Statistical Digest of Rural England:

7 – Rural Economic Bulletin

April 2025

OGL

Cover photos

		Ward 2011	Rural-Urban Classification
TL	Helmsley marketplace	Helmsley	Rural Village and Dispersed in a sparse setting
TC	Horton-in-Ribblesdale train station with Penyghent behind	Penyghent	Rural Village and Dispersed in a sparse setting
TR	St Giles Church, Skelton	Rural West York	Rural Town and Fringe
CL	Fishing Boat, Marske-by-the-Sea with Hunt cliff in the distance	St Germain's; Saltburn	Rural Town and Fringe
CR	Thornton Force Waterfall, Ingleton Waterfalls Trail	Ingleton and Clapham	Rural Village and Dispersed in a sparse setting
BL	Farmer working the fields in Knapton	Rural West York	Rural Town and Fringe
BC	Remote pub at Ribblehead viaduct	Ingleton and Clapham	Rural Village and Dispersed in a sparse setting
BR	Glamping pod in the North York Moors	Pickering East	Rural Town and Fringe in a sparse setting

All cover photos provided by Martin Fowell.

Contents

About the Statistical Digest of Rural England

The Statistical Digest of Rural England (hereafter the Digest) is a collection of statistics on a range of social and economic topics and provides broad comparisons between Rural and Urban areas by settlement type. For more information on our classifications, including maps and diagrams explaining the classification, see Appendix 2: Defining Rural areas.

The Digest has been restructured into thematic reports and incorporates the previously separate publication the [Rural Economic Bulletin.](#)

The Digest consists of the following thematic reports:

1. Population
2. Housing
3. Health and Wellbeing
4. Communities and Households
5. Connectivity and Accessibility
6. Education, Qualifications and Training
7. Rural Economic Bulletin
8. Energy

Appendix 1, shows the sub-themes within each of the 8 Digest reports. Thematic reports will be updated individually and not every report with be updated every month.

The most recent updates for this theme are shown in Table 1.

Please note, the original Businesses section has been split into 2 individual sections: "Business demographics" and "Businesses by industry". A new section was added in February 2025 covering "Business survival and growth". Also, the section "Analysis of small and medium enterprises from the Longitudinal Small Business Survey" which was originally within the Business section has been moved to Appendix 3 at the end of the report, as the analysis relates to 2015 and will not be updated, however it is still valuable. In April 2025, the "Output and productivity measured by Gross Value Added" subsection was updated to reflect analysis of the new 2021 Rural-Urban Classification.

Table 1: Update monitor for Rural Economic Bulletin subsections
where " ✔ " indicates the topic has been updated, " ✘ " indicates the topic has not been updated, and "New" indicates a new topic with analysis not previously included within the Digest.

Section	May 2023	Sept 2024	Oct 2024	Feb 2025	Apr 2025
Employment	✔	✘	✔	✘	✘
Earnings	✔	✘	✘	✘	✘
Redundancies	✔	✘	✔	✘	✘
Claimant count – Jobseeker's Allowance	✔	✘	✔	✘	✘
Output and productivity measured by Gross Value Added (GVA)	✘	✘	✘	✘	✔
Business demographics	✘	✔	✘	✘	✘
Businesses by industry	✘	✔	✘	✘	✘
Business survival and growth				New	✘
Innovation and investment	✘	✘	✘	✘	✘

Official Statistics

These statistics have been produced to the high professional standards set out in the Code of Practice for Official Statistics, which sets out eight principles including meeting user needs, impartiality and objectivity, integrity, sound methods and assured quality, frankness and accessibility.

More information on the Official Statistics Code of Practice can be found at: Code of Practice for Statistics.

This publication has been compiled by the Rural Statistics Team within the Rural and Place Team in Defra:

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There is a 2011 Census version of the Digest which looks at the data from the 2011 Census and where possible makes comparisons to the 2001 Census results.

This can be found at https://www.gov.uk/government/statistics/2011-census-results-for-rural-england

The 2021 Rural-Urban Classification was released on 6 March 2025. Details of the 2021 Rural Urban Classification can be found at: https://www.gov.uk/government/collections/rural-urban-classification. It will take some time for the Digest to be updated throughout using the new classification. Where relevant Statistics drawing on the 2021 Census will be added to Digest thematic reports.

Rural Economic Bulletin

This part of the Statistical Digest of Rural England focuses on the Rural economy and covers the following:

- employment (Section A).

- earnings (Section B).

- redundancies (Section C).

- claimant counts (Section D)

- output and productivity measured by Gross Value Added (Section E).

- business demographics (Section F).

- businesses by industry (Section G)

- business survival and growth (Section H)

- innovation and investment (Section I).

The key findings from this report are summarised with the following set of headline clouds.

Employment – key findings

Latest figures show the employment rate for Rural areas (79.1%) is 5.2 percentage points higher than in Urban areas.

Unemployment rates are 2 percentage points lower in Rural areas (2.5% for Q2 2024).

Proportionally, more people are not available for or not seeking work (economically inactive) in Rural areas (40.1%) than in Urban areas (36.2%).

Within the economically inactive, latest available retirement rates are 10.2 percentage points higher in Rural areas (29.4%) than in Urban areas.

The gap between Rural and Urban retirement rates is widening.

Earnings – key findings

Workplace based median earnings are higher in Predominantly Urban areas than Predominantly Rural areas suggesting higher paid work is more prevalent in Urban areas.

Residence based median earnings show little difference between Predominantly Rural and Predominantly Urban areas.

Those living in Predominantly Rural areas have higher median earnings than those who work in Predominantly Rural areas.

Redundancies – key findings

Latest data shows redundancy rates are slightly lower for employees living in Rural areas than those living in Urban areas (3.8 and 4.0 redundancies per 1,000 employees respectively).

Redundancy rates fluctuate over time but have seen an overall decrease between 2007 and 2024.

Claimant count – key findings

A greater proportion of the working-age population claim Jobseeker's Allowance in Urban areas (0.3%) than Rural areas (0.2%), but the difference is small.

A shift to Universal Credit has resulted in the number of people claiming Jobseeker's Allowance declining over time.

Proportionally fewer people in Rural areas claim Jobseeker's Allowance than in Urban areas, the more Rural the area, the lower the proportion of claimants.

Output and Productivity measured by Gross Value Added (GVA) – key findings

Productivity of majority rural local authorities (measured using GVA per workforce job) is around 92% of that for England (excluding London)

Rural areas contribute around 12% (£240 billion) to the total GVA for England

Agriculture, forestry and fishing sectors accounted for 3% of the output in Predominantly Rural areas

Relative productivity (the rate of output per workforce) has fallen most in local authorities where the majority reside further from a major town or city

The 'Public administration; education and health' sector contributes the most to GVA in both Predominantly Rural and Predominantly Urban areas

Tourism related industries contribute 4% to the total GVA of Predominantly Rural areas

Majority rural local authorities contribute around £153 billion (8%) and intermediate rural local authorities £188 billion (10%) to the total GVA for England

Business demographics – key findings

There are more registered businesses per head of population in Rural areas than in Urban areas. This reflects differences in sizes of business, sizes of settlements and other factors.

Average turnover per person employed is lower in Rural areas than in Urban areas (£147,000 and £218,000 per person employed respectively

The majority of Rural businesses (local units) have less than 50 employees while the majority of Urban businesses (local units) have more than 50 employees.

Small and Medium Enterprises (employing fewer than 250 people) accounted for a greater proportion of total employment in Rural areas than in Urban areas (70% and 42% respectively in 2022/23)

Businesses by industry – key findings

The 'Education, health and social work' sector is the largest employer in both Rural and Urban areas (16% and 22% of total employment for each area type respectively, in 2022/23).

Tourist related businesses registered in Rural areas accounts for 12% of all registered businesses in Rural areas, while employment is 14% of total Rural employment areas in 2022/23.

Business survival and growth – key findings

There were fewer business start-ups per 10,000 population in Predominantly Rural areas (39) than in Predominantly Urban areas outside of London (43) in 2023

There were fewer business deaths per 10,000 population in Predominantly Rural areas (39) than in Predominantly Urban areas outside of London (44) in 2023

There were more active businesses per 10,000 population in Predominantly Rural areas (421) than in Predominantly Urban areas outside of London (374) in 2023

Business survival rates were higher in Predominantly Rural areas (45%) than in Predominantly Urban areas outside of London (37%) in 2023

The proportion of high-growth businesses in Predominantly Rural areas (4.3%) was lower than for Predominantly Urban areas outside of London (4.6%) in 2023

Innovation and investment – key findings

Location has little effect on the innovation practices of businesses surveyed.

Capital investment per employee is generally lower in Predominantly Rural areas than in Predominantly Urban areas.

A. Employment

Employment rates have been consistently higher in Rural areas than in Urban areas since 2007, while rates for unemployment and economic inactivity have been consistently lower in Rural areas.

Summary

Employment, unemployment and economic inactivity data are all presented on both an annual and quarterly basis. Quarterly data are timelier; however, the level of geographic detail is limited to a simple Rural-Urban comparison. Annual data are less timely but provide a greater level of geographic disaggregation.

In Q2 2024, the percentage of working-age people (16-64) in employment (**employment rate**) was 79.1% in Rural areas and 73.9% in Urban areas. This employment rate is based on where people live and not where they work. People living in Rural areas may travel to work in larger Urban areas and some people living in Urban areas may work in Rural areas. Employment rates have increased slightly in Rural areas when comparing Q2 2024 and Q2 2023 while in Urban areas they have shown a small decrease.

The percentage of economically active people aged 16 and over who were unemployed (**unemployment rate**) in Q2 2024 was 2.5% in Rural areas and 4.5% in Urban areas. Rates have decreased slightly in Rural areas (by 0.3 percentage points) while in Urban areas rates have seen no change when compared with Q2 2023.

In Q2 2024, the percentage of people aged 16 and over who were not available for work or not seeking work (**economic inactivity rate**) was 40.1% in Rural areas and 36.2% in Urban areas. Between Q2 2023 and Q2 2024 inactivity rates have shown little change in Rural areas (an increase of 0.1 percentage points) while in Urban areas they have increased by 0.8 percentage points.

Defining Labour Market terms

Employment measures the number of people in paid work (or who had a job that they were temporarily away from in instances such as annual or sick leave). This differs from the number of jobs, since some people have more than one job. The **employment rate** is the proportion of people aged between 16 and 64 years who are in employment, based on where they live (not where they work); people living in Rural areas may travel to work in larger Urban areas and some people living in Urban areas may work in Rural areas.

Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks. The **unemployment rate** is not a proportion of the total population who are unemployed, but rather the proportion of the economically active population (people in work and those seeking and available to work) who are unemployed. It therefore does not include people who are not actively seeking work, or not able to work.

People not in the labour force (also known as economically inactive) are not in employment but do not meet the accepted definition of unemployment. This is because they have not been seeking work within the last four weeks or they are unable to start work in the next two weeks (e.g., students, retirees, those with a disability). The **economic inactivity rate** is the proportion of people aged between 16 and 64 years who are not in the labour force.

For further information see the latest ONS Labour market overview.

Employment rate

The section for employment rates comprises three subsections covering short-term trends, annual changes and long-term trends. Please note, the Office for National Statistics has stated that the Labour Force Survey, which is the data source for this analysis, has become more volatile in recent periods, so they advise caution when interpreting short-terms changes. For more information please see the latest ONS Labour Market Overview (section 2. Main points).

Employment rate – short-term trends

Short-term trends in employment rates can provide an indication of how the workforce has been changing most recently.

The latest data available on employment rates are for Q2 2024 (i.e. April to June 2024).

In Q2 2024, 79.1% of the Rural population aged between 16 and 64 years were in employment, compared with 73.9% in Urban areas. This means the percentage of the Rural population aged between 16 and 64 years in employment was 5.2 percentage points higher than for the Urban population.

Table A-1 shows that employment rates have stayed the same in Rural areas, while Urban areas have shown a very small decrease, when comparing Q2 2024 to Q1 2024.

Table A-1: Employment rate for the working age population (age 16 to 64 years), by broad Rural-Urban Classification, Q1 2024 and Q2 2024 (Note A-4, Note A-6, Note A-10)

Rural-Urban Classification	Q1 2024 (%)	Q2 2024 (%)	Change
Rural	79.1	79.1	–
Urban	74.0	73.9	–

Notes

In Table A-1 change is described with symbols for an increase (↑), decrease (↓), or no change (–). An increase is only deemed significant enough to describe if it is more than 3% higher than the year/quarter before (and 3% lower for decreases); if the change is less than 3%, it is indicated with a dash "–".

Employment rate – annual change

As well as presenting quarterly changes, we can present an annual change based on the most recent quarter compared with the same quarter from the previous year. Annual trends start to give an indication of more permanent changes to the workforce, instead of quarterly changes, which may be more temporary.

Employment rates have increased slightly in Rural areas when comparing Q2 2024 and Q2 2023 while in Urban areas they have shown a small decrease. Employment rates were higher in Rural areas than in Urban areas. This is shown in Table A-2.

Table A-2: Employment rate for the working age population (age 16 to 64 years), by broad Rural-Urban Classification, Q2 2023 and Q2 2024 (Note A-4, Note A-6, Note A-10)

Rural-Urban Classification	Q2 2023 (%)	Q2 2024 (%)	Change
Rural	77.9	79.1	–
Urban	75.0	73.9	–

Notes

In Table A-2 change is described with symbols for an increase (↑), decrease (↓), or no change (–). An increase is only deemed significant enough to describe if it is more than 3% higher than the year/quarter before (and 3% lower for decreases); if the change is less than 3%, it is indicated with a dash "–".

Employment rate – long-term trends

Quarterly data: The line chart in Figure A-1 shows quarterly employment rates from 2007 to 2024.

Employment rates for both Rural and Urban areas have fluctuated over time, although there was an overall increase between 2007 and 2020. However, between Q4 2019 and Q2 2021, employment rates decreased in all areas as a result of the COVID-19 pandemic; prior to the COVID-19 pandemic, 79.3% of the Rural population aged between 16 and 64 years and 76.6% of the Urban population aged between 16 and 64 years were in employment (as of Q4 2019). Employment rates have been generally increasing in Rural areas since the lows seen during the COVID-19 pandemic, however latest rates in Urban areas are below those seen following the COVID-19 pandemic (73.9% in Q2 2024 compared with 74.5% in Q1 2021).

Employment rates have been consistently higher in Rural areas than in Urban areas since 2007. The greatest difference in employment rates was recorded in Q2 2009, where the employment rate in Rural areas was 6.3 percentage points above that of Urban areas; this quarter also recorded one of the lowest employment rates in Urban areas (69.7%). Overall, the gap has narrowed over time, although it did widen slightly around the COVID-19 pandemic and has started to widen again over the last 2 quarters. In Q2 2024, the employment rate in Rural areas was 5.2 percentage points above that of Urban areas.

Figure A-1: Line chart showing employment as a percentage of working age population (age 16 to 64 years), in England, Q1 2007 to Q2 2024 (Note A-2, Note A-6)
A change in the Rural-Urban Classification used is indicated by a vertical dashed grey line.
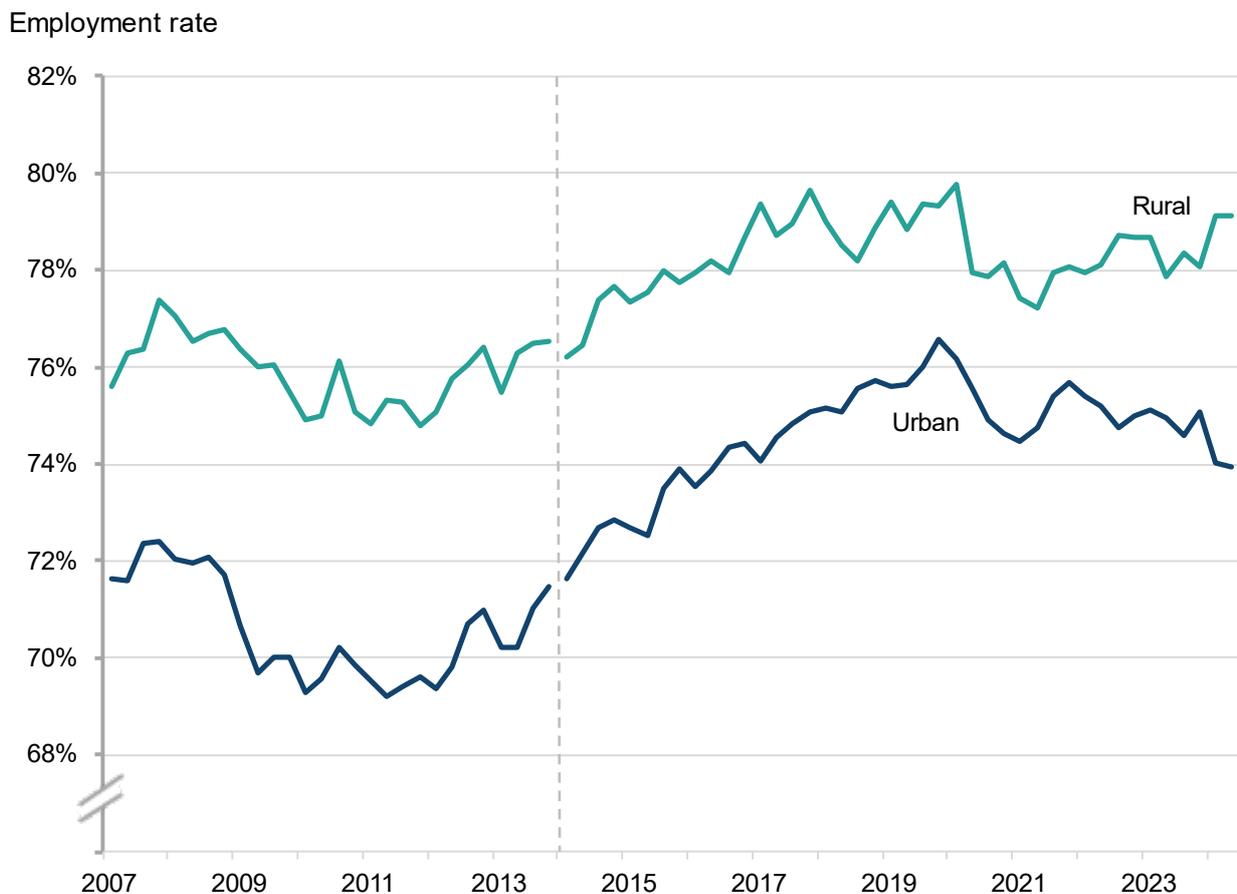
Employment rate

Annual data: The line chart in Figure A-2 shows annual employment rate figures from 2006.

Annual data are less timely but provide a greater level of geographic disaggregation.

In 2021 the employment rate was higher in all types of Rural areas compared with Urban areas with an average employment rate of 78.0% for Rural areas compared with 75.3% in Urban areas. The overall employment rate for the working age population in England had steadily increased year-on-year from 2011 until 2020 when rates fell - likely as a result of COVID-19 and the national lockdowns. Between 2020 and 2021 employment rates increased by 0.3 percentage points in Rural areas and 0.1 percentage points in Urban areas. However, the overall increase for Rural areas masks a decrease in employment rates of 0.3 percentage points (falling from 77.7% to 77.4%) for those living in Rural Villages and Hamlets, while there was an increase of 1.0 percentage point for those in Rural Town and Fringe areas.

Figure A-2: Line chart showing employment as a percentage of working age population (age 16 to 64 years), by Rural-Urban classification in England, 2006 to 2021 (Note A-1)
A change in the Rural-Urban Classification used is indicated by a vertical dashed grey line.
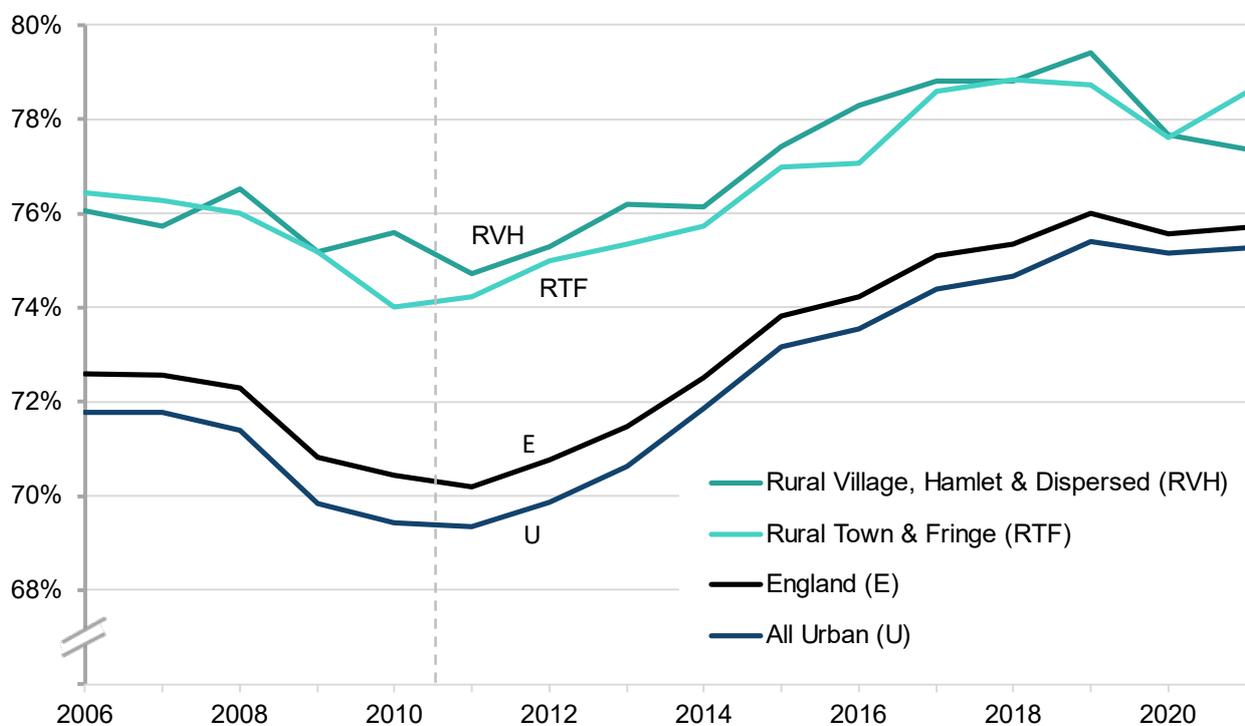
Unemployment rate

The section for unemployment rates comprises three subsections: short-term trends, annual trends and long-term changes. Please note, the ONS has stated that the Labour Force Survey, which is the data source for this analysis, has become more volatile in recent periods, so they advise caution when interpreting short terms changes. For more information please see the latest ONS Labour Market Overview (section 2. Main points).

Unemployment rate – short-term trends

Short-term trends in unemployment rates can provide an indication of how the number of unemployed people has been changing most recently.

Unemployment rates are reported quarterly; the latest data available for analysis is Q2 2024 (i.e. April to June 2024). They are reported in relation to the population aged 16 and over.

In Q2 2024, 2.5% of the Rural economically active population (people in work and those seeking and available to work) were unemployed, compared with 4.5% of the Urban economically active population as shown in Table A-3. This means the percentage of the Rural economically active population that were unemployed was 2 percentage points lower than for the Urban economically active population.

When comparing Q2 2024 to Q1 2024, unemployment rates have fallen in both Rural and Urban areas (by 0.3 percentage points and 0.2 percentage points respectively).

Table A-3: Unemployment rate for the population of those aged 16 and over in England, by broad Rural-Urban Classification, Q1 2024 and Q2 2024 (Note A-4, Note A-7, Note A-10)

Rural-Urban Classification	Q1 2024 (%)	Q2 2024 (%)	Change
Rural	2.7	2.5	↓
Urban	4.8	4.5	↓

Unemployment rate – annual change

Unemployment rates were higher in Urban areas than in Rural areas in Q2 2024. In Rural areas the unemployment rate has decreased by 0.3 percentage points between Q2 2023 and Q2 2024, while in Urban areas the unemployment rate has remained the same. This is shown in Table A-4.

Table A-4: Unemployment rate for the population of those aged 16 and over in England, by broad Rural-Urban Classification, Q2 2023 and Q2 2024 (Note A-4, Note A-7, Note A-10)

Rural-Urban Classification	Q2 2023 (%)	Q2 2024 (%)	Change
Rural	2.7	2.5	↓
Urban	4.5	4.5	–

Notes

In Table A-3 and Table A-4 change is described with symbols for an increase (↑), decrease (↓), or no change (–). An increase is only deemed significant enough to describe if it is more than 3% higher than the year/quarter before (and 3% lower for decreases); if the change is less than 3%, it is indicated with a dash "–".

Unemployment rate – long term-trends

Quarterly data: The line chart in Figure A-3 shows quarterly unemployment rates from 2007.

Unemployment rates have fluctuated over time in all areas in England. However, there has been an overall decrease between Q1 2007 and Q2 2024. Increases in unemployment rates were seen between 2009 and 2013 in all areas, and again between 2020 and 2021; the latter coincides with the COVID-19 pandemic. In Rural areas the latest findings show unemployment rates have fallen to pre-pandemic levels following some fluctuation in 2023, the unemployment rate is 0.3 percentage points below that of Q1 2020 (2.8%). In Urban areas the Q2 2024 rate is 0.2 percentage points higher than that for Q1 2020 (4.3%). (Note A-4)

Unemployment rates have been consistently higher in Urban areas than in Rural areas since 2007. This gap had been narrowing but more recently the difference has been increasing (2.1 percentage points difference in Q2 2024 compared to 0.8 percentage points difference in Q2 2020).

Figure A-3: Line chart showing unemployment as a percentage of those aged 16 and over, in England, Q1 2007 to Q2 2024 (Note A-2, Note A-7)
A change in the Rural-Urban Classification used is indicated by a vertical dashed grey line.
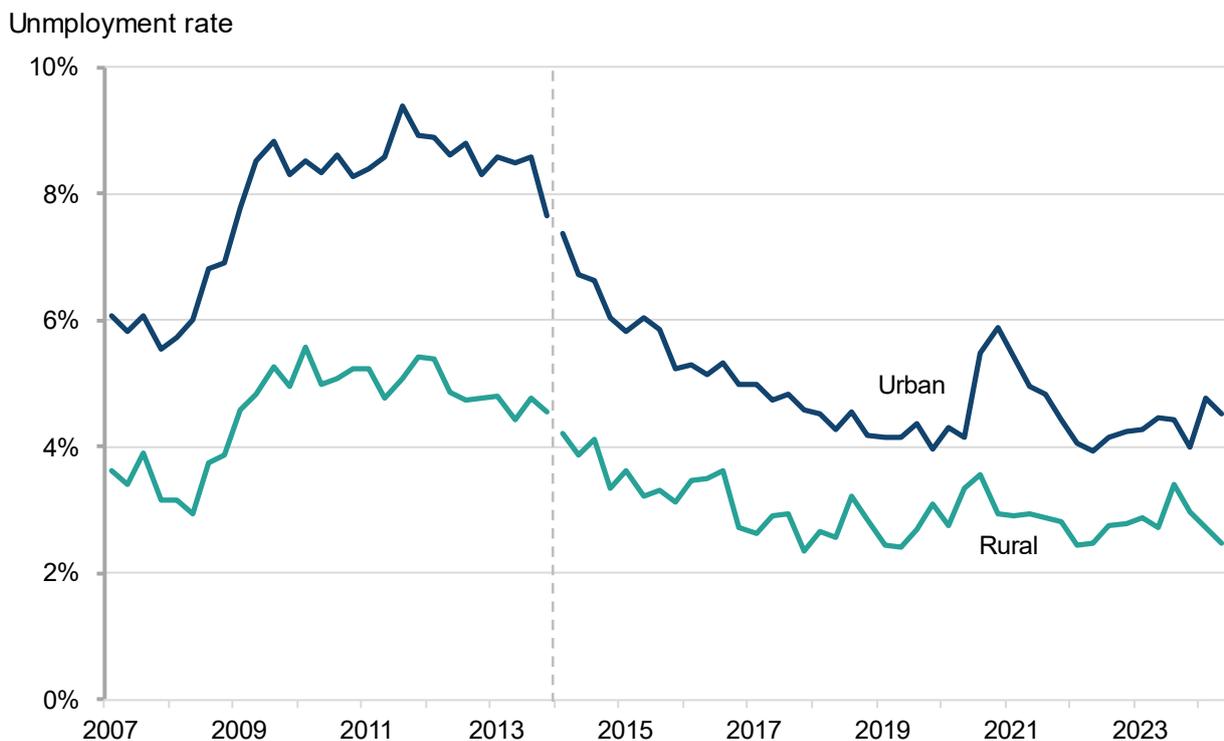
Annual data: The line chart in Figure A-4 shows annual unemployment rates from 2006.

