

# Rural Economy Growth Review

## Overview

### What is the Rural Economy Growth Review?

On 29 November 2011, the Government, announced, as part of the Growth Review, a strong package of new measures designed to stimulate sustainable growth in the rural economy and help rural businesses to reach their full potential.

### What are these new measures?

#### 1. Enabling Rural Businesses to Grow and Diversify by:

- Launching a competition to **support up to 6 pilot Rural Growth Networks**, led by Local Enterprise Partnerships or local authorities, with **funding of up to £15m**. This will include around £2m for women-led enterprises.
- Targeting **£100m of Rural Development Programme for England** funding to help rural businesses;
- Consulting on the more **flexible use of farm buildings**;
- Improving rural broadband by launching the **£20m Rural Community Broadband Fund** and supporting an **initiative to stimulate demand within rural communities**. This is on top of the £530m already being spent on superfast

broadband;

#### 2. Supporting Rural Tourism through a **£25m package to :**

- promote tourism in rural areas;
- support the development of rural tourism businesses;
- improve tourism in Areas of Outstanding Natural Beauty; and
- support communities to develop local path networks.

#### 3. Expanding our Food and Drink Sector by:

- boosting exports **through a joint Government/industry action plan**; and
- **promoting innovation** through an **industry summit and competition**;

#### 4. Delivering Green Growth by:

- Launching a **£15m Rural Community Renewable Energy Fund** to help communities meet the upfront cost of developing renewables projects; and
- introducing a new initiative to improve **skills in the Forestry sector**.

#### 5. Reducing Regulation on Farms by:

- easing the burden of the **Nitrates Directive**; and
- improving the system for granting **Earned Recognition** to farmers.



#### Useful Links

- [BIS Growth Review](#)
- [HMT Press Notice](#)
- [BIS Phase 1 Notice](#)

# Rural Economy Growth Review

## Enabling Businesses to Grow and Diversify: Rural Growth Networks

### How are we supporting rural businesses to growth and diversify?

The Government is launching a **Rural Growth Network (RGN)** initiative supported by around **£15million of new government funding**. A competition was launched in December 2011 for up to **six Local Enterprise Partnerships (LEPs) or Local Authorities** to run pilot Networks.

Rural Growth Networks are expected to deliver growth benefits at a localised level and at a scale more appropriate to the rural context.

Each Rural Growth Network will consist of a number of relatively small Enterprise Hubs. Key features of each Network will include:

- Provision of the essential **infrastructure & premises** needed by businesses to start-up and grow
- A **simplified planning** regime
- Targeted action to enhance **business skills & mentoring** opportunities

In addition to the £15m of new funding, pilot RGNs will have preferential access to all the new RDPE schemes.

In recognition of the specific issues facing women entrepreneurs in rural areas, as part of the £15m, the Government is targeting up to **£2.3m to support rural enterprises led by women**, particularly in RGNs.

Government will monitor & evaluate the rural economic growth impacts of the pilots, **disseminating the lessons learned** so LEPs and Local Authorities can better understand what does & does not work.

Government will continue to work with Business in the Community (BitC) with the aim of ensuring that **every pilot RGN is partnered with a Business Connector** to bring in additional business expertise and to provide strong links to local communities.

### How will this help growth?

Stakeholders have strongly emphasised a range of barriers to growth such as lack of suitable premises & insufficient critical mass to justify the provision of physical infrastructure (especially superfast broadband and mobile) and other business services.

RGNs will address these barriers through enhanced networking between & across hubs leading to business benefits in terms

of knowledge transfer, accessing services & skills and capitalising on new opportunities.



### Further information

- Information on RDPE funding can be found at the [RDPE grant support website](#)

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## Enabling Rural Businesses to Grow & Diversify - Broadband and Mobile - Flexible use of Agricultural Buildings

### How are we supporting rural businesses to grow and diversify?

The Review has identified what only Government can do to promote economic growth in rural areas and address barriers holding it back.

#### 1. Superfast Broadband & Mobile Telecommunications

Lack of access to superfast broadband is a major barrier to economic growth and this is especially acute in remote rural areas. The Government's aim is to have the best superfast broadband in Europe by 2015. This is backed by £530m of Government investment to support the rollout into areas which the market would not reach unaided. In addition, Government is:

- **Launching the £20 million Rural Community Broadband Fund** and committing to exploring its extension to 2015.
- Supporting work in North Yorkshire to engage business and communities to raise awareness and **stimulate demand for superfast broadband**, as a model for other areas.
- **Optimising the rural benefits of the additional £150m investment**

announced by the Chancellor on 3 October to improve mobile coverage.

