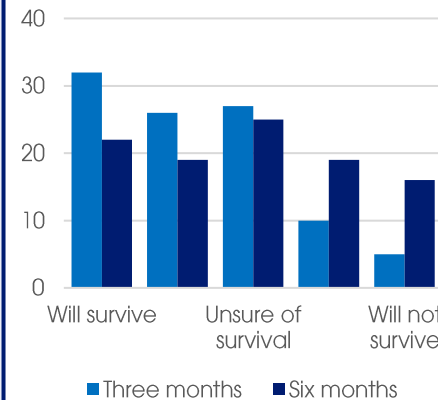


## Covid impact: Tourism and Great Yarmouth

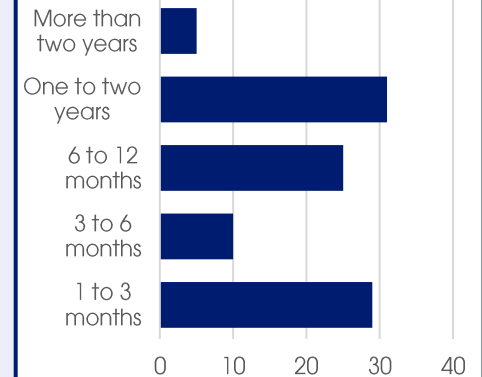
**Despite a boom in domestic visitors to British destinations in the summer, the coastal tourism sector suffered big losses in 2020.**

- Seven per cent of coastal tourism businesses permanently closed
- 54 per cent of all businesses saw a decrease of more than half their annual turnover
- 53 per cent say it will take more than a year to return to profit
- 40 per cent of businesses have reduced staffing levels

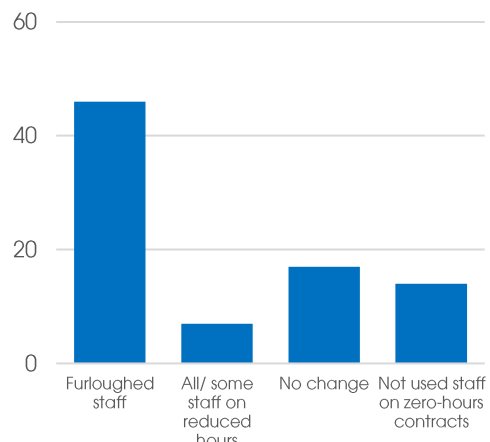
**Survival expectations of tourism businesses with current restrictions in place**  
Great Yarmouth, January 2021, per cent



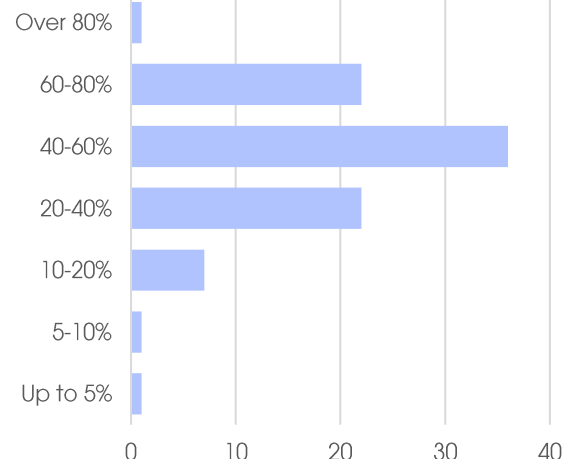
**Time required by tourism businesses to return to 'business as usual' if all covid restrictions ended immediately**  
Great Yarmouth, January 2021, percentage of tourism businesses



**Effect of covid on staffing levels of tourism businesses**  
Great Yarmouth, January 2021, per cent



**Trade lost by tourism businesses in 2020 compared to 2019**  
Great Yarmouth, January 2021, percentage of tourism businesses



### England 2020

£7.64bn loss in tourism spend

95m trips and day visits lost

131,000 jobs lost

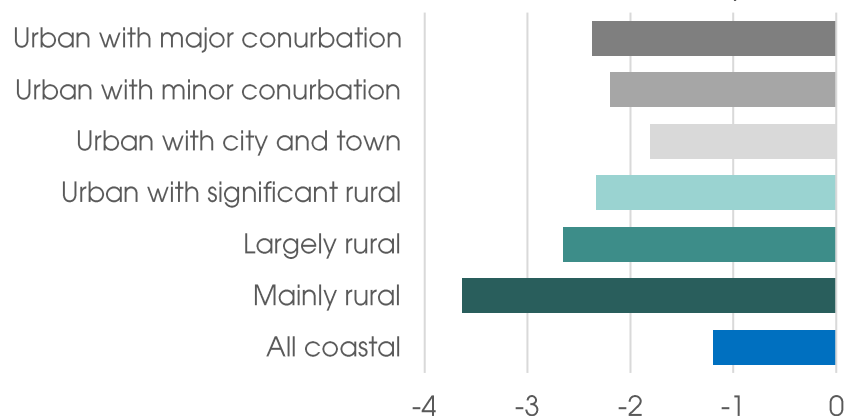
### England 2021 estimate

£5.23bn loss in tourism spend

46m trips and day visits lost

### Global financial crisis gross value added growth rate

Local authorities, United Kingdom, 2008-09, per cent



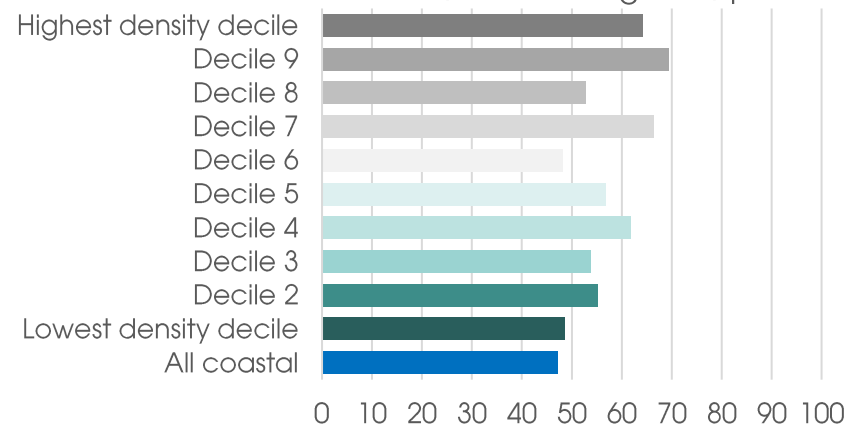
### Rural areas hardest hit by 2008 global financial crisis, and were among the slowest to recover

The recent history of the global financial crisis demonstrates the fragility of rural and coastal economies to economic shocks.

According to the All-Party Parliamentary Group on Coasts and Waters' November 2020 report, one third of coastal communities were still yet to recover from the financial crash in 2008 by the time the pandemic arrived.

### Proportion of authorities that reached pre-crisis peak\* gross value added growth rate by 2016 (latest data)

Local authorities, United Kingdom, per cent



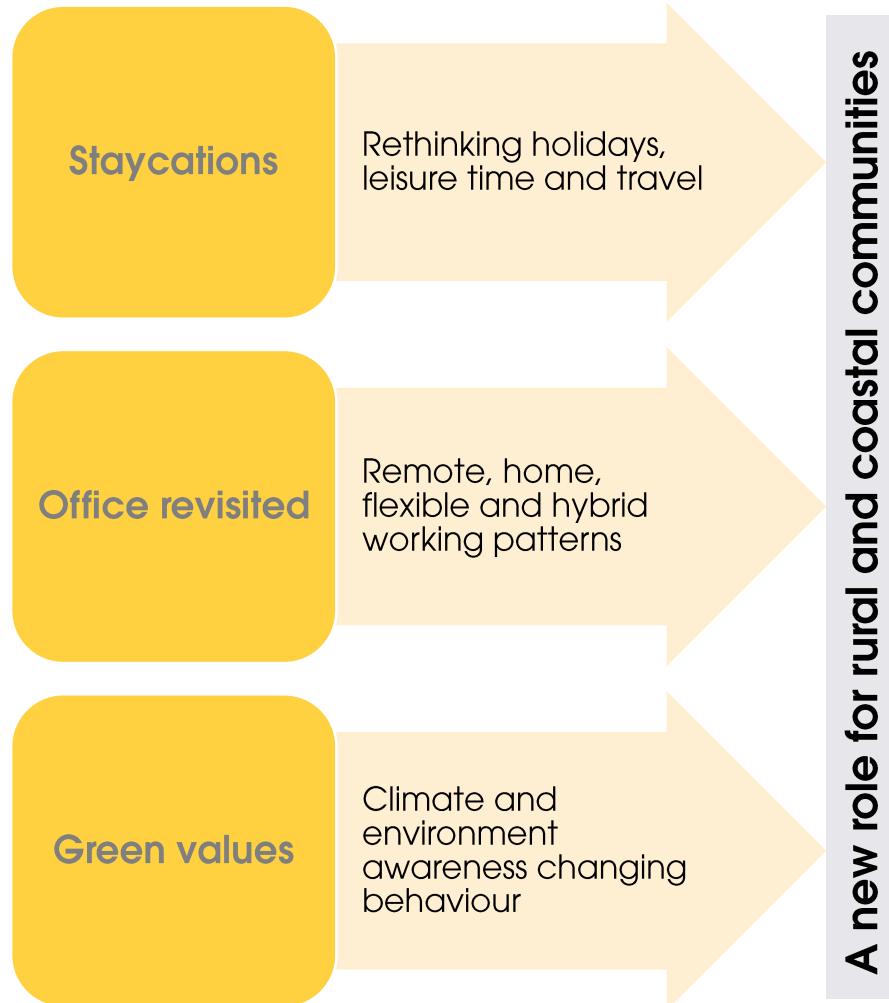
\*Note: the pre-crisis peak GVA growth rate is the highest annual GVA growth rate from 2006 to 2009 for each local authority. Source: Office for National Statistics



