

COUNTRYSIDE ALLIANCE BRIEFING NOTE: LEVELLING-UP AND REGENERATION BILL

Second Reading, House of Commons

Wednesday 8 June 2022

- **By itself this Bill would make little difference to the fortunes of rural areas because it is largely focused on setting up new frameworks for policy. Assuming it is passed, what will make the difference is how the new powers it creates are used.**
- **Our briefing focuses on the major challenges to the levelling up of rural areas, also including a factual outline of the Bill's key objectives.**

Background: Levelling-up challenges in rural areas

Digital connectivity

- A Countryside Alliance survey conducted with Gigaclear in 2021 found 80 per cent of rural businesses agree that ultrafast fibre connectivity would have the single biggest positive impact on their business recovery post-Covid; 32 per cent estimate it would help them recover twice as fast.
- Covid-19 once again highlighted the disparity in broadband connectivity across the country as the networks have struggled to keep up with unprecedented demand which saw millions of Britons suffering as a result of poor connectivity and outages. Our research also revealed 85 per cent of rural businesses reported their current internet as being either poor but manageable (47 per cent), or unmanageably poor (38 per cent).
- At the Budget in October the government confirmed the investment of £1.2 billion from 2021-2022 to 2024-25 of the £5 billion Project Gigabit which aims to support the rollout of gigabit capable broadband in hard-to-reach areas across the whole of the UK.
- A further £180 million was announced over the next three years as part of the £500 million investment in the Shared Rural Network, which seeks to deliver high-quality 4G mobile coverage to 95 per cent of the UK. This is estimated to offer extra coverage to 280,000 premises especially in rural areas, particularly for Scotland, Wales and Northern Ireland.

Skills

- Green growth within rural communities relies on the skills available in the workforce. Diversifying those skills stands to introduce the rural economy to other sectors, and make the rural economy less dependent on seasonal activities.
- Digital skills are now essential for full participation in social and economic life. However, a Parliamentary inquiry into digital skills reported that “there is a digital divide where up to 12.6 million of the adult UK population lack basic digital skills. An estimated 5.8 million

people have never used the internet at all. This digital skills gap is costing the UK economy an estimated £63 billion a year in lost additional GDP.”¹

- Our own research has found that there is a lack of digital skills and confidence in using technology, which impacts both businesses and personal life. Businesses are unable to take advantage of the potential of social media, online bookings, or travel sites, and individuals, particularly older persons, are unable to take advantage of online services, such as food deliveries and online banking.
- Inability to use online services again places dependency on car use, which in turn contributes to emissions and congestion in rural towns where the larger shops, such as supermarkets, are found.

Tourism and hospitality sector

- Rural tourism in England contributes over £13 billion per year to the economy, making up a substantial part of the overall £97 billion value of tourism in England. It makes a significant contribution to the rural economy, supporting village shops and services, jobs and businesses.
- Seasonality in rural areas has a huge impact on retaining skilled workers over the quieter months.
- The UK is one of only four countries in Europe not to take advantage of a reduced rate of VAT which means British families or international visitors holidaying in the UK pay almost three times as much VAT compared to a German break, and twice as much as one in Italy, France, and Spain.
- At the Budget it was announced that in the retail, hospitality and leisure sectors would receive a 50 per cent business rates discount in 2022-23, up to a maximum of £110,000. The business rates multiplier has also been frozen in 2022-23.
- The Budget also cut duty rates on draught beer and cider by 5 per cent to support pubs, taking 3p off a pint.

Bill analysis

Levelling-up missions

- Part 1 of the Bill concerns ‘levelling-up missions’ which it defines and places the government under a duty to undertake and report on to Parliament.
- ‘Levelling-up missions are defined as “*objectives which Her Majesty’s Government intends to pursue to reduce geographical disparities in the United Kingdom significantly... within a period specified in the statement... and details of how [it] proposes to measure progress in delivering those levelling-up missions*”.
- Having announced these missions by means of a statement to Parliament, the Secretary of State will then be required to report annually on progress towards their fulfilment.

