



Department
for Environment
Food & Rural Affairs

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Towards a one nation economy: A 10-point plan for boosting productivity in rural areas

August 2015



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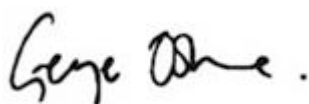
Foreword

We want to harness the enormous economic potential England's rural areas have to offer, both for the prosperity of those living in rural areas and for the benefit of the UK economy overall.

Last month, as a Government we published our ambitious plan (*Fixing the foundations: Creating a more prosperous nation*) for strengthening UK productivity. Relatively weak productivity performance has been a long term challenge for the UK economy and it is only by achieving world-beating productivity that we can deliver sustained growth and rising living standards for all. We set out a comprehensive set of actions for addressing the challenges and for ensuring that all parts of the country contribute to, and benefit from, productivity growth. As said then, 'a nation flourishes when it uses the full skills of all its people in all parts of that nation'. That includes England's rural areas, from Cornwall to Cumbria.

England's rural areas are a distinct part of our national character. But they also make a substantial and vitally important contribution to the economy, accounting for around £210 billion, or 16%, of England's total output. Economic activity in rural areas is diverse, with significant manufacturing and services sectors. It is also becoming increasingly dynamic. Knowledge-based and creative industries are growing rapidly. Flexible, home-working is more prevalent in rural than in urban areas, and tends to involve higher skilled, higher wage roles. We are seeing net internal migration from urban to rural areas, including of highly skilled people attracted by the excellent quality of life on offer.

We want to do all we can, whilst continuing on our path of fiscal responsibility, to remove barriers and put in place the best possible conditions for England's rural areas to thrive. Here we set out our 10-point plan to help boost rural productivity. It complements the government's wider efforts to promote access in rural areas to high quality public services, focusing on ten specific areas we believe could make a real difference to productivity. It is wide-ranging and will require efforts across government, as well as close working with others outside of government, to deliver. It is central to our offer and ambition for England's rural areas. We will monitor progress closely.



George Osborne
Chancellor of the Exchequer

August 2015



Elizabeth Truss
Secretary of State for Environment, Food
and Rural Affairs

August 2015

10-point plan summary

Rural areas fully connected to the wider economy

1. Extensive, fast and reliable broadband services

- The government is committed to delivering superfast broadband of at least 24Mbps to 95% of UK households and businesses by 2017. Decisions on further broadband rollout will be taken in the Spending Review in November.
- By the end of 2015, access to standard broadband will be available to anyone unable to get a service of at least 2Mbps, through the option of satellite broadband.

2. High quality, widely available mobile communications

- The government will work closely with industry to support further improvements to mobile coverage.
- The government proposes to extend permitted development rights to taller mobile masts subject to conclusions from the Call for Evidence which closes on 21 August 2015.

3. Modern transport connections

- The government will improve transport connections for rural areas, including through its £15 billion Road Investment Strategy and £38 billion rail investment programme. To support smaller airports serving regions across the UK, the government is publishing proposals for new publicly-supported passenger air routes, with final decisions on funding for successful routes to be made in November.

A highly skilled rural workforce

4. Access to high quality education and training

- The government will ensure fairer funding for schools, including those in rural areas. It will turn inadequate schools into academies and focus efforts to support school improvement in underperforming rural areas.
- The government will invite local areas to participate in the re-shaping and commissioning of local post-16 skills provision.

5. Expanded apprenticeships in rural areas

- The government will increase apprenticeships in rural areas, including by tripling apprenticeships in food and farming and by helping small tourism businesses to provide more, high quality apprenticeships.

Strong conditions for rural business growth

6. Enterprise Zones in rural areas

- In the current bidding round for Enterprise Zones closing on 18th September 2015, preference will be given to proposals involving smaller towns, districts and rural areas.
- The government's ambition is that businesses in all Enterprise Zones in rural areas will be able to access high speed broadband.

7. Better regulation and improved planning for rural businesses

- Alongside wider measures to reduce the regulatory burden and improve planning, the government will review planning and regulatory constraints facing rural businesses and measures that can be taken to address them by 2016.
- The government will introduce a fast-track planning certificate process for establishing the principle of development for minor development proposals.

Easier to live and work in rural areas

8. More housing

- Through the right combination of measures, the government wants to ensure that any village in England has the freedom to expand in an incremental way, subject to local agreement.
- The government will make it easier for villages to establish neighbourhood plans and allocate land for new homes, including the use of rural exception sites to deliver Starter Homes.

9. Increased availability of affordable childcare

- The government will work with local authorities and providers to ensure there is sufficient high-quality childcare to meet the needs of parents in rural areas.
- The government will welcome high quality early expressions of interest from rural areas to deliver 30 hours of free childcare to working parents.