## Part 2: Policy recommendations

**pragmatix**  
advisory

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



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

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

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

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

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

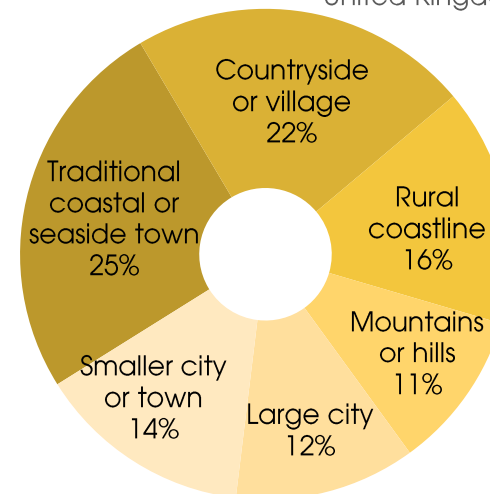
## Pandemic staycations have potential to reignite the domestic tourism market for the longer-term

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

### Tourism expenditure, 2017-2019 annual average

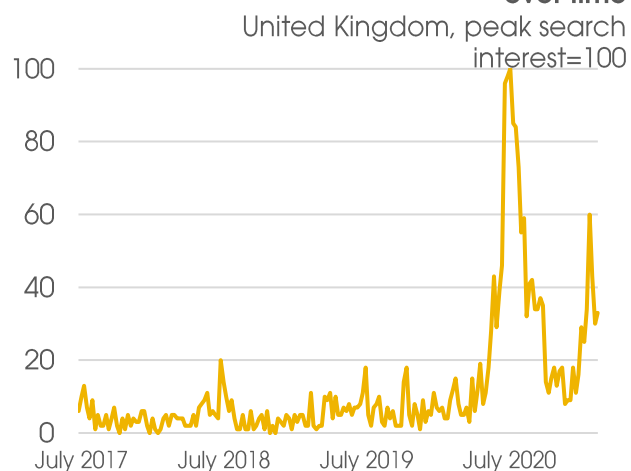
Abroad by United Kingdom residents	£ 58.3 bn
In England (excluding London) by United Kingdom residents	£ 16.4 bn
In England (excluding London) by foreign visitors	£ 9.1 bn

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



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

### Google searches for 'staycations' over time



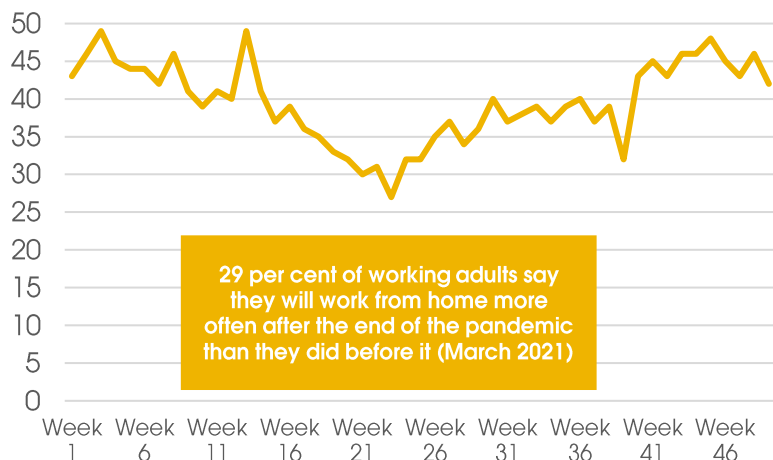
### Challenges of growth

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

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

Farmer, County Durham

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



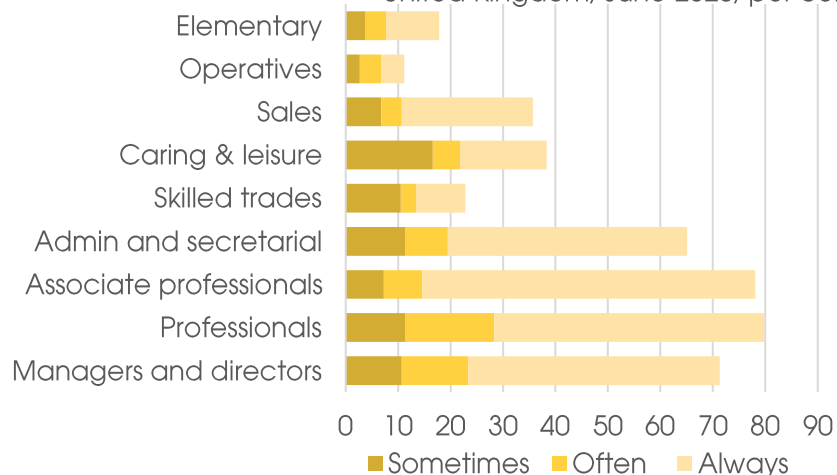
## Reimagining of ‘office’ work provides opportunities for city-type jobs to be carried out in rural and coastal communities

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

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

**Use of home as a workplace during pandemic, by occupation**

United Kingdom, June 2020, per cent



## Challenges of growth

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



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

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

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

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

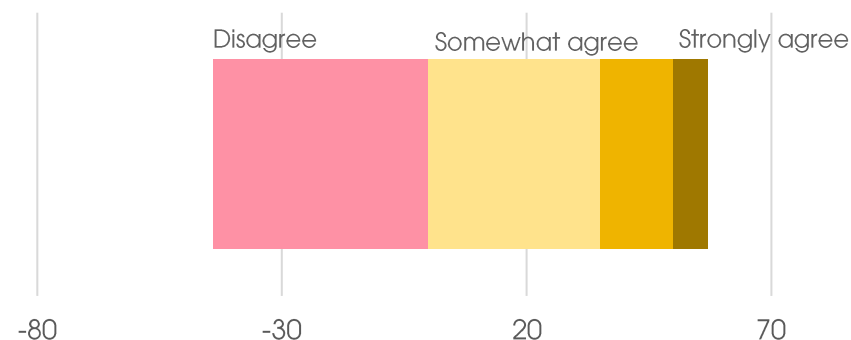
43 per cent of consumers are already choosing brands due to their environmental values

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

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

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

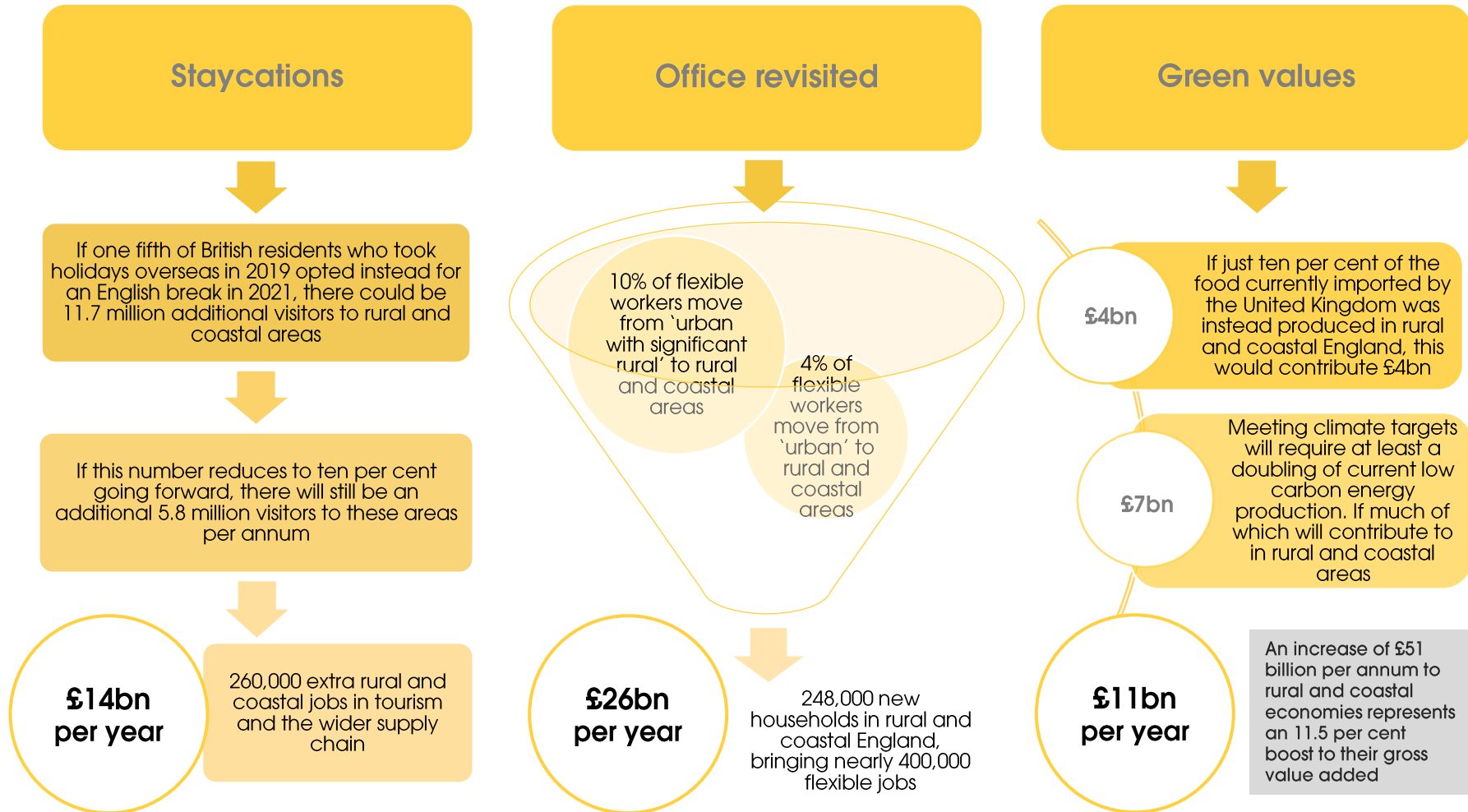
*I have made significant changes to my lifestyle to lessen my environmental impact...*