In 2021, the average unemployment rate in Rural areas was 2.7%. Between 2011 and 2019 the unemployment rate in Rural areas had almost halved, falling from 5.0% to 2.6%. This trend reversed in 2020 when rates in Rural areas increased by 0.9 percentage points to 3.5% during the COVID-19 pandemic. The rate has returned to near pre COVID-19 levels in 2021. Unemployment rates are consistently lower in Rural areas compared with Urban areas.

In 2021, the average unemployment rate in Urban areas was 4.1%, which is 1.4 percentage points higher than the average unemployment rate in Rural areas.

Figure A-4: Line chart showing unemployment as a percentage of economically active people aged 16 and over, by Rural-Urban classification, in England, 2006 to 2021 (Note A-1)
A change in the Rural-Urban Classification used is indicated by a vertical dashed grey line.
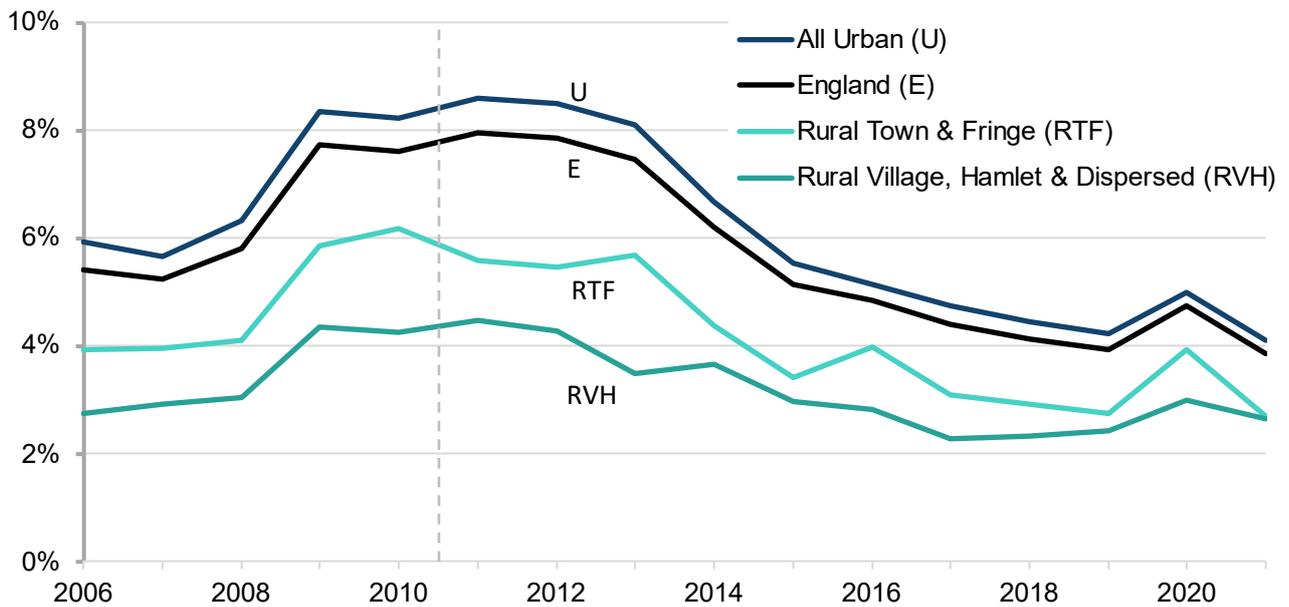
Economic inactivity

The section for economic inactivity comprises three subsections: short-term trends, annual trends and long-term changes. Please note, the ONS has stated that the Labour Force Survey, which is the data source for this analysis, has become more volatile in recent periods, so they advise caution when interpreting short terms changes. For more information please see the latest ONS Labour Market Overview (section 2. Main points).

Economic inactivity – short-term trends

Economic inactivity refers to those who are not in employment but do not meet the accepted definition of unemployment. See the definitions section for more detail.

The latest data available on economic inactivity rates are for Q2 2024 (i.e. April to June 2024).

In Q2 2024, 40.1% of the Rural population aged 16 and over were **economically inactive**, compared with 36.2% of the Urban population; this means a larger proportion of people were not available for or not seeking work in Rural areas than in Urban areas, as shown in Table A-5.

When comparing Q2 2024 with Q1 2024, Rural and Urban areas have both seen small increases in the economic inactivity rate (by 0.2 percentage points for both settlement types).

Table A-5: Economic inactivity rate for the population of those aged 16 and over in England, by broad Rural-Urban Classification, Q1 2024 and Q2 2024 (Note A-4, Note A-8, Note A-10)

Rural-Urban Classification	Q1 2024 (%)	Q2 2024 (%)	Change
Rural	40.0	40.1	‒
Urban	36.0	36.2	‒

Included within the rates shown in Table A-5 are the proportion of the population (16 and over) who are classed as **retired**; in Q2 2024, 29.4% of the Rural population were retired, compared with 19.2% of the Urban population (as shown in Table A-6). This means 10.8% of people (16 and over) living in Rural areas, and 17.0% of those in Urban areas, were economically inactive for other reasons (e.g., unable to work due to sickness or disability).

When comparing Q2 2024 with Q1 2024, the retirement rates in Rural areas had shown a very small change (an increase of 0.2 percentage points) while rates in Urban areas had shown little change (a decrease of 0.1 percentage points).

Table A-6: Retirement rate for the population of those aged 16 and over in England, by broad Rural-Urban Classification, Q1 2024 and Q2 2024 (Note A-4, Note A-10)

Rural-Urban Classification	Q1 2024 (%)	Q2 2024 (%)	Change
Rural	29.2	29.4	‒
Urban	19.3	19.2	‒

Notes

In Table A-5 and Table A-6 change is described with symbols for an increase (↑), decrease (↓), or no change (‒). An increase is only deemed significant enough to describe if it is more than 3% higher than the year/quarter before (and 3% lower for decreases); if the change is less than 3%, it is indicated with a dash "‒".

Economic inactivity – annual change

In the year between Q2 2023 and Q2 2024 inactivity rates have shown little change in Rural areas (an increase of 0.1 percentage points) while in Urban areas they have increased by 0.8 percentage points. The **economic inactivity rate** was higher in Rural areas than in Urban areas. This is shown in Table A-7.

Table A-7: Economic inactivity rate for the population of those aged 16 and over in England, by broad Rural-Urban Classification, Q2 2023 and Q2 2024 (Note A-4, Note A-8, Note A-10)

Rural-Urban Classification	Q2 2023 (%)	Q2 2024 (%)	Change
Rural	40.1	40.1	–
Urban	35.4	36.2	–

Included within the rates shown in Table A-7 are the proportion of the population (16 and over) who are classed as **retired.** Retirement rates have increased by 1.3 percentage points in Rural areas between Q2 2023 and Q2 2024. In Urban areas there has been little change over the same period (a decrease of 0.1 percentage points). This is shown in Table A-8.

Table A-8: Retirement rate for the population of those aged 16 and over in England, by broad Rural-Urban Classification, Q2 2023 and Q2 2024 (Note A-4, Note A-10)

Rural-Urban Classification	Q2 2023 (%)	Q2 2024 (%)	Change
Rural	28.0	29.4	↑
Urban	19.2	19.2	–

Notes

In Table A-7 and Table A-8 change is described with symbols for an increase (↑), decrease (↓), or no change (–). An increase is only deemed significant enough to describe if it is more than 3% higher than the year/quarter before (and 3% lower for decreases); if the change is less than 3%, it is indicated with a dash "–".

Economic inactivity – long-term trends

Quarterly data: The line chart shown in Figure A-5 shows quarterly rates for those economically inactive from 2007.

It should be noted that these rates are for people aged 16 and over, while the annual rates shown later are for people aged 16 to 64. As a result, the changes seen in them will differ.

Rates of economic inactivity in Rural areas have been the same or higher than in Urban areas over the time-period shown. Since 2007, rates have fluctuated for both area types. However, rates in Rural areas have shown an overall increase, while rates in Urban areas had seen a fall but latest figures show they are returning to 2007 levels. The rate of economic inactivity has increased since the COVID-19 pandemic, suggesting that some people have since left the workforce; prior to the COVID-19 pandemic, 37.8% of the Rural population aged 16 and over and 34.6% of the Urban population aged 16 and over were economically inactive (as of Q1 2020). This means the inactivity rates in Q2 2024 were 2.4 percentage points higher in Rural areas and 1.6 percentage points higher in Urban areas than pre-pandemic levels.

Figure A-5: Line chart showing economic inactivity as a percentage of those aged 16 and over, Q1 2007 to Q2 2024 (Note A-2, Note A-8)
A change in the Rural-Urban Classification used is indicated by a vertical dashed grey line.

Economic inactivity rate
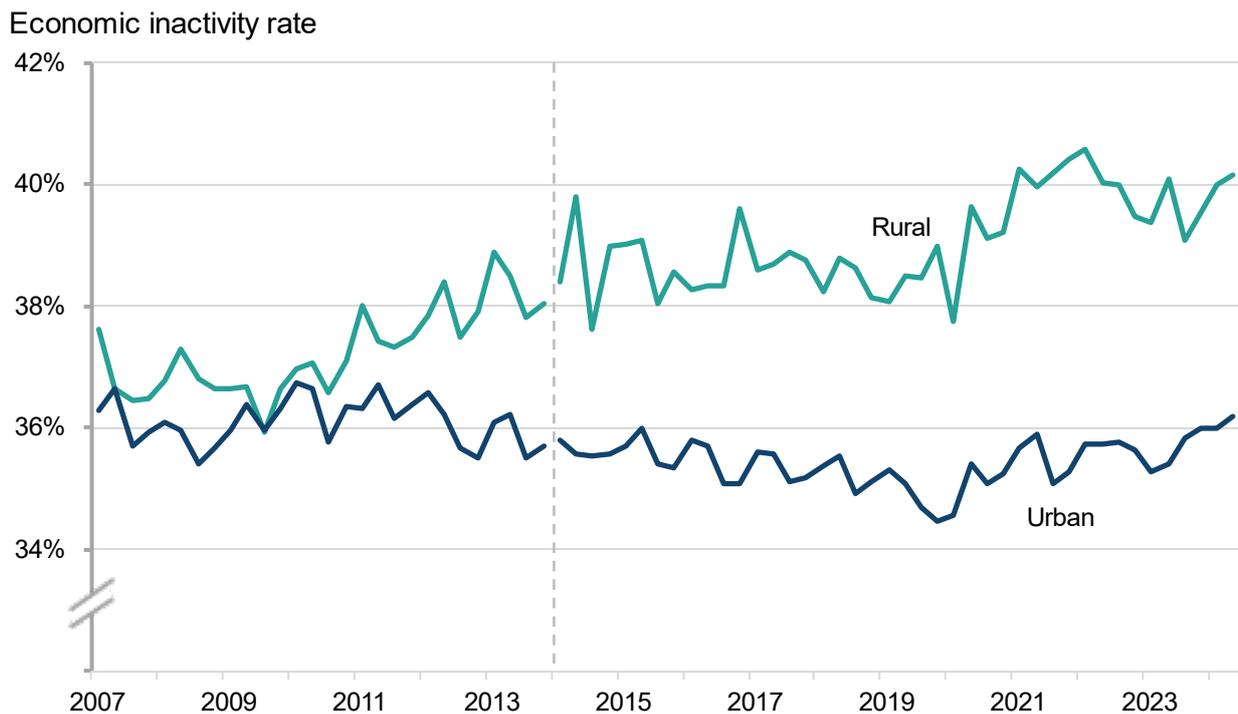
Annual data: The line chart shown in Figure A-6 shows annual inactivity rates from 2006.

It should be noted that these rates are for working aged people (16 to 64), while the quarterly rates are for people aged 16 and over. As a result, the changes seen in them will differ.

In 2021, the rate of economic inactivity in Rural areas was 19.8% of working age people, 1.7 percentage points lower than the rate of 21.5% in Urban areas. Within Rural areas, the percentage of economic inactivity was highest in Rural areas in a sparse setting at 21.8% of the working age population. Rates have shown a general decline since 2006 with Rural rates consistently lower than Urban rates. In Rural areas this trend was reversed in 2020 as rates started to increase following the COVID-19 pandemic and they have continued to increase in 2021.

Figure A-6: Line chart showing percentage of working age population (16 to 64 years) who are economically inactive, by Rural-Urban classification in England, 2006 to 2021 (Note A-1, Note A-3)
A change in the Rural-Urban Classification used is indicated by a vertical dashed grey line.
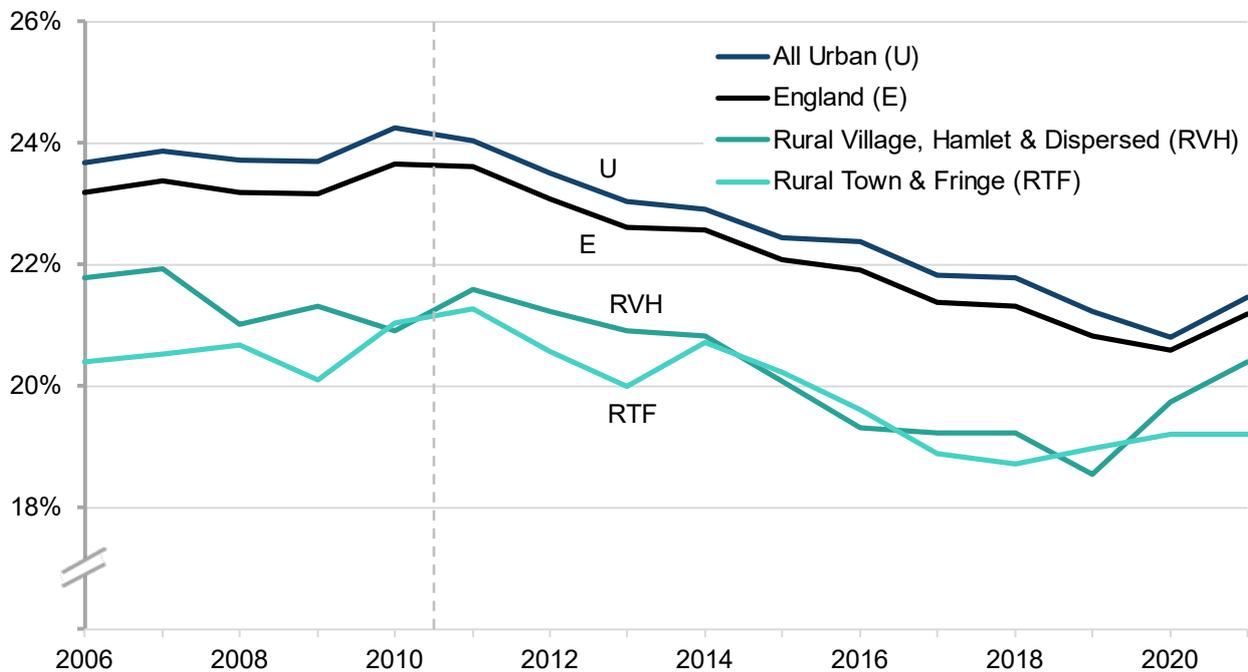
Retirement (quarterly data): The line chart in Figure A-7 shows that the proportion of those aged 16 and over that are retired is consistently higher in Rural areas compared with Urban areas and the gap between the areas is widening. The retirement rate increased almost continuously between 2019 and 2021– particularly in Rural areas. Prior to the COVID-19 pandemic, 28.5% of the Rural population and 20.0% of the Urban population were retired (as of Q1 2020). Retirement rates in Rural areas are still higher than pre-pandemic levels (Q2 2024 is 1.9 percentage points higher than pre-pandemic levels). There was a sharp fall in Rural retirement rates between Q3 2022 and Q1 2023, and then a similar sharp increase between Q4 2023 and Q1 2024 followed by a steadier increase of 0.2 percentage points into Q2 2024. In Urban areas retirement rates have fallen back to pre-pandemic levels.

Figure A-7: Line chart showing retirement as a percentage of those aged 16 and over, Q1 2007 to Q2 2024 (Note A-2)
A change in the Rural-Urban Classification used is indicated by a vertical dashed grey line.
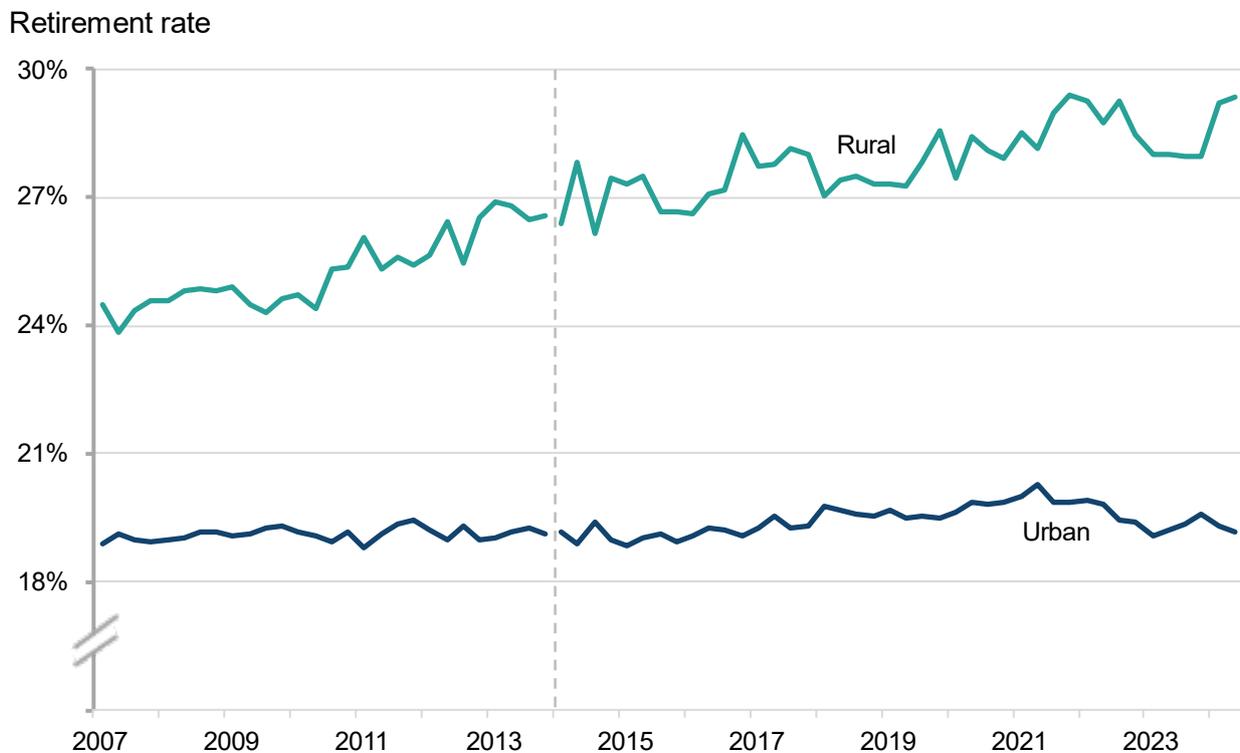
Employment explanatory notes

- **Note A-1**

The Rural-Urban Classification 2001 (RUC01) has been applied to all data up to and including 2010. From 2011 onwards the RUC11 has been applied. Although a key difference between the 2001 and 2011 version of the classification is that a distinction between major Conurbations, lesser Conurbations and other Urban areas has been introduced, the Urban categories are comparable in concept. Similarly, the Rural 2001 and 2011 categories are comparable in concept. However, the classification of a settlement may have changed between 2001 and 2011 owing to changes in population and settlement pattern.

- **Note A-2**

The RUC01 has been applied to all data up to and including Q4 2013. From Q1 2014 onwards the RUC11 has been applied. Although a key difference between the 2001 and 2011 version of the classification is that a distinction between major Conurbations, lesser Conurbations and other Urban areas has been introduced, the Urban categories are comparable in concept. Similarly, the Rural 2001 and 2011 categories are comparable in concept. However, the classification of a settlement may have changed between 2001 and 2011 owing to changes in population and settlement pattern.

- **Note A-3**

In 2009 and before, working age was defined as 16-64 for males and 16-59 for females. In September 2010 the definition for working age was altered to be 16-64 for both males and females. The statistics shown here have been adjusted to this new definition for all years shown.

- **Note A-4**

All changes are based on unrounded figures and therefore may not agree exactly to the figures presented in the text and tables which are rounded to 1 decimal place. Change is described with symbols for an increase (↑), decrease (↓), or no change (–). An increase is only deemed significant enough to describe if it is more than 3% higher than the year/quarter before (and 3% lower for decreases); if the change is less than 3%, it is indicated with a dash "– " instead to show the increase or decrease is not statistically significant enough for the publication to highlight.

- **Note A-5**

Unemployment rate is expressed as a percentage of the economically active 'age 16 and over' population, this is a departure from previous analyses and is consistent with ONS Labour Market Statistics. The employment rate and economically inactive rate are expressed as a percentage of the entire working age population. Therefore, the rates should not be expected to sum to 100%.

- **Note A-6**

As a percentage of people aged 16 to 64 bringing this figure in line with other publications where employment rate is shown as percentage of people aged 16 to 64.

- **Note A-7**

As a percentage of people aged 16 and over who are economically active (in work or seeking work).

- **Note A-8**

As a percentage of all people aged 16 and over.

- **Note A-9**

Data presented within all figures from the Employment section are available in the Rural economy supplementary data tables.

- **Note A-10**

Source: ONS (Labour Force Survey, not seasonally adjusted).

B. Earnings

People do not necessarily work in the same settlement type as they live, meaning workplace and residence based average earnings can differ and subsequently, those living in Predominantly Rural areas generally have higher median earnings than those who work in these areas.

Summary

Average annual employee earnings, based on the median value (middle of the earnings distribution), give an indication of living standards people can enjoy through their disposable income. Workplace-based earnings relate to the employee's usual local site or office. If the employee is a remote/home worker, then earnings will be linked to the location they would report to or the closest main office site.

In 2022 workplace-based median earnings increased by 8.7% in Predominantly Rural areas to £25,600 and by 6.4% in Predominantly Urban areas (excluding London) to £27,200 compared with 2021. Median workplace-based earnings are consistently higher in Predominantly Urban areas (excluding London) compared with Predominantly Rural areas.

For residence-based earnings Predominantly Rural areas saw an annual increase of 8.1% to £27,200 compared with an increase of 6.3% to £27,000 for Predominantly Urban areas (excluding London). Since 2009, there has been little difference in median residence-based earnings when comparing Predominantly Rural and Predominantly Urban areas (excluding London).

People do not necessarily work in the same settlement as they live, meaning workplace and residence based average earnings may differ. Between 2009 and 2022 those living in Predominantly Rural areas generally had higher median earnings than those who worked in these areas.

Earnings – things to note

Average annual employee earnings, based on the median value (middle of the earnings distribution), give an indication of living standards people can enjoy through their disposable income (see Expenditure).

For example, in 2022, average residence-based earnings were lower than workplace-based earnings in Urban areas, whilst average residence-based earnings in Rural areas were higher than workplace-based earnings because people living in Rural areas may work in Urban areas in higher paid jobs.

Workplace-based earnings relate to the employee's usual local site or office. If the employee is a remote/home worker then earnings will be linked to the location they would report to or the closest main office site.

Workplace-based earnings

Figure B-1 shows that all settlement types have seen an increase in workplace-based median earnings in 2022, with an 8.7% increase in Predominantly Rural areas and a 6.4% increase in Predominantly Urban areas (excluding London) when compared with 2021. These compare with the Consumer Price Index including housing costs (CPIH; a measure of inflation, Note B-4) of 6.2% in the year ending March 2022.

Median workplace-based earnings have shown a gradual increase in all settlement types since 2009 (apart from a small drop between 2020 and 2021 for London) with median workplace-based earnings consistently higher in Urban areas (excluding London) compared with Rural areas. Median workplace-based earnings were lowest in Predominantly Rural areas and highest in the London area.

In 2022, median workplace-based earnings in Predominantly Rural areas were £25,600 while Predominantly Urban areas (excluding London) were higher at £27,200.

Figure B-1: Workplace based median gross annual earnings (current prices), 2009 to 2022 (Note B-5)

Thousands

(e) = excluding London
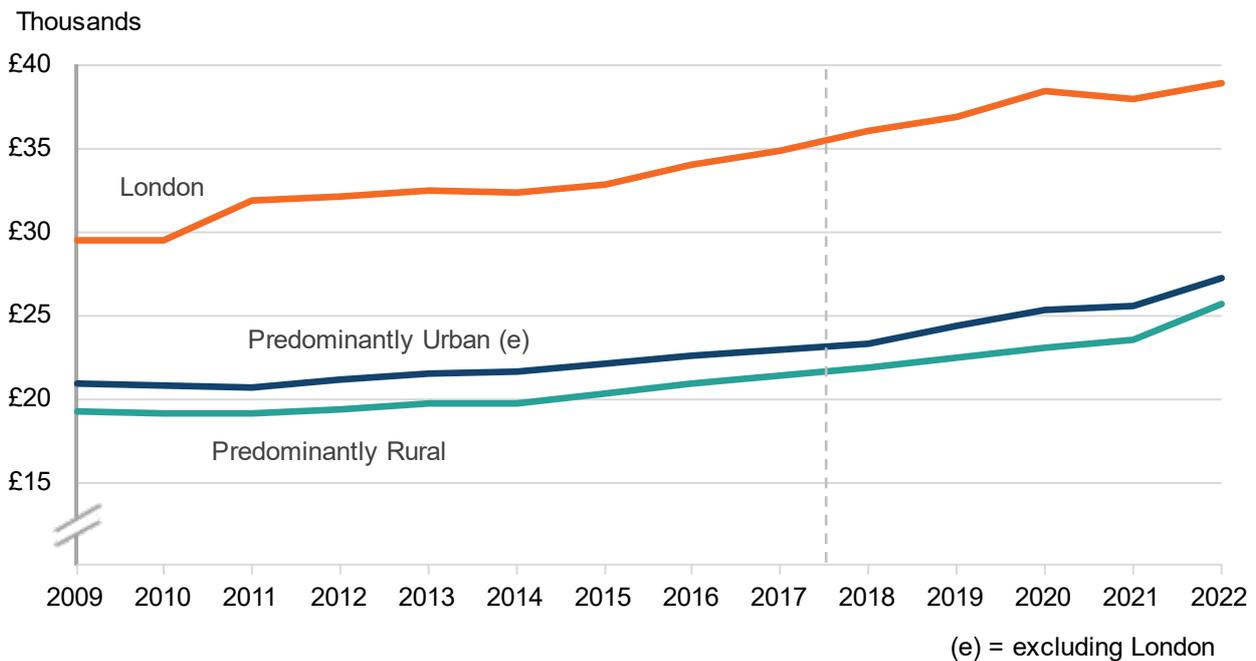
Between 2009 and 2022 median workplace-based earnings increased for all settlement types, not adjusted for inflation. The rate of increase was greatest for workplaces in both Mainly and Largely Rural areas (where median workplace-based earnings were lowest in 2009), increasing by 33.5%, followed by London (31.8%), then Urban with City and Town (30.5%). The rate of increase was lowest in Urban with Minor Conurbation areas where median earnings increased by 27.0% in the same period. Urban with Minor Conurbation areas also have the lowest median earnings for 2022 at £25,400. For England, the rate of increase was 29.2% between 2009 and 2022. Workplace-based earnings broken down by detailed Local Authority Rural-Urban Classification can be found in the Rural economy supplementary data tables (Note B-3).

