

Conclusions and recommendations

Rural funding

LOCAL GOVERNMENT FINANCE SETTLEMENT

1. Sparsity of population makes it more expensive to provide services in rural areas than urban areas. Yet, despite this, urban areas—as defined by the Government—receive 50% more funding per head than rural areas. Part of this disparity of funding results from the process of 'damping' in the spending settlement. The Government needs to recognise that the current system of calculating the local government finance settlement is unfair to rural areas and that the disparity must be reduced. The Rural Fair Share Campaign calls for the disparity to be reduced to 40% by 2020. We agree and recommend the Government factors this target into future spending settlements. (Paragraph 8)

2. Defra needs to work closely with the Department for Communities and Local Government to ensure future local government finance settlements reduce the rural penalty. They must use an agreed definition of rurality to achieve this goal. (Paragraph 10)

3. While the £8.5 million 'efficiency support' payment is welcome, such a payment does not address the underlying problems in the current system for allocating funds through the local government finance settlement. (Paragraph 12)

RETENTION OF BUSINESS RATES

4. The Rural Communities Policy Unit must monitor the impact of the business rates retention policy on rural local authorities and raise any adverse consequences with Ministers in both Defra and DCLG. (Paragraph 15)

SCHOOL FUNDING

5. Local authorities are better placed than central government to judge the support rural schools require yet the changes for 2014-15 prevent local authorities from having the flexibility to do this. This is a backward step and we recommend the Government reverts to its previous position of allowing local authorities to vary funding according to need rather than using a centrally derived formula. The change we recommend is cost-neutral and in line with the Government's agenda of localism. **We welcome sparsity funding in principle, but introducing 'as the crow flies' distances adds unnecessary complexity. The option of sparsity funding should be retained but local authorities must be given more flexibility to decide the criteria used to apply to it.** (Paragraph 23)

6. The scope of the pupil premium entitlement should be extended to target more children who live in poverty than are included in the current measures that determine eligibility for free school meals. (Paragraph 25)

HEALTHCARE FUNDING

7. Given the difference in experience of health services between urban and rural areas, the unequal funding allocation and the increasing age of rural populations, we believe rural healthcare should be a top priority for Defra Ministers. (Paragraph 30)

Broadband and mobile

RURAL BROADBAND PROGRAMME

8. The Universal Service Commitment (USC) of 2Mbps is a big step forward for households and businesses currently with no or slow broadband. This part of the rural broadband programme is crucial and it should not be undermined by the ambition to roll out superfast broadband to those who already enjoy an adequate service. It must be the priority, particularly if there is a risk of funding not stretching as far as originally hoped. **However, given the delays to the Rural Broadband Programme, the Committee is unclear when those currently without any access may benefit. 2Mbps must also be the minimum speed that users receive during periods of peak demand, not a headline 'up to' figure that is rarely achievable.** (Paragraph 40)

9. As part of the 2Mbps roll out, if communities wish to put in place an alternative scheme that offers better broadband than the USC would offer then they should receive every encouragement and support from Government to do this—including any funding originally intended to help those communities meet the USC. (Paragraph 41)

10. The USC should include a minimum upload speed target set at a level that meets the needs of SMEs and consumers. The Government-funded infrastructure must also have the capacity to allow such a speed to be achievable at times of peak demand. (Paragraph 43)

11. In response to this Report the Government should set out how many households and businesses are not going to be covered by the roll-out of 2Mbps broadband under the Rural Broadband Programme, and the reasons for this. (Paragraph 44)

12. BDUK and Ofcom should consider requiring BT, where it is in receipt of state aid, to disclose its costs in a way that permits comparison across contracts. Without such transparency it is difficult to see how value for money can be guaranteed, particularly now that the only competitor to BT has effectively ruled itself out of the bidding **process.** (Paragraph 52)

RURAL COMMUNITY BROADBAND FUND

13. It remains disappointing that payment under the Rural Community Broadband Fund is available solely on evidence of past expenditure. The grant should be there to help communities to roll out broadband infrastructure, not just a means of recovering some of the costs **afterwards.** (Paragraph 55)