### Challenges of growth

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

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



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

# 1: Business recovery in 2021

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

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

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

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

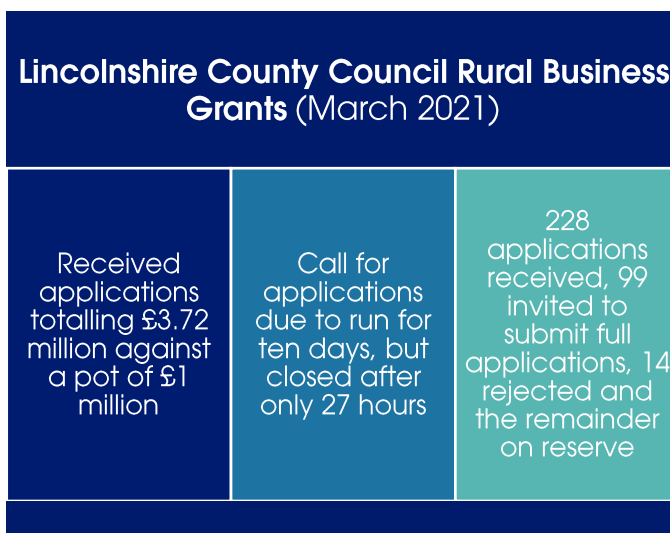
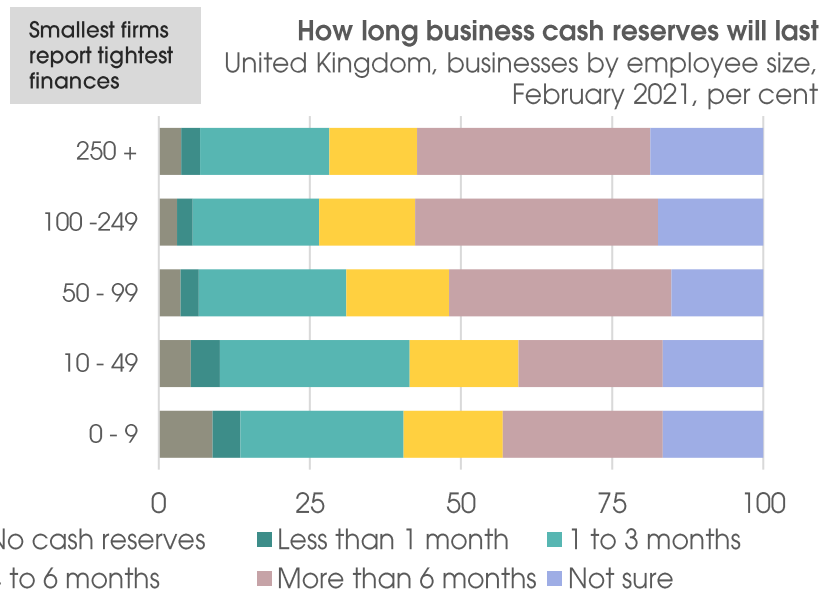
	Rural deviation from national average	Coastal deviation from national average
Employment in accommodation and food services	+24%	+19%
Employment in agriculture, forestry and fishing	+201%	+67%
Employment in manufacturing	+27%	+5%
Employment in accommodation and food services, agriculture forestry and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

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

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

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

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



### We recommend that Government ....

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

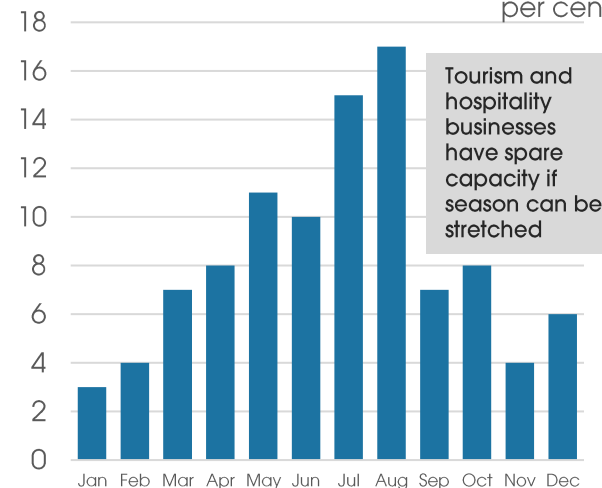
## Domestic tourism renaissance could help businesses bounce back – provided it is managed correctly

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

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

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

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



Travel restrictions and Brexit impacting availability of foreign labour

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

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

### We recommend that Government ...

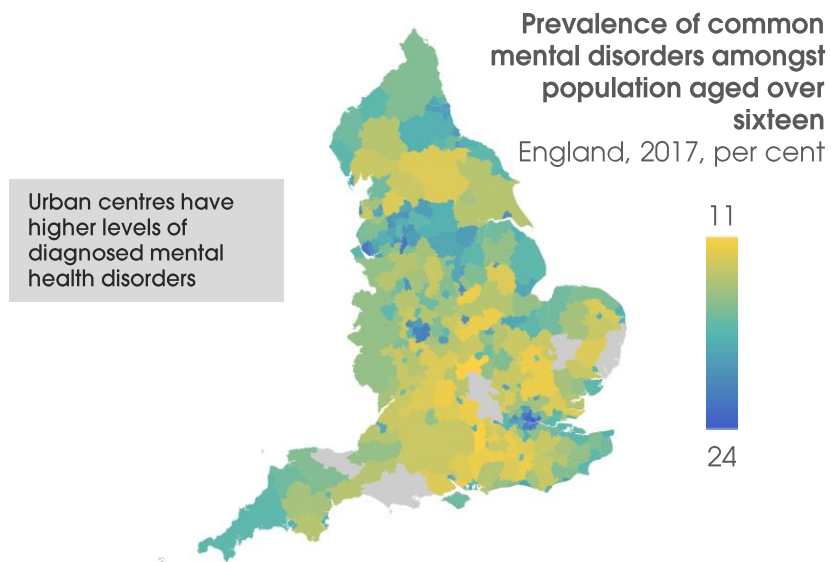
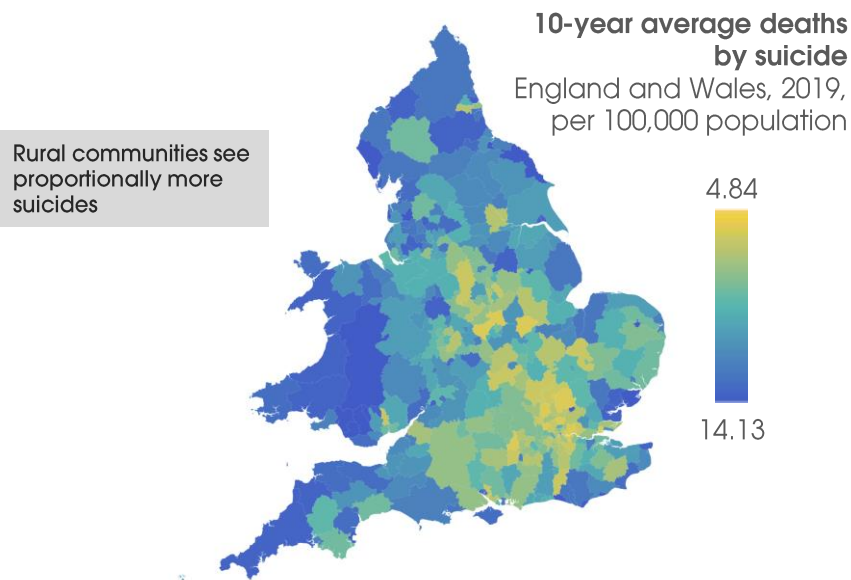
1. Increase funding available through the Welcome Back Fund, and extend the criteria to allow local authorities and partners to:
  - Provide visitor management funding to assist communities and destination management organisations in educating and safely welcoming the large numbers of domestic tourists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

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

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

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

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



### We recommend that Government ....

Provide funding to local authorities and NGOs allowing them to:

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

## 2: Connectivity

### Improving connectivity is fundamental to unlocking a new economic paradigm.

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

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

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

According to Openreach, broadband usage more than doubled in 2020

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

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

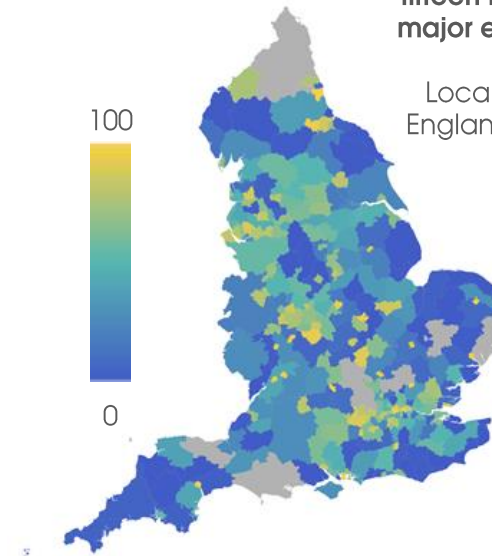


## Improved public transport crucial to reducing mobility poverty and reaching net zero

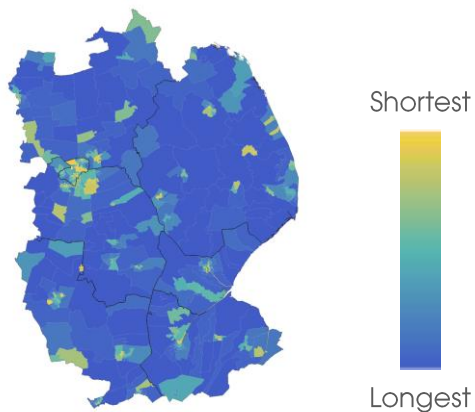
Remote and sparse locations often fail to deliver the density of travel demand needed to support meaningful public transport on a purely commercial basis. Without adequate subsidy, communities are left with little or no bus or rail provision – and residents must rely on car and motorcycles for access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

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

Population within fifteen minutes of a major employment centre\*  
Local Authorities, England, 2017, per cent



**Distance to services**  
Lincolnshire, 2019, national scale



### We recommend that Government ....

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

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

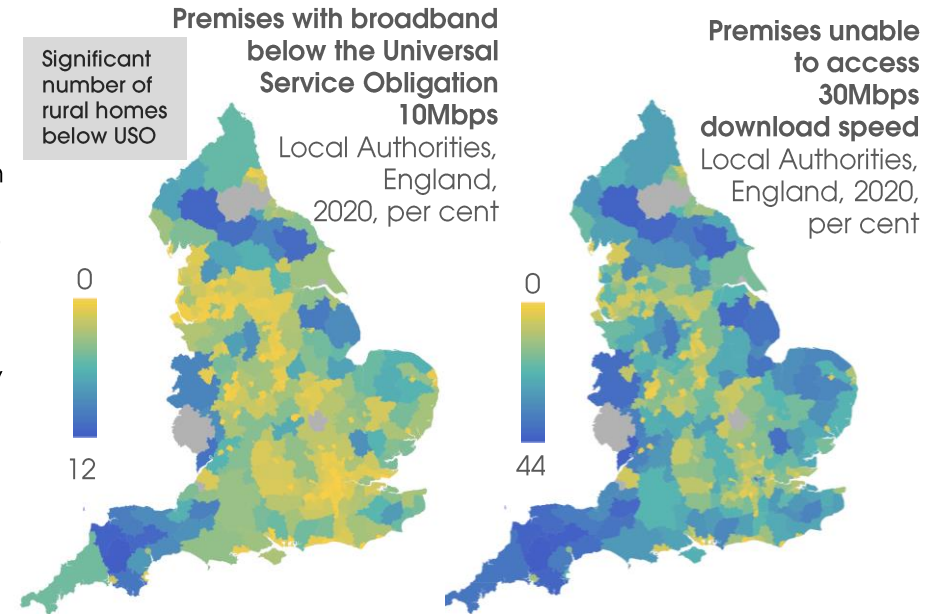
*"Poor broadband is so debilitating and not just for businesses. It affects the ability of our young people to learn and every other area of your life."*