Greater local control

10. Devolution of power

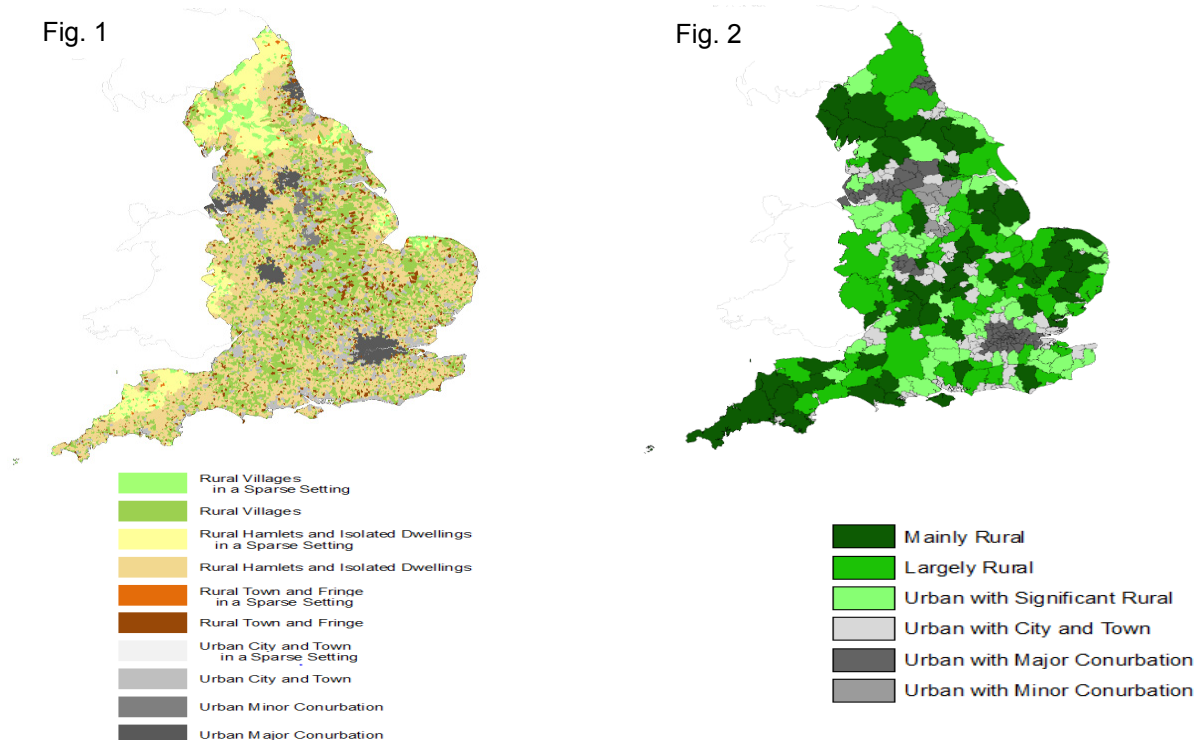
- The government will encourage further proposals from local areas for devolution of powers in return for strong and accountable local governance.

Introduction

The economic importance of England's rural areas

England's rural areas play an important role in the national economy. Local authority areas in England that are classified as 'predominantly rural'¹ contribute £210 billion of Gross Value Added (GVA), around 16% of England's total GVA.² At a lower geographic level, rural areas in England support 15% of jobs and include around half a million businesses, over 25% of all registered businesses in England.³ This is a higher proportion than the 17.6% of England's total population that live in rural areas.⁴ Many of the UK's leading international and national businesses operate from rural areas.⁵

Figures: 2011 rural urban classification for (Fig. 1) Census output areas and (Fig. 2) local authority districts



Source: Statistical Digest of Rural England, June 2015

¹ Census output areas are classified as rural if they fall outside of settlements with 10,000 resident population. Local authority areas are also classified on a six point scale from rural to urban and grouped into the categories of 'predominantly rural', 'urban with significant rural' and 'predominantly urban'. Predominantly rural areas can be defined as local authority areas in which 50% or more residents live in rural areas or rural-related hub towns. The classification was developed for statistical purposes by Defra and the Office for National Statistics. The maps in figures 1 and 2 show the rural-urban classification of areas in England at census output area level and at local authority level respectively.

² *Statistical Digest of Rural England*, June 2015.