14. The Rural Community Broadband Fund is an important lever in the roll-out of superfast broadband to the hardest to reach 10%. It is therefore disappointing that so little money, less than 2% of government's overall funding for broadband, has been made available to encourage and support innovative community-led solutions in these rural areas. Defra should expand the scope of the RCBF when the next round of RDPE funding is available. (Paragraph 59)

BEYOND 2015

15. The Government should draw on lessons from the Rural Community Broadband Fund and use the funding from the BBC as a lever to encourage private and community sector capital and expertise. As a pre-requisite, the Government must publish details showing

precisely what areas will be covered by BT and when, in order to encourage alternative providers to fill in the gaps and prevent bodies in receipt of public money competing with each other. We have already stated our belief that the RCBF should provide up-front support to projects and this should also be the case in the application of the funding from the BBC. (Paragraph 65)

MOBILE INFRASTRUCTURE PROJECT

16. The lack of mobile coverage in large parts of rural Britain is unacceptable and we welcome the Government's commitment to go some way to addressing this problem through the Mobile Infrastructure Project, although it is disappointing that the ambition of the scheme has been scaled back from that originally announced. We are concerned that in focusing on reducing the number of premises in 'not-spots', which may already have landline access, large parts of the countryside and those who work in it may still be left without access to mobile technology. The Government must set out what improvement in geographical coverage the Government foresees as a result of the £150 million initiative. (Paragraph 70)

The rural economy

PLANNING AND RATES

17. The measure to exempt new-built commercial property from empty property rates is currently out to consultation but it has our full support and we hope to see it implemented in October 2013 as envisaged by the Chancellor. (Paragraph 79)

18. To promote rural economic growth, we urge local authorities to take action to reassure themselves that businesses in their area are in receipt of all of the business rate reliefs for which they are eligible. We accept that there is a squeeze on local authorities' finances but we urge them to make as much use of the discretionary element of rural rate relief as possible to support those rural businesses critical to the vibrancy of rural life. (Paragraph 81)

19. We welcome the Government's ambition to create a simpler planning system that will support sustainable rural economic development. For it to be effective local councils must work pro-actively with local businesses that wish to expand or diversify. Councils must move away from the tick box system of the past to one where the planning officer is an adviser helping a business build its confidence and prospects. The free planning advice service that has been made available to businesses in Rural Growth Networks is an excellent example of the Government listening to the concerns of business and putting policy in practice. (Paragraph 86)

LACK OF FINANCE

20. The Government must ensure that provision of banking services to rural communities is included in any programme to increase competition in the banking sector. (Paragraph 94)

21. We welcome the Government's proposal to create a business bank to increase access to finance for small and medium sized businesses. Small businesses are the lifeblood of the countryside. In developing the business bank we urge the Government to ensure that businesses from rural areas will be able to benefit just as much from its creation as their urban counterparts. (Paragraph 96)

RURAL ECONOMY GROWTH REVIEW

22. The Rural Economy Growth Review should not be seen in Government as purely a Defra initiative. Lessons learnt from the Review must be translated into policy influence across government. (Paragraph 98)

23. When more money becomes available through the next round of Rural Development Programme the RCPU should extend the current scheme and explore whether there is a need to create an additional scheme aimed at supporting businesses that require grants of less than **£25,000**. (Paragraph 101)

24. The Government should consider creating a Rural Growth Network that has supporting young people who face specific barriers to employment, education and training, as its focus. (Paragraph 105)

25. In response to this report Defra must set out what steps it is taking under the measures set out in the Rural Economy Growth Review to increase the number of people from under-represented groups who access the natural environment. (Paragraph 109)

LOCAL ENTERPRISE PARTNERSHIPS

26. It is important that the Government puts in place safeguards to ensure that LEPs' focus and funding is of benefit to all parts of the country, not just urban areas. Their performance must be measurable and clear to the communities they serve. The RCPU should lead on this work and in response to this Report set out how it will make sure that the work of LEPs is robustly rural **proofed**. (Paragraph 115)