Chair of agricultural charity, Isle of Wight

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

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

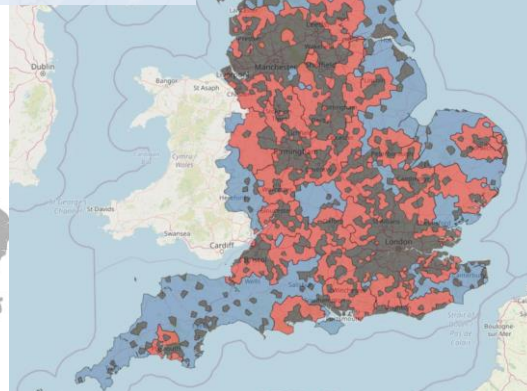
In order to take advantage of the new normal working environment, decent broadband – upload as well as download speeds - is essential. Sixteen per cent of households in the most sparsely populated decile cannot access download speeds of 30 Mbps, compared with only three per cent of those in the most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



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

**Gigabit procurement area map**  
England, 2021

**Premises included in 'Project Gigabit' first round**  
Local Authorities, England, 2021



### We recommend that Government ....

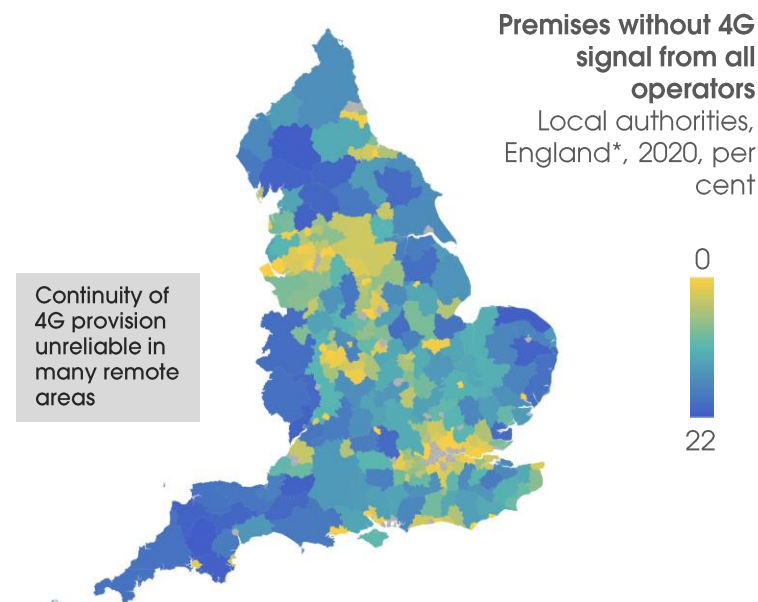
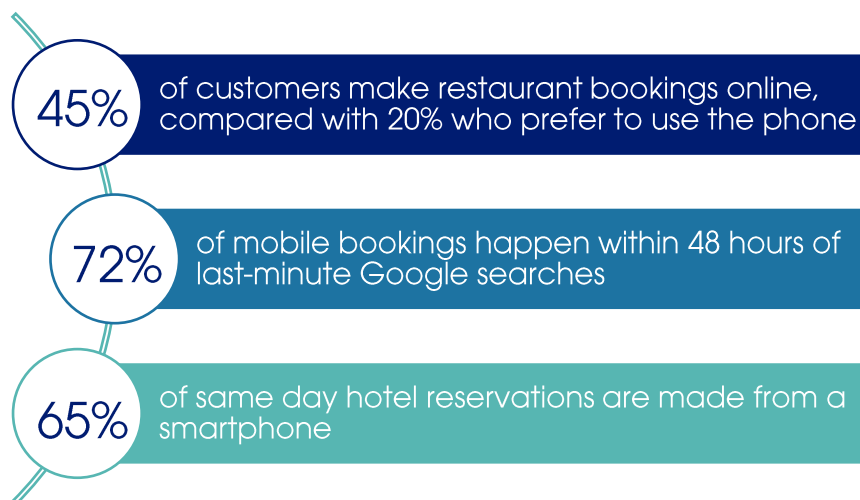
1. Increase Universal Service Obligation download speed from ten to 30 Mbps, and increase USO upload speed from one to ten, targeting 100 per cent superfast coverage by the end of 2023
2. Review the cost cap of £3,400 for Universal Service Obligation and find a mechanism for funding those with costs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

## Mobile data connectivity key for businesses in remote communities

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

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

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



### We recommend that Government ....

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

## Digital exclusion not just about broadband

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

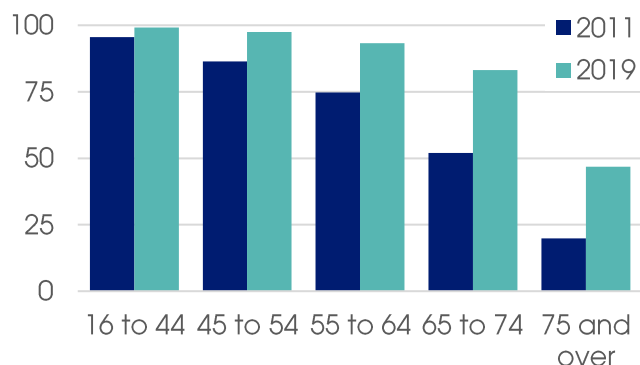
Further concerns have arisen from the loss to the agricultural sector of farmers and their wealth of practical knowledge, as they struggle to keep up with the growing administrative element of the job. Similarly, there appears to be a void in business planning – less than half of SMEs in the United Kingdom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

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

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

District Councillor, Shropshire

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



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

### We recommend that Government ....

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

# 3: Housing and built environment

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

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

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

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

One in ten households nationally are living in fuel poverty

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

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

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

Fisherman, Cornwall

## Without housing, post-covid opportunities will not be realised

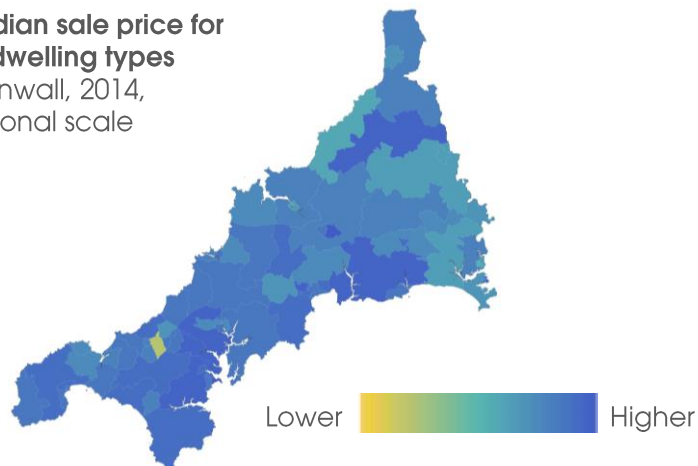
While outward migration from cities could reinvigorate rural and coastal communities, it will put additional strain on an already strained housing market.

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

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

### Median sale price for all dwelling types

Cornwall, 2014, national scale



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

Council Officer, Isle of Wight

### We recommend that Government ....

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



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

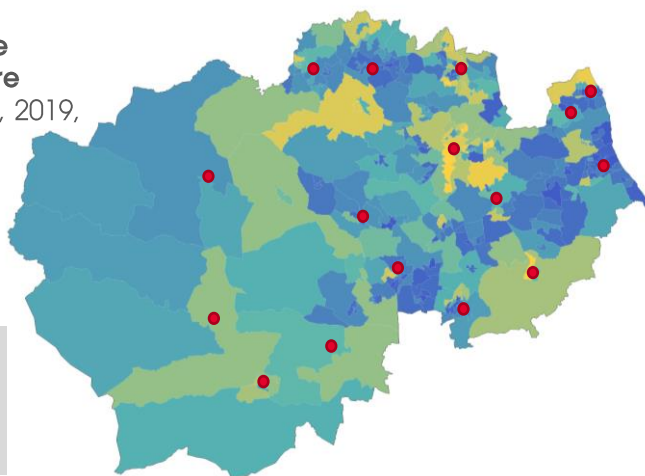
The need for additional housing could be served in part by increasing the density of current settlements. Building in locations with existing services and connectivity would be more cost effective, and support the viability of local services.