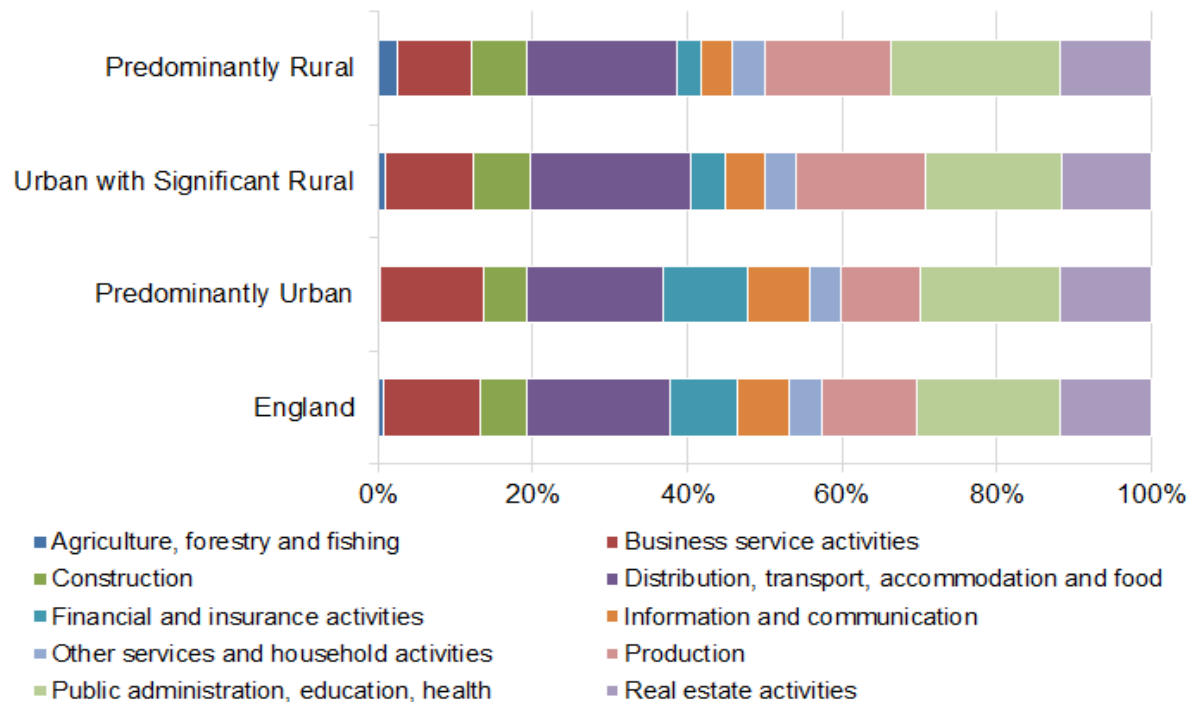
³ ONS, *Inter Departmental Business Register*, 2013/14; *Statistical Digest of Rural England*, June 2015

⁴ 2011 Census using 2011 Rural-Urban Classification of Output Areas (RUCOA); *Statistical Digest of Rural England*, June 2015.

⁵ Jeremy Phillipson and Roger Turner, Centre for Rural Economy (Newcastle University), *Rural Areas as Engines of Economic Growth*, 2013.

Over the past few decades, England's rural areas have become more economically diversified.⁶ Taken as a whole, the structure of economies in rural areas is now reasonably similar to that of urban areas – see figure 3. Manufacturing represents 13% of GVA in predominantly rural local authority areas compared with 8% in predominantly urban areas. The service sector is also significant across rural areas with business services, for example, representing 10% of rural output.⁷

Fig. 3 – Composition of GVA by industry for different local authority classifications in England



Source: Statistical Digest of Rural England, June 2015

The trend towards greater diversification is continuing and economic activity in rural areas is becoming more dynamic, facilitated in part by improved information communications. For example, GVA for information and communication sectors grew by 8.8% between 2011 and 2012.⁸ Home-working is more prevalent and growing faster in rural areas than in urban areas. In 2013, around 1 million, or 22%, of workers in England's rural areas worked from home (spending at least half of their work time using their home) compared with 12% of workers in urban areas. According to the ONS, home workers are more likely to be working in higher skilled roles.⁹

Unlike in many other OECD countries, the UK has been experiencing a trend of net internal migration from urban to rural areas. Net internal inward migration to predominantly rural areas in England in 2013/14 was more than 60,000 and it has been positive for every

⁶ Mark Shucksmith on behalf of the Carnegie UK Trust, *Future Directions in Rural Development*, 2012.

⁷ *Statistical Digest of Rural England*, June 2015.

⁸ Defra analysis of ONS, Regional Gross Value Added Statistics, December 2014.