¹ Science and Technology Committee, [Digital Skills Crisis](#)

- While the Bill outlines further requirements as to metrics, scrutiny and revisions to these missions, their actual content will be a matter for Ministers once the Bill has been passed.

Local democracy and devolution

- Part 2 of the Bill makes it possible for the Secretary of State to establish ‘combined county authorities’. These will be a new tier of local government that can be the recipient of powers under local devolution deals and can be led by a directly elected mayor.
- A combined county authority must include one two-tier county council and at least one other upper tier county council or upper tier unitary authority. This is intended to be more appropriate for non-metropolitan areas, many of which have two-tier local government.
- Related measures include enabling local authorities to move into directly elected leadership governance models more quickly to support devolution deals and enhancing audit and scrutiny arrangements by enabling remuneration for committee members to attend relevant meetings.

Planning

- The remainder of the Bill addresses planning and aims to establish a new system based on the principles of beauty, infrastructure, democracy, environment and neighbourhood engagement.
- Reforms include replacing the current system of securing developer contributions (through section 106 agreements and the Community Infrastructure Levy) with a new Infrastructure Levy, set locally and with a requirement on local authorities to prepare infrastructure delivery strategies to outline how they intend to spend it.
- Local plans, to include including neighbourhood plans prepared by local communities and spatial development strategies produced by Mayors or combined authorities, will be given more weight with a presumption that there must be strong reasons to override the plan when a compatible application is made.
- Replacing EU processes of Environmental Impact Assessment and Strategic Environmental Assessment, a new system of Environmental Outcomes Reports will allow the government to set environmental outcomes for plans or projects to be assessed against.
- There are also strengthened sanctions and enforcement powers for local authorities that aim to close loopholes that can be exploited to prolong unauthorised development, allow more time for investigations, introduce enforcement warning notices, make enforcement timescales more consistent and increase fines.

Countryside Alliance position

- Funding must be apportioned fairly to rural communities, with the process of distribution rural-proofed so it serves rural communities better. The ‘place-based’ approach must recognise the diversity of our countryside and the capabilities and knowledge of those who live and work there.’ This would ensure that issues in the countryside, often more complicated than in urban areas, are tackled appropriately and, crucially, resolved.

- Rural communities' needs should be at the heart of policy making in government. The responsibility for promoting and embedding rural proofing should therefore sit at the heart of government in the Cabinet Office. This will ensure the necessary resources and experience required to exert influence across government.
- Enhanced digital connectivity for rural areas is ripe for inclusion in levelling-up missions laid out under this Bill. Delivering full fibre and gigabit capable broadband to the countryside by 2025, as committed to in the 2019 Conservative General Election Manifesto, has already been watered down in 2020 so a renewed effort is essential if the government wants to meet its ambition of levelling up.
- The current lack of broadband infrastructure serving small firms threatens the expansion of the rural economy, which is currently worth £400bn annually. The business opportunity includes 28 per cent of all UK firms and over one million small businesses.
- Rural digital connectivity will not only allow the rural businesses to realise their potential but could play a vital part in addressing climate change by reducing damaging emissions. It will allow people to work from home, thus being less dependent on private transport.
- That the digital skills gap costs the UK economy an estimated £63 billion a year in lost additional GDP strongly suggests the value that could be unlocked by investment in diversifying skills. When doing so, the government must ensure those skills will benefit and contribute to a green future.
- We welcomed the permitted development rights and reduced licensing requirements that were extended to businesses to help them adapt to periods of lockdown, but we would like to see these made permanent. The government has consulted in relation to liberalising rules on town markets and moveable structures in outsid areas of premises, and should be announcing the outcome soon.
- Lack of public transport is one of the biggest issues in the countryside. Better local transport links would not only encourage those who live and work in the area to use public transport, but also encourage holidaymakers to leave their car at home.
- Continuing to reduce tourism VAT would help lower prices and allow businesses to increase investment, especially in the fragile coastal communities. Research by the Cut Tourism VAT campaign has found that a cut in tourism VAT would contribute an extra £4.6 billion to H M Treasury over ten years and create 121,000 jobs.

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