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

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

### Index of multiple deprivation score

Durham County, 2019, national scale

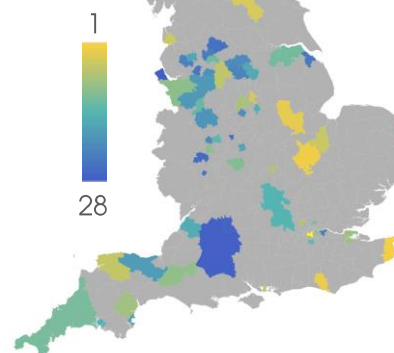


Many incidences of rural deprivation occur in towns and villages

Least deprived Most deprived

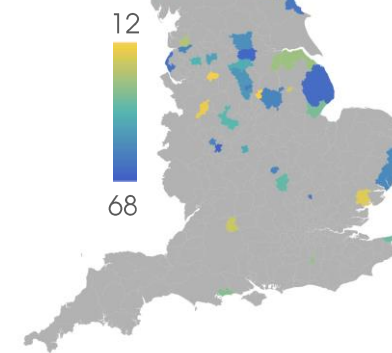
### Future High Streets Fund recipients

Local authorities, England, 2021, £ million



### Towns fund recipients

Local authorities, England, 2021, £ million



### We recommend that Government ...

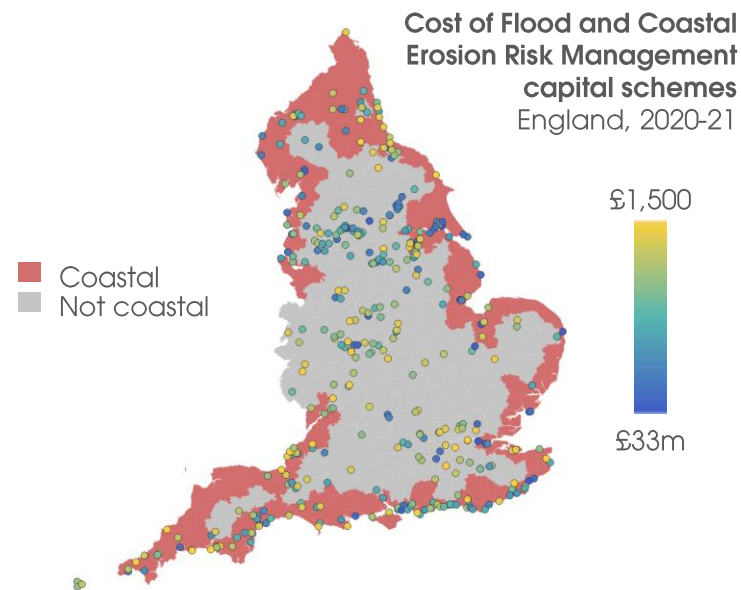
1. Ensure funding is available for local authorities and partners to:
  - Increase community engagement to determine areas favoured by local residents for development
  - Review planning regulations to allow for increasing village and town densities
  - Facilitate the creation of village hubs and GigaPubs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

## Climate change mitigation must be a top priority

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

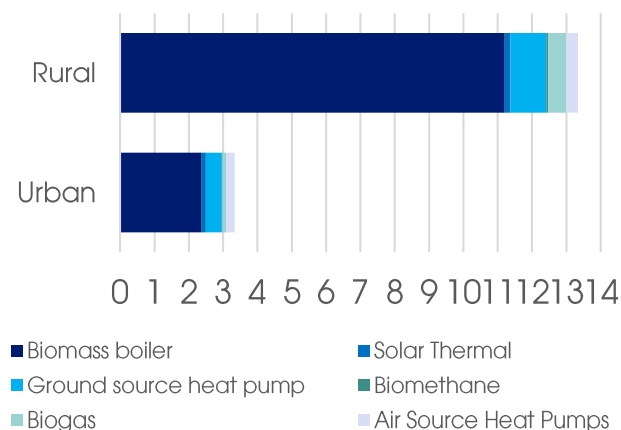
At a local level however, many existing homes, farms and businesses are a risk due to rising sea levels, collapsing cliffs and burst river banks. Businesses are increasingly unwilling to invest in areas more vulnerable to the impact of climate change.

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



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

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



### We recommend that Government ....

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

## 4: Business environment

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

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

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

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

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

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

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

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

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

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

## Further and higher education provision needs to respond to skills requirements

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

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

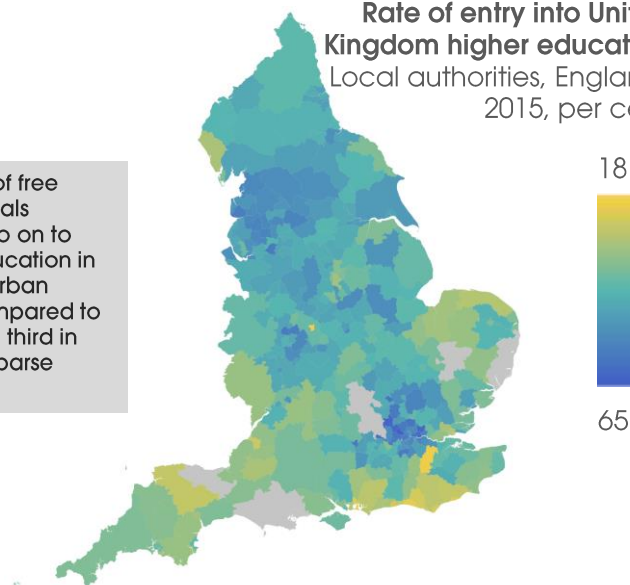
It is important that college courses and apprenticeships are strategically aligned with local skills needs across multiple institutions and with private sector partners. Rethinking the way in which further education is delivered can help reverse the 'brain drain' and provide local businesses with skilled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

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

Council officer, Lincolnshire

Rate of entry into United Kingdom higher education  
Local authorities, England,  
2015, per cent

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



### We recommend that Government ....

Ensure funding is available for local authorities and partners to:

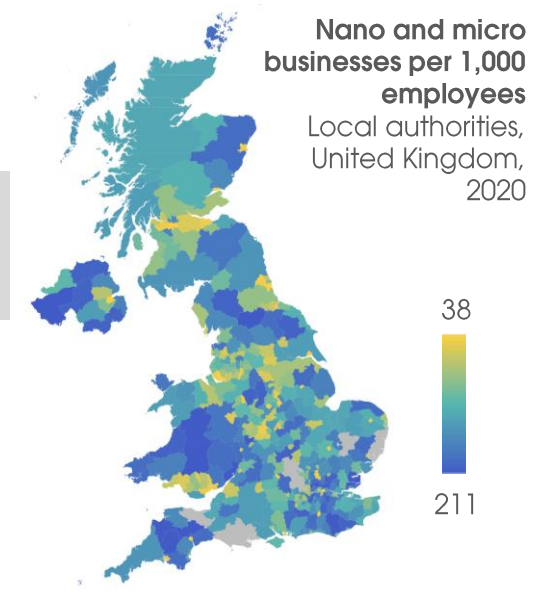
1. Deliver hybrid teaching of courses – combining online and workplace learning, with in-person delivery at both local colleges and regional/national specialist centres of excellence (with 16+ residential accommodation)
2. Provide statutory free travel for seventeen and eighteen-year-olds in education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

## Supporting businesses and helping them grow

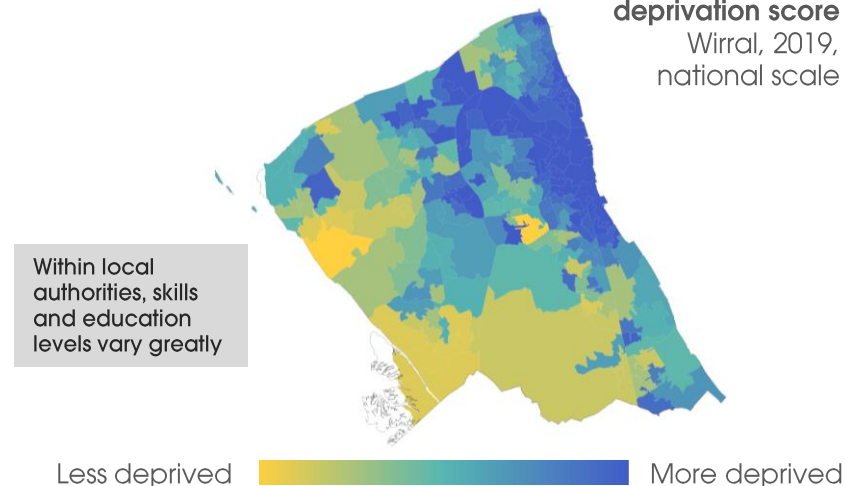
Appropriate business support isn't one-size-fits-all. Nano and micro businesses need access to help and advice as much as bigger employers, but the delivery of the assistance needs to be different. More time and resources are required to directly engage locally with the smallest businesses in rural and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

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

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



**Skills and employment deprivation score**  
Wirral, 2019, national scale



### We recommend that Government ...

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

## Time to shout about great things England has to offer

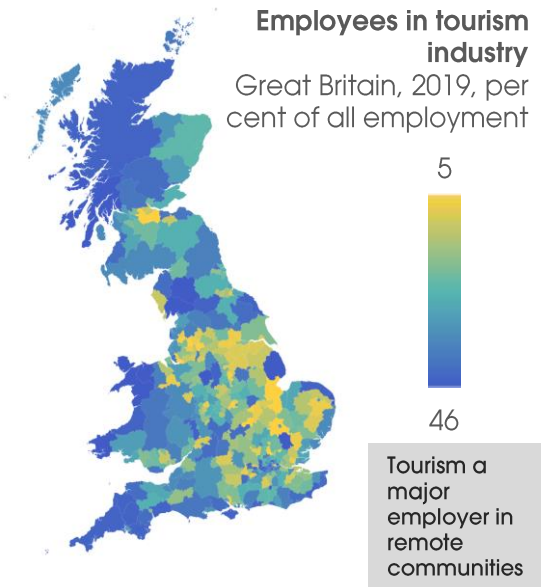
One of the big opportunities covid has presented is the reinvigoration of the domestic tourism market. The challenge will be for communities and businesses to hold on to those new visitors and persuade them to holiday at home even after international travel has resumed. This will require joined up and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

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

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

*"Investment in domestic advertising doesn't spark competition between Cornwall and the Lakes, it's about the competition between England and holiday destinations in the rest of the world"*

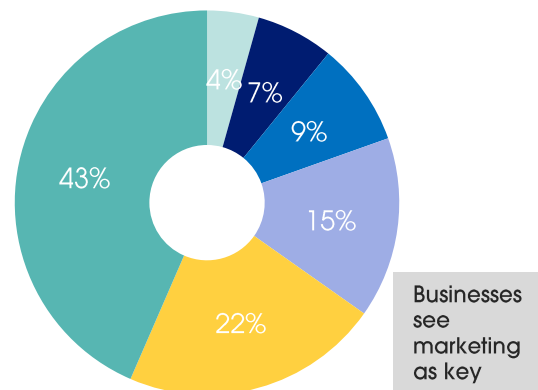
Director, Tourism business membership organisation



## Support most helpful to businesses now and in future

Ryedale, September 2020

- Staff training and recruitment
- Leadership and management advice
- Other
- Employment and HR support
- Business and financial planning
- Marketing support