⁹ *Statistical Digest of Rural England*, June 2015.

year since 2001.¹⁰ Internal migrants into many rural areas in recent years have included significant numbers of skilled professionals.¹¹

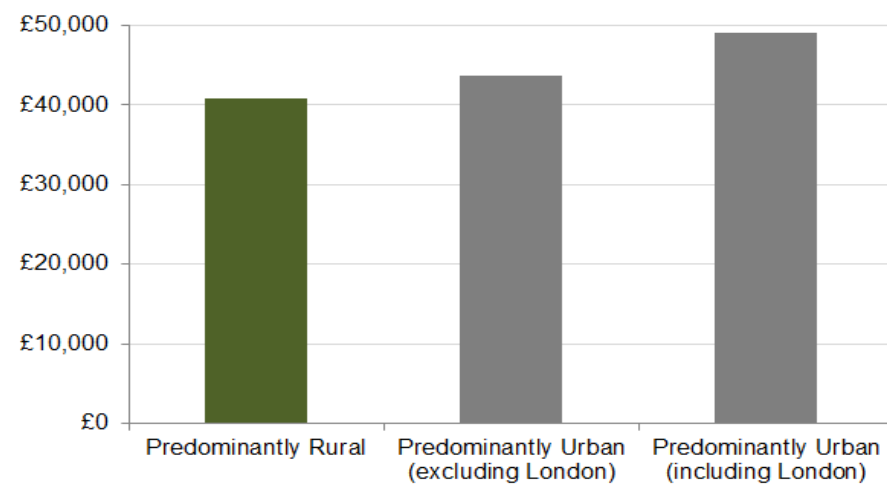
The UK and rural productivity challenge

Productivity, or the amount of output produced per unit of input (often per worker or hour worked), is the single most important determinant of living standards. Achieving growth in productivity is critical for achieving sustained economic growth. The UK economy is expected to be the fastest growing of the G7 in both 2014 and 2015, according to the OECD. However, UK productivity is estimated to be currently 17% below the G7 average. Narrowing the UK's productivity gap with other countries is a key economic priority for the government.¹²

On average, productivity (measured in terms of GVA per workforce job) is lower in rural areas than it is in urban areas. In 2013, productivity in predominantly rural areas was around 17% below the level of productivity for predominantly urban areas, including London. When London is excluded the difference in productivity in 2013 was around 7% (see figure 4).

There is significant scope to harness recent economic trends to strengthen productivity levels in rural areas.¹³ Such productivity increases would boost growth and incomes in rural areas and raise productivity for the UK economy as a whole. Small improvements can have transformative impacts if sustained. If strengthened productivity increased annual average growth in GVA in rural areas (for 2001-2013) by just 0.1 percentage points each year, it would add around an extra £7 billion to rural GVA by 2030.¹⁴

Fig. 4 – Rural and urban productivity (GVA per workforce job)



Source: Defra

¹⁰ *Statistical Digest of Rural England*, June 2015

¹¹ Carmen Hubbard and Jane Atterton, 'Unlocking Rural Innovation in the North East of England: the Role of Innovation Connectors', in OECD, *Innovation and Modernising the Rural Economy*, 2014.

¹² HM Treasury, *Fixing the foundations: Creating a prosperous Nation*, July 2015.

¹³ Defra policy brief: 'How increased connectivity is boosting economic prospects of rural areas', December 2014.

¹⁴ Defra calculations.

The government's 10-point plan for rural productivity

As set out in the Chancellor's report, *Fixing the foundations: Creating a prosperous nation*, the government's overall framework for raising productivity is built around two pillars:

- **Encouraging long-term investment** in economic capital, including infrastructure, skills and knowledge.
- **Promoting a dynamic economy** that encourages innovation and helps resources flow to their most productive use.

This framework, and the underlying productivity drivers within it, is based on widely agreed academic analysis. It has been used to identify the actions for raising productivity in rural areas set out in this plan. However, the 10 points have been organised around five broad areas considered to be reflective of the particular priorities for rural areas:

- **Rural areas fully connected to the wider economy**
- **A highly skilled rural workforce**
- **Strong conditions for rural business growth**
- **Easier to live and work in rural areas**
- **Greater local control**

There is considerable variation across rural areas in terms of their economic structures and their geographical distance from cities or other economic centres. Productivity performance and challenges will vary. Nevertheless, the themes and points covered in this plan can be considered to be pertinent to the needs of rural areas as a whole. Details of the plan are set out below.

Rural areas fully connected to the wider economy

Rural areas are characterised, to different degrees, by lower physical density and greater 'remoteness' from economic centres. Better connecting rural areas to information and markets, both product and labour markets, through high quality communications and transport infrastructure can reduce the significance of these characteristics and, as a result, increase investment returns and reduce transaction costs substantially.

