

## House of Lords Select Committee on the Rural Economy – Call for Evidence, September 2018

**East Lindsey** is the ninth largest local authority by area in England. It covers 183,107 hectares. It is the second largest District Council in England and is categorised by the Department for Environment, Food and Rural Affairs (Defra) as ‘a predominantly rural local authority’ with over 80% of its population living in rural areas. The District is polycentric, with towns and large villages widely distributed across its geography. Skegness is the largest town with a ‘Built Up Area’ population of 24,876, followed by Louth (which is the only other settlement with a population over 10,000) with a Built Up Area of 16,419. There is a distinctive split between its Coastal area and Rural Inland. A significant proportion of the District is covered by the Wolds Area of Outstanding Natural Beauty.

### General Questions

#### 1. What do you understand by the “rural economy”? How has it changed over recent years, and what has been the impact of these changes?

Rural economies are diverse and make a significant contribution to national economic performance. In recent years, there have been numerous sectoral changes - such as technological change in farming that have had a profoundly significant impact on the composition of the rural economy (increased efficiency which has led to less need for manual labour). This has led to a rebalancing of the economy and a move towards a more diverse and outward looking local economy.

With regards to East Lindsey’s economy, we are a District with two distinct rural economies – ‘Rural Inland’ and ‘Rural Coastal’. Farming has always been a traditional part of East Lindsey’s economy, with the climate, landscape and soils suited to growing crops, agriculture accounts for the largest number of businesses in the District (1,105 or 18.7%). Manufacturing continues to be a more important sector for Rural Inland, whereas tourism activities are dominant for the Coast. The Rural Inland area is the location of most of the District’s employment in education and health, as well as knowledge intensive sectors (which are associated with higher level skills and wages). The Coast is characterised by a low skill, low wage and seasonal economy. Three quarters of businesses in the Rural Inland are categorised as “high growth, growing or stable”. The picture on the Coast is more mixed: around half of businesses are categorised as in decline yet just under a third of businesses are categorised as “growing”.

East Lindsey has experienced a slight decline in employment since 2009, with 1,014 (or 2.4%) jobs lost across the District. This is in contrast to the regional and national picture, where there has been overall growth in employment between 2009 and 2013. Job losses in East Lindsey have been concentrated in the construction industry, public and real estate sectors. East Lindsey’s economy performs strongly in the Greater Lincolnshire Local Enterprise Partnership (LEP) priority sectors of Agri-Food, Tourism and Manufacturing. These sectors are locally distinctive and fulfil niche processes in supply chains. However, employment data overall suggests the local economy is still recovering from the 2008/9 recession.

East Lindsey has a large proportion of small businesses, in particular those classified as Small Office/Home Office (SoHo), suggesting a high rate of home working. The rate of home working is highest for Rural Inland (where 7.8% work at or mainly from home). There are few foreign owned companies, accounting for just 0.1% of all companies in the District, compared with 3.1% in England. East Lindsey also has a higher proportion of people in self-employment than the Lincolnshire, regional and national averages. However, the self-employment rate in East Lindsey has declined since the recession in contrast to the regional and national picture.

Productivity in Greater Lincolnshire, based on a measure of GVA per hours worked, continues to lag behind regional and national levels, with Greater Lincolnshire workers generating an average of £25.31, compared to the national average of £30.05. This is due to the high proportion of low value-adding sectors in East Lindsey, such as care and retail as well as the high number of retirees. With a shift in government policy towards productivity and employment, getting more people in East Lindsey into the workforce and making the workforce more productive are increasingly important. The District has relatively few business closures and new business creations. However, East Lindsey does fall behind the Lincolnshire, regional and national averages for percentage of businesses surviving at 3 years – 55% of new businesses still operate in the District after three years compared to 60% in Lincolnshire and 57% in England.

While average wages for full-time workers in East Lindsey have improved since 2010, now exceeding Lincolnshire levels, part-time workers in the District earn on average £20 a week less than the national average. Given the high number of part-time workers in East Lindsey, this has implications for household incomes.