Figures are not adjusted for inflation but for comparison over the same time period (2009 to 2022) the Consumer Price Index (including housing costs) increased by 29% (Note B-1).

Notes
- The Local Authority Classification has changed over time, see Note B-5 for details. This break in the series is denoted by a vertical dashed line.

Residence-based earnings

Figure B-2 shows in 2022, median residence-based earnings in Predominantly Rural areas were £27,200, compared with £27,000 in Predominantly Urban areas (excluding London). Between 2009 and 2022 median residence-based earnings increased for all settlement types (not adjusting for inflation), apart from a small drop between 2020 and 2021 for London.

The rate of increase between 2009 and 2022 was greatest for median residence-based earnings in Mainly Rural areas, increasing by 30.2%, followed by Urban with City and Town (30.0%). The rate of increase was lowest in London where median earnings increased by 19.2% over the same period, followed by Urban with Minor Conurbation areas (25.4%). For England, the rate of increase between 2009 and 2022 was 29.2%. Since 2009, there has been little difference in median residence-based earnings when comparing Predominantly Rural and Predominantly Urban areas (excluding London). Median residence-based earnings broken down by detailed Local Authority Rural-Urban Classification can be found in the Rural economy supplementary data tables (Note B-3).

Figures are not adjusted for inflation but for comparison over the same time period (2009 to 2022) the Consumer Price Index (including housing costs) increased by 29%.

Figure B-2: Residence-based median gross annual earnings (current prices), 2009 to 2022 (Note B-5)
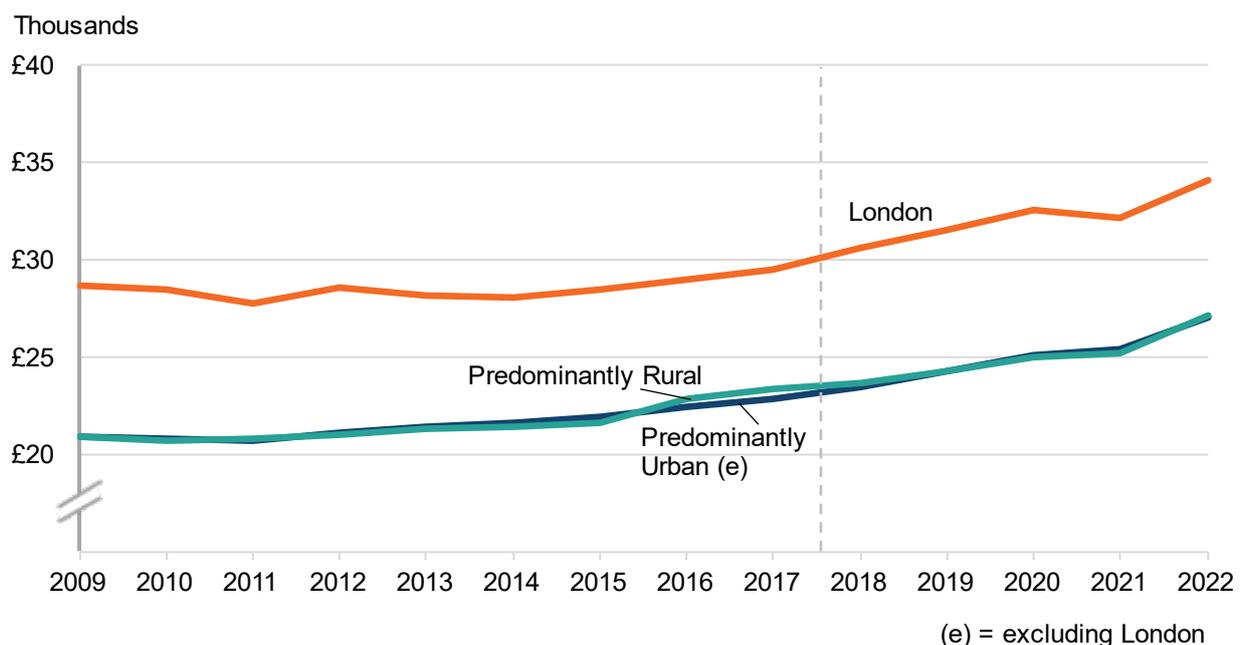
Notes

- The Local Authority Classification has changed over time, see Note B-5 for details. This break in the series is denoted by a vertical dashed line.

Comparing workplace and residence-based earnings

As stated earlier, people do not necessarily work in the same settlement as they live, meaning workplace and residence based average earnings may differ. The figures in this section show these differences.

Figure B-3 shows that between 2009 and 2022 those living in Predominantly Rural areas generally had higher median earnings than those who worked in these areas. The difference between the two earning types has fluctuated over the time shown but has been getting smaller since 2020. This could result from the rise in remote working meaning higher paid jobs can be done from Rural areas. Predominantly Urban areas (excluding London) show little difference as median earnings were similar for both those living and working in this settlement type (which can be seen in Figure B-1 and Figure B-2).

Figure B-3: Comparison of Workplace based and Residence-based median gross annual earnings (current prices) in Predominantly Rural areas, 2009 to 2022
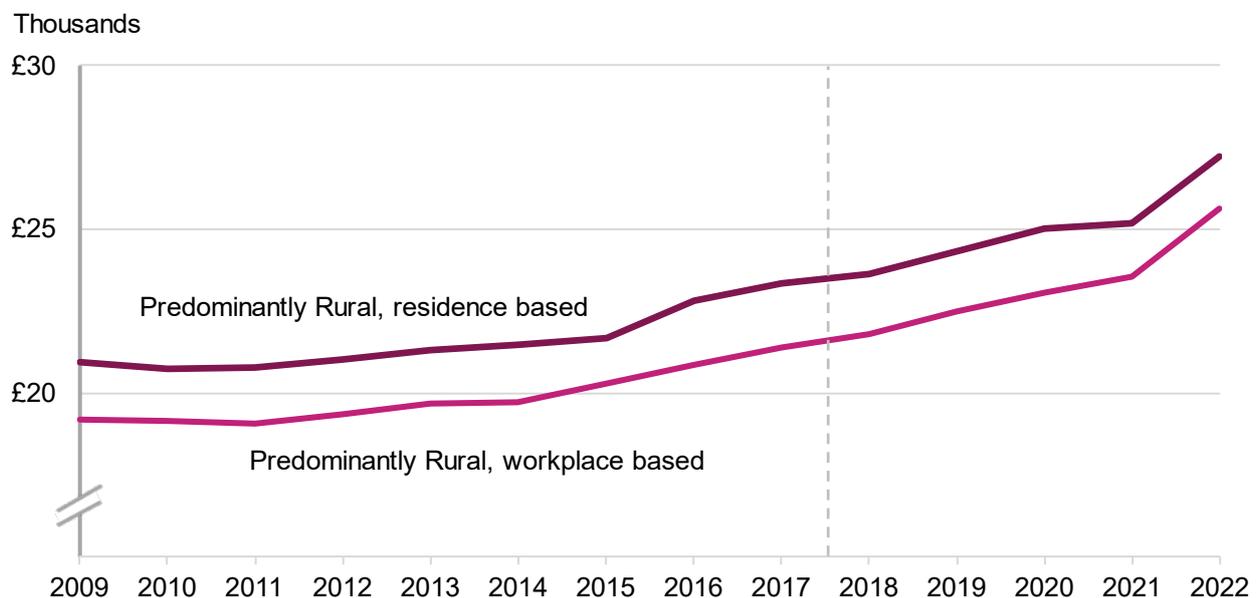
Earnings explanatory notes

- **Note B-1**

Earnings figures are on a current prices basis and have not been adjusted for inflation. Results for Rural – Urban categories have been weighted by the number of people employed aged 16-64 based on Annual Population Survey and Annual Population Survey – workplace analysis:
www.nomisweb.co.uk/articles/1066.aspx
Consumer Price Index: www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7bt/mm23

- **Note B-2**

Source - Employment, unemployment & economic activity: Office for National Statistics (ONS), Labour Force Survey
Source – Earnings: ONS, Annual Survey of Hours and Earnings: Table 7: Place of Work by Local Authority and Table 8: Place of Residence by Local Authority:
www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019/relateddata

- **Note B-3**

A table of workplace-based and residence-based earnings broken down by detailed local authority Rural-Urban Classification covering 2009 to 2020 is available in the Rural economy supplementary data tables.

- **Note B-4**

The CPIH is defined as the Consumer Prices Index including owner occupiers' housing costs (OOH). It measures the rate at which the price of goods and services bought by households increases or decreases. OOH costs are those costs associated with owning, maintaining and living in one's own home, along with Council Tax.
Inflation is the rate of increase in prices over a given period of time.

- **Note B-5**

Figures to 2017 use the Rural Urban Classification (RUC) based on 327 Local Authorities (LAs) and Unitary Authorities (UAs). From 2018 the RUC is based on revised boundaries as at April 2019, reducing the number of LADs and UAs from 326 to 317 and in 2020 this was further reduced to 314. The difference between LAD19 and LAD20 RUC is that the 2019 local authorities of Aylesbury Vale, Chilterns, South Bucks, and Wycombe, have been merged into a single Buckinghamshire Unitary Authority. This break in the series is denoted by a vertical dashed line.

C. Redundancies

Generally, proportionally more people living in Urban areas are made redundant than in Rural areas, however redundancy rates tend to fluctuate over time.

Summary

When a person is dismissed from their job due to being no longer required, it is called "redundancy" or being "made redundant"; it happens when employers need to reduce their workforce.

In Quarter 2 2024, redundancy rates were lower in Rural areas than in Urban areas, at 3.8 and 4.0 redundancies per 1,000 employees respectively. Rates had increased in both Rural and Urban areas when compared with the previous quarter, increasing by 1.7 and 1.1 redundancies per 1,000 employees respectively.

Annual changes show redundancy rates decreasing in Rural areas (by 0.5 per 1,000 employees to 15,700 redundancies in Rural areas while they increased in Urban areas by 0.1 per 1,000 employees to 97,300 redundancies in Urban areas).

Redundancy rates in England have fluctuated over time, although both Rural and Urban areas have shown an overall decrease in redundancies over the period 2007 to 2024 (falls of 2.5 and 2.3 redundancies per 1,000 employees respectively).

Redundancies – short-term trends

When a person is dismissed from their job due to being no longer required, it is called "redundancy" or being "made redundant"; it happens when employers need to reduce their workforce. Data for redundancies are collected and analysed quarterly, and a quarter-on-quarter comparison can be made to determine any emerging trends. The latest data available for analysis is Q2 2024 (i.e., April to June 2024).

Please note, the ONS have stated that the Labour Force Survey which is the data source for this analysis has become more volatile in recent periods, so they advise caution when interpreting short terms changes. For more information please see the latest ONS Labour Market Overview (section 2. Main points).

In Q2 2024, redundancy rates were lower in Rural areas than in Urban areas, at 3.8 and 4.0 redundancies per 1,000 employees respectively. This is shown in Table C-1. Proportionally more people were made redundant in Q2 2024 than in Q1 2024 in England, with the rate increasing from 2.9 to 4.0 redundancies per 1,000 employees. When comparing between quarters for Rural and Urban areas separately both have seen an increase in rate. Rural areas have seen an increase of 1.7 per 1,000 employees while Urban areas have increased by 0.9 per 1,000 employees.

In absolute terms, 15,700 people living in Rural areas were made redundant in Q2 2024 - 7,200 more than in Q1 2024. 81,700 people living in Urban areas were made redundant - 18,500 more than in Q1 2024.

Table C-1: Redundancies in England, by Rural-Urban Classification (counts, rates per 1,000 workers), Q1 and Q2 2024 (Note C-2)

Rural-Urban Classification	Q1 2024		Q2 2024		Direction of change
	Count	Rate	Count	Rate	
Rural	8,500	2.1	15,700	3.8	↑↑
Urban	63,200	3.1	81,700	4.0	↑
England	**71,600**	**2.9**	**97,300**	**4.0**	↑↑

Notes
- In Table C-1, rates are rounded to the nearest 0.1 redundancies per 1,000 employees, and counts are rounded to the nearest 100 people.

- In Table C-1 the change in redundancy rate is described with symbols for where it increased (↑), decreased (↓) or stayed the same (-).Multiple arrows (↑↑,↓↓) indicate a change of ±1 or more. Changes of ±0.5 are not significant enough to report and are marked with a dash (-).

Redundancies – annual change

As well as presenting quarterly changes, we can show annual change based on the most recent quarter. In Q2 2024, redundancy rates in England had showed little change when compared with Q2 2023. The redundancy rate remained at 4.0 redundancies per 1,000 employees (Table C-2).

In Rural areas, the redundancy rate decreased from 4.4 to 3.8 redundancies per 1,000 employees between Q2 2023 and Q2 2024 (an overall decrease of 1,800 redundancies).

Urban areas saw an increase in redundancies between Q2 2023 and Q2 2024 (2,200 more redundancies or 0.1 more per 1,000 population).

Table C-2: Redundancies in England, by Rural-Urban Classification (counts, rates per 1,000 workers), Q2 2023 and Q2 2024 (Note C-2)

Rural-Urban Classification	Q2 2023		Q2 2024		Direction of change
	Count	**Rate**	**Count**	**Rate**	
Rural	17,500	4.4	15,700	3.8	↓
Urban	79,500	3.9	81,700	4.0	-
England	**97,000**	**4.0**	**97,300**	**4.0**	-

Notes
- In Table C-2, rates are rounded to the nearest 0.1 redundancies per 1,000 employees, and counts are rounded to the nearest 100 people.
- In Table C-1 the change in redundancy rate is described with symbols for where it increased (↑), decreased (↓) or stayed the same (-). Multiple arrows (↑↑,↓↓) indicate a change of ±1 or more. Changes of ±0.5 are not significant enough to report and are marked with a dash (-).

Redundancies – long-term trends

The line chart in Figure C-1 shows quarterly redundancy rates from 2007.

Redundancy rates in England have fluctuated over time, although both Rural and Urban areas have shown an overall decrease in redundancies over the period 2007 to 2024 (by 2.5 and 2.3 redundancies per 1,000 employees respectively). There were large increases in the redundancy rate in both 2009 (financial crisis) and 2020 (COVID-19 pandemic) with numbers falling shortly after each event. Since then redundancy rates have been fluctuating in both Rural and Urban areas. In Rural areas rates reached 5.8 redundancies per 1,000 employees in Q4 of 2023 but they have decreased again since then and so far rates in 2024 are below the five-year average. Redundancy rates in Urban areas for 2024 also remain below the five-year average.

The highest redundancy rates between 2007 to 2024 were: 11.9 redundancies per 1,000 employees living in Rural areas (Q3 2020), and 14.0 redundancies per 1,000 employees living in Urban areas (Q4 2020). This was in the middle of the COVID-19 pandemic, where many businesses made job cuts or closed. By early 2021, the redundancy rate fell to pre-pandemic levels.

The lowest redundancy rates across the time period shown in the line chart in Figure C-1 were in Q2 2022, where there were 1.5 redundancies per 1,000 employees living in Rural areas, and 1.8 redundancies per 1,000 employees living in Urban areas.

Figure C-1: Line chart showing redundancy rate per 1,000 employees, by Rural-Urban Classification, in England, Q1 2007 to Q2 2024 (Note C-1)
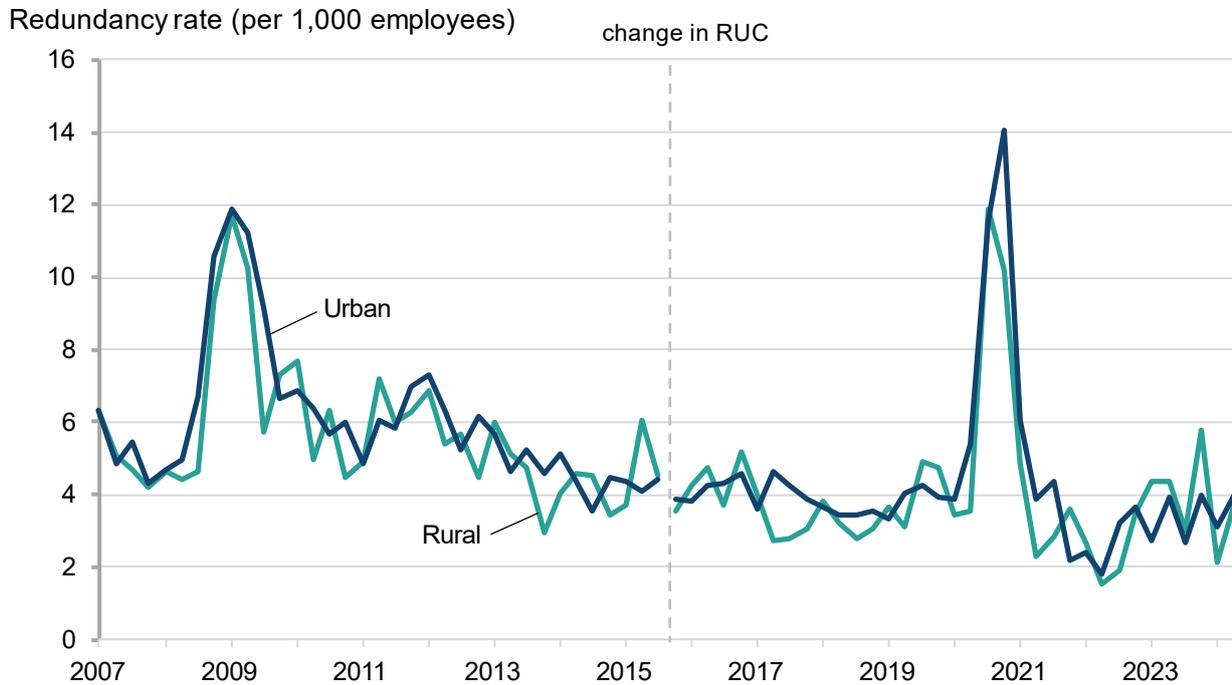
Redundancies explanatory notes

- **Note C-1**

Dashed line on Figure C-1: 2001 Rural-Urban Classification (RUC) applied up to Q3 2015, 2011 RUC from Q4 2015.

- **Note C-2**

Ratio of the number of workers (aged 16 and over) made redundant for the given quarter to the number of employees (aged 16 and over) in the previous quarter multiplied by 1,000, based on location of residence.

- **Note C-3**

Source: ONS Labour Force Survey.

D. Claimant count - Jobseeker's Allowance

Proportionally fewer people claim Jobseeker's Allowance in Rural areas than in Urban areas.

Summary

Jobseeker's Allowance (JSA) is one of the forms of benefit you can claim while looking for work, which can be claimed along with or instead of Universal Credit. However, Universal Credit has become predominant and the number of claimants for jobseeker's allowance is declining.

In Quarter 2 2024, 0.2% of the working-age population was claiming Jobseeker's Allowance in Rural areas, compared with 0.3% in Urban areas. The number of claimants had decreased slightly compared with the previous quarter in both Rural and Urban areas; in Rural areas there was a decrease of 200 claimants, whilst in Urban areas, it was 1,200 claimants.

On an annual basis, the number of claimants has increased in Rural areas between Quarter 2 2023 and Quarter 2 2024 by 500 claimants; an increase of 5%. In Urban areas claimant numbers have shown no significant change (down 100 claimants) over the same time period.

When considering long-term trends claimants of Jobseeker's Allowance have been generally falling since 2012, in particular reflecting the shift to other forms of benefit. The percentage of the working age population claiming Jobseeker's Allowance has been consistently higher in Urban areas, and proportions are lowest in Rural Villages and Hamlets.

Jobseeker's Allowance – introductory notes

When a person is economically active but unemployed, sometimes they will need financial help whilst they are looking for a job; Jobseeker's Allowance (JSA) is an unemployment benefit you can claim while looking for work. It is a weekly allowance to aid with living costs (up to £71.70 for people aged 24 or under and up to £90.50 for people aged 25 or over) that will be paid as long as a person is eligible. However, it should be noted that Universal Credit has become predominant and the number of claimants for jobseeker's allowance has been declining longer term.

Jobseeker's Allowance – short-term trends

Data around the number of people claiming JSA is collected quarterly, and the latest data presented are for Quarter 2 2024.

A slightly lower proportion of people claimed JSA in Rural areas than in Urban areas in Q2 2024; 0.2% of the working-age population were claiming Jobseeker's Allowance in Rural areas, compared with 0.3% in Urban areas (Note D-4). The number of claimants for Q2 2024 has seen a small decrease in both Rural and Urban areas when compared with Q1 2024. In absolute terms, there were 200 fewer people claiming JSA in Q2 2024 than the previous quarter in Rural areas, and 1,200 fewer people in Urban areas (a drop in the number of claimants of 2% in both Rural and Urban areas), as shown in Table D-1.

Table D-1: Claimants of Jobseeker's Allowance in England, by Rural-Urban Classification (count and proportion of the working-age population), Q1 2024 and Q2 2024 (Note D-4)

Rural-Urban Classification	Q1 2024		Q1 2024		Direction of change
	Count	Rate	Count	Rate	
Rural	11,600	0.21%	11,400	0.20%	–
Rural Town and Fringe	6,600	0.22%	6,400	0.21%	–
Rural Village and Hamlet	5,000	0.19%	4,900	0.19%	–
Urban	77,900	0.26%	76,700	0.26%	–
England	**89,500**	**0.25%**	**88,100**	**0.25%**	**–**

Notes

- In Table D-1, rates are rounded to the nearest 0.1%, and counts are rounded to the nearest 100 people.

- In Table D-1 the percentage change in claimants is described with symbols for where it increased (↑), decreased (↓) or stayed the same (–). Multiple arrows (↑↑,↓↓) indicate a change of ±6% or more. This dashboard shows the direction of change over the last year and is provided to give an indication only and may not represent a clear improvement or deterioration. Indication of change is based on a ±3% threshold.

Jobseeker's Allowance – annual change

As well as presenting quarterly changes, we can show annual change based on the most recent quarter. In Q2 2024, 600 more people claimed JSA in England than in Q2 2023.

There was a small increase in the proportion of the working-age population claiming Jobseeker's Allowance in Rural areas, while numbers showed little change in Urban areas between Q2 2023 and Q2 2024. In absolute terms, there were 500 more people claiming JSA in Rural areas overall when comparing Q2 2023 with Q2 2024. In Urban areas there were 100 more people claiming JSA over the same period. This is shown in Table D-2.

Table D-2: Claimants of Jobseeker's Allowance in England, by Rural-Urban Classification (count and proportion of the working-age population), Q2 2023 and Q2 2024 (Note D-4)

Rural-Urban Classification	Q2 2023		Q2 2024		Direction of change
	Count	Rate	Count	Rate	
Rural	10,900	0.19%	11,400	0.20%	↑
Rural Town and Fringe	6,200	0.21%	6,400	0.21%	↑
Rural Village and Hamlet	4,700	0.18%	4,900	0.19%	↑↑
Urban	76,600	0.26%	76,700	0.26%	−
England	**87,500**	**0.25%**	**88,100**	**0.25%**	**−**

Notes

- In Table D-2, rates are rounded to the nearest 0.1%, and counts are rounded to the nearest 100 people.

- In Table D-2 the percentage change in claimants is described with symbols for where it increased (↑), decreased (↓) or stayed the same (−). Multiple arrows (↑↑,↓↓) indicate a change of ±6% or more. This dashboard shows the direction of change over the last year and is provided to give an indication only and may not represent a clear improvement or deterioration. Indication of change is based on a ±3% threshold.

Jobseeker's Allowance – long-term trends

The line chart in Figure D-1 shows quarterly data for people claiming Jobseeker's Allowance from 2007.

Claimants of Jobseeker's Allowance have been generally decreasing since 2012. Since the introduction of Universal Credit in April 2013 some unemployment benefit claimants will have been claiming Universal Credit instead. Numbers of claimants of Jobseeker's Allowance increased in 2020 due to COVID-19 but have since returned to pre-pandemic levels. The percentage of the working age population claiming Jobseeker's Allowance has been consistently higher in Urban areas, and proportions are lowest in Rural Villages and Hamlets.

The highest claimant rate across all areas was seen in Q1 2012 (4.5% of the working age population), and the lowest in Q3 2022 (0.17% of the working age population).

Figure D-1: Line chart showing claimants of Jobseeker's Allowance as a percentage of the working age population, Q1 2007 to Q2 2024 (Note D-1, Note D-5)
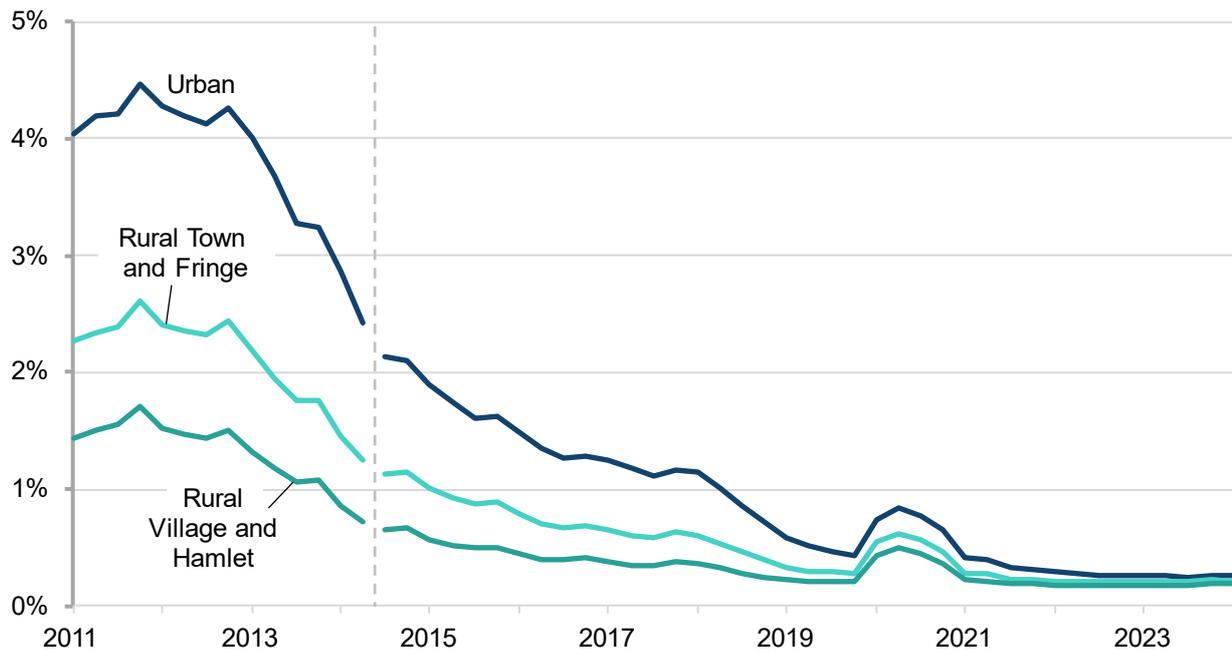
Claimant count explanatory notes

- **Note D-1**

Dashed line on Figure D-1: 2001 Rural-Urban Classification (RUC) applied up to Q2 2014; 2011 RUC from Q3 2014.