27. We are concerned that micro- and small businesses characteristic of rural areas might be overlooked by the LEP structure, **Defra must work with BIS to ensure this is not the case by advocating a closer working relationship between LEPs and their local rural and farming network**. Defra also need to ensure that there is no disconnect between the work of LEPs and other rural bodies that have a role in economic development such as AONBs, local action groups, community councils and Local Nature Partnerships. Finally, the RCPU, through its LEP roundtables, must be a strong advocate not just for the rural economy but for the social and environmental needs of rural communities as well. (Paragraph 116)

Housing

28. We urge the Government to consider whether local authorities should be allowed to invest in housing under normal borrowing guidelines. If the Government opposes this suggestion it must set out why. (Paragraph 121)

AFFORDABLE HOMES PROGRAMME

29. The problem of lack of affordable housing in some rural areas is so acute that we do not believe that the Affordable Homes Programme up to 2015, which aims to develop 8,000 homes among 16,000 rural communities, will be sufficient in scope to make a meaningful impact, particularly in those areas with the highest numbers of households in temporary accommodation such as the southwest of England. The Government has allocated a further £3.3 billion to the Affordable Homes Programme from 2015 onwards—we expect a larger proportion of this money to be spent in rural areas than has happened in the current spending round. (Paragraph 127)

30. We expect the Rural Communities Policy Unit to monitor the progress of the Affordable Homes Programme and work with the Homes and Communities Agency to ensure a minimum of 10% of homes built under this Programme are in those rural settlements identified in the Taylor Review as most in need. We expect to hold Defra to account should the proportion fall below the 10% threshold. (Paragraph 128)

AFFORDABLE RENT MODEL

31. The Affordable Rent policy which increases rents on the least well off in society in order to compensate for a marked reduction in funding from central government is one which gives us concern, particularly for rural areas where the cost of living is already high. Affordable rents, tagged at up to 80% of market rent, means homes will remain unaffordable to many rural workers. The RCPU has a crucial role in monitoring the outcome of the affordable rent model in rural areas and must seek amendment to the policy if it is found to be failing to assist those in rural housing need. (Paragraph 130)

RIGHT TO BUY

32. The RCPU must monitor the impact of Right to Buy on rural areas, particularly National Parks, and if necessary put the case for them to be exempt from this scheme. (Paragraph 134)

UNDER-OCCUPANCY

33. It is difficult to see how the under-occupancy policy, which might cause key workers to leave areas where they perform a vital role, and force children to move schools, is of benefit to rural communities. Settlements of fewer than 3,000 people, the same threshold as the Right to Acquire scheme, should be excluded from the under-occupancy policy. (Paragraph 137)

RURAL EXCEPTION SITES

34. The importance of rural exception sites to rural areas should be reflected in national housing policy. They are not going to solve the problem of lack of housing in rural areas on their own, but we wish to see the RCPU work with Department for Communities and Local Government and local councils to explore whether more homes might be made available under such schemes. (Paragraph 145)

NEIGHBOURHOOD PLANNING

35. Ongoing support for communities developing neighbourhood plans, particularly those that lack the capacity, expertise and finance to undertake this work, is crucial if the process is going to deliver the benefits communities have been led to expect. Through its rural networks Defra has a role to ensure that this vital support is available. Defra must also set out how it intends to monitor the neighbourhood planning process to ensure it does not have the unintended consequence of increasing inequality both within and between rural communities. (Paragraph 153)

36. Despite its benefits, neighbourhood planning will not always be the most effective option for communities to choose to achieve the desired result. Where the community and the local planning authority are in agreement, there are better approaches which avoid the cost of neighbourhood planning and are less onerous. Defra must ensure that communities receive unbiased advice and only choose the neighbourhood planning option where it is in their interest to do so. (Paragraph 154)

SECOND HOMES

37. People should not be prevented from buying second homes but we believe there is merit in the RCPU exploring options that may make the process either less attractive for the second home owner or more beneficial for the rural community or both. To reflect local circumstances implementing such options must be at the discretion of the local authority. (Paragraph 159)