East Lindsey has the largest population of any District in Lincolnshire – some c.136.5k residents. Residents are evenly split between Rural Inland and Coast but sparsely distributed, with 80% living in rural areas. Between 2001 and 2011, East Lindsey's population grew by 4.6%, lower than the growth rate for Lincolnshire (10.4%), the East Midlands and England.

The District has a high proportion of residents aged 65 years and over (28% of the population), reflecting the importance of East Lindsey as a destination for retirees. Between 2015 and 2036 the number of over 65's is expected to increase from 40,000 to 55,000. Over the same period, the working age population is forecast to decline from 79,000 to 77,000. These forecasts have implications for the future of the labour market in East Lindsey. With a net outflow of working age people and a growing retiree population, labour market participation is likely to decline, yet demand for health related services is likely to increase.

The economic activity rate (the percentage of people employed or seeking work) is higher for men in East Lindsey (86.7%) than for women (64.9%), which suggests that women in the District find it more difficult to participate in the labour market. East Lindsey is not a large attractor of overseas migrant workers and numbers have declined during the recession; East Lindsey accounted for just 6% of overseas migrants registering to work in Lincolnshire in 2010-2011. A high proportion of the working age population claims benefits in East Lindsey, with Employment Support Allowance and Incapacity Benefits paid to 8.6% of the working age population. These benefits are associated with the ill-health of either the claimant or a dependent, and reflect the high proportion of older people living in East Lindsey. The unemployment rate is similar to the regional and national averages but fluctuates due to the seasonal nature of key employment sectors in East Lindsey – the claimant count can increase by more than 1,000 between February and August each year.

A high proportion of the working age population has no qualifications. Between 2008 and 2014, this proportion increased from 14% to 14.9%. In contrast, over the same period qualification attainment in Lincolnshire, the East Midlands and England increased. While school attainment at KS2 and KS4 has improved in East Lindsey, it still remains below Lincolnshire and national levels. Professional and technical occupations are under-represented in the District, which reflects the lack of larger/international firms and institutions such as hospitals and further and higher education institutions. Almost one-third of workers are employed in process and elementary occupations, mainly in the large Agri-Food and Manufacturing sectors.

**2. Could you give examples of notable success stories and good practice in the rural economy?  
How might rural successes be replicated and better promoted?**

It is undeniable that there are multiple barriers to rural economic growth, particularly the further from a large centre of population the rural economy finds itself. Locally, business cluster (e.g. manufacturing) collaboration around business and workforce development priorities has helped to realise economies of scale in the procurement of support and help develop business co-operation where it didn't previously exist. Locally led funding, such as the Rural Development Programme for England's Lindsey and Coastal Action Zone Local Action Groups, have helped support local economic growth and job creation through a 'bottom-up' approach. Collaboration around place development and marketing has brought together both public and private stakeholders (e.g. [lovelincolnshirewolds.com](http://lovelincolnshirewolds.com)) to support sector growth. In terms of local infrastructure, Louth Cattle Market (the only remaining cattle market in Lincolnshire) has been saved from closure and is now planning for a diversified and sustainable future – improvements to local broadband connectivity via the Onlincolnshire programme have the potential to support creative clusters in the future.

Rural successes are probably best promoted through groups such as the Rural Services Network which ensures the wide circulation of best practice.

**3. How do you see the future of the rural economy? Where is the greatest potential for growth, and what might be the impact of technological and other changes?**

There is every chance that the East Lindsey economy will continue to diversify and rebalance around Manufacturing, Tourism, Agri-Food and Care sectors:

- (1) Growth in higher value activities in the Agri-Food sector (e.g. food manufacturing). Almost a quarter of East Lindsey's workforce is employed in this sector which has seen an increase in niche food production (e.g. small scale breweries, confectionary and bakery items).
- (2) Tourism has remained resilient and grown over the past 10 years, leading to growing numbers of people employed in the sector. There has also been a focus on the diversification of the local offer and improvements to the quality of the local product.
- (3) East Lindsey already has a strong Manufacturing sector, with locally distinctive activities (e.g. plastic products, packaging, agricultural machinery, aircraft engineering). The area has seen significant investment from BAE Systems, with more than 400 jobs created in aircraft manufacturing/engineering. Local clustering has led to an increasing number of business development opportunities, both directly and as part of the supply chain. The development of a Renewable Energy hub on the Humber Bank also presents opportunities in the local supply chain.
- (4) The disproportionately high numbers of older people or individuals with life limiting conditions living in East Lindsey present significant opportunities for Care sector development in the future.
- (5) Investment into improving local digital infrastructure and access to Super-Fast Broadband present significant opportunities for the creative and value-added sectors in the future.

It is also worth noting that East Lindsey offers a high quality of life proposition with people attracted by the low cost of housing, good schools, low levels of crime and an outstanding landscape (including the Lincolnshire Wolds which is the only Area of Outstanding Natural Beauty in the East Midlands, and one of only two nationally protected landscapes in the region) – all of which can be used to attract people to live in the area.

More broadly, any significant political changes have the potential to impact upon the local economy, not least the currently unquantifiable impact of Brexit on farming and supply chain activity (which could be both positive – in terms of sales opportunities and negative – in terms of tariffs etc.). The current financial support regime provides secondary benefit (spend etc.) to the wider local economy and it is fundamentally important that ongoing support for the sector is factored into negotiations and the final exit deal arrangements.

Additionally, given that rural economies are incredibly diverse – the multiple economies which operate within a ‘local rural economy’ will present different needs and opportunities in the future. Technological change will continue to be one of the main drivers of change and it is critical that all rural areas keep pace with technological developments and any market failure in service provision (leading to ‘not-spots’) is filled by government intervention. The delivery of effective broadband (and 4/5G), and its utilisation, is a clear area of opportunity for rural businesses and could level the playing field with urban areas.

## **Infrastructure and Services**

### **4. How can access to transport be improved in rural areas?**

East Lindsey is a large and sparsely populated District, which is served by mainly single carriageway roads and a limited rail network and bus service. Use of public transport is particularly low in the Rural Inland area. Cars are relied upon as the primary method of travel to work for the majority of workers in East Lindsey, and this is compounded by the lack of alternative methods. East Lindsey receives the lowest rating of any Lincolnshire district for its transport infrastructure in the Lincolnshire Employer Survey and car ownership is high across East Lindsey, where 82% of households have at least one car (in the Rural Inland area, the rate of car ownership is even higher, at 85.5%). East Lindsey’s limited transport infrastructure and geographical location are identified as barriers to business trade and growth by local employers. Businesses in the District are remote from suppliers, customers, and from areas with a more skilled labour market.

There are a small number of projects to provide local transport solutions in the Coastal area, such as Skegness Sustainable Transport (Go Skegness). The wider rural area is also served by InterConnect, a network connecting local bus services, so passengers can get to destinations within Lincolnshire and beyond. However, the sparsity of the Rural Inland means that many residents remain reliant on use of private vehicles for commuting and accessing local services.

Transport infrastructure in East Lincolnshire has been, historically, chronically underfunded and moving forwards Government must make significant funding available for both rural transport infrastructure and public transport provision (e.g. currently, local authorities in rural areas have far less funding to support bus services than urban areas) in order to realise economic opportunities. A fairer funding deal for Local Authorities would significantly improve access to transport in rural areas – cuts have necessitated a focus on statutory services (e.g. Social Care), at the expense of infrastructure investment. In Rural areas, poor transport connectivity impacts negatively on employment opportunities and economic/educational participation, creating a social care burden. Additionally, where investment into public transport is not viable and car usage is the only viable transport medium, the Government should give thought to a fairer road and fuel taxation system.