- **Note D-2**

Claimant counts do not include people claiming Universal Credit. For further information please see the article 'Jobseeker's Allowance, Universal Credit and the Claimant Count Changes to the Measurement of the Claimant Count' which can be found within the Labour Market articles and reports.

- **Note D-3**

Source: ONS Jobseeker's Allowance data (via Nomis) and Defra.

- **Note D-4**

Working age population is those aged 16 to 64.

- **Note D-5**

When the proportion of the working-age population claiming Jobseeker's Allowance is calculated, the mid-2020 population estimates have been used for current statistics, from Q1 2020 until Q2 2024; this is because the latest mid-year estimates available (2021) have not yet been analysed by Rural-Urban Classification.

Before this, mid-2019 working-age population estimates were used for Q1 to Q4 2019; mid-2018 estimates were used for Q1 to Q4 2018; mid-2017 estimates were used for Q1 to Q4 2017; mid-2016 estimates were used for Q1 to Q4 2016; mid-2015 estimates were used for Q1 2014 to Q4 2015; and mid-2010 estimates were used for Q1 2007 to Q4 2013 (since this analysis was all done at once, and 2010 was in the middle of the time range). However, data from 2007 to 2011 has since been removed in order to prevent the time series in Figure D-1 from becoming cumbersome.

E. Output and Productivity measured by Gross Value Added (GVA)

In 2022, Gross Value Added in rural areas was £240 billion and accounted for 12% of England's GVA, based on new LSOA-level estimates. At Local Authority-level, output in majority rural local authorities totalled £153 billion (8%) in 2022 and a further £188 billion (10%) was generated in intermediate rural local authorities, combining to £341 billion.

Summary

Productivity measures are often used to indicate how well somewhere can use its human and physical resources to generate economic growth. Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or sector.

In 2022, rural areas contributed £240 billion to England's GVA, representing 12.4% of the total GVA for England including London. This is the first time an estimate has been produced for the GVA in rural areas using new more localised GVA data. Hitherto estimates for the rural economy were based on GVA at Local Authority-level from those classified as Predominantly Rural, which totalled £315 billion in 2022.

The new estimate of £240 billion generated in rural areas, based on the new more detailed GVA data, is more representative of the output in rural areas. It will include the output from all rural areas across all local authorities. However, many people who live in rural areas work in urban areas, so it does not reflect the output of the rural population but of economic activity in rural areas. It is still important to consider the economy at Local Authority-level, not least owing to the inextricable economic and social links between rural and urban areas within local authorities.

The new 2021 Rural-Urban Classification of Local Authorities is not strictly comparable with the previous classification. Under the new classification, output in majority rural local authorities totalled £153 billion (8%) in 2022 and a further £188 billion (10%) was generated in intermediate rural authorities, combining to £341 billion.

GVA per workforce job is a measure of productivity where total output is divided by the number of individuals in the workforce. In 2022, the productivity of majority rural local authorities was around 92% of the average for England excluding London and had declined from 96% in 2001. For intermediate rural authorities it was 96% of the average for England excluding London, having declined from 100% in 2001.

The greatest gap in productivity relative to the England average was in local authorities where the majority reside further from a major town or city. For majority rural local authorities with a majority residing further from a major town or city, productivity in 2022 was 84% of the average for England excluding London, down from 92% in 2001. For intermediate rural authorities with a majority residing further from a major town or city, productivity in 2022 was 92% of the average for England excluding London, down from 95% in 2001.

What is GVA?

Productivity measures are often used to indicate how well a country can use its human and physical resources to generate economic growth. Strong economic growth will generally mean an improvement in living standards. However, productivity alone does not tell us everything about the economic wellbeing of different areas. The potential of any given place depends on the mix of industries, the infrastructure and the size of settlements there. Based on these circumstances, even an area with low productivity might be performing as well as it can.

Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or sector. Simplistically it is the value of the amount of goods and services that have been produced, less the cost of all inputs and raw materials that are directly attributable to that production.

Revision note

The Office for National Statistics has produced new estimates of GVA for Lower Super Output Areas (LSOA), which means that for the first time it is possible to produce estimates for GVA for rural areas rather than at Local Authority-level.

See: UK small area gross value added (GVA) estimates - Office for National Statistics for more details of the underlying data.

Estimates are also affected by the new 2021 Rural-Urban classification both for LSOAs and for Local Authorities.

GVA estimates in this report have been also affected by changes to Local Authority boundaries (Note E-13), and most notably, the new 2021 Rural-Urban Classification; figures published previously using the 2011 Rural-Urban Classification are not comparable.

The ONS have also made further methodological changes to improve the geographical distribution of GVA. These changes are mainly focussed on improving regional banking data and estimates for non-market education output. These improvements have reduced the GVA allocated to London while increasing GVA allocated outside of London. Further information can be found in Section 7 of the ONS publication 'Regional economic activity by gross domestic product, UK: 1998 to 2022'. GVA for London has also been greatly affected by the difficulties in measuring the economy during the Covid 19 pandemic which has led to greater than usual revisions to initial estimates, especially for the last couple of years.

Contribution to England's Gross Value Added (GVA)

In 2022, rural areas contributed £240 billion to England's GVA, representing 12.4% of the total GVA for England including London. This is the first time an estimate has been produced for the GVA in rural areas using new more localised GVA data. Hitherto estimates were based on GVA at Local Authority-level.

Figure E-1: Bar chart showing contribution to England's Gross Valued Added (GVA), by 2021 Rural-Urban Classification for LSOAs in England, 2022 (provisional)
The legend is presented in the same order and orientation as the stacks of bars.
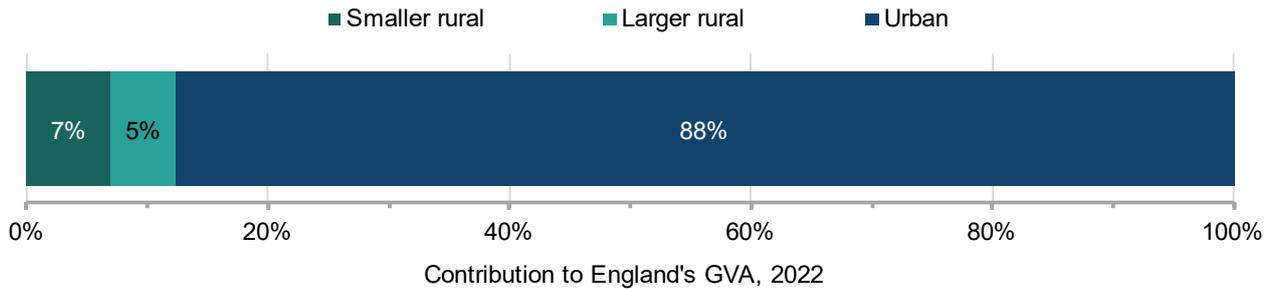
The bar chart in Figure E-1 shows that smaller rural settlements contributed 7% to England's GVA and larger rural settlement contributed 5%. Urban areas contributed 88% to England's GVA.

Figure E-2: Line chart showing contribution from rural areas to England's Gross Valued Added (GVA), by 2021 Rural-Urban Classification for LSOAs in England, 2001 to 2022 (provisional)
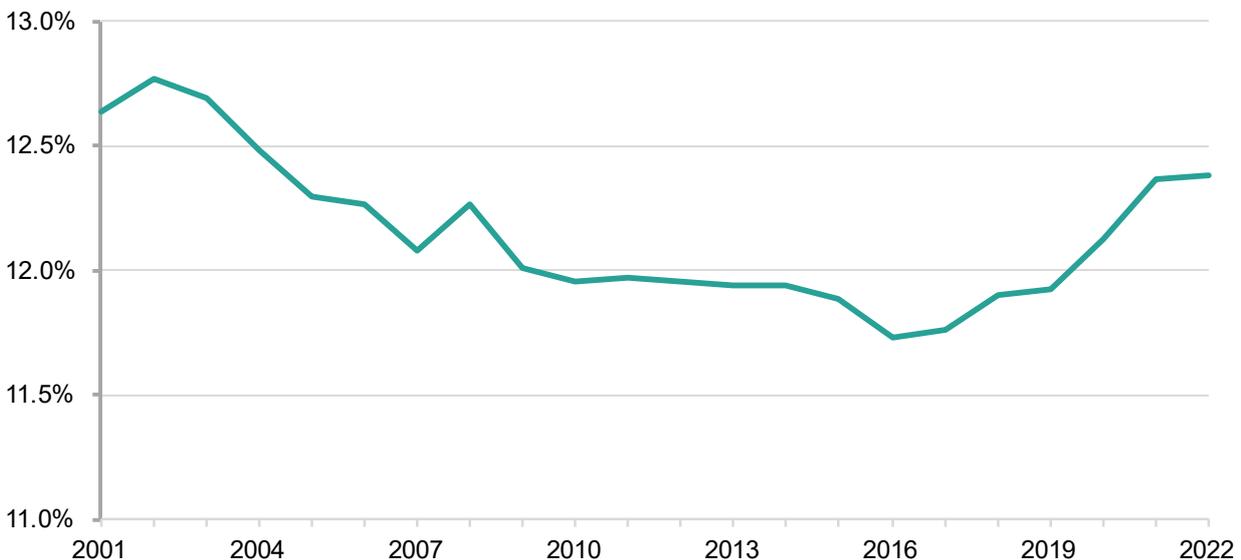
The line chart in Figure E-2 shows that proportionally the contribution has changed only a little over the last 20 years – it was 12.6% in 2001, 12.0% in 2011 and at its lowest in 2016 at 11.7% and has increased to 12.4% in 2022.

Previous estimates of the rural economy were based on the GVA arising in Predominantly Rural Authorities (using the 2011 Rural-Urban Classification), which in 2022 was £315 billion. While the estimate of £240 billion, which is based Lower Super Output Areas (LSOAs), is lower it is more representative of the contribution of rural areas. As many people living in rural areas work in urban areas, it does not reflect the output from the rural population as such but of those working in rural areas.

Estimates based on aggregating the GVA of local authorities include the output of the whole authority, and so include the urban areas within them and exclude rural areas not within them. However, it is still relevant to consider output at Local Authority level, not least owing to the inextricable economic and social links between rural and urban areas within authorities. The new 2021 Rural-Urban Classification is not strictly comparable with the previous 2011 Rural-Urban Classification which referred to Predominantly Rural areas.

Table E-1 shows that majority rural local authorities contributed £153 billion (8%) in 2022 and a further £188 billion (10%) was contributed by intermediate rural local authorities, combining to £341 billion (18%) (Note E-1 and Note E-2).

These GVA figures are based on GVA at broadly county level apportioned at local district level to provide a more refined analysis of GVA across the local authority classification. The total GVA for rural and urban areas in Table E-1and Table E-2 differ from the industry breakdown following this and is less finely detailed being based on data at broadly county level.

Table E-1: Contribution to England's Gross Value Added (GVA) within each area described in the 2021 Rural-Urban Classification in England, as at 2001, 2011, and 2022
Contribution has been presented as a percentage share, rounded to the nearest 0.1%.

Rural-Urban Classification	2001	2011	2022
Majority rural	8.3%	8.0%	7.9%
Intermediate rural	10.0%	9.7%	9.7%
Majority or intermediate rural	**18.4%**	**17.6%**	**17.6%**
Intermediate urban	11.1%	10.5%	10.1%
Urban (excluding London)	46.5%	45.6%	45.5%
London	24.1%	26.3%	26.8%
Urban	**81.6%**	**82.4%**	**82.4%**
England	**100.0%**	**100.0%**	**100.0%**

Table E-2: Contribution to England's Gross Value Added (GVA) within majority rural local authorities as described in the 2021 Rural-Urban Classification in England, by proximity to a major town or city, as at 2001, 2011, and 2022
Contribution has been presented as a percentage share, rounded to the nearest 0.1%.

Proximity to a major town or city	2001	2011	2022
Majority further from	2.9%	2.8%	2.6%
Majority nearer to	5.4%	5.2%	5.3%
All majority rural	**8.3%**	**8.0%**	**7.9%**

The contributions of GVA by different types of authority as a proportion of total GVA for England has remained relatively stable for all area types over the last 20 years and has been strongly affected by growth seen in London. Table E-2 shows that from majority rural local authorities, the contribution has declined from 8.3% to 7.9% and most of that has been within those with a majority residing further from a major town or city – declining from 2.9% in 2001 to 2.6% in 2022.

Table E-3 shows that in 2022 majority rural local authorities contributed £153 billion (7.9%) to England's GVA and intermediate authorities contributed £188 billion (9.7%).

Table E-4 shows that £102 billion of the contribution from majority rural local authorities came from those with a majority residing nearer to a major town or city and £51 billion came from those authorities with a majority residing further from a major town or city.

Table E-3: Contribution to England's Gross Value Added (GVA) within each area described in the 2021 Rural-Urban Classification in England, 2022

Contribution has been presented as a percentage share, rounded to the nearest 0.1%, and in £millions (£m), rounded to the nearest £100m.

Rural-Urban Classification	GVA (£m)	Percentage share
Majority rural	153,300	7.9%
Intermediate rural	188,200	9.7%
Majority or intermediate rural	**341,500**	**17.6%**
Intermediate urban	196,900	10.1%
Urban (excluding London)	882,700	45.5%
London	519,200	26.8%
Urban	**1,598,800**	**82.4%**
England	**1,940,300**	**100.0%**

Table E-4: Contribution to England's Gross Value Added (GVA) within majority rural local authorities as described in the 2021 Rural-Urban Classification in England, by proximity to a major town or city, 2022

Contribution has been presented as a percentage share, rounded to the nearest 0.1%, and in £millions (£m), rounded to the nearest £100m.

Proximity to a major town or city	GVA (£m)	Percentage share
Majority further from	51,100	2.6%
Majority nearer to	102,200	5.3%
All majority rural	**153,300**	**7.9%**

Gross Value Added (GVA) per Workforce Job

A measure of productivity is GVA per workforce job i.e. output divided by the number of individuals in the workforce, allowing for closer comparisons between geographical area types (Note E-4).

Table E-5 shows that compared with the average productivity for England excluding London, productivity in majority rural local authorities has fallen in relative terms from 96.4% of the average in 2001 to 92.2% in 2022.

Table E-5: Gross Value Added (GVA) per workforce job (WFJ) within each area described in the 2021 Rural-Urban Classification in England, as at 2001, 2011, and 2022
Productivity (GVA per WFJ) has been presented as a percentage of the England total excluding London, creating an index of change; values have been rounded to the nearest 0.1%.

Rural-Urban Classification	2001	2011	2022
Majority rural	96.4	91.0	92.2
Intermediate rural	99.9	95.8	98.5
Majority or intermediate rural	**98.3**	**93.6**	**95.5**
Intermediate urban	105.8	103.2	100.3
Urban (excluding London)	99.4	102.0	101.8
London	144.4	154.9	140.4
England excluding London	**100.0**	**100.0**	**100.0**

Table E-6 shows that within majority rural local authorities, the fall in productivity relative to the average is more pronounced for authorities with a majority residing further from a major town or city and that in 2022 productivity relative to the England average excluding London was 83.6%.

Table E-6: Gross Value Added (GVA) per workforce job (WFJ) within majority rural local authorities as described in the 2021 Rural-Urban Classification in England, by proximity to a major town or city, as at 2001, 2011, and 2022
Productivity (GVA per WFJ) has been presented as a percentage of the England total excluding London, creating an index of change; values have been rounded to the nearest 0.1%.

Proximity to a major town or city	2001	2011	2022
Majority further from	92.0	85.1	83.6
Majority nearer to	99.0	94.4	97.2
All majority rural	**96.4**	**91.0**	**92.2**

Table E-7 shows that average GVA per workforce job in majority rural local authorities at £52,800 was £4,500 lower compared with the average for England excluding London of £57,300; while in urban local authorities excluding London at £58,300, it was £1,000 higher.

Table E-7: Gross Value Added (GVA) per workforce job (WFJ) within each area described in the 2021 Rural-Urban Classification in England, 2022

Productivity (GVA per WFJ) has been presented in £, rounded to the nearest £100, and as a percentage of the England total excluding London, creating an index of change; values have been rounded to the nearest 0.1%.

Rural-Urban Classification	GVA per WFJ (£)	Comparison to England total excluding London
Majority rural	52,800	92.2
Intermediate rural	56,400	98.5
Majority or intermediate rural	**54,800**	**95.5**
Intermediate urban	57,500	100.3
Urban (excluding London)	58,300	101.8
London	80,400	140.4
England excluding London	**57,300**	**100.0**

Table E-8 shows that the average GVA per workforce job in majority rural local authorities with a majority residing further from a major town or city at £47,900, was almost £8,000 lower than in those authorities with a majority residing nearer to a major town or city.

Table E-8: Gross Value Added (GVA) per workforce job (WFJ) within majority rural local authorities as described in the 2021 Rural-Urban Classification in England, by proximity to a major town or city, 2022

Productivity (GVA per WFJ) has been presented in £, rounded to the nearest £100, and as a percentage of the England total excluding London, creating an index of change; values have been rounded to the nearest 0.1%.

Proximity to a major town or city	GVA per WFJ(£)	Comparison to England total excluding London
Majority further from	47,900	83.6
Majority nearer to	55,700	97.2
All majority rural	**52,800**	**92.2**

The line charts in Figure E-3 show that the fall in productivity relative to the average for England excluding London has been more pronounced for authorities with a majority residing further from a major town or city, particularly so for majority rural local authorities. Productivity in intermediate rural local authorities with a majority residing nearer to a major town or city has been above the average for England excluding London since 2016.

Figure E-3: Line charts showing the productivity index (England excluding London = 100) for majority rural (left-hand chart) and intermediate rural (right-hand chart) local authorities as described in the 2021 Rural-Urban Classification in England, by proximity to a major town or city, 2001 to 2022

Change is measured against the national productivity level, where England = 100%, as represented by the horizontal dashed line on the charts. All values on the charts exclude London.

Productivity index: Majority rural

Productivity index: Intermediate rural

(England = 100%)

Nearer*

Further*

Nearer*

Further*

All figures exclude London.

*from/to a major town or city
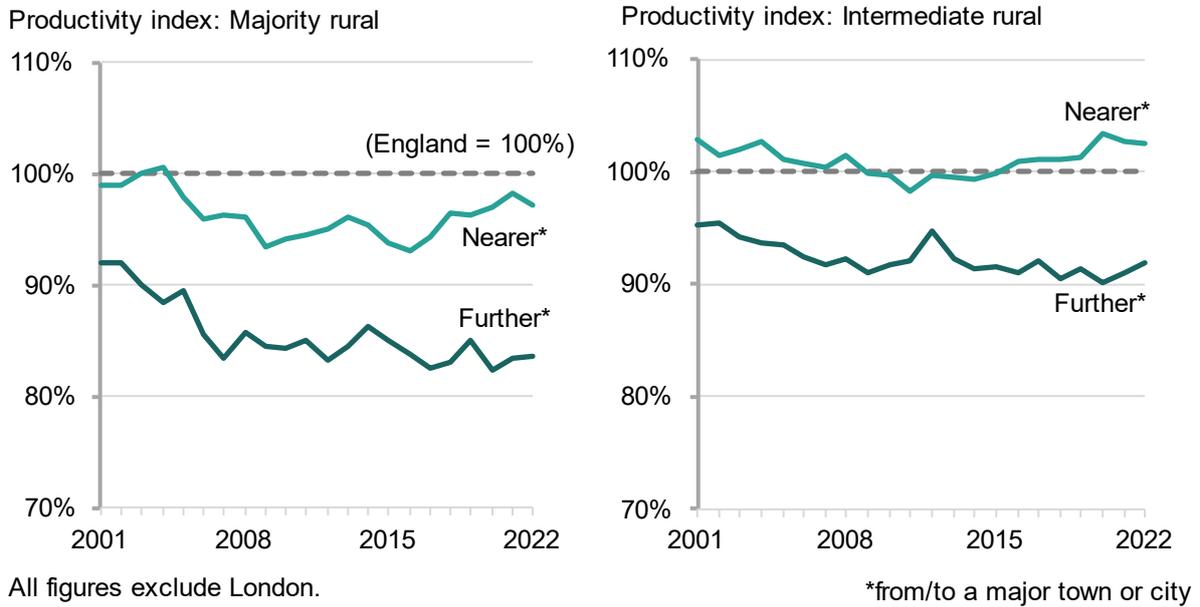
Figure E-4: Line charts showing the productivity index (England excluding London = 100) for intermediate urban (left-hand chart) and urban (right-hand chart) local authorities as described in the 2021 Rural-Urban Classification in England, by proximity to a major town or city, 2001 to 2022

Change is measured against the national productivity level, where England = 100%, as represented by the horizontal dashed line on the charts. All values on the charts exclude London.

Productivity index: Intermediate urban

Productivity index: Urban

Nearer*

Further*

Nearer*

(England = 100%)

Further*

All figures exclude London.

*from/to a major town or city
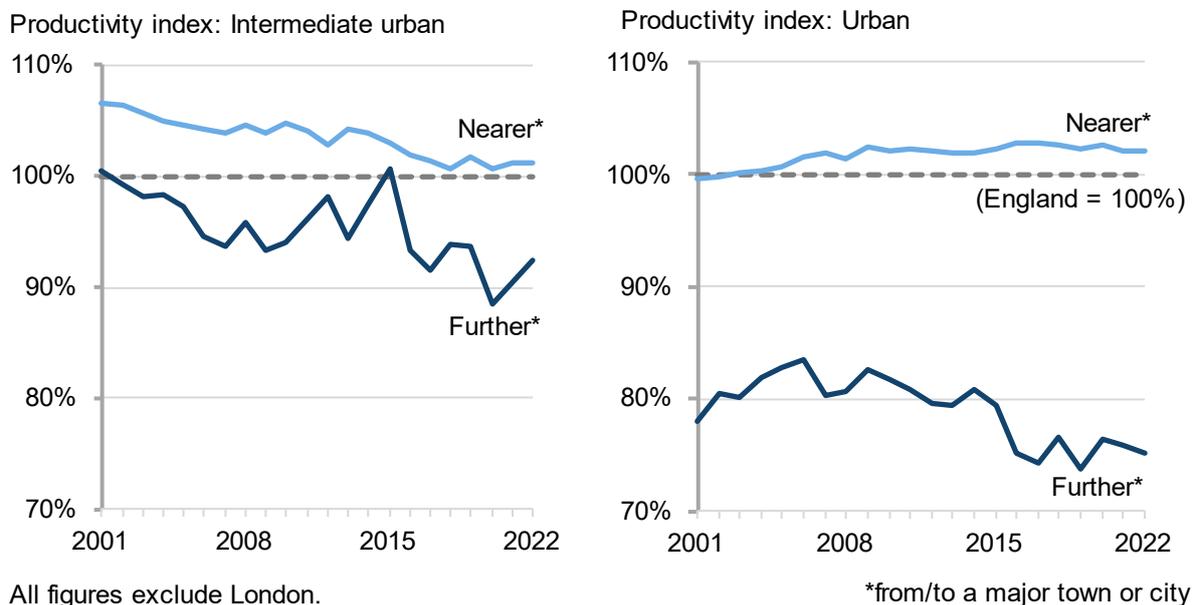
The line charts in Figure E-4 shows that intermediate urban local authorities with a majority residing nearer to a major town or city have seen a decline in productivity relative to the average for England excluding London, but it is still above the average. Those local authorities with a majority residing further from a major town or city have seen a large decline in relative productivity. Relative productivity had increased for urban local authorities excluding London for those a majority residing nearer to a major town or city, while those with a majority residing further from a major town or city saw a decline in productivity relative to the England average excluding London.

Notes
- GVA per workforce job is a measure of GVA divided by the workforce number.
- The analysis uses the 2021 Local Authority Rural-Urban Classification for all years to allow comparison.

Contribution to England's Gross Value Added (GVA) by Industry

Note that this section is based on the 2011 Rural-Urban Classification and will be updated to reflect the new 2021 classification in due course. Different sections of the economy contribute very different amounts to England's GVA with over half of all GVA coming from just 3 sector groups of 'Public administration; education; health', 'Distribution; transport; accommodation and food' and 'Real estate activities' (see Figure E-5).

The bar chart in Figure E-5 shows that the industrial breakdown is broadly similar across Predominantly Rural areas and Predominantly Urban areas (excluding London). In both area types the combined sector of 'Public administration; education and health' contributes the most to GVA at 21% of GVA for both area types.

In Predominantly Rural areas the sectors where contributions to GVA are more dominant than in Predominantly Urban areas are 'Real estate activities' (15% in Predominantly Rural areas and 12% in Predominantly Urban areas (excluding London) and 'Manufacturing' (13% in Predominantly Rural areas and 10% in Predominantly Urban areas). 'Agriculture, forestry and fishing' contributed 3% (£8.6 billion) to Predominantly Rural GVA.

In Predominantly Urban areas the sectors where contributions to GVA are more dominant than in Predominantly Rural areas are 'Financial and insurance activities' (2% in Predominantly Rural areas and 7% in Predominantly Urban areas (excluding London) and 'Information and communication' (3% in Predominantly Rural areas and 7% in Predominantly Urban areas (excluding London). Whilst these types of specialised businesses do exist in Predominantly Rural areas, they are more prevalent in cities and larger towns.

Figure E-5: Bar chart showing percentage breakdown of Gross Value Added (GVA) by industry, and by Local Authority 2011 Rural-Urban Classification in England, 2022 (provisional) (Note E-7, Note E-8, Note E-9)

Percentage of total GVA for area type

- ■ Predominantly Rural
- ■ Predominantly Urban (e)

(e) = excluding London
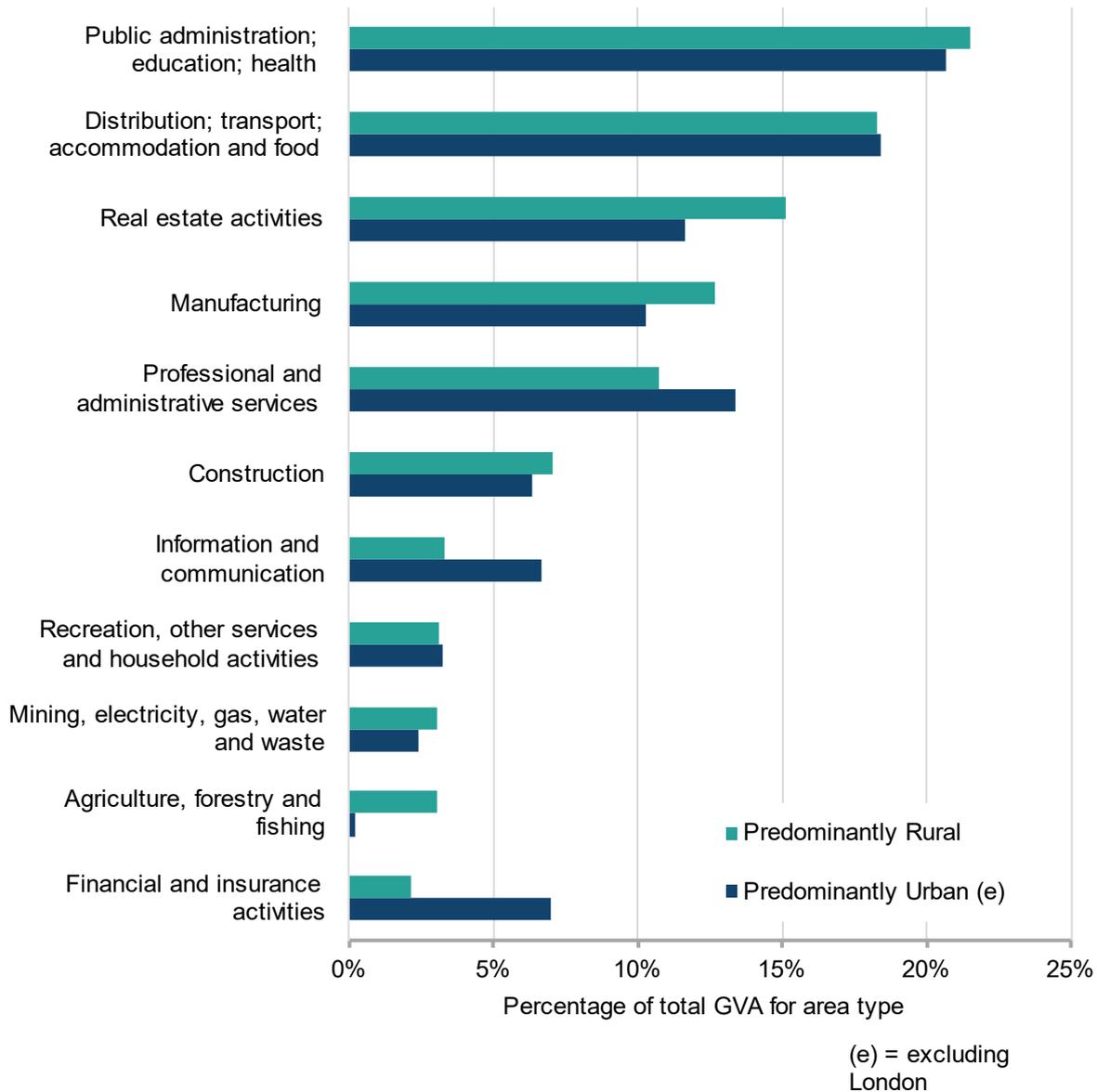
Notes

- The industry breakdown is based on the lowest level of geography available which is broadly at county level.
- The totals for GVA for Predominantly Rural and Predominantly Urban areas are different from the headline figures for GVA earlier in this section. This is because the industrial breakdown is calculated using a courser Rural-Urban classification which will tend to increase the areas classed as Predominantly Urban. For the total GVA of each type of area the headline figures should be used.