NEW HOMES BONUS

38. Urban areas already receive 50% more in local government funding than rural areas. We have made it clear that we wish the Government to reduce this gap but the New Homes Bonus has the potential to widen it further. The RCPU should monitor the impact of the New Homes Bonus on rural areas and seek urgent amendment if it is found to be putting rural areas at a disadvantage. (Paragraph 161)

HELP TO BUY

39. Assuming uptake from lenders, the Help to Buy scheme will offer some help to those wishing to purchase a home. However, it may also cause house prices to rise further. Unaffordability of housing is an acute problem in rural areas and we question the merit of a scheme that has the potential to make the situation worse. The Government's focus must be on measures to increase supply. (Paragraph 163)

Fuel poverty

40. It is disappointing that off-grid households are being prevented from accessing the same incentives and finance to improve their properties as on-grid households. We look to the RCPU to rural proof energy efficiency policies and see that the bias against rural communities is removed. (Paragraph 174)

41. Collective buying groups have the potential to reduce energy bills for our rural communities. We are encouraged by the steps Defra has taken to support those communities wishing make use of the benefits of collective buying power. In order to be able to judge the effectiveness of this approach, Defra should set out how many communities have set up oil-buying groups since 2011-12 in its response to this Report. (Paragraph 177)

Rural Transport

A STRATEGIC POLICY

42. The Government must develop a strategic policy aimed at reversing the trend of declining accessibility to key services for people living in rural areas. As the Department responsible for rural affairs, Defra has a key role in developing this policy. The policy should be an expansive vision that includes multimode approaches to regional rural transport. As part of this work, Defra should liaise with bodies such as the Association of Train Operating Companies, Network Rail, Local Enterprise Partnerships and the Department for Transport to explore improving rail connectivity within rural areas. (Paragraph 181)

43. Defra should work with local authorities and LEPs to support actively those rural communities wishing to maintain or improve their rail access. As part of this, Defra should consider whether RDPE funding might be made available to support rural communities that

are successful in the existing round of the New Station Fund (and future rounds should the Fund be extended), in order to help create successful local transport hubs. Such work should be incorporated in a nationwide strategy for rural transport. (Paragraph 182)

COMMUNITY TRANSPORT

44. When the next update of the Rural Statement is published we expect it to include the steps the Government is taking to follow up on the concerns and opportunities identified during the production of the 2012 CTA State of the Sector Report. This work must include an evaluation of the outcome of cuts in the Bus Service Operators Grant on community transport as well as consideration of how changes to the bus subsidy system will impact on that sector. (Paragraph 191)

45. We also expect Defra to work with rural and transport practitioners within local authorities to ensure that where a rural bus service is targeted for closure, alternative community-led schemes are actively pursued and supported where demand is demonstrated. Such community-led schemes, as well as other transport services, should not ignore the needs of the labour market in favour of other requirements. (Paragraph 192)

CONCESSIONARY FARES

46. We believe there is a need for the Government to review the current mandatory nationwide concessionary fare system. In line with the Government's decentralising agenda the review should consider whether locally led solutions offer a better means of safeguarding services and generating growth. Protecting the vulnerable should be at the heart of any proposed reform to the system and allowing elderly and disabled people to gain concessions on services provided by the community transport sector must be considered. (Paragraph 194)

WHEELS TO WORK

47. Defra should work with the DfT and DWP as well as local authorities and civil society groups to ensure that schemes—such as Wheels to Work—that enable young people to get to work, training and education do not falter through lack of funding. Where necessary, alternative sources of funding should be explored including loan finance from Big Society Capital and other **social investment bodies for the third sector**. (Paragraph 195)

FUEL PRICES

48. In addition to maintaining the freeze on duty the Government should continue to explore other options to address the high cost of fuel in rural areas. This should include continuing work on the possibility of introducing fuel duty discounts in the more remote parts of the United Kingdom that do not have easy access to the cheaper fuel available at supermarket-tied filling stations. The Government should report back on this issue no later than next year's Budget. (Paragraph 201)

REDUCING CAR DEPENDENCY

49. As part of a strategy on rural transport the Government, and its delivery bodies such as Local Enterprise Partnerships, must consider measures that reduce car dependency. More needs to be done to create rural transport hubs. Buses that link up with rail services to enable people to get to work and education should be the norm not the exception. Encouraging increased take-up of cycling must also form part of a rural transport strategy. This should

include the provision of safe, dedicated cycle paths along key commuter routes and secure storage facilities at bus and railway stations. (Paragraph 203)