## We recommend that Government ....

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

# 5: Sustainable energy

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

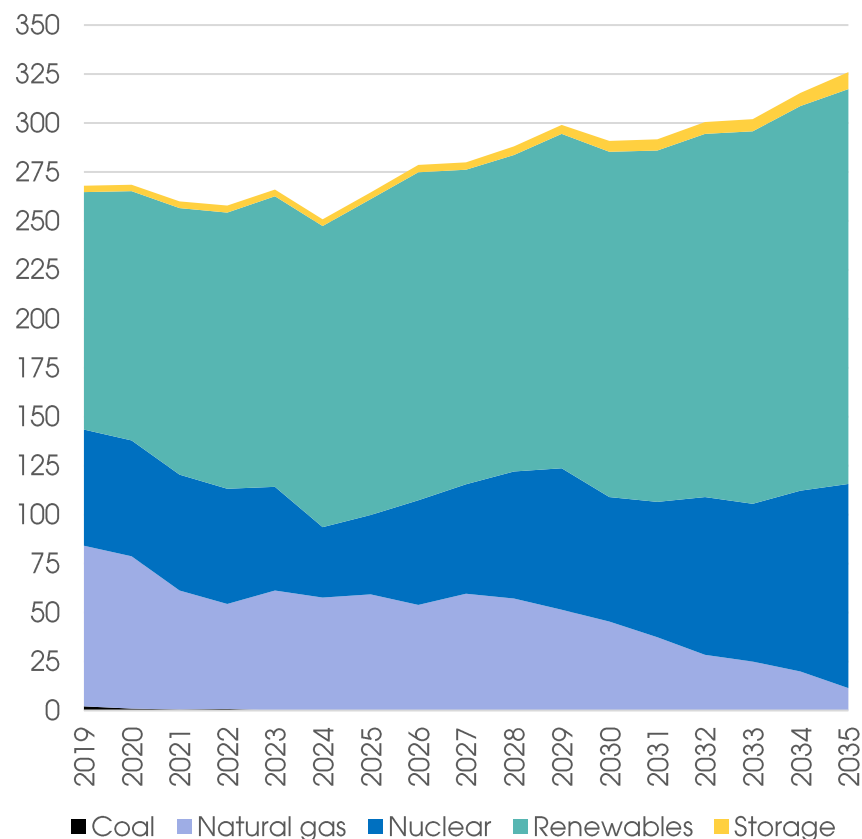
Longer-term opportunities for revitalisation in rural and coastal communities require a power supply network that grows ahead of demand. Our conversations with local stakeholders identified concerns that a lack of available capacity in parts of the country will constrain economic growth.

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

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

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

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



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



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

Tourism development charity worker, Lincolnshire coast

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

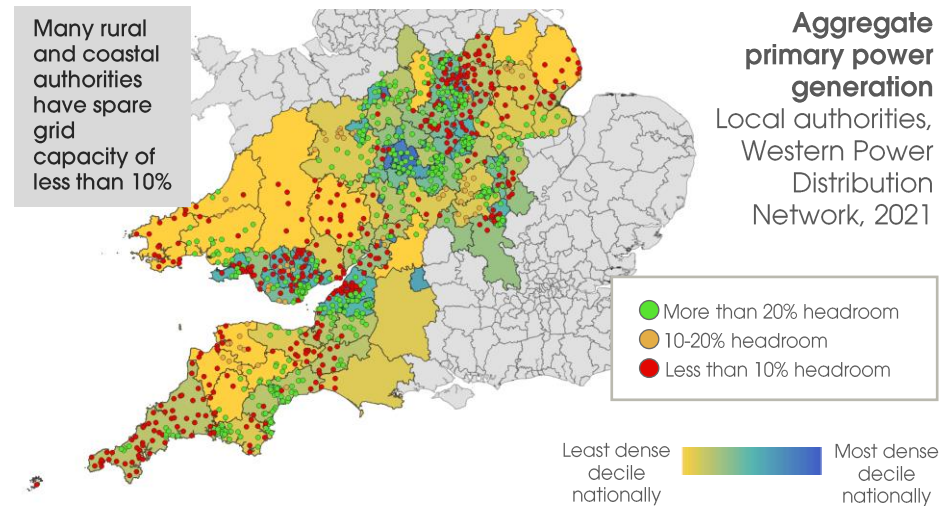
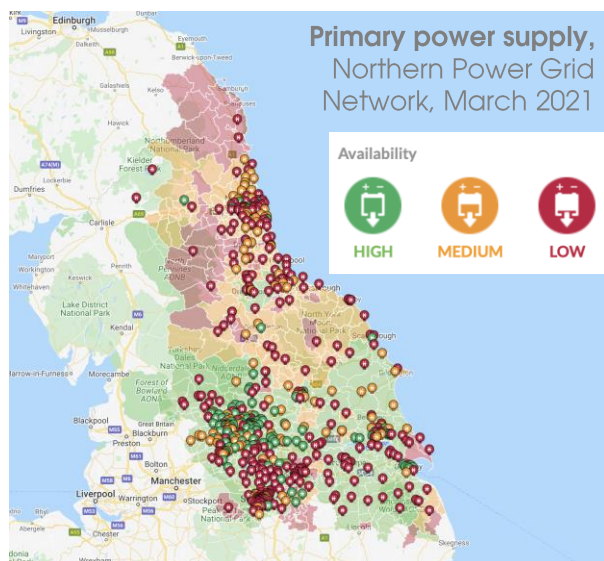
Fisherman, Cornwall

## Limited grid capacity should not be allowed to stifle potential growth

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

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

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



### We recommend that Government ....

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

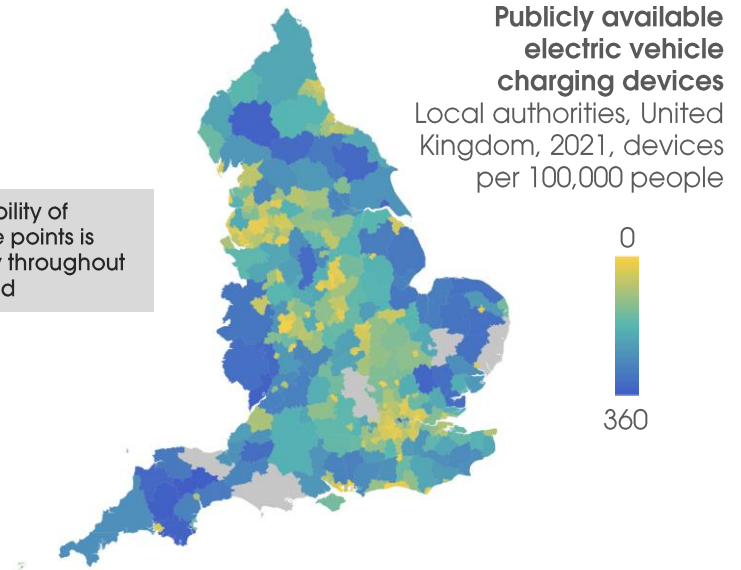
## Infrastructure investment a priority before switch to all-electric vehicles

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

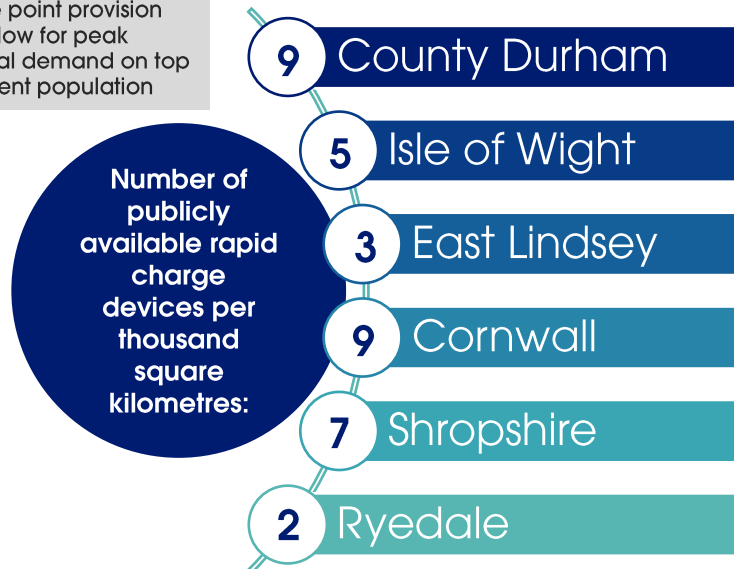
Provision of electric vehicle infrastructure in popular visitor locations must take into account not only the needs of the resident population but also of the additional demand during holidays – proportional charge points per capita will fail to capture real need, while bank holidays and weekends will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

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

Availability of charge points is patchy throughout England



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



### We recommend that Government ...

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

# 6: Local delivery

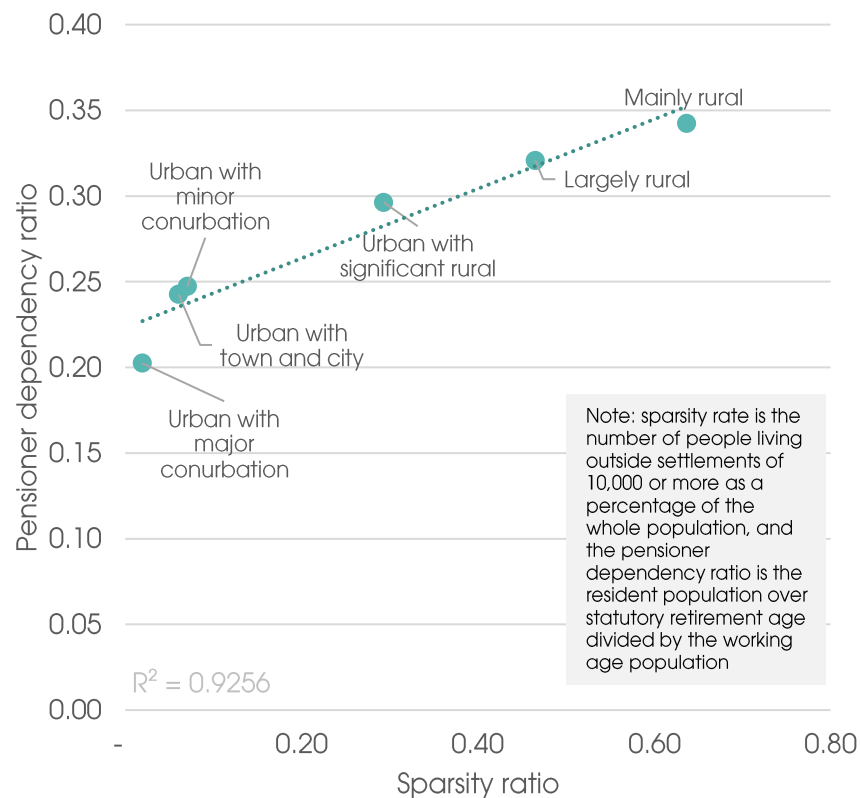
## Whitehall must recognise and respond to the specific challenges of varied communities