Gross Value Added (GVA) from Tourism

This section will be updated shortly.

Tourism makes an important contribution to the Rural economy. In 2018, GVA from tourism in Predominantly Rural areas was worth an estimated £11.5 billion, contributing 4% of total GVA in Predominantly Rural areas (see Table E-9).

Table E-9: Gross Value Added from Tourism, by Local Authority Classification in England, 2018 (Note E-11 and Note E-12)

	GVA from Tourism (£m)	Total GVA (£m)	Tourism GVA as a % of total GVA for classification
Predominantly Rural	11,530	260,645	4
England	**96,355**	**1,643,300**	**6**

Productivity explanatory notes

- **Note E-1**

The GVA figures are based on GVA at broadly county level apportioned at local district level to provide a more refined analysis of GVA across the local authority classification.   Data have been recalculated based on ONS Local Authority GVA figures.

https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalregionalgrossvalueaddedbalancedperheadandincomecomponents

www.ons.gov.uk/economy/grossvalueaddedgva/datasets/regionalgrossvalueaddedbalancedlocalauthoritiesbynuts1region

- **Note E-2**

Balanced GVA uses the income approach and the production approach for estimating GVA. It takes the strengths from both approaches to produce a new balanced measure of regional GVA. This gives users a single measure of economic activity within a region.

- **Note E-3**

Source: Defra analysis. Office for National Statistics, Gross Value Added at NUTS3 and LA level.

- **Note E-4**

It is important to note that there is currently no official way of deflating nominal GVA figures to reflect underlying differences in price levels between places. This means that figures may exaggerate the variation in real GVA per job between different areas because we would expect prices (property and other living expenses) to be highest in areas of high productivity such as London. Rather than report the absolute figures the variations in productivity are shown in relation to the level for England as a whole for each year.

- **Note E-5**

Data in Table E-3 is detailed in a table of GVA per workforce job figures broken down by broad local authority Rural-Urban classification covering 2001 to 2022 (provisional), available in the Rural economy supplementary data tables.

- **Note E-6**

Source: Defra analysis. Workforce jobs series via Nomis (Jobs Density Total Jobs)
(www.nomisweb.co.uk/Default.asp).

- **Note E-7**

Data in Figure E-5 is detailed in a table of 2022 (provisional) GVA figures broken down by industry and broad local authority Rural-Urban classification, available in the Rural economy supplementary data tables.

- **Note E-8**

The 2011 Rural-Urban Classification for Local Authorities has been applied.

- **Note E-9**

Source: Defra analysis. Office for National Statistics, Gross Value Added (Balanced) at ITLs3 (broadly county level) by SIC07 industry codes at current basic prices. As of 1 January 2021, the internationally comparable regional geography for the UK is the International Territorial Levels (ITLs) geography. This has replaced the Nomenclature of Territorial Units for Statistics (NUTS) geographies for the UK that were operational when the UK was a member of the European Union. See the ONS "International, regional and city statistics" page for more information.

- **Note E-10**

Gross Value Added measures the contribution to the economy of each individual producer, industry or sector in the country. However, there are some gaps in the coverage of the Annual Business Survey; agriculture for example is only partially covered and self-employment is not included in the data. This may lead to underestimations of economic value. Gross Value Added data by industry is only available at ITLs3 (broadly county) level, and so a broad Rural-Urban classification is applied. Predominantly Rural areas are those with at least half of their population living in Rural settlement or large market Towns.

- **Note E-11**

Source: Bespoke data request from Office for National Statistics, Annual Business Survey, specified Standard Industry Codes (SICs) relevant to the tourism industry, by Local Authority.

- **Note E-12**

Due to numerous suppressed values for local authorities in both Predominantly Urban and Urban with Significant Rural areas, values for 2018 GVA from tourism could not be calculated for these areas. Therefore, it has been agreed with the Office for National Statistics that rather than publishing a full Rural-Urban breakdown for 2018 that would be affected by supressed values we would instead only present values for Predominantly Rural, and for England as a whole.

In the future these data will be presented using the broad Local Authority Rural-Urban Classification rather than the more detailed Local Authority classification used previously to avoid this issue reoccurring in the future.

- **Note E-13**

In April 2023 there were further changes to Local Authorities boundaries where some Local Authority Districts merged to form single Unitary Authorities. This reduces the number of Local Authorities Districts and Unitary Authorities in England from 309 to 296. The impact of these changes on Rural Urban comparisons is that some Local Authority Districts originally categorised as Mainly Rural or Largely Rural or Urban with Significant Rural now form part of Unitary Authorities categorised as Largely Rural. This change has been backdated across all time-series within this section.

F. Business demographics

In 2022/23, there were 549,600 businesses registered in Rural areas, accounting for 23% of all registered businesses in England.

Summary

The business demographics section considers businesses at both an 'Enterprise' (headquarters) level and Local Unit (individual branch) level. 'Businesses by size band' are based on Local Unit. This better reflects the make-up of Rural businesses as there can be many local business units in Rural areas whose headquarters are elsewhere (although this can apply vice versa).

Business composition looks at the number of businesses per 10,000 population. In 2022/23 there were 590 businesses per 10,000 population in Rural areas compared with 420 per 10,000 population in Urban areas. Businesses registered in Rural areas employed 3.8 million people, accounting for 14% of all those employed by registered businesses in England. Average turnover per person employed is lower in Rural areas than in Urban areas (£147,000 and £218,000 per person employed respectively).

The dominance of business size is different depending on whether you are looking at business numbers or employment. In both Rural and Urban areas, the size-band category with the greatest proportion of total businesses is those with between 1 and 9 employees, with 72% of businesses (local units) in this size band in Rural areas and 77% in Urban areas. When considering employment, in Rural areas the greatest proportion of employment occurs in those businesses with between 10 and 49 employees (30%). In Urban areas the greatest proportion of employment occurs within businesses that have 250 employees or more (30% of employment).

Small and Medium Enterprises (SMEs) are business enterprises employing fewer than 250 people. In 2022/23, there were 548,000 registered SMEs in Rural areas, representing 99.8% of all registered Rural enterprises. In Urban areas SMEs represented 99.5% of registered enterprises. 2.7 million people were employed in registered Rural SMEs, representing 70% of all those employed by registered Rural enterprises. SMEs account for 42% of those employed in registered Urban enterprises.

Business composition

Business composition is based on Enterprises, which is the level at which businesses are registered for Value Added Tax (VAT) and/or Pay As You Earn (PAYE). In the case of a business operating at only one address, it will be registered at that address, but for businesses operating in several locations, it will be the location of the headquarters that is registered. If a business has branches in Rural areas, but the headquarters are registered within an Urban area, then the statistics for all the branches will be registered at the headquarters, and not counted as "Rural". The later sections on 'Businesses by industry type', 'Employment by industry type' and 'Businesses by size band' are based on Local Unit data, which distinguishes the location of branches.

In 2022/23, there were 549,600 businesses registered in Rural areas, accounting for 23% of all registered businesses in England. Businesses registered in Rural areas employed 3.8 million people, accounting for 14% of all those employed by registered businesses in England. A further breakdown of business numbers, employment and turnover by Rural Urban classification can be found in the Rural economy supplementary data tables (Note F-3).

Number of businesses per population

The bar chart in Figure F-1 shows the number of businesses per 10,000 population. In 2022/23 there were 590 businesses per 10,000 population in Rural areas compared with 420 per 10,000 population in Urban. The more Rural an area is, the greater the number of registered businesses per population. In 2022/23, there were 1,050 registered businesses per 10,000 population in Rural Hamlets and Isolated Dwellings; whilst this was the greatest rate across all settlement types, Rural Hamlets and Isolated Dwellings are the most Rural settlement type and therefore have low populations. The number of businesses per 10,000 population will be affected by differences in sizes of business, sizes of settlements and other factors. In England overall, there were around 450 registered businesses per 10,000 population in 2022/23.

Figure F-1: Bar chart showing the number of registered businesses (single-site or headquarters) per 10,000 population, by Rural-Urban classification, in England, 2022/23 (Note F-1, Note F-2, Note F-3)
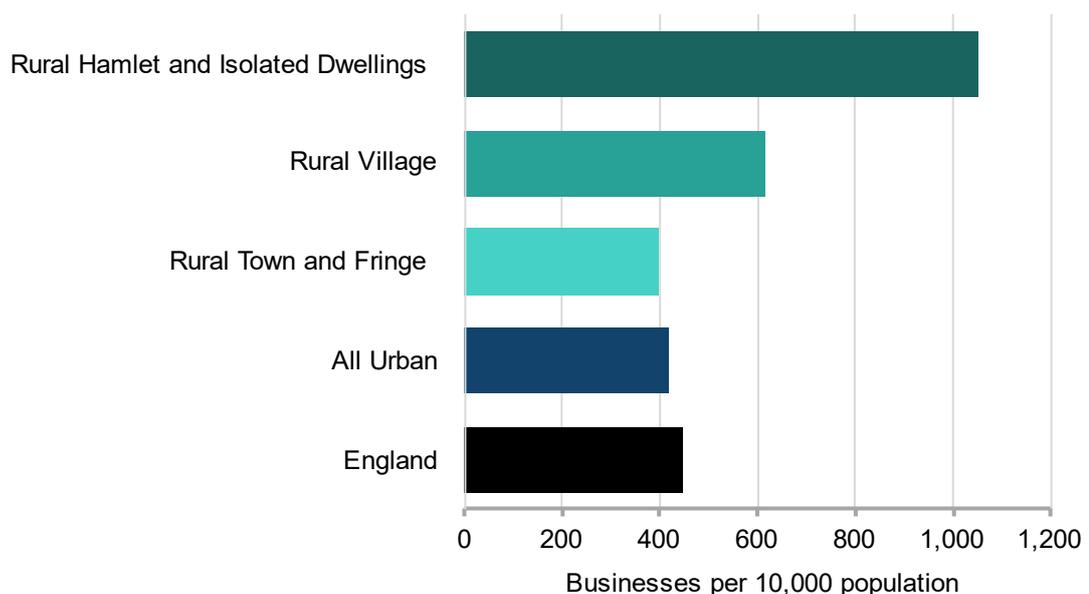
Average turnover per employee

The bar chart in Figure F-2 shows average turnover per person employed and how this varies across the settlement types. In 2022/23, average turnover per person employed was lower in Rural areas than in Urban areas (£147,000 and £218,000 per person employed respectively). The highest average turnover per employee was in Urban areas at £218,000. This was £59,000 more than the highest average turnover in Rural areas (in Rural Hamlets and Isolated Dwellings), at £160,000.

Figure F-2: Bar chart showing the average turnover per person employed (£000), by Rural-Urban Classification, in England, 2022/23 (Note F-1, Note F-2, Note F-3)
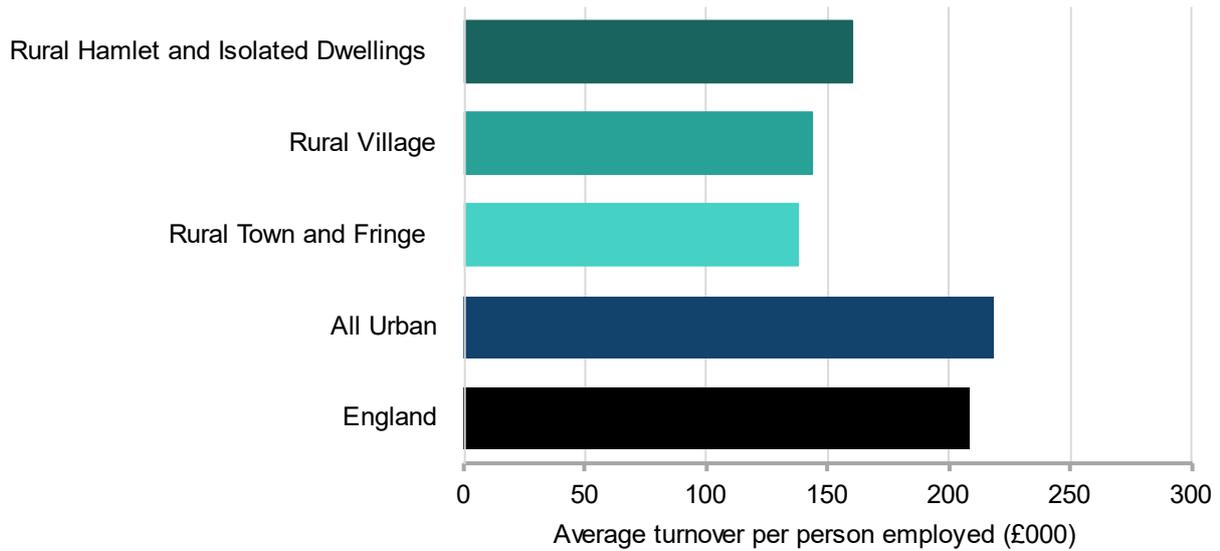
Businesses by size band

In the following section the business size band refers to individual Local Unit level businesses, it is not allocated at the Enterprise level.

The number of employees refers to the number of people working within the business under a contract of employment in return for a wage or salary. A business can have no employees, if all the business is conducted by people classed as being working proprietors (i.e. sole traders or partnerships).

The number of people employed is a sum of employees and self-employed people who run the business.

Employment by size band

The stacked column chart in Figure F-3 shows how the size of business (in terms of number of people employed within local units of businesses) differs between Rural and Urban areas. It shows that the majority of Rural businesses (local units) have less than 50 employees while the majority of Urban businesses (local units) have more than 50 employees. In Rural areas overall the greatest proportion of employment occurs in those businesses with between 10 and 49 employees (30%). In Urban areas the greatest proportion of employment occurs within businesses that have 250 employees or more (30% of employment).

Figure F-3: Stacked column chart showing percentage of people employed within local units by size bands of registered businesses and Rural-Urban Classification, in England, 2022/23 (Note F-2 and Note F-4)
The legend is presented in the same order and orientation as the clusters of bars.

Proportion of people employed within local units

	All Rural	All Urban	England
250 and more employees	18%	30%	28%
50 to 249 employees	23%	26%	25%
10 to 49 employees	30%	24%	25%
1 to 9 employees	27%	19%	20%
with no employees			
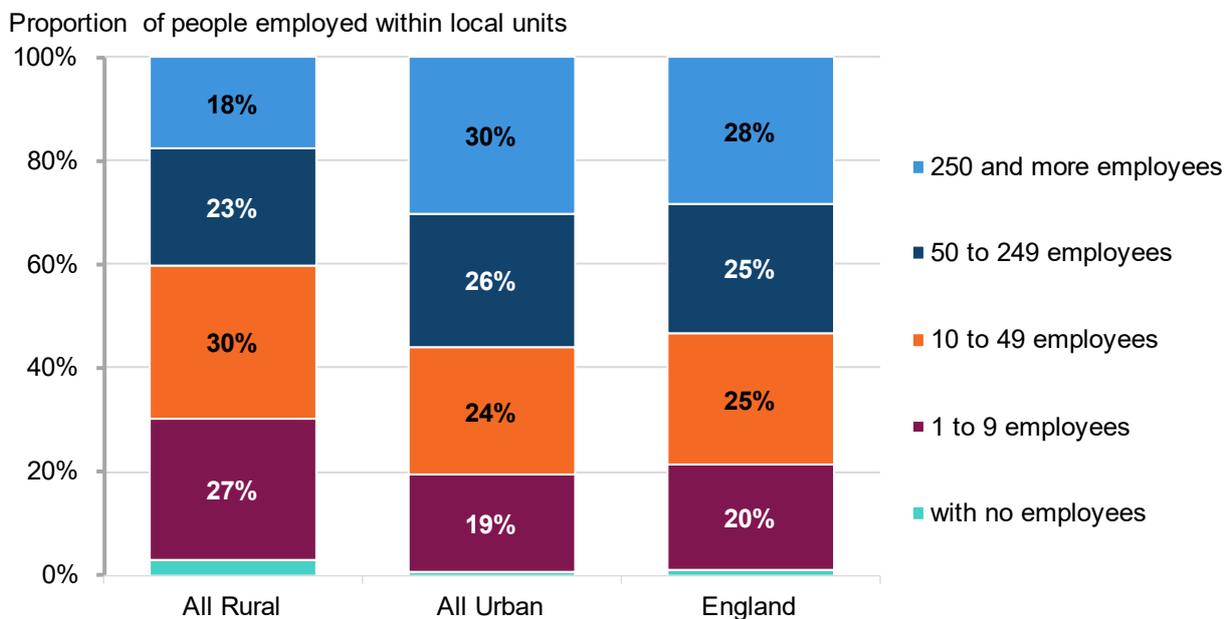
In Rural areas, just 18% of people employed in the local units of registered businesses are employed in those businesses with 250 or more employees; this rises to 30% in Urban areas.

A micro-business is a business with between 1 and 9 employees. The proportion of people employed in micro-businesses in Rural areas was 9 percentage points higher than in Urban areas (27% and 19% respectively).

When looking at numbers of local units of registered businesses the category with the greatest proportion of total businesses is those with between 1 and 9 employees, with 72% of businesses (local units) in this size band in Rural areas and 77% in Urban areas. Further details of business numbers by business size band can be found in the Rural economy supplementary data tables (Note F-4).

In Rural areas 16% of businesses have no employees (e.g., sole traders and partnerships), this is 9 percentage points higher than in Urban areas (7%).

Notes
- The statistics are based on individual business units rather than the location of the headquarters of the enterprise. There may be many local business units in Rural areas whose headquarters are elsewhere, and vice versa.
- 'With no employees' comprises mainly sole proprietorships and partnerships. This category also includes around 21,200 businesses classed as 'Other' – with no employees and no employment (about 0.8% of the total business count).

Small and Medium-sized businesses (SMEs)

Please note, the final paragraph of page 62 and the title for Figure F-7 have been amended. They previously referred to numbers of employees when they should have referred to numbers of businesses.

Small and Medium Enterprises (SMEs) are business enterprises employing fewer than 250 people. Businesses are categorised at the enterprise level in this section, and not at the local unit level as in the previous 'Businesses by size band' section.

In England in 2021/22, there were 2.4 million SMEs registered for PAYE and/or VAT (Note F-5), providing employment for 12.6 million people. However, it is estimated that in England there are an additional 2.4 million unregistered businesses i.e., those who are not registered for VAT and do not have employees registered for PAYE (Note F-5).

For registered businesses, information is available on their location, principal activity, employment and turnover, and for those who operate on multiple sites, the location and employment in individual business units. Information on registered SMEs is presented below.

Less is known of unregistered businesses and in particular until now there have been no estimates of how many are based in Rural areas. However, analysis of data from the Longitudinal Small Business Survey, which included unregistered businesses, provides further insights on SMEs in Rural areas. Some results from the analysis are presented in Appendix 3 at the end of this report. These suggest that 73.3% of all SMEs in Rural areas have no employees. Note that this includes both registered and unregistered businesses and hence is not comparable with statistics presented in this section for registered businesses as the majority of unregistered businesses will have no employees. Of registered SMEs in Rural areas 16.9% have no employees.

Enterprises are considered Rural registered businesses if their single site of operation or headquarters - as registered for the purposes of Pay-As-You-Earn (PAYE) tax or Value Added Tax (VAT), or both - are located in a Rural area.

Analysis of registered SMEs from Interdepartmental Business Register (IDBR)

Whilst almost all registered businesses are small or medium enterprises (SME) in both Rural and Urban areas, a much higher proportion of people are employed by Rural registered SMEs than in Urban areas. Table F-1 shows the statistics on registered small and medium-sized enterprises (SMEs) by Rural-Urban Classification. In 2022/23, there were 548,000 registered SMEs in Rural areas, representing 99.8% of all registered Rural enterprises. SMEs in Rural areas accounted for 23% of all those in England overall. In Urban areas SMEs represented 99.5% of registered enterprises. In 2022/23, 2.7 million people were employed in registered Rural SMEs, representing 70% of all those employed by registered Rural enterprises. SMEs account for 42% of those employed in registered Urban enterprises.

Table F-1: Number of registered small and medium enterprises, employment and turnover, by Rural Urban classification, in England, 2022/23 (Note F-6)

Rural-Urban Classification	Number of registered SMEs ('000s)	Employment by registered SMEs ('000s)	Employment by SMEs as a percentage of all employment by registered enterprises (%)	Average turnover per person employed (£000s)
All Urban	1,812	9,959	42	214
All Rural	548	2,664	70	133
England	**2,361**	**12,623**	**46**	**197**

Average turnover per person employed is lower in Rural registered SMEs (£133,000) than in Urban registered SMEs (£214,000), which is dominated by those in Urban with Major Conurbations (£294,000) (Note F-6).

The stacked column chart in Figure F-4 shows those sectors where the business count proportions by sector for the Rural-Urban Classifications differs the most from England averages. Service type sectors are shown at the top with Construction and 'Agriculture, forestry and fishing' at the bottom.

SMEs in 'Agriculture, forestry and fishing' sectors account for 15% of Rural registered SMEs. This percentage is slightly higher than when considering the sector representation at a local business unit level (see Businesses by industry type).

Other sectors that are dominant at the local business unit level are similarly dominant at the SME level, such as 'Professional, scientific and technical services' (14%), 'Wholesale and retail trade including the repair of motor vehicles' (13%), and 'Construction' (14%).

Figure F-4: Stacked column chart showing percentage of registered small and medium enterprises by industry and Rural-Urban Classification, in England, 2022/23 (Note F-7)
The legend is presented in the same order and orientation as the stacked columns.

Percentage of SME's per industry

	All Rural	All Urban
■ Professional, scientific and technical services	14%	16%
■ Wholesale and retail trade (including the repair of motor vehicles)	13%	15%
■ Information and communication	5%	8%
■ Accommodation and food service activities	5%	6%
■ All other industries		
■ Construction	14%	14%
■ Agriculture, forestry and fishing	15%	14%
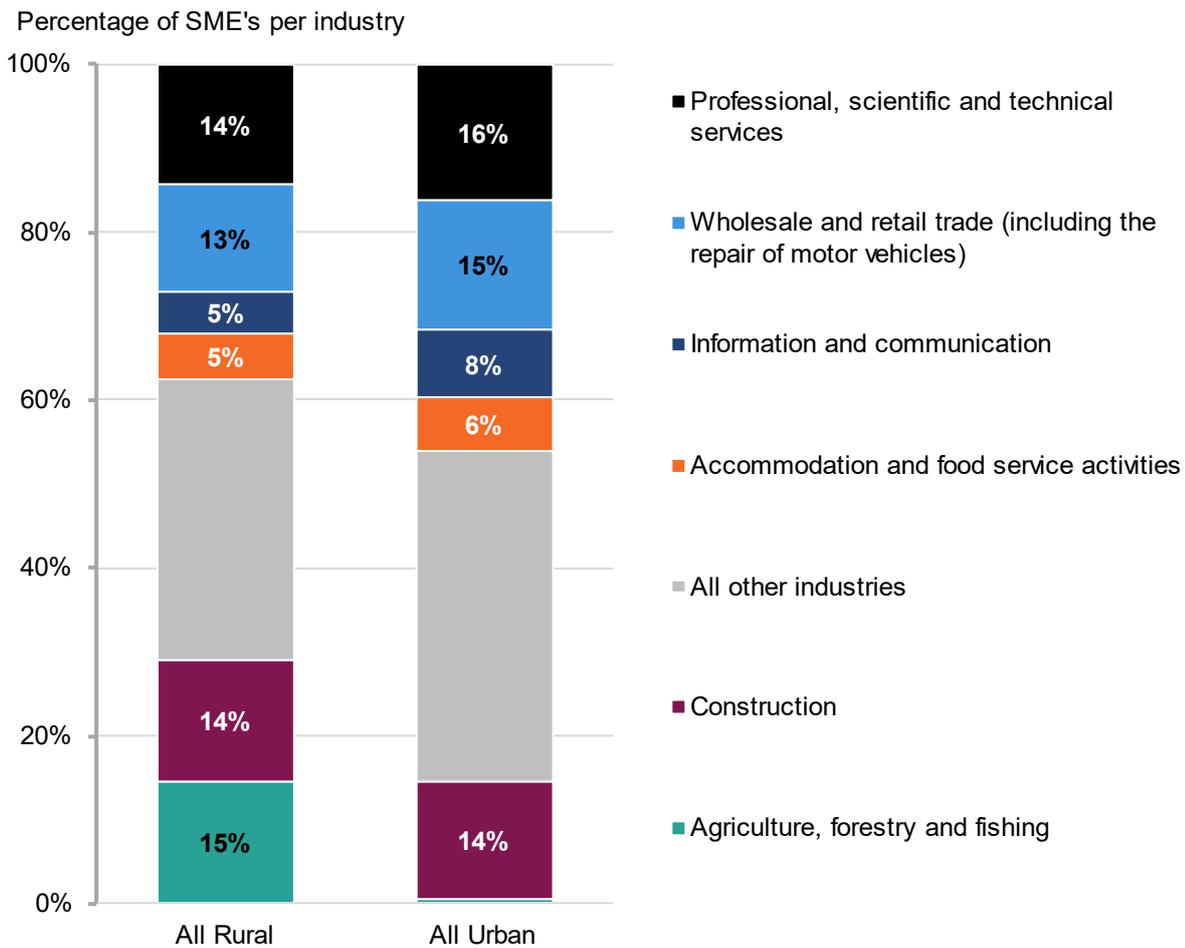
The following paragraph and the title for Figure F-5 have been amended. They previously referred to numbers of employees when they should have referred to numbers of businesses.

When considering SME business numbers by business size band (categorised by number of employees), 16.9% of Rural registered SMEs have no employees, compared with 8.2% of Urban registered SMEs. The majority of Rural registered SMEs (74%), have 1 to 9 employees, though this is lower than for Urban registered SMEs (81%) as shown in the stacked column chart in Figure F-5. Tables showing these additional more detailed breakdowns can be found in the Rural economy supplementary data tables. See Note F-6 for further details.