#### 2. Flexible Use of Agricultural Buildings

Businesses need the right buildings and workspaces to develop and thrive. However, farmers can be constrained from growing their business because of the need to obtain planning consent for what are often sensible and relatively minor changes of use of their farm buildings. Evidence suggests that around 26% of agricultural holdings with traditional buildings have at least one building unused. Government is therefore proposing to

- **Consult on changes to make it easier for rural business to find the premises they need to expand by allowing existing agricultural buildings to be used for other business purposes.**

#### How will these measures help growth?

Superfast broadband and mobile communications enables rural businesses to reach new markets, to set up more easily from home, to expand, to attract inward investment, and to compete effectively with larger companies by offering niche products.

The creation of new agricultural permitted

development rights will give farmers increased freedom to develop their business sustainably, taking advantage of changes in markets and new business opportunities.



#### Further information

- [Rural Community Broadband Fund](#)
- [DCMS Broadband](#)
- The Consultation on farm buildings will shortly be available on the [Community and Local Government's website](#)

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## Targeting the Rural Development Programme for England on Growth

### What is the Rural Development Programme for England (RDPE) going to support?

The Government will target the remaining resources (£100m) of the socio-economic elements of the RDPE 2007 to 2013 on growth through:

- **Rural Economy Grant (up to £60 million)** – grants of up to £1 million or more for micro and SME businesses to boost farm competitiveness, and support significant growth particularly in the agri-food, rural tourism, forestry, renewable energy, and other high-potential sectors (eg ICT and creative) (*launched in February 2012*);
- **Farming and Forestry Improvement Scheme (up to £20 million)** – small grants to help farmers, foresters and horticultural businesses improve their competitiveness (*launched on 16<sup>th</sup> November 2011*);
- **Skills and Knowledge Transfer (up to £20 million)** – a flexible and locally targetable skills training programme to enable rural business growth (*to be launched in August 2012 following completion of existing local*

*programmes*).

- Upland areas and the pilot Rural Growth Networks will be prioritised for support under each of these.
- An additional £3m will support schemes to improve footpaths and access, skills training for new entrants to the forestry workforce, and developing tourism support building on those being piloted by AONBs in the South East. The timing of the launch of these schemes will be confirmed in due course.

In addition to the £100m of unallocated RDPE resources, **the Rural Community Broadband Fund (£20 million)** is now open for applications – a joint fund with Broadband Delivery UK providing grants to communities to establish superfast broadband in hard-to-reach locations.

### How will this help growth?

RDPE is a European Funding programme. The socio-economic elements of the RDPE are designed to enable rural economic growth and community development – delivering direct support to farmers, businesses, and communities.

RDPE has provided £550 million since

2007 to stimulate economic growth and support communities initiatives in rural areas.



### Further information

- [RDPE Grant Support](#)
- [Rural Community Broadband Fund](#)
- [DCMS Broadband](#)
- [BIS Skills for Growth](#)



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## Supporting Rural Tourism

### What are we doing to support Rural Tourism?

Tourism is one of the most important sectors of the rural economy, worth over £29bn a year and accounting for over 12% of rural employment. But it can grow further.

The Government is investing £25m to encourage more people to enjoy England's countryside and to improve the quality of our rural tourism attractions.

There are 5 elements to the £25m package:

1. **VisitEngland is investing £12m in promoting rural tourism nationally**, with the aim of increasing tourist numbers and overall visitor expenditure.
2. **Defra is establishing a £10m fund from within the RDPE Rural Economy Grant Scheme to support local tourism initiatives**, including projects to develop rural destinations and to strengthen rural tourism businesses.
3. **Defra will work with the 34 Areas of Outstanding Natural Beauty in England** to help them develop a new approach to supporting sustainable tourism;

4. **Defra will provide up to £2m** to enable local communities to enhance their tourism offer by **improving public rights of way**; and
5. **Defra is providing up to £1m for a new sustainable rural tourism initiative in the North East England**, based on the Our Land approach being used across protected landscapes in the South East.

### How will this help growth?

This package will generate at least £110m in new visitor expenditure, and create 3,000 new jobs. It will stimulate the rural tourism market by:

- encouraging more people to visit and explore the attractions of the English countryside;
- providing direct support for rural tourism businesses to help them become more competitive and sustainable;
- maximising the tourism potential of our most beautiful and iconic protected rural landscapes;
- helping communities develop their own tourism economies by improving local rights of way .