Improved connectivity can provide the means for people in rural areas to strengthen knowledge and skills, for example through e-learning. It can also enable businesses in rural areas to connect with centres of innovation and research, such as universities. In a survey of businesses in the North East of England in 2009, 46.4% reported that they had introduced an innovation in the last five years but only 15.4% reported that they had worked with an external organisation in introducing the innovation.¹⁵

Local availability of broadband and mobile communications is closely associated with rural economic performance.¹⁶ High speed broadband enables productive economic activity, especially more knowledge-intensive activity, to happen almost anywhere.

The experience of Cornwall, where superfast broadband coverage is approaching 90% of households and businesses, demonstrates the substantial economic benefits that high-powered broadband connections can bring. Survey responses from more than 2,000 businesses in Cornwall have indicated how broadband connections have enabled these businesses to save time and money, introduce new ways of working, develop new products and access new markets, including overseas markets. Further evidence from a sample of 22 businesses in Cornwall revealed that upgrading to superfast broadband had enabled those businesses to increase productivity by 30% on average.¹⁷

Modern transport infrastructure, particularly road infrastructure, is important for enabling rural businesses to supply goods to markets, including export markets, and for rural areas to attract workers and visitors. There is a critical need to improve the quality of roads across the UK.¹⁸

Investing in world class infrastructure is at the heart of the government's plans to strengthen UK productivity and economic performance. Overall, the government will invest £100bn in infrastructure over this Parliament and will publish a new long-term National Infrastructure Plan for key infrastructure sectors, including transport, energy and communications.

The government will support the market to deliver the internationally competitive fixed and mobile digital communications infrastructure that the economy, including in rural areas,

¹⁵ Hubbard and Atterton, 2014.

¹⁶ Frontier Economics and Defra, *Drivers of rural business employment growth, decline and stability*, 2014.

¹⁷ Serio and Buckman Associates on behalf of Superfast Cornwall, *Superfast Cornwall Evaluation: Final Evaluation Report*, June 2015.

¹⁸ HM Treasury, July 2015.

needs to thrive and grow. It intends to legislate to reform the Electronic Communications Code, which regulates the relationship between network operators and site providers, to make it easier to roll out communications infrastructure. The government will also put in place a Digital Transformation Plan in the autumn to support the adoption of digital technologies across the economy.

As part of its work to promote transparency on the availability and speed of broadband and mobile services across rural areas, Ofcom has unveiled a new Mobile Coverage Checker and will publish in the autumn updated information by postcode on both superfast and standard broadband availability and performance.¹⁹

1. Extensive, fast and reliable broadband services

Geographic coverage and take-up of superfast broadband in the UK is already the highest of the 5 largest economies in the EU.²⁰ The government's superfast broadband programme has recently reached over 3 million premises and is passing an additional 40,000 premises each week. There is a need to go further, particularly to better connect rural areas:

- **The government is committed to delivering superfast services of at least 24 megabits per second (Mbps) to 95% of UK households and businesses by 2017.**
- The government is also working closely with providers to explore how to extend superfast broadband beyond the current 95% target. It is investing in a series of market pilots to test alternative solutions. Lessons from the pilots will be published later in the year and **decisions on further broadband rollout will be taken in the Spending Review in November.**
- **£129 million cashback from the existing superfast broadband programme will be made available to local authorities to reinvest in providing superfast broadband coverage** to even more homes and businesses, much earlier than originally planned.
- **By the end of 2015, access to standard broadband will be available to anyone unable to get a service of at least 2Mbps.** This will be made available through the option of satellite broadband, which will have the capability of delivering superfast speeds for those that want them.
- **The government will work with Local Enterprise Partnerships (LEPs) and other partners to ensure that EU funding to support broadband infrastructure in rural areas can be targeted effectively to support growth.**
- To support fixed high speed broadband infrastructure, **the government is considering making permanent the planning relaxations introduced in 2013.**

¹⁹ Ofcom's Mobile Coverage Checker is available at <http://www.ofcom.org.uk/mobile-coverage>.

²⁰ HM Treasury, July 2015.

- Over the longer term, the government will support the market to deliver ultrafast (at least 100 Mbps) broadband coverage across the UK.

2. High quality, widely available mobile communications

The government will put in place the right conditions, and work actively with providers, to ensure rural areas have the best possible coverage of high quality mobile services:

- **The government will work closely with industry to support further improvements to mobile coverage in the UK.** This will supplement the legally binding obligation on Mobile Network Operators to provide voice and SMS text coverage to 90% of the UK by 2017 and Telefonica's licence obligation to deliver indoor 4G coverage to 98% of UK premises by 2017.
- The government proposes to extend permitted development rights to taller mobile masts in both protected and non-protected areas in England to support improved mobile connectivity, subject to conclusions from the Call for Evidence which closes on 21 August 2015.