Figure F-5: Stacked column chart showing percentage of registered SME businesses by size (categorised by number of employees) and Rural-Urban Classification, in England, 2022/23

The legend is presented in the same order and orientation as the stacked columns.

Proportion of businesses within SME employment size bands
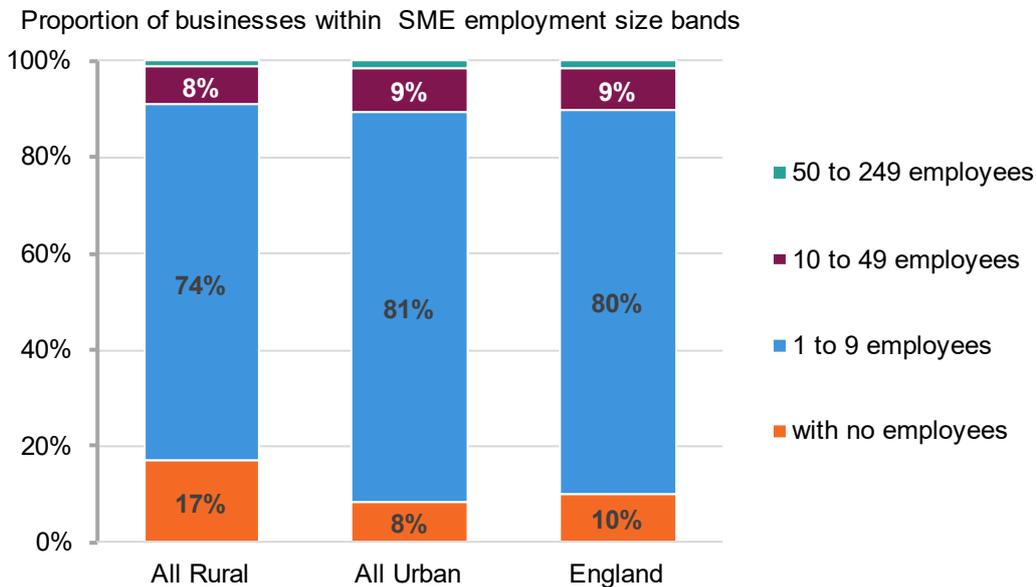
Notes

- On Figure F-5 the unlabelled bars are 2% or smaller.

Business demographics explanatory notes

- **Note F-1**

On the Inter-Departmental Business Register (IDBR), the enterprise is the statistical unit that most closely equates to a business. It holds aggregated information gathered from administrative and statistical sources within that enterprise to give an overall picture of what is going on in the business. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit.

Turnover relates to income received by a business from the 'sale of goods and or services charged to third parties'. The IDBR does not include businesses whose turnover is below the tax threshold. As turnover is reported at the enterprise level it is affected by where businesses report their headquarters to be. As such there can be variation from year to year as a result of businesses relocating

Further information: see this ONS document about the Inter-Departmental Business Register

- **Note F-2**

Source: ONS, Inter Departmental Business Register (IDBR), 2022/23

- **Note F-3**

Data in Figure F-1 and Figure F-2 are detailed in tables containing further key 2022/23 statistics on registered businesses including number of registered businesses, number of people employed and turnover. These are available broken down by detailed Rural-Urban classification in the Rural economy supplementary data tables (see worksheet FA).

- **Note F-4**

Data in Figure F-5 is detailed in a table of 2022/23 employment figures broken down by business size band and detailed Rural-Urban classification which is available in the Rural economy supplementary data tables (see worksheet FE).

- **Note F-5**

Business population estimates for 2022 published by the Department for Business and Trade (formerly the Department for Business, Energy and Industrial Strategy) suggest there are 4.8 million business in England (Business population estimates 2022 - GOV.UK (www.gov.uk)). Office for National Statistics estimate there are 2.4 million registered businesses in England. This suggests there are 2.4 million unregistered businesses in England.

- **Note F-6**

A breakdown of Table F-1 using a more detailed Rural-Urban classification is available in the Rural economy supplementary data tables (see worksheet FI). A further table that breaks SMEs down by business size band (in terms of employment) and detailed Rural-Urban classification is also available.

- **Note F-7**

The 'all other industries' grouping is made up of: (1) Administrative and support services, (2) Arts, entertainment and recreation, (3) Education, health and social work, (4) Finance, (5) Manufacturing, 6) Mining/ quarrying and utilities, (7) Public admin and defence; other services, (8) Real estate activities, (9) Transport and storage and (10) Other service activities, including activities of households as employers.

G. Businesses by industry

In 2022/23 the 'Agriculture, forestry and fishing' sector had the largest proportion of business numbers in Rural areas (14% of all businesses for the area type) but only accounted for 7% of all employment for the area type, with the 'Education, health and social work sector' having the largest proportion of employment for the area type (16%).

Summary

Businesses by industry are based on Local Unit (individual branch) level. This better reflects the make-up of Rural businesses as there can be many local business units in Rural areas whose headquarters are elsewhere (although this can apply vice versa).

Looking at total business numbers by industry type the industry type with the greatest percentage of businesses in Rural areas is 'Agriculture, forestry and fishing' with 14% of total businesses for the area type. This is closely followed by 3 industry types all with 13% of business numbers ('Construction', 'Professional, scientific and technical services' and 'Wholesale and retail trade - including repair of motor vehicles'). In Urban areas the dominant industry type is 'Wholesale and retail trade (including repair of motor vehicles) with 17% of all businesses.

In terms of employment by industry type the sector with the largest proportion of employment in both Rural and Urban areas is 'Education, health and social work' at 16% and 22% respectively.

In 2022/23, there were 69,900 tourist related businesses registered in Rural areas, accounting for 12% of all registered businesses in Rural areas. This compares with 278,900 tourist related businesses in Urban areas (13% of all businesses in Urban areas). However, when considering employment from tourism related businesses the proportion is higher in Rural areas (14%) than in Urban areas (11%).

Businesses by industry type

Important note: 'Businesses by industry type' and 'Businesses by size band' are based on Local Unit. This better reflects the make-up of Rural businesses as there can be many local business units in Rural areas whose headquarters are elsewhere (although this can apply vice versa).

Proportion of total businesses by industry

The clustered bar chart in Figure G-1 shows how businesses in Rural and Urban areas are divided across the various industries. In Rural areas the industry type with the greatest percentage of businesses is 'Agriculture, forestry and fishing' with 14%, closely followed by 'Construction', 'Professional, scientific and technical services' and 'Wholesale and retail trade (including repair of motor vehicles)' all with 13%. In Urban areas the industry type with the greatest percentage of businesses is 'Wholesale and retail trade (including repair of motor vehicles)' with 17% of all businesses', followed by 'Professional, scientific and technical services (15%) and 'Construction' (12%).

Figure G-1: Clustered bar chart showing percentage of local unit registered businesses by industry, by Rural-Urban Classification, in England, 2022/23 (Note G-1 and Note G-2)
The legend is presented in the same order and orientation as the clusters of bars.
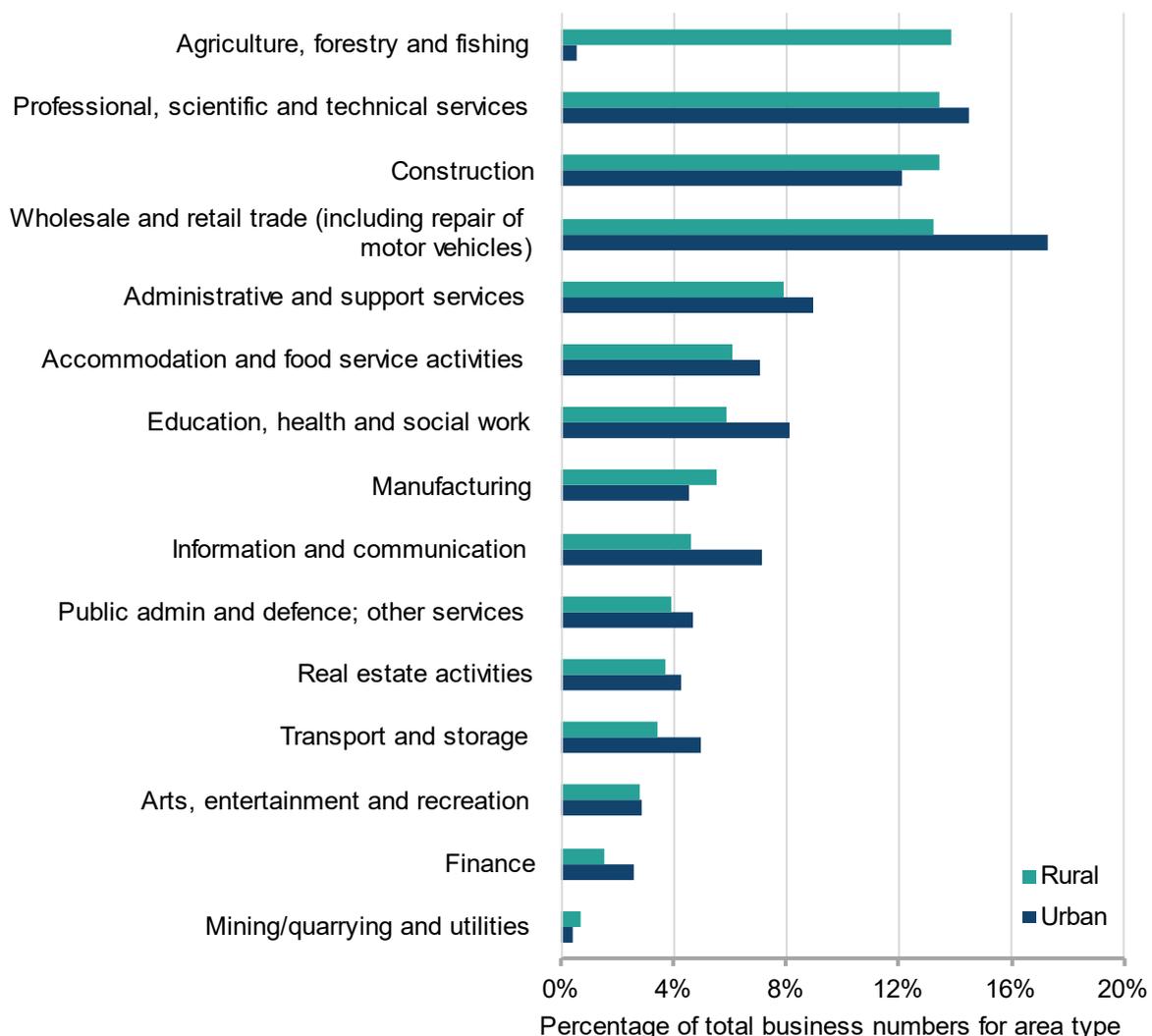
The bar chart in Figure G-2 shows how important the 'Agriculture, forestry and fishing' industry is across the various settlement types. In Rural areas the industry makes up 14% of all businesses for the settlement type. The industry 'Agriculture, forestry and fishing' is most dominant in Rural Hamlets and Isolated Dwellings areas with 24% of all businesses for that settlement type.

In 2022/23, 'Agriculture, forestry and fishing' accounts for 14% of the local units of registered businesses in Rural areas overall. They are dominant sectors in Rural Hamlets and Isolated Dwellings, and Rural Villages. In England overall the 'Agriculture, forestry and fishing' sector accounts for 3.5% of the local units of registered businesses.

Figure G-2: Bar chart showing Agriculture, Forestry and Fishing businesses as a percentage of total local units of registered businesses by Rural-Urban Classification, in England, 2022/23 (Note G-1)
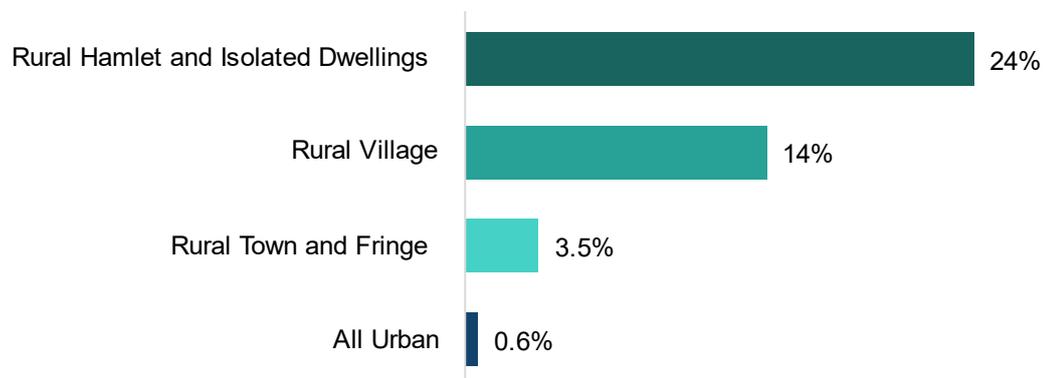
Number of businesses by industry

The clustered bar chart in Figure G-3 shows numbers of local units of registered businesses by broad industry category for both Rural and Urban areas. In Rural areas the industry category with the greatest number of businesses was 'Agriculture, forestry and fishing' (83,100 businesses) while in Urban areas it was 'Wholesale and retail trade (including repair of motor vehicles)' (369,500 businesses). The category with the smallest number of businesses was the same for both Rural and Urban areas, being 'Mining/quarrying and utilities' at 4,300 and 9,000 businesses respectively.

Industries in Rural and Urban areas show broadly similar growth patterns between 2011/12 and 2022/23, although increases in Urban areas were generally of a greater magnitude (see the line charts in Figure G-4). Between 2021/22 and 2022/23 most industry categories have seen a fall in business numbers. Exceptions to this trend are 'Accommodation and food service activities' (minimal change), 'Administrative and support services' (small increase for Rural, small decrease for Urban), 'Construction' (small increase for Rural and no change for Urban) and 'Education, health and social work' where both Rural and Urban areas have seen a small increase in business numbers. Those industry categories with smaller numbers of businesses in Rural areas have not been plotted but their numbers are available in the Rural economy supplementary data tables.

Figure G-3: Clustered bar chart showing numbers of local units of registered businesses in Rural and Urban areas by industry, 2022/23, in England (Note G-1 and Note G-2)

The legend is presented in the same order and orientation as the clusters of bars.
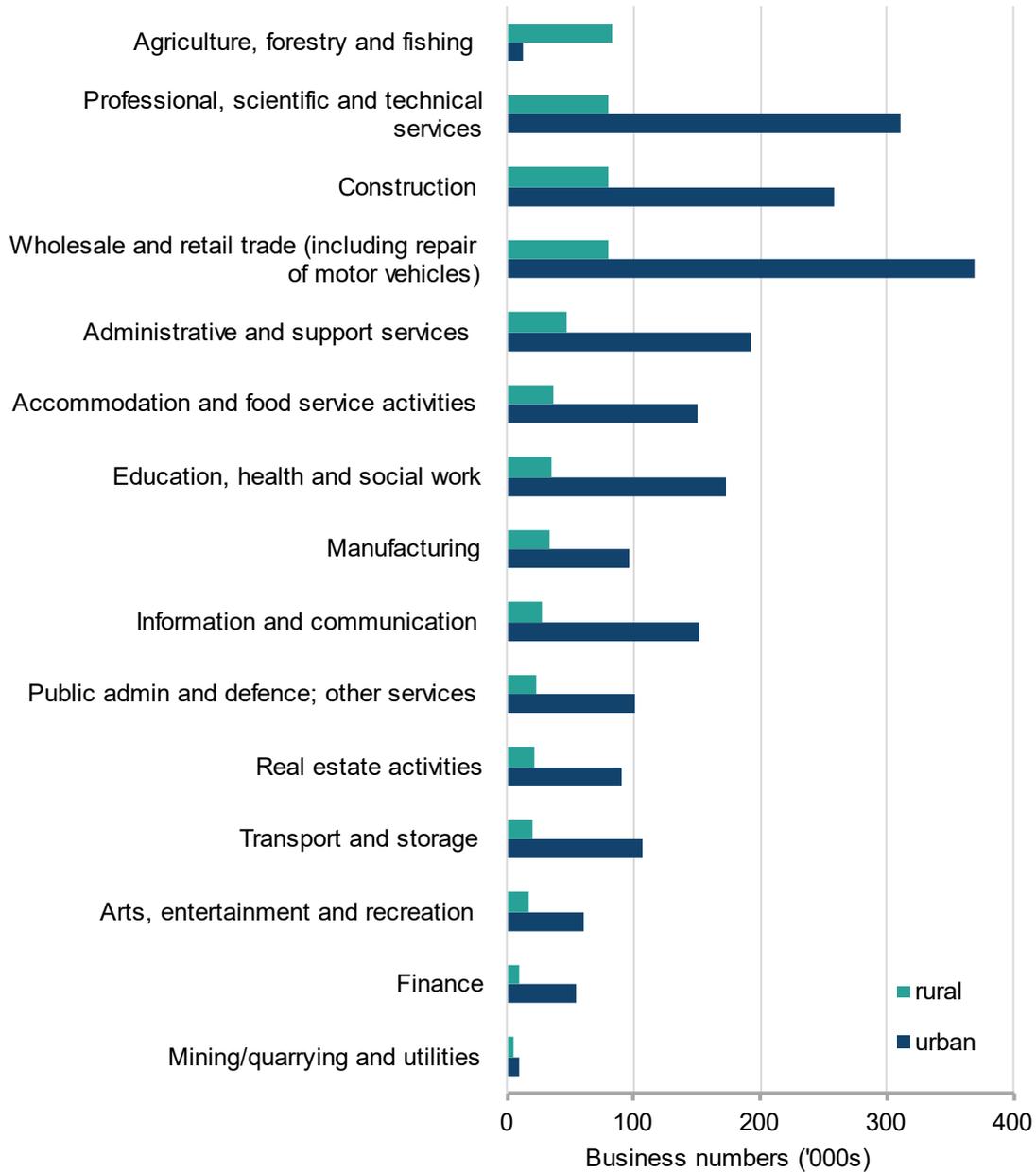
Figure G-4: Line charts showing Index (2011/12 = 100) of change in numbers of local units of registered businesses in Rural and Urban areas by industry between 2011/12 and 2022/23, in England (Note G-2)

There are 9 charts presented alphabetically in 3 rows and columns.
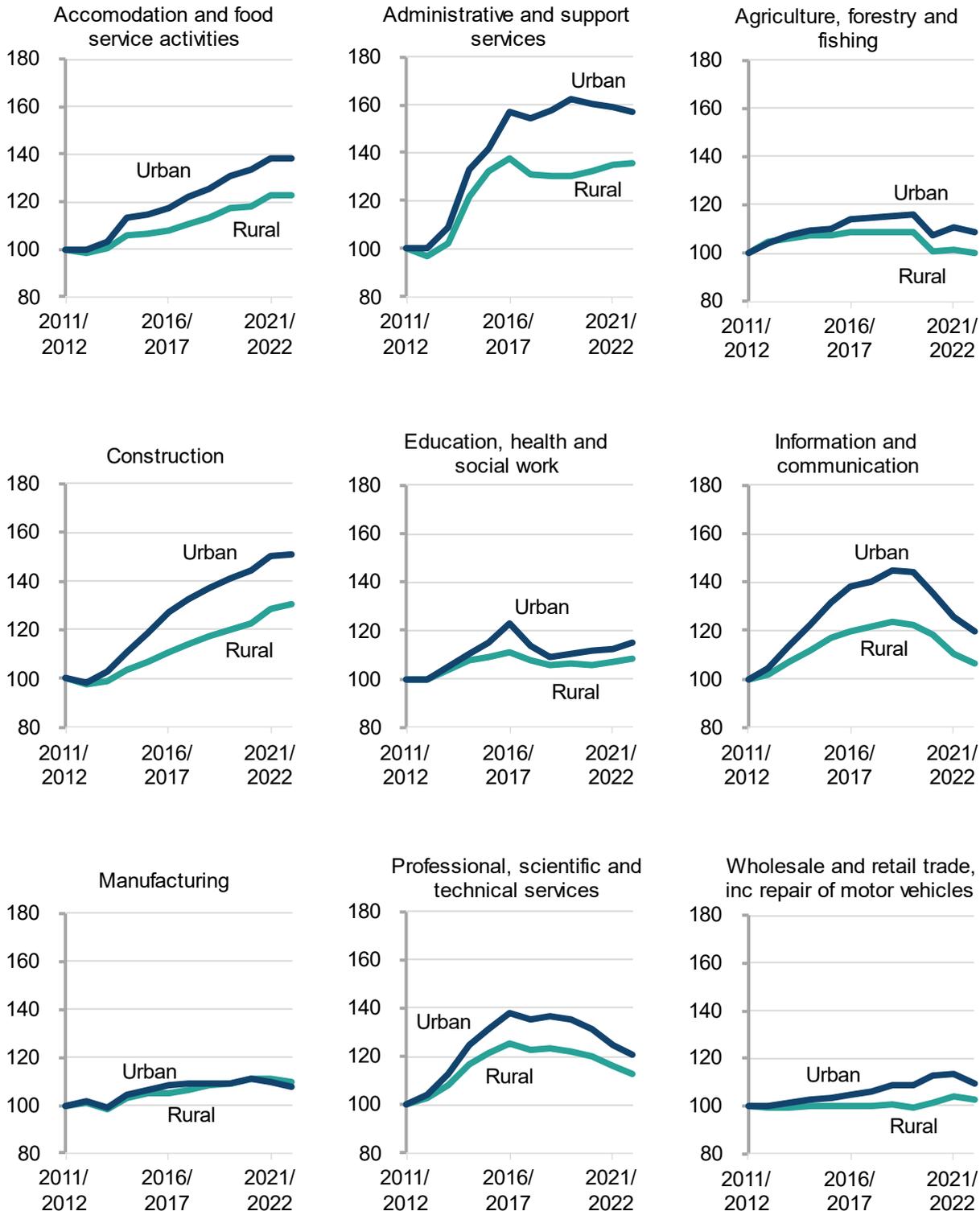
Accomodation and food service activities

Administrative and support services

Agriculture, forestry and fishing

Construction

Education, health and social work

Information and communication

Manufacturing

Professional, scientific and technical services

Wholesale and retail trade, inc repair of motor vehicles

Notes

- The statistics are based on individual business units rather than the location of the headquarters of the enterprise. There may be many local business units in Rural areas whose headquarters are elsewhere, and vice versa.

Employment by industry type

The number of employees refers to the number of people working within the business under a contract of employment in return for a wage or salary. A business can have no employees, if all the business is conducted by people classed as being working proprietors (i.e., sole traders or partnerships).

The number of people employed is a sum of employees and self-employed people who run the business.

Proportion of total employment by industry

The clustered bar chart in Figure G-5 shows the proportion of total employment by broad industry category for both Rural and Urban areas, showing that the sector with the largest proportion of employment in both Rural and Urban areas is 'Education, health and social work' at 16% and 22% respectively. In Rural areas this is followed by 'Wholesale and retail trade (including repair of motor vehicles)', 'Manufacturing' and 'Accommodation and food service activities' with 13%, 11% and 10% respectively, while in Urban areas the next largest sectors for employment are 'Wholesale and retail trade (including repair of motor vehicles)' (15%) and 'Administrative and support services' along with 'Professional, scientific and technical services' both with 10%. All remaining sectors have proportions of total employment that are smaller than 10%.

Figure G-5: Clustered bar chart showing percentage of employment within local units of registered businesses by industry, by Rural-Urban Classification, in England, 2022/23 (Note G-2)

The legend is presented in the same order and orientation as the clusters of bars.
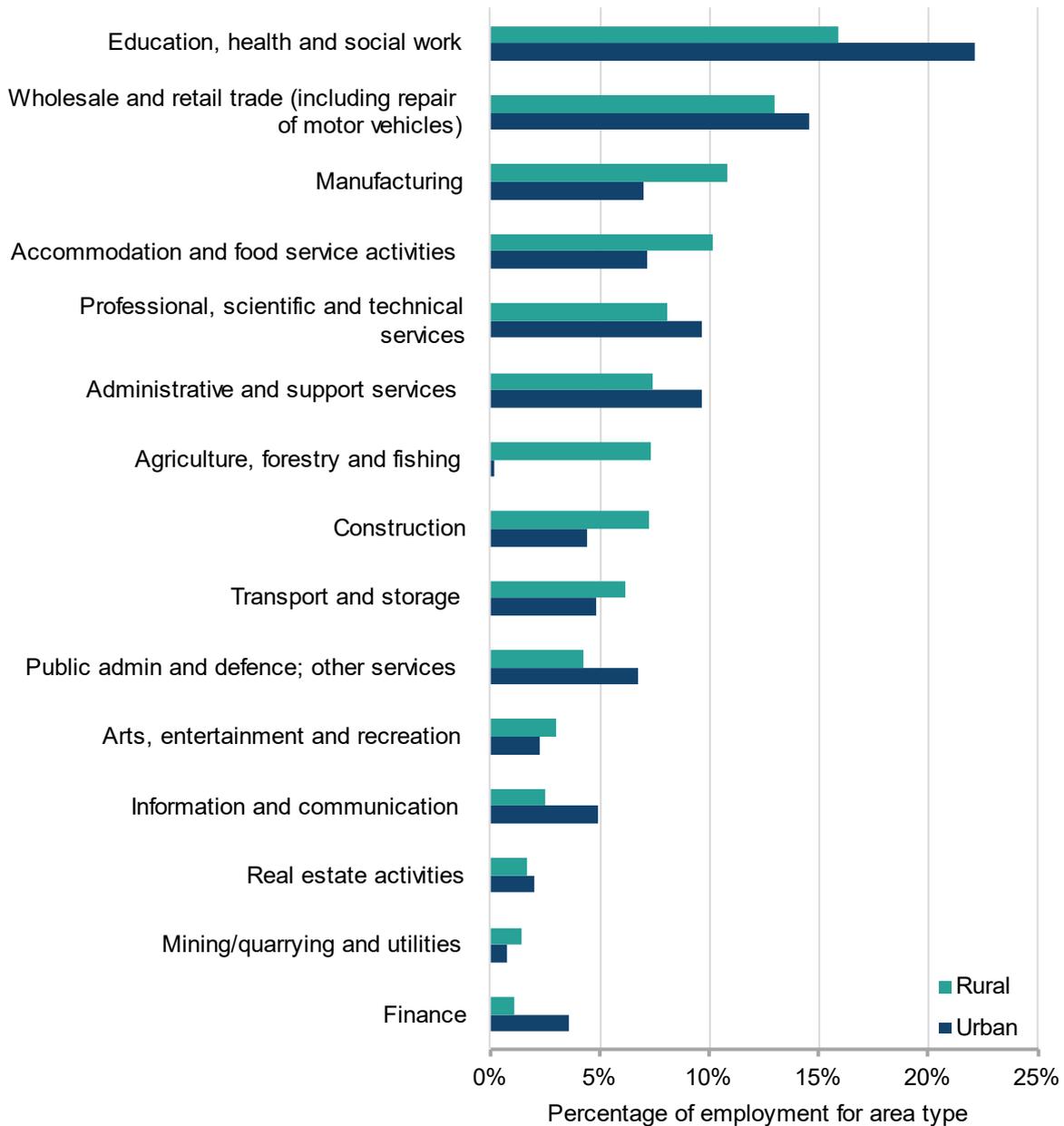
The bar chart in Figure G-6 focuses on employment in the 'Agriculture, forestry and fishing' sector as a percentage of total employment. In Rural areas employment in the 'Agriculture, forestry and fishing' sector accounts for 7.4% of all employment in this settlement type.