Empowering communities

COMMUNITY RIGHTS

50. The new Community Rights are welcome additional tools to allow communities to shape their future development. However, giving communities these rights does not mean that it will be appropriate in all cases for communities to exercise them to achieve the desired outcome. The Government should promote the new powers it has created but it must not push communities into using them unnecessarily, particularly if the outcomes can be better achieved using existing tools. Some of the new rights are costly to implement and are not without risks. It is crucial that communities receive impartial advice and the Government must do better to ensure this is the case. (Paragraph 211)

RETAINING SERVICES

51. The Government is not doing enough to promote the benefits of community ownership and the role community-owned enterprises, social enterprises and co-operatives can have in growing the rural economy—especially in our more isolated communities. A firm endorsement of this type of enterprise in policy and planning guidance will have a positive impact on the attitudes of public bodies, particularly local planning authorities and LEPs. Such an approach is consistent with the Government's stated objectives of promoting action driven by civil society rather than reliant on the public sector. **As part of an increased emphasis on the benefits of community ownership, the Government must do more to promote the Community Right to Build scheme as a means to help communities build or retain amenities such as village shops.** (Paragraph 214)

52. During development of the new Rural Development Programme Defra should explore how Leader can be used better to help those communities looking to retain services that are under threat. However, no amount of support will make a local shop, pub or other service viable if communities do not use them. (Paragraph 217)

COLLECTIVE ACTION

53. We recommend the RCPU put in place a programme to support communities wishing to come together to realise the benefits that collective action can bring. (Paragraph 218)

UNEQUAL CAPACITY

54. As take-up of neighbourhood plans demonstrates there is a risk that if the state passes power and responsibility to local communities some will rise to the challenge but some will not. Inequality within rural areas may increase as a result. We welcome funding from Government to help communities get initiatives off the ground but funding must also be directed at professional community support organisations. Without the encouragement, hands-on support and resources of such organisations, many communities may miss out on the opportunity to have a say in their future. (Paragraph 222)

Rural Communities Policy Unit

RURAL PROOFING

55. We recommend that all policies be subject to rural proofing, unless a case can be made that it does not apply. Action taken to ensure fair rural outcomes must be reflected in a policy's Impact Assessment so that rural stake-holders can see that their needs have been accounted for. Where applicable, the impact assessment process must include consideration of the rural premium that exists in delivering services in rural areas. (Paragraph 227)

56. We agree that Defra should review rural proofing annually. The review must acknowledge where it has failed to secure rural fairness as well as the successes it has achieved. It seems **sensible to us for that review to be included in Defra's Annual Report and Accounts in line with the guidance for other government departments.** (Paragraph 229)

ENGAGEMENT

57. While we consider that the network of bodies with which the RCPU maintains a structured relationship constitutes a comprehensive engagement framework, we believe that including rural practitioners in local authorities in that structure would be mutually beneficial. (Paragraph 233)

RCPU'S PRIORITIES

58. While deprivation may be more directly aligned with other Departments such as DWP we believe that because of the different rural experience of deprivation and disadvantage, which Defra is most likely to better understand, rural deprivation should be a policy focus for the RCPU. In addition, the implications of an ageing rural population mean that if healthcare is not already included within the services priority then the RCPU should add it as an additional policy **focus.** (Paragraph 236)

59. When it is next updated we expect to see a more ambitious Rural Statement that includes reference to the RCPU's policy plans for the future. The Statement must also include some key performance outcomes so that rural areas can hold the Government to account. Such indicators might include figures on rural GVA, rural deprivation, the numbers of rural pubs and shops, and feedback from rural stakeholders. (Paragraph 244)

Conclusion

60. In response to this Report Defra must set out what steps it is taking to combat poverty and deprivation in rural areas and how it is ensuring that pockets of rural deprivation that might otherwise be overlooked in official statistics are being recognised across government. (Paragraph 249)