### **5. What barriers to growth are created by poor digital connectivity? How can connectivity be improved across the board?**

The barriers to growth created by under-investment in digital connectivity are well documented, but infrastructure improvement initiatives headed by BDUK and delivered locally through Onlincolnshire, have improved the provision of superfast broadband significantly. Despite this improvement, the scheduling of the BDUK roll-out has been highly disadvantageous to the more remote areas of East Lindsey (expensive to reach areas have been/are dealt with at the end of the roll-out programme) – areas with geographical challenges should be prioritised in order to ‘level the infrastructure playing field’ and more funding should be made available to expedite roll-out.

Moving forwards, in order to realise the opportunity linked to improved digital connectivity, activity has to be centred around:

- (1) Tackling not-spots in remote rural areas through the use of emerging technologies (e.g. satellite and wireless technologies) in order to tackle any local ‘digital divides’;
- (2) A programme focussed on animating the business/recreational benefits of SFBB and encouraging take-up of new services;
- (3) A programme focussed on supporting the development of digital skills (both residents and businesses) and how they can be utilised to realise growth opportunities.

#### **6. What can be done to improve and maintain provision for essential services such as healthcare, education and banking in rural areas?**

This is a major issue for rural areas and particularly more peripheral areas like East Lindsey where the commercial viability of service provision, such as banking, is more marginal. In East Lindsey, due to the sparsely populated nature of the District, residents travel on average more than 3km to access banks and dentists, and 2km to access supermarkets and petrol stations. These distances are even further for those living in the Rural Inland area of East Lindsey. Although access to Internet Banking and other online services has improved (via infrastructure investment), without Government intervention peripheral areas will lose more and more commercially delivered services.

The disproportionately high numbers of older residents in East Lindsey (and those with life limiting health conditions) put intense strain on healthcare services, but rural areas receive slightly less funding (per resident) than urban areas under the NHS allocations to Clinical Commissioning Groups (CCGs). In total, 2016/17 urban local authorities received 40% more (£116 per resident more) in funding than rural authorities. This historic funding imbalance needs correcting, taking into account of the added cost of delivering services in rural areas.

It is becoming clear that local taxation has become unable to meet rising social care needs and there is now a case for financing the social care services managed by local authorities in a different way, with their statutory provision being fully funded by central Government. This would address the current unfairness in the system and would make it easier to cope with future demand. A properly joined up approach to health and social care is also needed. In rural areas, perhaps even more than elsewhere, there is a need to achieve greater integration between health and social care services.

#### **7. What can be done to support local shops, community pubs and other rural amenities at risk of closure?**

These local ‘services’ are correctly regarded as the cornerstones of rural communities and Government need to launch a programme which concurrently provides business support and grant funding to ensure the long term viability of sustainable operations. Many of these services rely on the good-will of local residents and this is unsustainable in the long term. Support for retailers is

usually out of scope for most support programmes and this position does not recognise the key role these operations play in rural economies.

### **Business, employment, skills and demography**

#### **8. How can rural businesses be helped to thrive, and how can new industries and investment be supported? How might labour and skills shortages be overcome?**

Businesses in rural areas often feel incredibly detached from, and unable to access, publically delivered business support (relying on local provision via banks and accountants etc.). Despite simplification, business support is often seen as confusing, restrictive, supply driven and overly bureaucratic. Constant changes to delivery organisations and programmes (linked to funding rounds) is also confusing for potential beneficiaries.

Moving forwards, there is an opportunity for local LEPs to lead on a further simplified and demand driven programme of business/skills support activity – one which supports the local requirements of business and the local growth agenda. This is the only way the opportunities associated with rural economies will be fully realised. The local industrial strategy has to be inclusive of both rural and urban economic opportunities and all strategy has to be ‘rural proofed’.

In 2020 EU programmes, such as the LEADER and EAFRD initiatives, will come to an end. These have provided funding streams for rural business growth, diversification and innovation. They have, however, been fairly narrow in scope and modest in size. Government should replace them by designing a dedicated business support programme, as part of its proposed Shared Prosperity Fund. This should be flexible in scope – potentially open to all business types and sectors – enabling local delivery to be tailored to match locally decided priorities. There is an opportunity for Government to scale-up its ambitions for the rural economy by announcing a significant investment programme.