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

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

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

Relationship between pensioner dependency and sparsity ratio  
English local authorities, rural and urban classification, 2011



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

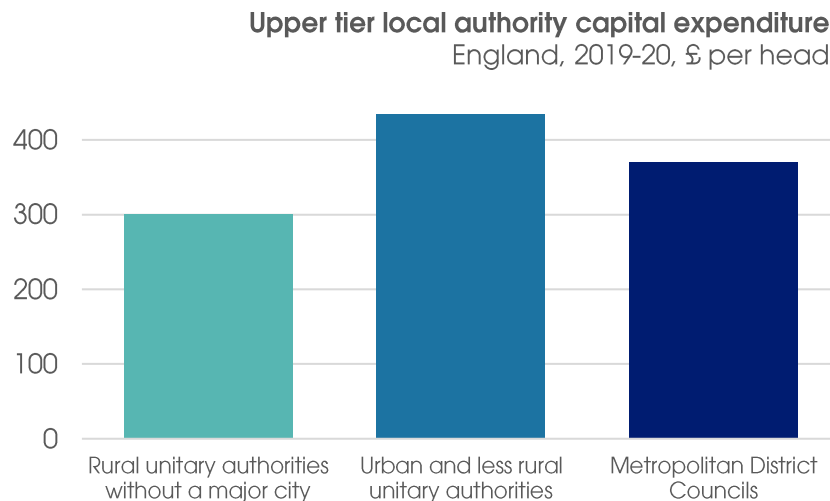
*"I worry they (local authorities) don't always have the right skills. Are they outward looking enough? Would private contractors run rings round them?"*

Business owner, Tendring

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

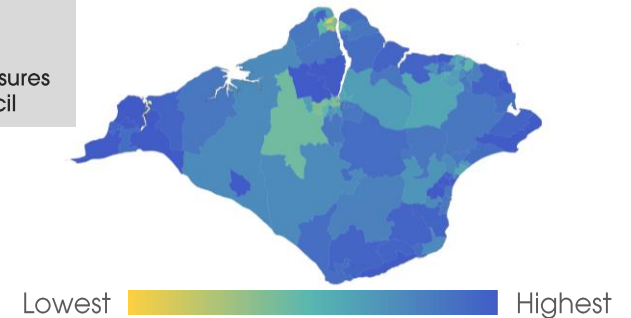
A lack of economies of scale and demographic characteristics, such as an ageing inward migrant population, add to the costs of public services in rural and coastal communities. These challenges are only partially recognised by central government in its funding allocations. Meanwhile, complex and competitive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

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



Isle of Wight's aging population adds additional costs and service delivery pressures onto the local council

**Inactivity rate**  
Isle of Wight, 2011, national scale



### We recommend that Government ....

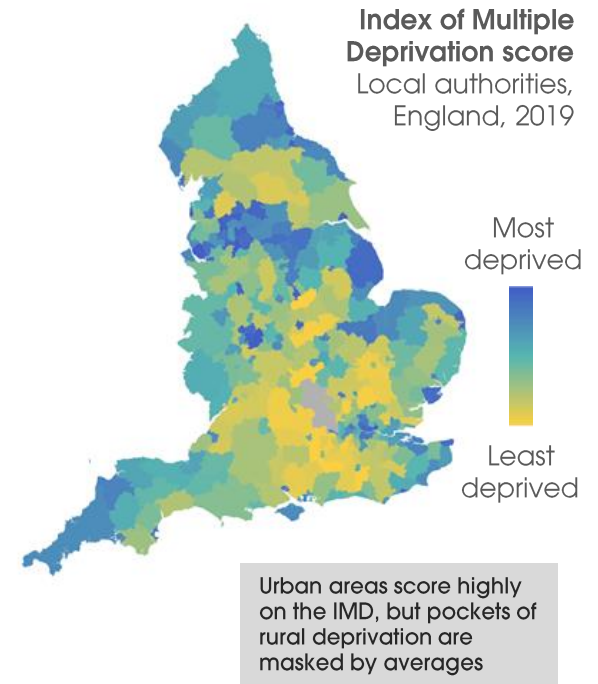
1. Adopt a strategic place-based portfolio approach to project assessments and end the vicious circle of competitive bidding for central government funding where already well-resourced local authorities win a disproportionate share of funds with well-equipped bidding teams
2. Allocate central government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

## Official metrics mask rural and coastal deprivation

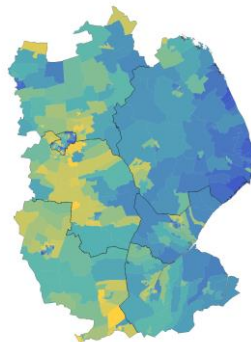
Although the Index of Multiple deprivation uses multiple metrics, those it includes do not fully reflect the true picture in England’s rural and coastal authorities. Alternative measures of deprivation, such as the University of East Anglia’s Rural Deprivation Index are designed to account for the impact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

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

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



**Index of Multiple Deprivation score**  
Lincolnshire, 2019, national scale



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

Least deprived Most deprived

### We recommend that Government ...

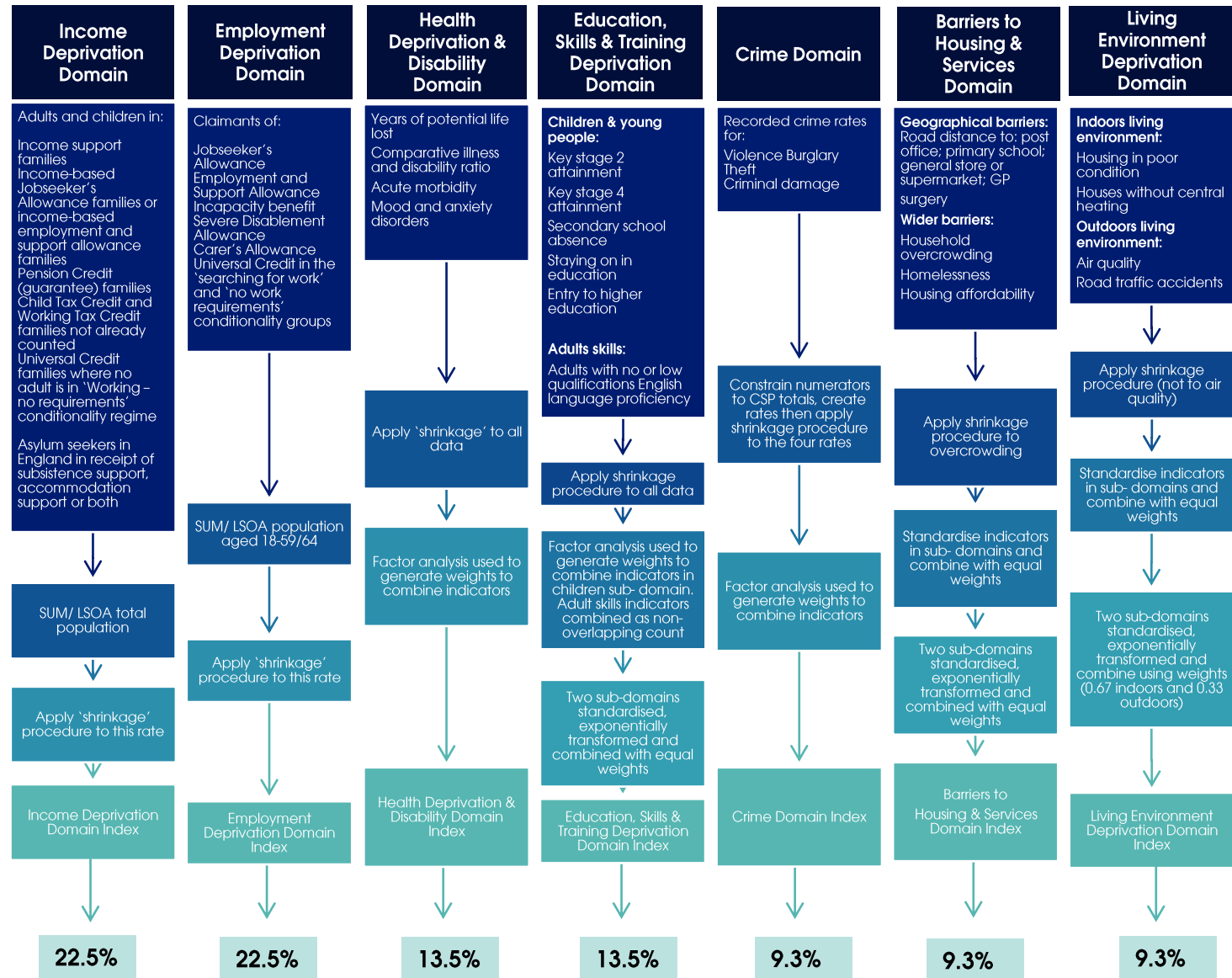
1. Recognise that the choice of metrics in the Index of Multiple Deprivation can mask deprivation in rural and coastal communities (see following slides)
2. Recognise that focus on local authority averages – in IMD, labour market and other data – can hide material and deep pockets of disadvantage across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

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

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

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

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



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



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

# Appendix: Study approach

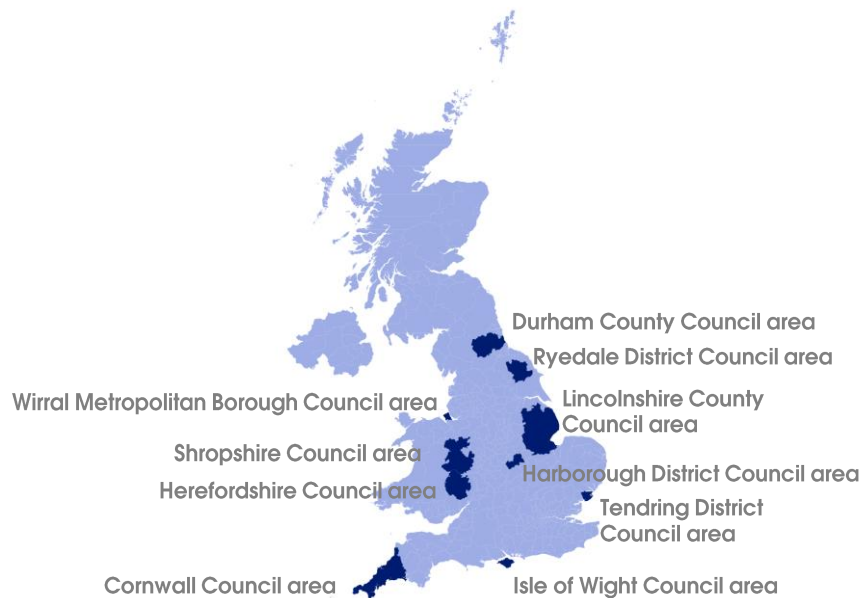
**This report is based on research and analysis carried out by a team from Pragmatix Advisory.**

