

COUNTRYSIDE ALLIANCE BRIEFING NOTE: SUPPORT FOR LEVELLING UP RURAL COMMUNITIES IN CUMBRIA

Adjournment Debate, House of Commons

Wednesday 23 February 2022

- **The distribution of funds through the forthcoming UK Shared Prosperity Fund must be rural-proofed so it serves rural communities better.**
- **Responsibility for promoting and embedding rural proofing should sit at the heart of government in the Cabinet Office so that the necessary resources and experience will be available to exert influence across government.**
- **Countryside Alliance research 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.**
- **The current lack of broadband infrastructure serving small firms threatens the expansion of the rural economy, which is currently worth £400bn annually.**
- **The tourism and hospitality industry should work with the government to help deliver a tourism sector that operates 365 days of the year.**
- **Permitted development rights and reduced licensing requirements that were extended to businesses to help them adapt to periods of lockdown should be made permanent.**
- **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.**

Background: UK Shared Prosperity Fund

- **The UK Shared Prosperity Fund is due to replace European Structural and Investment Funds in April with the objective of levelling up and creating opportunity for people and places across the UK. It is scheduled to provide £2.6 billion of new funding for local investment by March 2025, increasing to £1.5bn a year by 2024-25, allocated through a funding formula.**
- **Previous funding from the EU was distributed through the Local Enterprise Partnership network. That system did not serve rural communities well as urban areas received the lion's share of the funding mainly due to the makeup of the boards being urban-dominated.**
- **The government has said that the new system *"will help people access opportunity in places in need, such as ex-industrial areas, deprived towns and rural and coastal communities, and for people in disadvantaged groups across the UK"*.**

- To access funding, places, led by local or combined regional authorities, will be required to submit an investment plan to the government setting out their priorities for investment and the outcomes they are seeking to achieve.

Countryside Alliance position

- Funds 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 take 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.

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.

Countryside Alliance position

- We welcome continued investment in digital infrastructure through Project Gigabit and the Shared Rural Network. 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 this additional funding 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.

Tourism and hospitality

- 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.

Countryside Alliance position

- The tourism and hospitality industry should work with the government to help deliver a tourism sector that operates 365 days of the year.
- 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. If, for instance, a pub wishes to operate a takeaway service, we do not believe it is any longer relevant to require it to obtain a licence variation.
- 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.
- We welcomed the introduction in the Budget of a new lower rate on draft beer and cider. We would encourage the government to consider further the impact of VAT on hospitality businesses, and in particular pubs.

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.

Countryside Alliance position

- 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.
- There should also be more support for developing land-based apprenticeships.

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