### Useful Links

- [VisitEngland](#)
- [National Association for AONBs](#)
- [English National Park Authorities Association](#)
- [The South East Our Land project](#)

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## Supporting Agri-food sector

### What are we doing to support the agri - food sector?

Food and farming businesses contribute approximately £84.7bn pa to the UK economy (6.9% national GVA in 2009) and employs 3.7 million people. There has long been a food trade 'gap' (£18.4bn in 2009) and removing obstacles to exports will help re-balance this. We are announcing:-

• **A joint government/industry food and drink export action plan** in January 2012, to include:-

- development of a **cross-Government strategy** on removing animal health trade barriers in key markets
- a series of **"Explore Exporting" regional road shows**, run by UK Trade & Investment in early 2012, for first time food and drink exporters.
- extending the **Business Ambassador** network to include a food and drink sector representative

• An **'Innovation for Growth' summit** to highlight opportunities for growth through innovation in the agri-food sector and to showcase support available, e.g. from the Technology Strategy Board. This will include a number of regional events and launching a £0.5m competition to support agri-food innovation in Small and Medium

Enterprises (SMEs).

### How will this help growth?

#### Exports:

As well as being good for the economy, exporting also makes good business sense. Cross-sector research indicates that firms that export see their productivity increase, achieve stronger financial performance, and are more likely to stay in business than those that don't. However, research also indicates that SME exporting activity is lower in the agri-food sector than across other sectors in the UK or the EU. The action plan is aimed at addressing the barriers faced by exporters, particularly SMEs.

Innovation is vital to competitiveness and growth. There is a wide range of Government support available but this is not always well understood, particularly by SMEs. The sector could be missing out, so the Summit planned for March 2012 brings researchers and businesses together to showcase the resources provided, in particular, by the Technology Strategy Board. It will include real-world examples of the benefits of innovation, networking opportunities and practical support in accessing funds.



### Useful Links

- [Defra](#)
- [Technology Strategy Board](#)
- [UK Trade & Industry](#)

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## Green Growth – Rural Community Renewable Energy Fund & Forestry

### What are we doing to deliver “Green Growth”?

The Government is committed to promoting Green Growth by moving the economy to a sustainable, long term footing, where the economic value of the environment, its “natural capital”, is recognised and realised, and the natural environment and biodiversity are protected and enhanced.

Building on the Natural Environment White Paper (2011), the Rural Economy Growth Review recognises the potential of natural resources in rural areas and contributes directly to Green Growth by:

- Launching a £15m Rural Community Renewable Energy Fund to help communities meet the upfront cost of developing renewable energy projects. It will provide loans to help rural communities undertake the early feasibility and planning work necessary to develop viable renewable energy schemes in which the private sector is willing to invest. The communities will repay the loans so that the money can be recycled to support other community schemes. This is an efficient and effective way of using public money and will enable up to 150 community schemes to be developed over

the next 4 years. Details of the fund will be published in due course.

- The Forestry Skills initiative will fund the training of up to 45 new entrants to the forestry sector. Whilst new entrants will be in paid forestry apprenticeships, this initiative will support their training costs, up to £270,000 in total. Detailed arrangements are being developed by the Forestry Commission who – working with the partners to the Forestry Skills Action Plan – will publicise arrangements once these are available.

### How will this help growth?

The Renewable Energy Fund will support jobs in the manufacture, construction and maintenance sectors, and unlock investment amongst private developers. The Fund will also contribute to the Government’s renewable energy targets.

The Forestry skills initiative will support the forestry sector by enabling private companies to help take on 45 new workers by removing the barrier of the cost of training.



### Useful Links

- [DECC](#)
- [Forestry Commission Skills Action Plan](#)
- [The Scottish Government](#)

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## Reducing Regulation on Farms – implementing findings from the Macdonald Review on Farming Regulation

### How are we reducing regulation on Farms?

The Farming Regulation Task Force, chaired by Richard Macdonald, presented Government in May 2011 with more than 200 ways to reduce unnecessary “red tape” for farmers and food producers. Defra published its interim response to this report in November 2011 and will announce its final response in 2012. The Growth Review provides an opportunity to take action sooner on a number of measures.

Government has decided to:

- Look at **reducing the regulatory burden of the Nitrates Directive**. A wider consultation on the Directive will include changes to reduce the burden of paperwork, to exempt certain organic farms from the Directive, and changes to closed spreading and general restricted spreading periods.
- **Accept recommendations on Earned Recognition** and commit to publishing in 2012 a shared implementation plan, with industry and key assurance providers, specifically Red Tractor and LEAF Marque.

### How will this help growth?

Regulation, and the red tape that comes with it, adds to time and cost for farming businesses. Removing it, or simplifying it, where appropriate, directly improves a business’s bottom line. In relation to the measures announced as part of the Growth review, additional benefits include:

- **Nitrate Directive** actions will reduce the time spent by farmers on paperwork
- On **Earned Recognition**, moving to a risk-based approach which recognises 3<sup>rd</sup> party assurance schemes, will reduce the inspection burden on farm businesses that understand legal requirements and are delivering desired outcomes in food safety, animal welfare and the environment.



### Further Information

- The Farming Regulation Taskforce report and Government’s interim response can be found on the [Defra website](#)