Figure G-6: Bar chart showing employment in Agriculture, forestry and fishing businesses as a percentage of total employment in local units of registered businesses by Rural-Urban Classification, in England, 2022/23
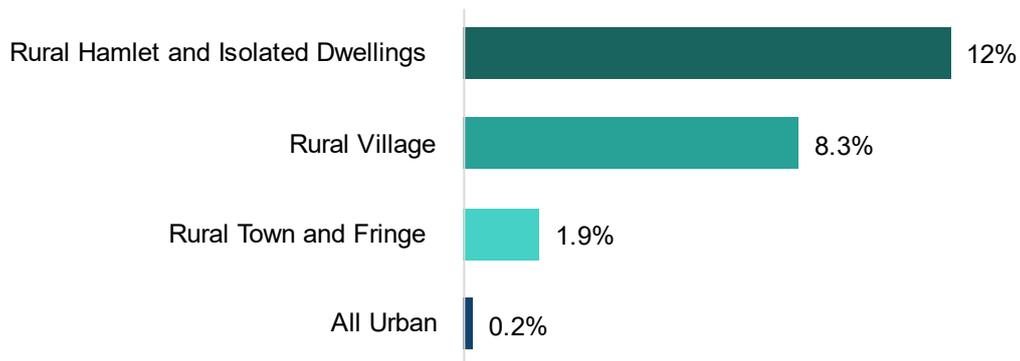
'Agriculture, forestry and fishing' is the only sector that is greater in terms of actual employment numbers when comparing Rural areas with Urban areas, with employment figures of 311,600 working in the sector in Rural areas compared with 48,700 working in the sector in Urban areas. It is likely that in Urban areas the employment within the 'Agriculture, forestry and fishing' sector will be heavily weighted towards the fishing sector (Note G-4). All other sectors have greater employment numbers in Urban areas than Rural areas (Rural economy supplementary data tables).

Tourism: business counts and employment

Tourism related businesses do not have their own separate category of Standard Industrial Classification (SIC), instead the analysis in this section uses those business types that are linked to the tourism industry. These businesses fall within a number of the broad industry classifications; 'Distribution, transport, accommodation and food', 'Professional and administrative services', 'Real estate activities' and 'Recreation, other services and household activities'.

In 2022/23, there were 69,900 tourist related businesses registered in Rural areas, accounting for 12% of all registered businesses in Rural areas. In Urban areas there were 278,900 tourist related businesses accounting for 13% of all businesses in Urban areas. When considering employment from tourism related businesses the proportion is higher in Rural areas (14%) than in Urban areas (11%) with employment numbers of 0.6 million and 2.5 million respectively.

The column charts in Figure G-7 and Figure G-8 and Table G-1 show tourism related business counts and employment as a proportion of total business counts and employment. Figure G-7 shows that when considering business numbers for tourism as a proportion of total business counts the proportion is slightly higher in Urban areas compared with Rural areas (13% and 12% respectively).

Figure G-7: Column chart showing tourism related business counts as a proportion of total business counts, by Rural-Urban Classification, England, 2022/23

Proportion of businesses that are tourism related
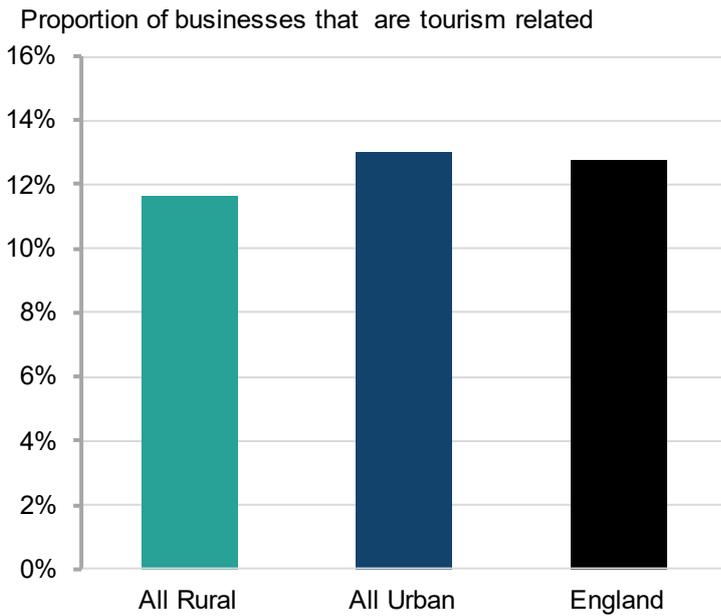
Figure G-8 shows that when considered as a proportion of total employment the proportion for those working in tourism related industries is higher in Rural areas (14%) compared with 11% in Urban areas.

Figure G-8: Column chart showing tourism related employment as a proportion of total employment, by Rural-Urban Classification, England, 2022/23

Proportion of employment in tourism related businesses
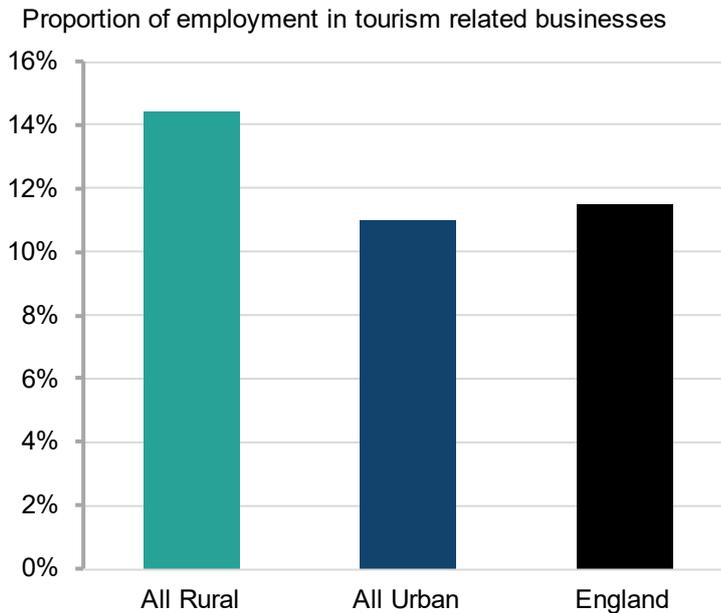
Table G-1: Numbers of local units of registered businesses and employment numbers for tourism related businesses, by Rural-Urban Classification, 2022/23 (Note G-1 and Note G-3)

	Count of businesses	Total employment (000s)	Tourism related business count as a % of total business count	Tourism related employment as a % of total employment
Rural	**69,900**	**612**	**12%**	**14%**
All Rural Town and Fringe	25,700	188	12%	13%
All Rural Village and Hamlet	44,200	424	11%	15%
Urban	**278,900**	**2,504**	**13%**	**11%**
England	**348,800**	**3,117**	**13%**	**12%**

Businesses by industry explanatory notes

- **Note G-1**

Source: ONS, Inter Departmental Business Register (IDBR), 2022/23

- **Note G-2**

Data in Figure G-1, Figure G-3, Figure G-4 and Figure G-5 are detailed in tables of 2022/23 business figures broken down by industry and detailed Rural-Urban classification, available in the Rural economy supplementary data tables (see worksheets GA and GC and GD).

- **Note G-3**

Data in Table G-1 showing the number of tourism related businesses and employment within those businesses in 2022/23, broken down using a more detailed Rural-Urban classification are available in the supplementary data tables. The previous table showing GVA from tourism is also replicated in the Rural economy supplementary data tables.

- **Note G-4**

The publication 'UK sea fisheries annual statistics report 2022' gives an indication of the number of people employed in the fishing industry.

H. Business survival and growth

Business start-ups and deaths per head of population are lower in Predominantly Rural areas, but overall, Predominantly Rural areas have more businesses per head of population than in Predominantly Urban areas (excluding London). Business survival rates are higher in Predominantly Rural areas, but these areas have a lower rate of high-growth enterprises.

Summary

Between 2018 and 2023 numbers of registered business start-ups per head of population were consistently lower in Predominantly Rural than in Predominantly Urban areas (excluding London). In 2023, there were 39 registered business start-ups per 10,000 population in Predominantly Rural areas compared with 43 per 10,000 population in Predominantly Urban areas (excluding London). In all settlement types, numbers of business start-ups were lower in 2023 than they were in 2018.

The number of business deaths per head of population were consistently lower in Predominantly Rural areas between 2018 and 2023, when compared with Predominantly Urban areas (excluding London). In 2023, there were 39 registered business deaths per 10,000 population in Predominantly Rural areas compared with 44 per 10,000 population in Predominantly Urban areas (excluding London). In Predominantly Rural and Predominantly Urban (excluding London) areas business deaths were slightly higher in 2023 than they were in 2018, while in London they were slightly lower.

Between 2018 and 2023 the number of active businesses per population were consistently higher in Predominantly Rural areas when compared with Predominantly Urban areas (excluding London). In 2023, there were 421 active businesses per 10,000 population in Predominantly Rural areas compared with 374 per 10,000 population in Predominantly Urban areas (excluding London). When looking at changes since 2018 both Predominantly Rural areas and Predominantly Urban (excluding London) had lower numbers of active businesses in 2023 than in 2018, while numbers in London had increased slightly.

When considering the 5-year business survival rate for those businesses that started in 2018, 45% of businesses had survived in Predominantly Rural areas, compared with 37% for Predominantly Urban areas (excluding London). While business survival rates decrease over the five years following business start-up for all area types, survival rates were consistently highest in Predominantly Rural areas.

Since 2019 the proportion of high-growth businesses has been consistently lowest in Predominantly Rural areas. In 2023, the proportion of high-growth businesses in Predominantly Rural areas was 4.3%, slightly lower than the 4.6% for Predominantly Urban areas (excluding London). When looking at changes since 2018 both Predominantly Rural areas and Predominantly Urban (excluding London) had smaller proportions of high-growth businesses in 2023 than in 2018 while in London the proportion had increased slightly.

Note on business counts

The following sections use data from the [ONS business demography dataset](#) which presents data at the Local Authority level of detail. Business counts presented in this section will differ from those in [Section F](#), which uses the more granular Output Area-level Rural-Urban Classification.

In the Local Authority-level classification, a whole Authority is designated as Predominantly Rural if the majority of the population resides in Rural areas, regardless of any Urban Output Areas there may be; the same is true for Rural Output Areas within Predominantly Urban Local Authorities. Therefore, differences may occur between the results presented in this section and Section F.

Despite the different granularity of data, the overall trends are similar between sections; in both Section H (this section) and Section F, there were proportionally more businesses in (Predominantly) Rural areas than in (Predominantly) Urban areas.

Business start-ups

Business start-ups are identified as a business that is present in the current year but did not exist in the previous two years.

The line chart in Figure H-1 shows the number of registered business start-ups per population by Rural-Urban Classification between 2018 and 2023. Over this period the numbers of registered business start-ups per population were consistently lower in Predominantly Rural areas than in Predominantly Urban areas (excluding London) whilst numbers were highest in London. In all settlement types, numbers of business start-ups per population fluctuated between 2018 and 2021, and then fell between 2021 and 2023.

Figure H-1: Line chart showing the number of registered business start-ups per 10,000 population by Local Authority Rural-Urban Classification, in England, 2018 to 2023 (Note H-1 and Note H-2)
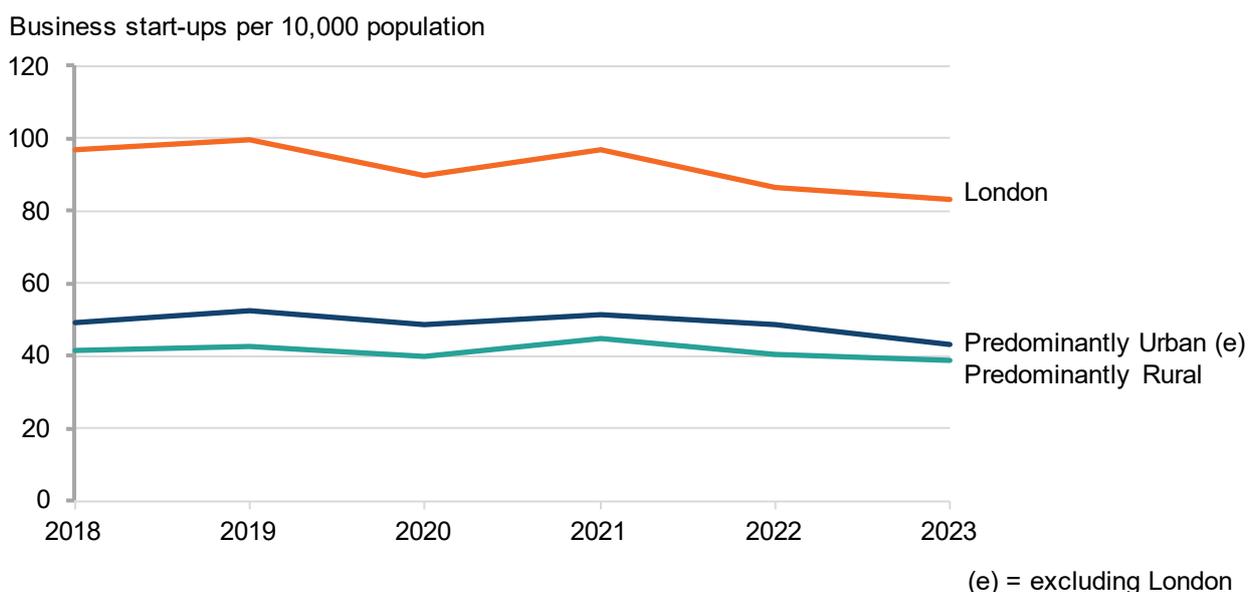
(e) = excluding London

In 2023, there were 39 registered business start-ups per 10,000 population in Predominantly Rural areas compared with 43 per 10,000 population in Predominantly Urban areas (excluding London).

These numbers show a decrease on 2022 start-ups of 5% in Predominantly Rural areas compared with a larger decrease in Predominantly Urban areas (excluding London) of 11%. When looking at changes since 2018 both Predominantly Rural areas and Predominantly Urban areas (excluding London) had lower numbers of business start-ups in 2023 than in 2018 (by 3 and 6 business start-ups respectively).

Business deaths

A business death is defined as a business that was classed as an active business in one year then is no longer present in data for the following two years.

The line chart in Figure H-2 shows the number of registered business deaths per population by Rural-Urban Classification between 2018 and 2023. The line chart shows that between 2018 and 2023 the number of business deaths per population were consistently lower in Predominantly Rural areas when compared with Predominantly Urban areas (excluding London). Between 2018 and 2020 there was some fluctuation in numbers in Predominantly Rural areas while numbers in Predominantly Urban areas (excluding London) remained stable. Between 2020 and 2022 both Predominantly Rural and Predominantly Urban areas (excluding London) saw a rise in the number of business deaths, with numbers then falling into 2023. In London, numbers were consistently higher, showing the same general pattern with a gradual increase up to 2022, falling again into 2023.

In 2023, there were 39 registered business deaths per 10,000 population in Predominantly Rural areas compared with 44 per 10,000 population in Predominantly Urban areas (excluding London). These numbers show a 10% decrease compared to business deaths in 2022 in Predominantly Rural areas, and an 11% decrease in Predominantly Urban areas (excluding London) of 11%. When looking at changes since 2018, Predominantly Rural areas had higher numbers of business deaths in 2023 than in 2018 (by 2 business deaths) whilst Predominantly Urban areas (excluding London) and in London the numbers showed little change over the same time period.

Figure H-2: Line chart showing the number of registered business deaths per 10,000 population by Local Authority Rural-Urban Classification, in England, 2018 to 2023 (Note H-1 and Note H-2)

Business deaths per 10,000 population

(e) = excluding London
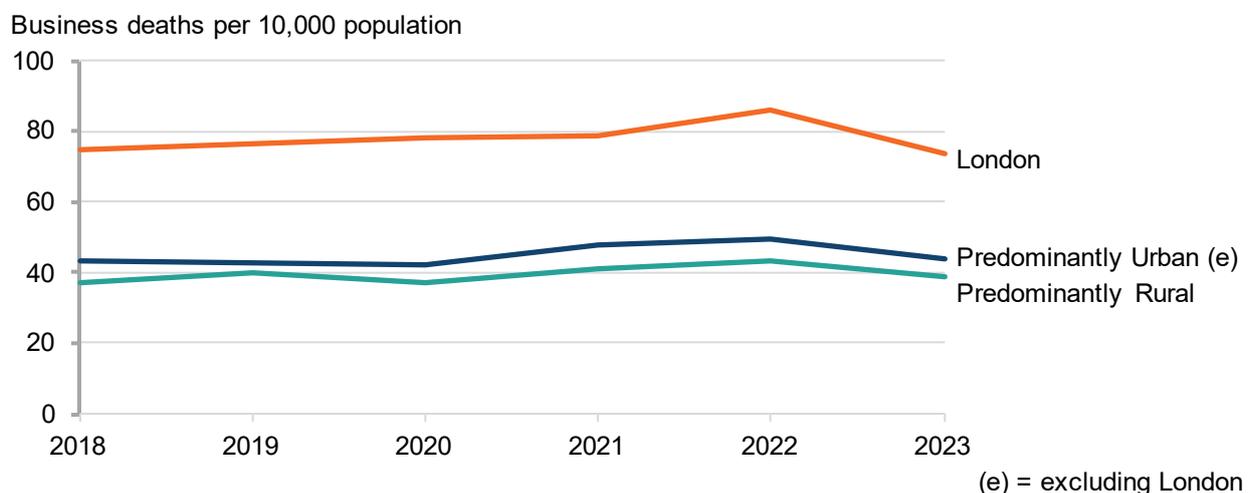
Table H-1 and Table H-2 show the 10 Local Authorities with the greatest numbers of business start-ups and business deaths per 10,000 population in Predominantly Rural areas in 2023. Waverley (Surrey) had the greatest number of business start-ups with 54 businesses per 10,000 population in 2023, while Wychavon (Worcestershire) had the greatest number of business deaths (69 per 10,000 population). There were six Local Authorities that appeared in both top ten lists which suggests these areas saw a greater level of business turnaround than others. These areas were: Waverley (Surrey), Stratford-on-Avon (Warwickshire), Sevenoaks (Kent), Uttlesford (Essex), Harborough (South Leicestershire) and Winchester (Hampshire).

Table H-1: The 10 Predominantly Rural areas with the highest number of business start-ups per 10,000 population in 2023

Predominantly Rural areas	Business start-ups per 10,000 population
Waverley	54
Stratford-on-Avon	53
Sevenoaks	53
Cotswold	52
Uttlesford	52
Harborough	52
Winchester	50
West Suffolk	49
East Hampshire	49
Maldon	48

Table H-2: The 10 Predominantly Rural areas with the highest number of business deaths per 10,000 population in 2023

Predominantly Rural areas	Business deaths per 10,000 population
Wychavon	69
Stratford-on-Avon	64
Winchester	59
South Kesteven	56
Uttlesford	53
Waverley	53
Sevenoaks	50
Harborough	50
Ribble Valley	49
Newark and Sherwood	49

Table H-3: The 10 Predominantly Urban (excluding London) areas with the highest number of business start-ups per 10,000 population in 2023

Predominantly Urban (excluding London) areas	Business start-ups per 10,000 population
Hertsmere	82
Elmbridge	65
Three Rivers	64
Watford	63
Manchester	63
Slough	62
Windsor and Maidenhead	61
Thurrock	59
Oadby and Wigston	59
St Albans	58

Table H-4: The 10 Predominantly Urban (excluding London) areas with the highest number of business deaths per 10,000 population in 2023

| Predominantly Urban (excluding London) areas	Business deaths per 10,000 population
Wolverhampton	76
Hertsmere	69
Brighton and Hove	68
Bromsgrove	67
St Albans	64
Elmbridge	64
Peterborough	63
Rugby	61
Windsor and Maidenhead	61
Mansfield	61

Table H-3 and Table H-4 show the 10 Local Authorities with the greatest numbers of business start-ups and business deaths per 10,000 population in Predominantly Urban areas (excluding London) for 2023. Hertsmere (Hertfordshire) had the greatest number of business start-ups with 82 businesses per 10,000 population, while Wolverhampton (West Midlands) had the greatest number of business deaths (76 per 10,000 population). There were four Local Authorities that appeared in both top ten lists: Hertsmere (Hertfordshire), Elmbridge (Surrey), Windsor and Maidenhead (Berkshire), and St Albans (Hertfordshire).

Business count

This section provides a count of those businesses considered to be active businesses, which is those that had either turnover or employment at any point during the reference year.

The line chart in Figure H-3 shows the number of active registered businesses per population by Rural-Urban Classification between 2018 and 2023. The line chart shows that between 2018 and 2023 the number of active businesses per population was consistently higher in Predominantly Rural areas when compared with Predominantly Urban areas (excluding London). Between 2018 and 2022 the number of active businesses was stable in Predominantly Rural areas and Predominantly Urban areas (excluding London) at around 430 and 385 active businesses per 10,000 population respectively. This was followed by a slight fall in numbers of active businesses into 2023. In London, numbers of active businesses per 10,000 population saw a gradual increase between 2018 (660) to 2021 (688) after which they have fallen back to 662 in 2023.

In 2023, there were 421 active businesses per 10,000 population in Predominantly Rural areas compared with 374 per 10,000 population in Predominantly Urban areas (excluding London). These numbers show a decrease on 2022 business numbers of 2% in Predominantly Rural areas compared with a decrease in Predominantly Urban areas (excluding London) of 3%. When looking at changes since 2018 both Predominantly Rural areas and Predominantly Urban (excluding London) had lower numbers of active businesses in 2023 than in 2018 (by 10 and 6 active businesses respectively) while in London numbers have increased by 2 over the same time period.

Figure H-3: Line chart showing the number of active registered businesses per 10,000 population by Local Authority Rural-Urban Classification, in England, 2018 to 2023 (Note H-1 and Note H-2)

(e) = excluding London
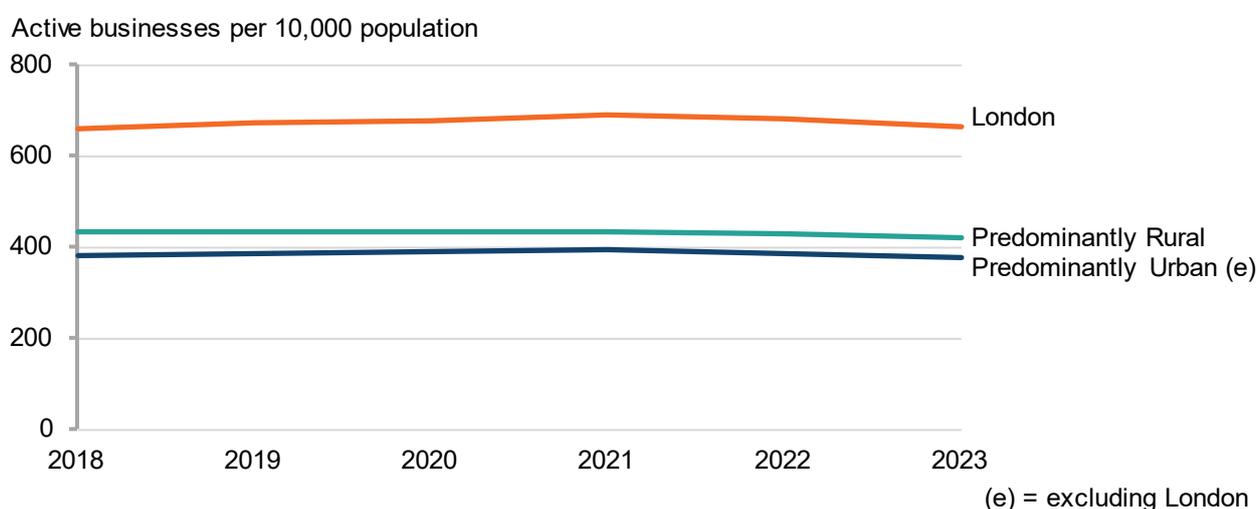
Business survival rates

This section looks at businesses that were started in 2018, tracking how rates of survival change over the following five years.

The line chart in Figure H-4 shows that while business survival rates decrease over the five years following business start-up for all area types, survival rates are consistently highest in Predominantly Rural areas. The gap between survival rates in Predominantly Rural areas and Predominantly Urban areas increased throughout the five years from 2018. Rates of survival were similar after year 1 with Predominantly Rural areas showing a business survival rate of 95%, compared with 94% for Predominantly Urban areas (excluding London). By year 5 the gap between the area types had widened to 8 percentage points, with Predominantly Rural areas having a business survival rate of 45% (compared with 37% for Predominantly Urban areas, excluding London).

Figure H-4: Line chart showing the survival rate of businesses started in 2018, by Local Authority Rural-Urban Classification, in England, 2018 to 2023 (Note H-1 and Note H-2)

Percentage of surviving businesses

(e) = excluding London
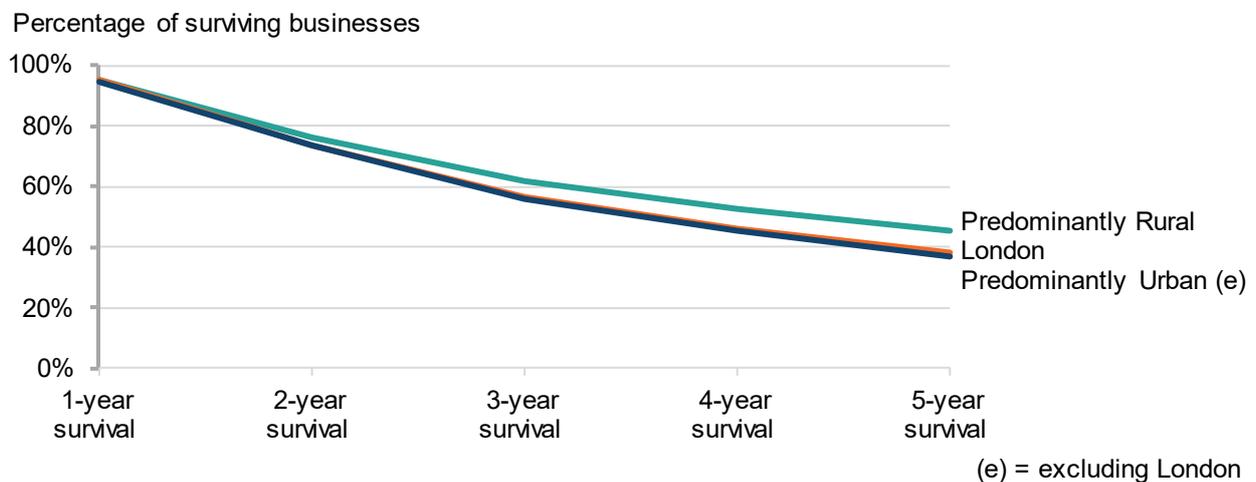
The maps in Figure H-5 and Figure H-6 show the proportion of businesses started in 2018 that had survived for five years into 2023, by Local Authority area. Predominantly Rural authorities are mapped in Figure H-5 which shows that of the 91 Predominantly Rural authorities, 5 authorities had a survival rate of 40% or less businesses surviving for 5 years, 65 authorities had a survival rate of between 40% and 50% of businesses, while 21 authorities had a survival rate of more than 50% of businesses. This means that for Predominantly Rural Local Authorities, nearly a quarter of all Authorities had a business survival rate of at least 50% in the fifth year after the business had started. West Devon was the Predominantly Rural Local Authority with the highest survival rate for businesses in their fifth year (59% of businesses), while Central Bedfordshire had the lowest rate of survival (28%).