3. Modern transport connections

The government's major programme of transport investment will deliver substantially improved physical connectivity of rural areas:

- **The government will ensure timely delivery of its £15 billion Road Investment Strategy for 2015-2020.** This includes a number of schemes that will better connect rural areas, such as the A303 expressway to the South West, upgrading of the A1 in the North, dualling the rural sections of the A453 near Nottingham and improving traffic flow on the A11 in the East. Looking ahead as part of its preparations for the second Roads Investment Strategy for 2020 – 2025 the Department for Transport will be seeking the views of rural stakeholders on priorities.
- The government is making substantial investments in the local road network, providing £5.9 billion for local road maintenance between 2015/16 and 2020/21 and allocating £4.9 billion from the previous Local Authority Major Projects budget to the Local Growth Fund for the same period.
- **Rural areas across England will also benefit from the government's £38 billion rail investment programme** and reforms including the devolution of decision-making power to route managers closer to the front line.
- **To support smaller airports serving regions across the UK, the government is moving to the next stage of its competition for start-up aid.** The Department for Transport is publishing a list of 15 proposals for new publicly-supported passenger air routes, which will now undergo commercial, economic and strategic appraisal in

advance of final decisions on funding for successful routes to be made in November this year. This is part of the Regional Air Connectivity Fund, with up to £20 million available. In England, the fund has already been used to support the air route connecting Newquay airport to London.

A highly skilled rural workforce

Improving skills is a national priority for strengthening productivity performance given longstanding problems with the UK's skills base.²¹ But employers in rural areas can face particular constraints in accessing the pool of skills they require. According to survey responses, businesses in rural areas are more likely than businesses in urban areas to have to outsource work, withdraw from markets and experience delays in developing new products and services as a result of skills shortages.²²

The latest attainment data shows that overall in England, pupils in rural areas are more likely to meet expected standards by the end of key stage 4, with a higher proportion achieving 5 or more GCSEs, including English and Mathematics at grades A-C. However, considering local area deprivation, pupils living in rural areas are less likely to achieve the same standards as pupils living in similarly deprived urban areas of the country.²³*

The proportion of people working in rural areas with qualifications at or above degree level, National Vocational Qualification Level 4 or equivalent is lower for rural areas than it is for urban areas.²⁴ Businesses in rural areas are also less likely to provide vocational training, including NVQs and apprenticeships, than businesses in urban areas.²⁵

4. Access to high quality education and training

The government is implementing a wide-ranging programme of reform to improve the curriculum and strengthen the quality of schools in all areas of the country. It is also introducing changes to post-16 skills provision and improving destination data to enable informed career choices.

Several actions the government is taking will improve access to high quality education and training in rural areas:

- **The government will ensure fairer funding for schools, including those in rural areas.** The government has already increased funding for 69 under-funded local authorities, including 21 local authorities that recognise small schools in sparsely populated areas in their funding formula.

²¹ HM Treasury, July 2015.

²² UK Commission for Employment and Skills, *Secondary Analysis of Employer Surveys: Urban and Rural Differences in Jobs, Training, and Skills*, October 2013.

²³ Department for Education, *Statistics on GCSE and equivalent attainment by pupil characteristics*: 2014.

²⁴ *Statistical Digest of Rural England*, June 2015.

²⁵ UK Commission for Employment and Skills, 2013.

- **The government will turn inadequate schools into academies and improve their leadership, as well as target ‘coasting’ schools for improvement.** The government will also focus efforts to support school improvement in underperforming areas, including rural areas, encouraging the best academy chains to expand and bringing new sponsors where they are needed.
- To promote skills provision that is responsive to local economic priorities, **the government will invite local areas to participate in the reshaping, re-commissioning and ongoing commissioning of local post-16 skills provision.** The government will set out more details in the autumn.

5. Expanded apprenticeships in rural areas

Apprenticeships commonly form part of successful skills systems that have been adopted across the world. They can offer young people in particular high quality, targeted training that allows them to earn while they learn.²⁶

The government is committed to increasing the quantity and quality of apprenticeships in England to 3 million starts this Parliament. It is introducing a UK-wide levy on larger employers to help fund the increase in apprenticeships training. The government’s measures will strengthen apprenticeships in rural areas:

- **The government will increase apprenticeships in rural areas** including by tripling apprenticeships in food and farming and by helping small tourism businesses to provide more, high quality apprenticeships.
- **From April 2016, employers will not have to pay National Insurance contributions for most apprentices under the age of 25.**
- Funding reforms, such as the digital apprenticeship voucher, will put control of funding for apprenticeships directly into the hands of employers.

²⁶ HM Treasury, July 2015.