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

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

## Case study authority areas

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



## Focus group testing and validation of policy recommendations

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

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

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

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

Group 1: Coastal local authorities

Group 2: Less sparse rural local authorities

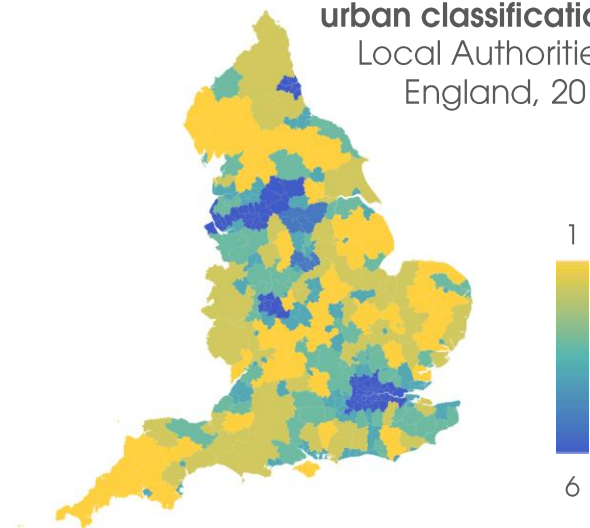
Group 3: Most sparse rural and/or coastal local authorities

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

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

**“RUCLAD” rural-urban classification**

Local Authorities,  
England, 2011



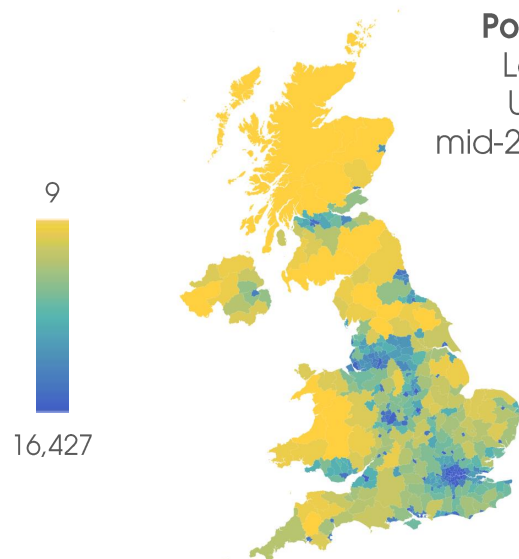
**There is no single universally applicable definition of rural – and ‘coastal’ covers the widest variety of locations.**

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

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

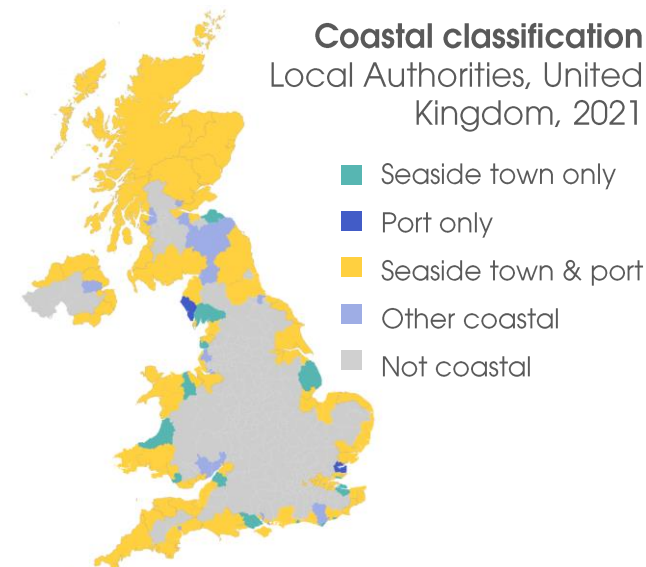
**Population density**

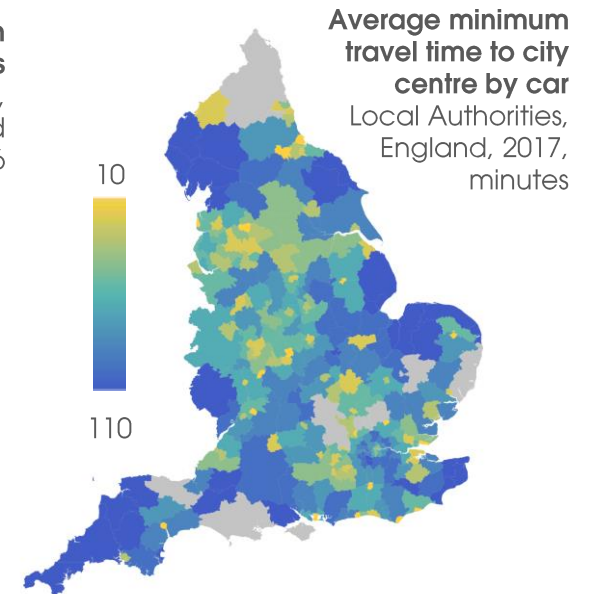
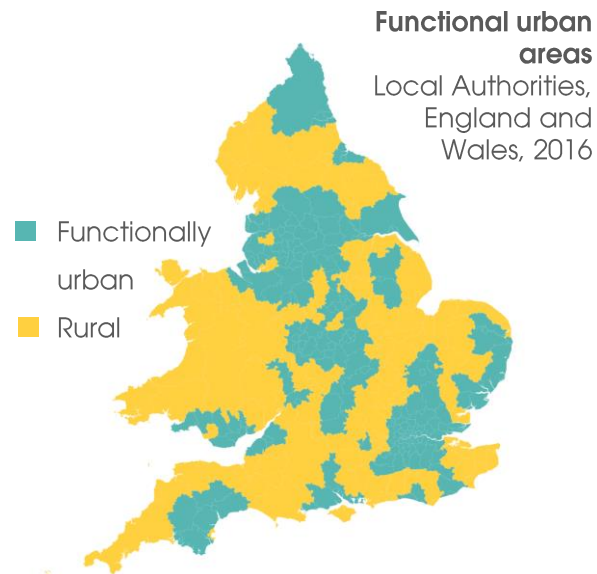
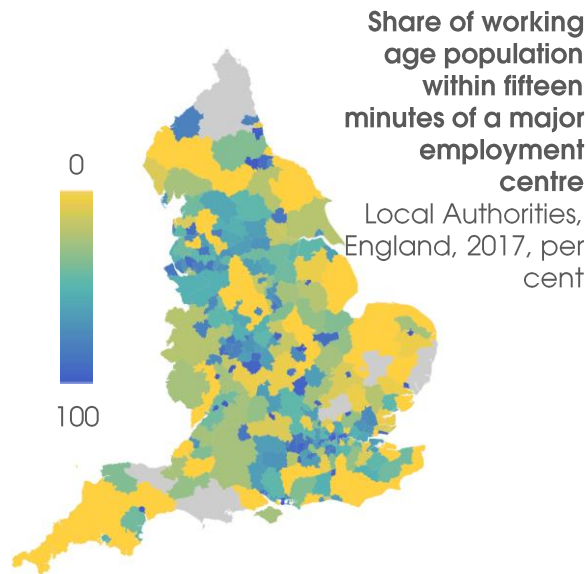
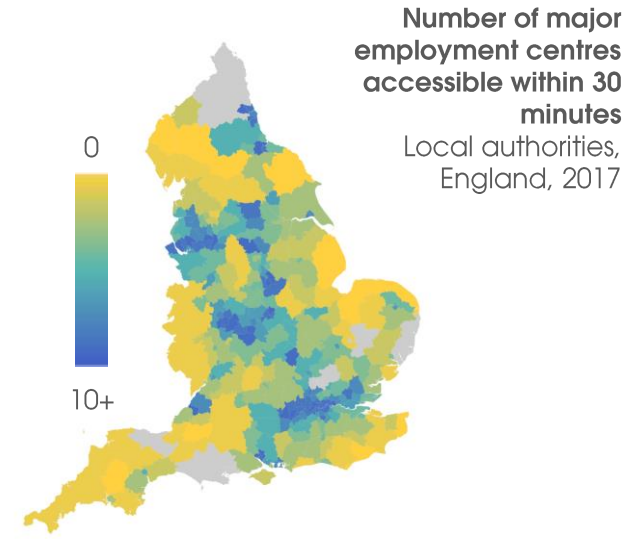
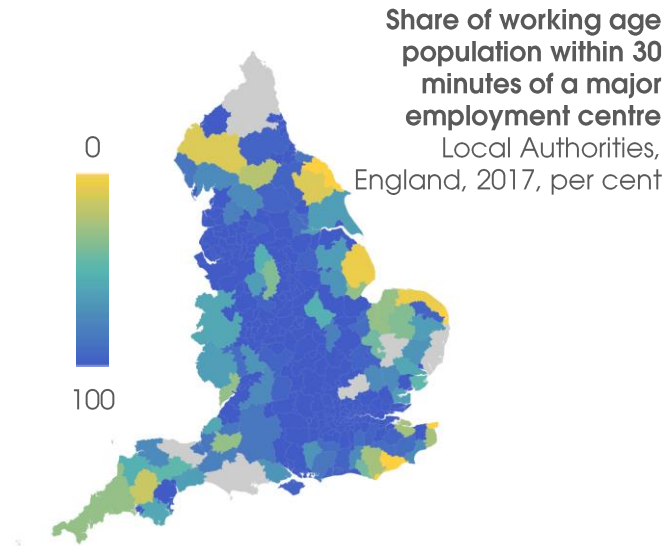
Local Authorities,  
United Kingdom,  
mid-2019, people per  
sq km



**Coastal classification**

Local Authorities, United  
Kingdom, 2021





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

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