#### **9. How can deprivation and inequality in rural areas be tackled?**

Rural deprivation is not a significant issue in East Lindsey, but once again a fairer funding allocation leading to improved services, combined with improved access to services, training and job opportunities will help to reduce inequality and levels of deprivation.

#### **10. How can more young people be encouraged to stay in or return to rural areas and contribute to their communities?**

East Lindsey experiences a significant outward migration of young people either to access further education or employment opportunities. The following initiatives could be used to encourage more people to stay or return to the area (post-further education, etc.):

- (1) Improved linkages between educational establishments (at all ages) and local businesses to animate career opportunities, develop work experience, apprenticeship, internship and placement programmes;
- (2) Provide incentives (grant funding) and tailored business support to attract returners;
- (3) Improve targeted place marketing to attract ‘ex-pat thirty-somethings’;
- (4) Improve remote access to further education either via satellite colleges or via e-learning; and;
- (5) Ensure that skills funding is demand driven so businesses can support young people’s development aspirations with skills that specifically benefit both the individual and business.

## **Rural Housing and Planning**

### **11. How can the affordability of rural housing be improved? What are the other challenges associated with rural housing and how can these be addressed?**

It is difficult to improve rural affordability overall on open market housing, given the fact that rural homes tend to be more expensive than urban homes because of the lifestyle that accompanies them. A wider set of government grants to assist in the development of affordable rural housing would be beneficial because rural sites tend to be smaller given that they are catering for local need, this means that viability is more difficult to meet, even for social housing providers. This would address a major challenge to delivery of rural affordable housing because a higher grant rate or wider criteria connected to grants for housing would mean it would be easier to develop smaller less viable sites in smaller rural settlements.

### **12. How have recent planning policy reforms affected rural housing and the wider rural economy? What changes, if any, are needed to planning rules?**

It is too early to say how planning reforms have affected rural housing. It would be easier for decision makers if national planning policy was clearer about what it meant with regard to rural sustainability, especially in connection with housing. Whilst the NPPF states that housing and employment should be near services and facilities, it is not clear what this means in terms of distance or relationship, spatially, between settlements. Therefore, for the decision maker (in terms of the NPPF) it is more appropriate to place rural housing in settlements which have a range of services and facilities leaving much smaller settlements with little or no growth. Also, the NPPF should be clearer about how it explains local need and how that is evidenced.

## **Government Policy, Devolution & Local Government**

### **13. Do the Government and other public bodies pay sufficient attention to the rural economy and if not, why not? What might be done to ensure that Government and other public bodies hear and act on rural voices?**

There is an ongoing need for Government to set out how it will approach and support rural economies and rural communities in the future, particularly given the potential implications of Brexit. There must be proper consideration of all the critical issues facing rural communities and rural businesses and there is an opportunity for Government to produce a comprehensive, cross-cutting strategy for rural areas. This is the only way to ensure rural businesses and rural communities are given due consideration and to make sure that wider strategic policy, such as that set out in the Industrial Strategy and ensuing Local Industrial Strategies, properly reflect the issues and identify specific measures to build on the rural opportunities which exist.

Urban centric strategy/policy doesn't (unsurprisingly) always work in a rural context.

### **14. What is being done in local government to support rural economies? How effectively do other public bodies such as Local Enterprise Partnerships operate in rural areas, and how might coordination between bodies be improved?**

Rural Local Authorities and Local Enterprise Partnerships work hard to support rural economies and are well placed to deliver the enabling works required to realise these opportunities. Once again, a fairer funding deal would release/increase the resource available to local Economic Development departments to enhance the scope of the enabling works and/or the lead times involved in bringing

forward these activities. To a degree, LAs/LEPS are still limited by supply side structural funding and derestricting funding to ensure it meets local (demand driven) need will improve local impact and enhance growth.