Strong conditions for rural business growth

Enterprise and competition between enterprises are vital for productivity growth. They drive innovation and efficiency and help ensure that resources flow to their most productive uses.

Rural areas are full of enterprise. There are 430 registered businesses per 10,000 of population in predominantly rural areas compared with 400 businesses per 10,000 of population for England as a whole.²⁷ But businesses need the right conditions to become established and, where productive, to grow.

As many businesses in rural areas are small or medium sized enterprises (SMEs), they can face constraints around disproportionately high regulatory burdens and more limited access to finance. For many businesses, and would-be businesses, in rural areas the lack of suitable business premises can limit possibilities for start-up and expansion. Many rural businesses cite difficulties in obtaining planning permission as a problem.²⁸ There is also scope to encourage further clustering of businesses in rural areas to reduce transaction costs, improve knowledge exchange and strengthen innovation.

Tourism is an increasingly important component of rural economies, with farms the fastest growing visitor attraction category in 2014.²⁹ However, a fragmented tourism landscape and wide variety of funding sources can hamper the effective co-ordination of tourism offers and their promotion.

The government is putting in place a range of measures at national level to provide the best possible conditions for business creation and growth:

- The government will reduce red tape, saving businesses £10 billion by the end of this Parliament.
- The government will cut corporation tax to 19% in 2017 and to 18% in 2020.
- By April 2016, the government will publish a Business Tax Roadmap setting out plans for business taxes across the rest of the Parliament.
- The government will increase the level of the Annual Investment Allowance permanently to £200,000 from January 2016. The government will also set higher investment limits for venture capital investments in knowledge-intensive businesses.
- The British Business Bank will facilitate up to £10 billion of finance for businesses by 2019 and will work with UK Export Finance to review access to finance challenges facing SMEs looking to export.

²⁷ *Statistical Digest of Rural England*, June 2015.

²⁸ Frontier Economics and Defra, 2014

²⁹ VisitEngland's visitor attraction survey.

- The government will strengthen industry collaboration and the commercialisation of research, including by responding to the recommendations in Professor Ann Dowling's review of Business-University Research Collaborations by the time of the Spending Review.
- The government will strengthen programmes to support development of management and leadership capability of SMEs, and explore devolving responsibility to local areas for designing and delivering these.
- The government is working to ensure that decisions taken across government and the public sector that affect tourism are joined up, and align with the government's ambition to grow tourism outside London.

The government will also take the following actions to improve conditions for rural business.

6. Enterprise Zones in rural areas

The 24 Enterprise Zones that have been established across the country have so far attracted more than 15,500 jobs, over 480 businesses, and £2.1 billion of private investment. 7 of these Enterprise Zones are situated in rural areas and, by December 2014, had attracted 2,450 jobs.

A bidding process for a new round of Enterprise Zones was announced in July:

- The government wants all areas in England to have the opportunity to bid for Enterprise Zone status and **in the current bidding round preference will be given to proposals which involve smaller towns, districts and rural areas**. The government will continue to encourage such towns, districts and rural areas to work with LEPs to apply to become Enterprise Zones. The deadline for applications is 18th September 2015.
- If approved, new Enterprise Zones will provide positive incentives for businesses to locate within them. Businesses in Enterprise Zones sites will be able to claim either a 100% business rate discount worth up to £275,000 per business over a 5 year period or, in assisted areas, a 100% capital allowance on large investments in plant and machinery. All growth in business rates generated by the Enterprise Zone is retained by the relevant LEP for 25 years to reinvest in the Enterprise Zone and in local economic growth.
- **The government's ambition is that businesses in all Enterprise Zones in rural areas will be able to access high speed broadband**. The government will work with each of the Enterprise Zones in rural areas that are successful in the current round of bidding with a view to realising this ambition.
- **The government will work with LEPs and other partnerships to promote the use of available funding**, including from the EU, to support broadband infrastructure in Enterprise Zones in rural areas.

7. Better regulation and improved planning for rural businesses

The government will:

- **Review the planning and regulatory constraints facing rural businesses and measures that can be taken to address them**, including how improved permitted development rights in rural areas can support new homes, jobs and innovation. The government will publish a Call for Evidence in the autumn with decisions to be made by 2016.
- **Carry out a sector-specific review of regulations affecting agriculture and reduce farm inspections by 20,000 this Parliament.**
- **Take further action to ensure that planning decisions are taken on time**, by bringing minor development within the government's approach to managing planning performance, tightening the Planning Guarantee for minor schemes, and strengthening the minimum performance threshold for the speed of deciding major applications.
- **Introduce a fast-track planning certificate process for establishing the principle of development for minor development proposals**, providing much-needed certainty for small businesses in rural areas.

Easier to live and work in rural areas

Improving the conditions for people to live and work in rural areas would help create more flexibility of labour markets, ensure that people with the right skills can be matched to job opportunities in rural areas, and facilitate the creation of new businesses. There is evidence that firms started by people moving into rural areas are more likely to supply to overseas markets,³⁰ and that such firms in turn are more likely to be productive.³¹

Lack of housing is a national challenge but in rural areas it is a particular constraint to labour and entrepreneurial mobility.³² The stock of housing is limited in rural areas relative to demand and house prices are on average 6.7% higher in rural areas than in urban areas.³³

Enabling more female participation in rural labour markets would expand the availability of skills in rural areas. In 2012 the proportion of women living in rural areas and working full time was 52.2% compared with 58.8% in urban areas.³⁴ At least part of this is due to childcare. According to the 2012-13 DfE childcare and early years survey of parents

³⁰ Centre for Rural Economy, 2013.

³¹ Richard Harris and Q Cher Li, Report for UKTI, 'Firm Level Empirical Study of the Contribution of Exporting to UK Productivity Growth', 2007.

³² Frontier Economics and Defra, 2014.

³³ Rural Economic Bulletin Jan to Mar 2015 (Quarter 1), June 2015.

³⁴ *Statistical Digest for Rural England*, January 2015.

*nationally, over half (54%) of non-working mothers agreed that they would like to work if they could arrange good quality childcare that was convenient, reliable and affordable.*³⁵

8. More housing

The government will increase the availability of housing in rural areas, allowing our rural towns and villages to thrive, whilst protecting the Green Belt and countryside. This will include a significant contribution to the 200,000 'Starter Homes', to be offered at a 20% discount for first-time buyers under the age of 40, that the government is committed to delivering this Parliament. Through the right combination of measures, the government wants to ensure that any village in England has the freedom to expand in an incremental way, subject to local agreement.

In addition to carrying out the review of planning constraints in rural areas mentioned above, the government will:

- **Ensure local authorities put local plans in place for housing according to agreed deadlines and require them to plan proactively for the delivery of Starter Homes.** The government will also bring forward proposals to speed up the process of implementing or amending a plan.
- **Help our villages to thrive by making it easier for them to establish a neighbourhood plan and allocate land for new homes,** including through the use of rural exception sites to deliver Starter Homes.
- **Review the current threshold for agricultural buildings to convert to residential buildings.**
- **Introduce a dispute resolution mechanism for section 106 agreements,** to speed up negotiations and allow housing starts to proceed more quickly.

9. Increased availability of affordable childcare

Ensuring that parents can access flexible childcare is a priority for the government. The government has already made changes that help meet the needs of parents in rural areas where childcare options may be more limited. It has encouraged more early years provision in schools, made it easier to open childcare services through changes to permitted development rights including for agricultural buildings, provided significant support for childcare through tax credits, and given entitlements to free early education for the most disadvantaged two-year-olds and for three- and four-year-olds. The government will be providing more support with the cost of childcare through the extension of free childcare for working parents of three- and four-year-olds to 30 hours per week and the introduction of Tax Free Childcare.

³⁵ Department for Education, *Childcare and Early Years Survey of Parents, 2012-13*, January 2014.

The government will also:

- **Work with local authorities and providers to ensure there is sufficient high-quality childcare to meet the needs of parents in rural areas.**
- **Invite high quality early expressions of interest to deliver 30 hours of free childcare to working parents and particularly welcome bids from rural areas that would like to be involved.**
- **Establish a digital way to provide parents with easily accessible information about childcare in their area.**
- Strengthen the current requirement on local authorities to publish information on childcare in their local area.

The government's wider actions to move the UK from a low wage, high tax, high welfare society to a higher wage, lower tax, lower welfare society will also encourage people to take up productive employment in rural areas.

From April 2016, the government will introduce a new mandatory National Living Wage (NLW) for workers aged 25 and above, initially set at £7.20 – a rise of 70p relative to the current National Minimum Wage. The government's objective is to have a NLW of over £9 by 2020. The NLW is expected to benefit directly around 8% of the rural workforce from April 2016 and around 14% of the rural workforce by 2020.

Greater local control

The government is committed to empowering local leaders to drive growth through policies anchored in the specific needs of local areas. The government is pursuing an ambitious agenda to devolve a range of powers to local level. A new Devolution Deal has already been agreed with Cornwall. This includes powers for re-shaping further education training and learning provision for adults, and for identifying and developing new apprenticeship opportunities.

10. Devolution of power

The government will:

- Encourage any further proposals from local areas for devolution of significant powers in return for a mayor.
- Encourage proposals for increased powers and greater freedoms to maximise economic growth from places across the country that put in place strong and accountable local governance.