Figure H-6 shows the situation for Predominantly Urban and Urban with Significant Rural Local Authorities, covering a total of 235 authorities. This shows there were 93 authorities that had a survival rate of 40% or less businesses surviving for 5 years, 135 authorities had a survival rate of between 40% and 50% of businesses, while just 7 authorities that had a survival rate of more than 50% of businesses. Weymouth and Portland (Dorset) was the Predominantly Urban and Urban with Significant Rural Local Authority with the highest survival rate for businesses in their fifth year (53% of businesses), while Bromsgrove (Worcestershire) had the lowest rate of survival (13%).

Figure H-5: Map showing the five-year survival rate of businesses started in 2018, by Local Authority area, in Predominantly Rural areas in England (Note H-2)

White areas on the map represent Predominantly Urban and Urban with Significant Rural areas, which are instead presented in Figure H-6.

Business survival rate

Up to 40%

More than 40%, and up to 50%

More than 50%, and up to 59%

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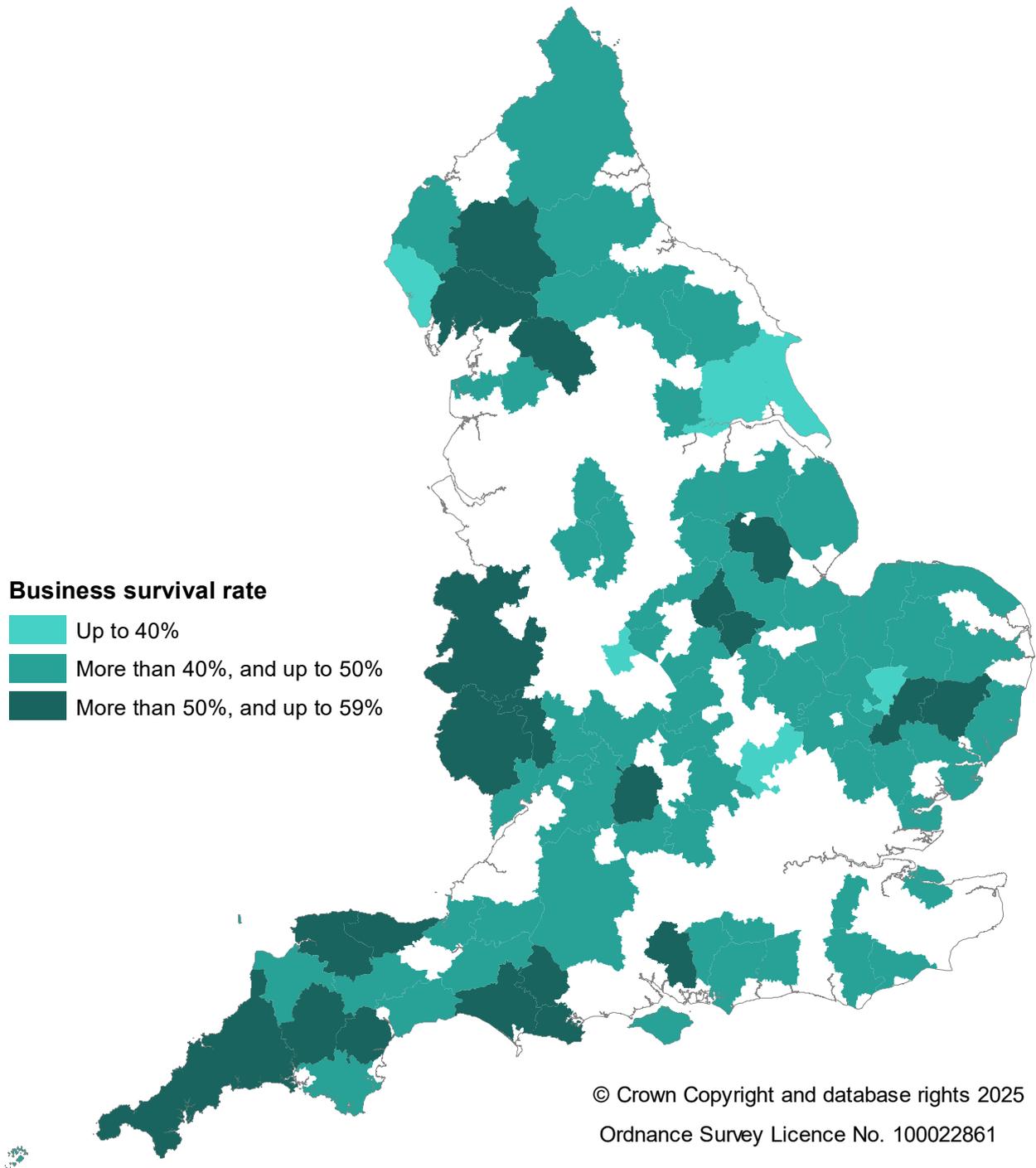
Figure H-6: Map showing the five-year survival rate of businesses started in 2018, by Local Authority area, in Predominantly Urban and Urban with Significant Rural areas in England (Note H-2)

White areas on the map represent Predominantly Rural areas, which are instead presented in Figure H-5.

Business survival rate

- Up to 40%
- More than 40%, and up to 50%
- More than 50%, and up to 53%

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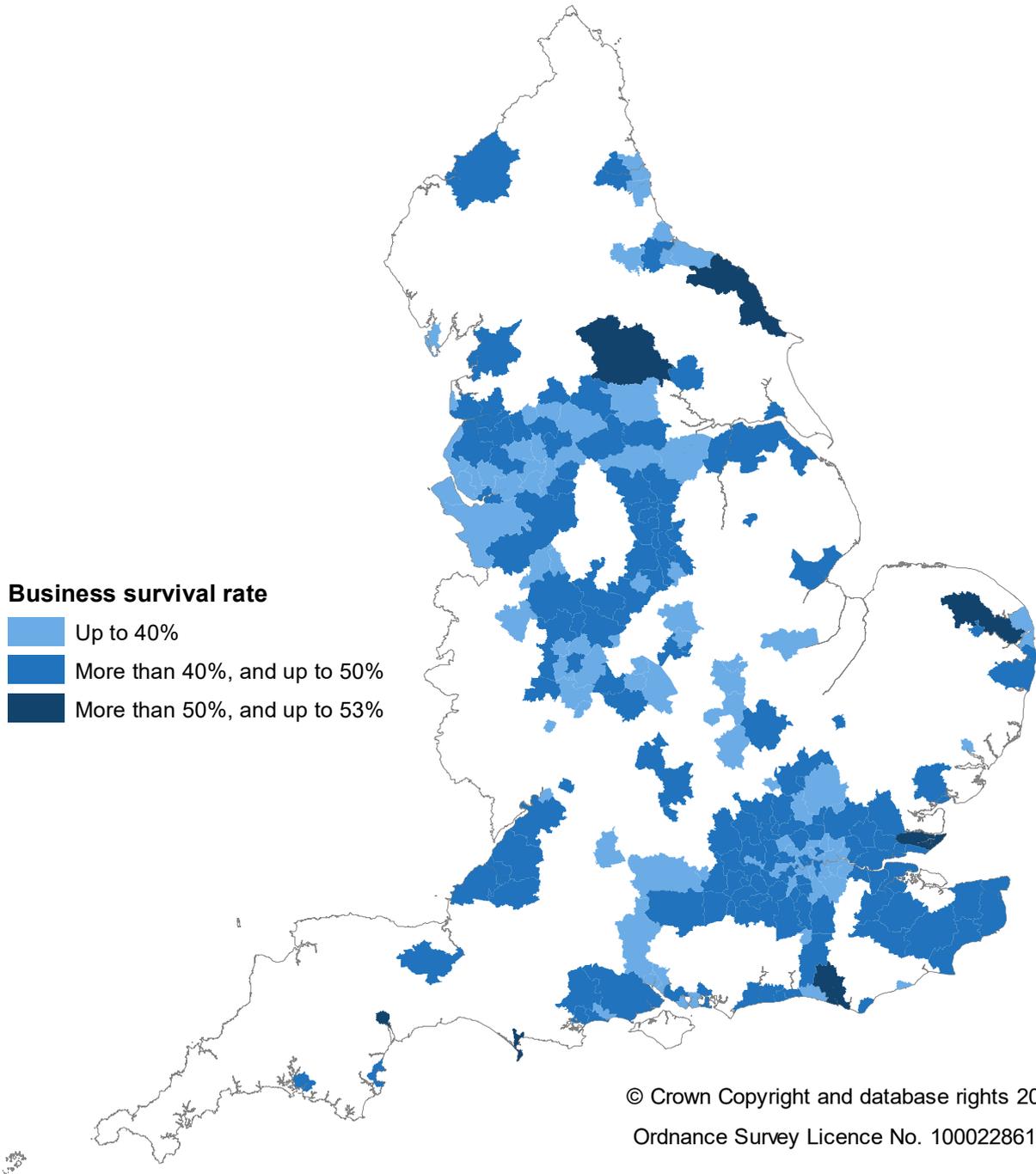
High-growth businesses

High-growth businesses are those enterprises with an average annualised growth of 20% per annum, over a three-year period. Growth is measured in terms of employment. Analysis is limited to businesses with 10 or more employees to avoid the growth of small businesses distorting results.

The line chart in Figure H-7 shows high-growth businesses as a proportion of all businesses with 10 or more employees between 2018 and 2023. In 2018 both Predominantly Rural and Predominantly Urban (excluding London) areas had the same proportion of high-growth businesses (4.8%). In 2019 the proportion in Predominantly Rural areas dropped slightly while Predominantly Urban (excluding London) areas remained stable. Since 2019 the proportion of high-growth businesses has consistently been lowest in Predominantly Rural areas. All settlement types have seen the same pattern since 2019, with the proportion of high-growth businesses remaining stable between 2019 and 2020, followed by a steep drop into 2021, and then increasing proportions of high-growth businesses between 2021 and 2023. The proportion of high-growth businesses was consistently highest in London.

In 2023, the proportion of high-growth businesses in Predominantly Rural areas was 4.3%, slightly lower than the 4.6% for Predominantly Urban areas (excluding London). This was an increase on 2022 proportions of 0.8 percentage points in Predominantly Rural areas compared with an increase in Predominantly Urban areas (excluding London) of 0.7 percentage points. When looking at changes since 2018 both Predominantly Rural areas and Predominantly Urban (excluding London) had smaller proportions of high-growth businesses in 2023 than in 2018 (by 0.5 and 0.3 percentage points respectively) while in London the proportion had increased by 0.4 percentage points over the same time period.

Figure H-7: Line charting showing the proportion of businesses that are high-growth businesses, by Local Authority Rural-Urban Classification, in England, 2018 to 2023 (Note H-1 and Note H-2)

Percentage of businesses

London

Predominantly Urban (e)
Predominantly Rural

(e) = excluding London
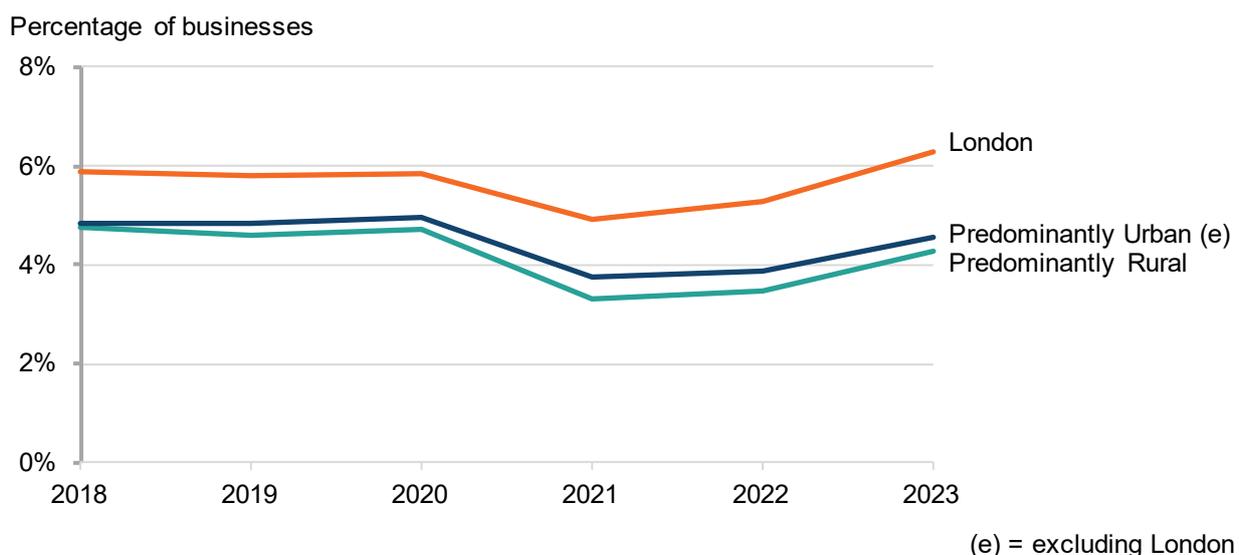
The maps in Figure H-8 and Figure H-9 show the proportion of all businesses with 10 or more employees that were considered high-growth businesses, in 2023, by Local Authority area. Predominantly Rural authorities are mapped in Figure H-8 which shows that of the 84

Predominantly Rural authorities, 35 authorities had 4% or fewer high-growth businesses, 32 authorities had between 4% and 5% high-growth businesses, 16 authorities had between 5% and 7% high-growth businesses, while just one authority had more than 7% of businesses with 10 or more employees being high-growth businesses. Waverley (Surrey) was the Predominantly Rural Local Authority with the greatest proportion of high-growth businesses (7.8% of businesses with 10 or more employees), while the Isles of Scilly had the lowest proportion of high-growth businesses (less than 0.1%). It is worth noting that Waverley is also the Predominantly Rural Local Authority with the highest rate of building start-ups per 10,000 population in 2023, whilst also featuring in the top 10 for business deaths.

Figure H-9 shows the situation for Predominantly Urban and Urban with Significant Rural Local Authorities, covering a total of 225 authorities. This shows there were 81 authorities with 4% or fewer high-growth businesses, 81 authorities with between 4% and 5% high-growth businesses, 53 authorities with between 5% and 7% high-growth businesses, and 10 authorities that had more than 7% of businesses being high-growth businesses. The top 5 authorities for proportion of high-growth businesses were all London authorities, with the City of London being the highest at 9.4% of businesses. Outside of London, Oxford was the Predominantly Urban and Urban with Significant Rural Local Authority with the greatest proportion of high growth businesses (7.6% of businesses), while Eastbourne (East Sussex) had the lowest proportion of high growth businesses (1.4%).

Figure H-8: Map showing high-growth businesses as a proportion of all businesses with 10 or more employees, by Local Authority area, in Predominantly Rural areas in England, in 2023 (Note H-2)

White areas on the map represent Predominantly Urban and Urban with Significant Rural areas, which are instead presented in Figure H-9.

Percentage of high growth businesses

Up to 4%

More than 4%, and up to 5%

More than 5%, and up to 7%

More than 7%, and up to 8%

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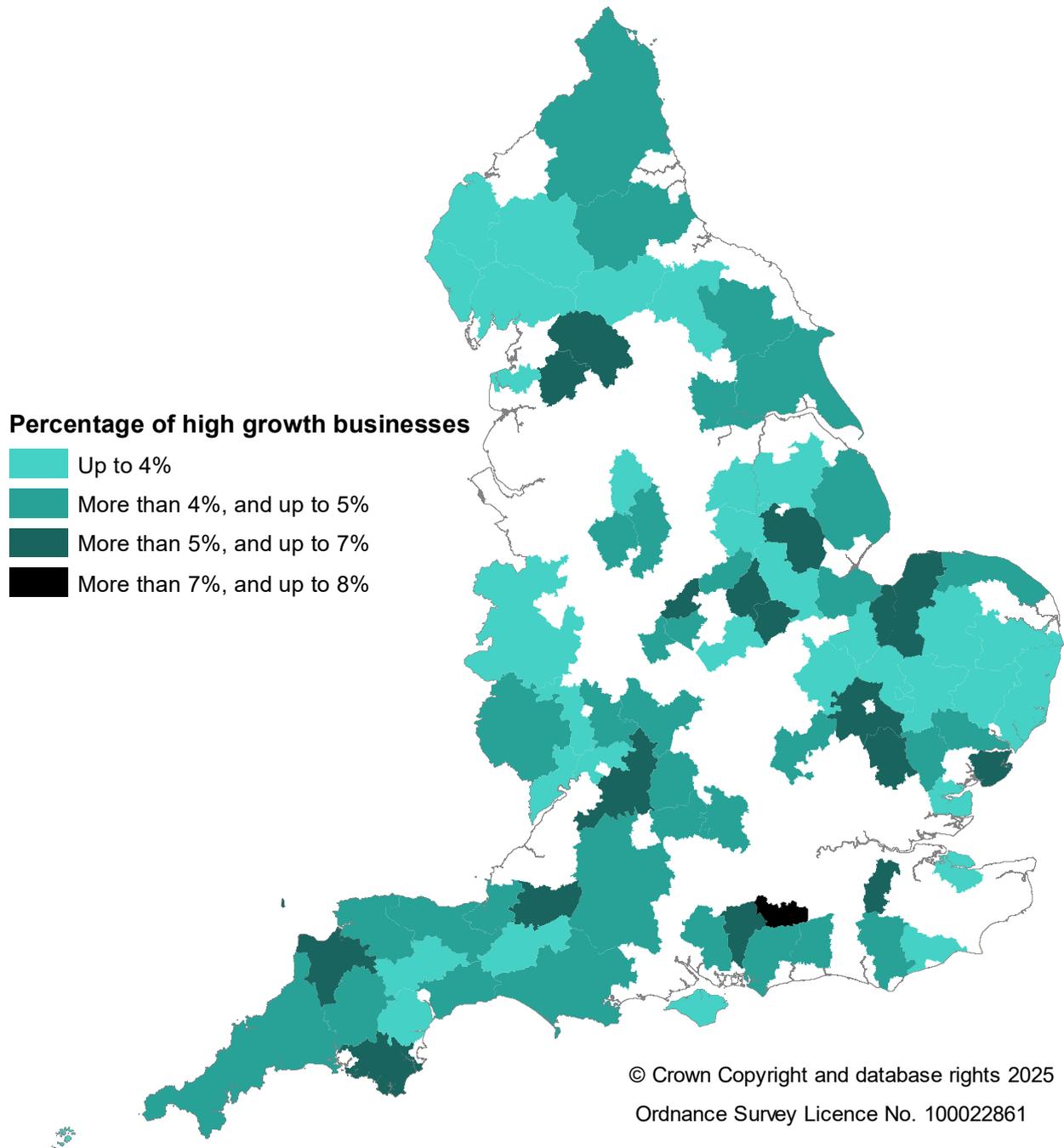
Figure H-9: Map showing high-growth businesses as a proportion of all businesses with 10 or more employees, by Local Authority area, in Predominantly Urban and Urban with Significant Rural areas in England, in 2023 (Note H-2)

White areas on the map represent Predominantly Rural areas, which are instead presented in Figure H-8.

Percentage of high growth businesses

- Up to 4%
- More than 4%, and up to 5%
- More than 5%, and up to 7%
- More than 7%, and up to 10%

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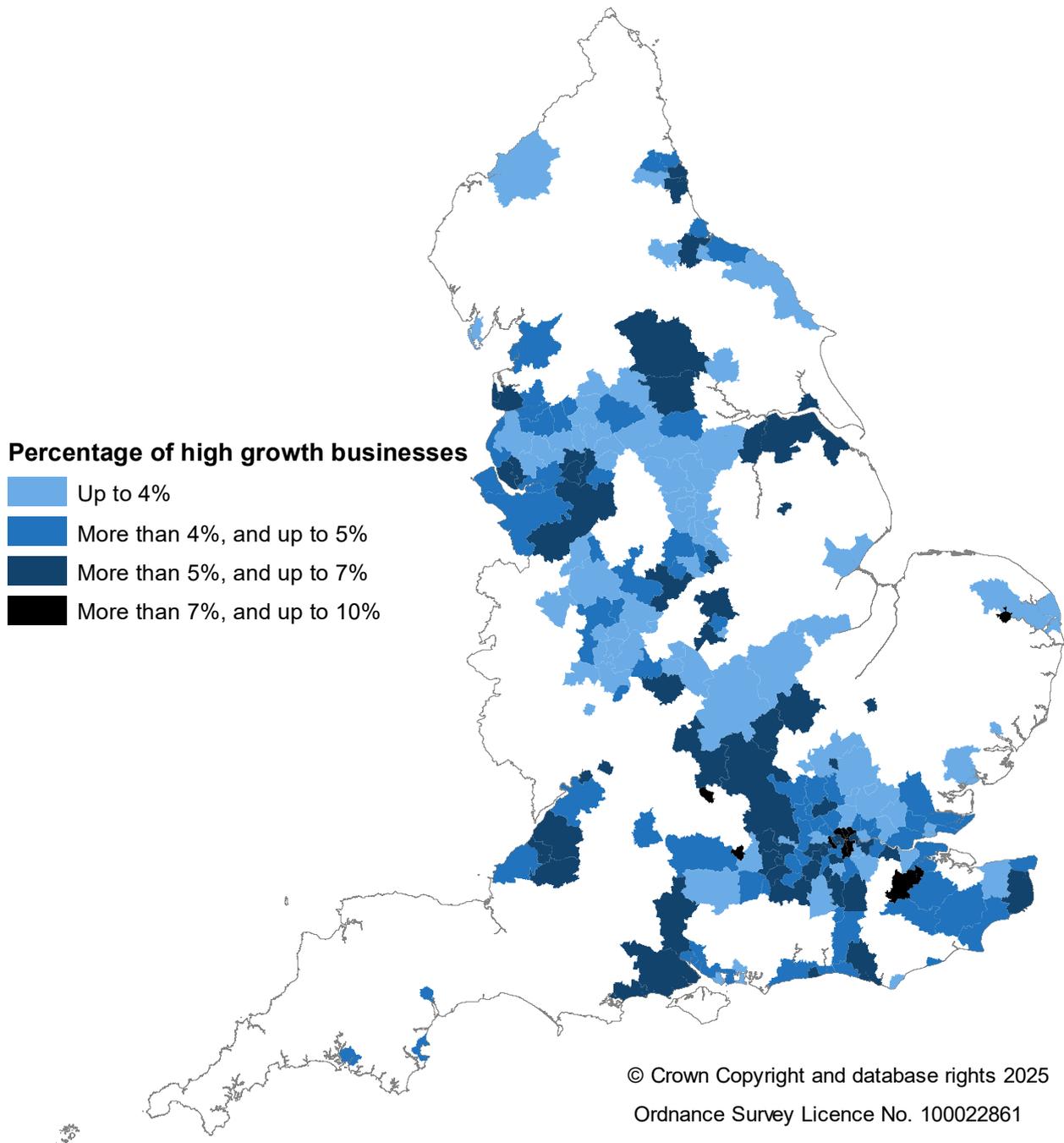
Business survival and growth notes

- **Note H-1**

Tables of the data in this section are available in the Rural Economic Bulletin Supplementary data tables.

- **Note H-2**

Source: ONS Business Demography dataset

I. Innovation and investment

The proportion of businesses undertaking broader innovation activities is similar in Rural and Urban areas, but capital investment per employee is generally lower in Predominantly Rural areas than Predominantly Urban areas.

Summary

Broad innovation activities can include introducing new or significantly improved products (good or services) or processes; new or improved forms of organisation, business structures or practices, or activities in areas like internal research and development, training, acquisition of external knowledge or machinery, and equipment linked to innovation activities.

Broader innovation activities were undertaken by 58% of Rural businesses and 57% of Urban businesses surveyed between 2012 and 2014.

Capital investment is where companies spend money on fixed assets (typically land, buildings, or machinery) with the expectation that productivity will increase as a result of the investment. In 2018, investment per employee in Predominantly Rural areas was £4,700, compared with £4,900 in Predominantly Urban areas excluding London, and £5,800 in London.

Businesses engaged in innovation

Figure I-1 shows that broader innovation activities were undertaken by 58% of Rural businesses and 57% of Urban businesses surveyed between 2012 and 2014 suggesting that being situated in a Rural or Urban area had little effect on the innovation practices of businesses surveyed.

There are a higher proportion of businesses involved in broader innovation located in areas of Rural Town and Fringe than in areas of Rural Village and Hamlet (61% and 56% respectively).

Figure I-1: Percentage of businesses in England engaged in broader innovation-related activities, 2012 to 2014 (Note I-1)
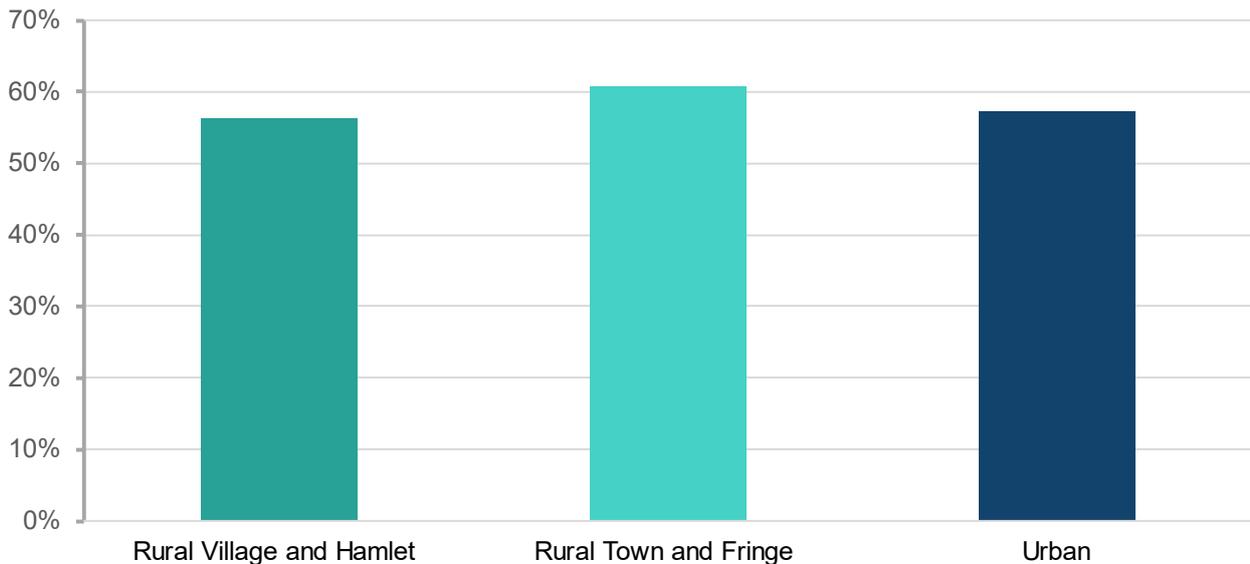

Table I-1: Business involvement with broader-innovation-related activities, 2012 to 2014

	Broader innovators, percentage of businesses	Not broader innovators, percentage of businesses
Urban	57	43
Rural Town and Fringe	61	39
Rural Village and Hamlet	56	44
Rural total	**58**	**42**
England	**57**	**43**

Capital investment per employee

Companies undertake 'capital investment' when spending money on fixed assets (typically land, buildings or machinery) with the expectation that productivity will increase as a result of the investment. Capital investment in absolute terms is only available at current prices so caution should be used when comparing over time. Comparisons below are presented as an index in relation to the level for England as whole.

Figure I-2 shows that continuing recent trends, capital investment per employee in 2018 was highest in London. In Predominantly Rural areas it was around 92% of the level for England as a whole compared with 95% in Predominantly Urban areas (excluding London).

Overall capital investment per employee in predominantly Rural areas has been lower than in predominantly Urban areas, except for 2017 when it was higher.

In 2018, investment per head in London was around £5,800, compared with £4,900 in predominantly Urban areas excluding London, and £4,700 in predominantly Rural areas.

Figure I-2: Capital investment per employee as a percentage of the level for England, by Local Authority Classification in England, 2007 to 2018 (Note I-2, Note I-3 and Note I-4)

(e) = excluding London
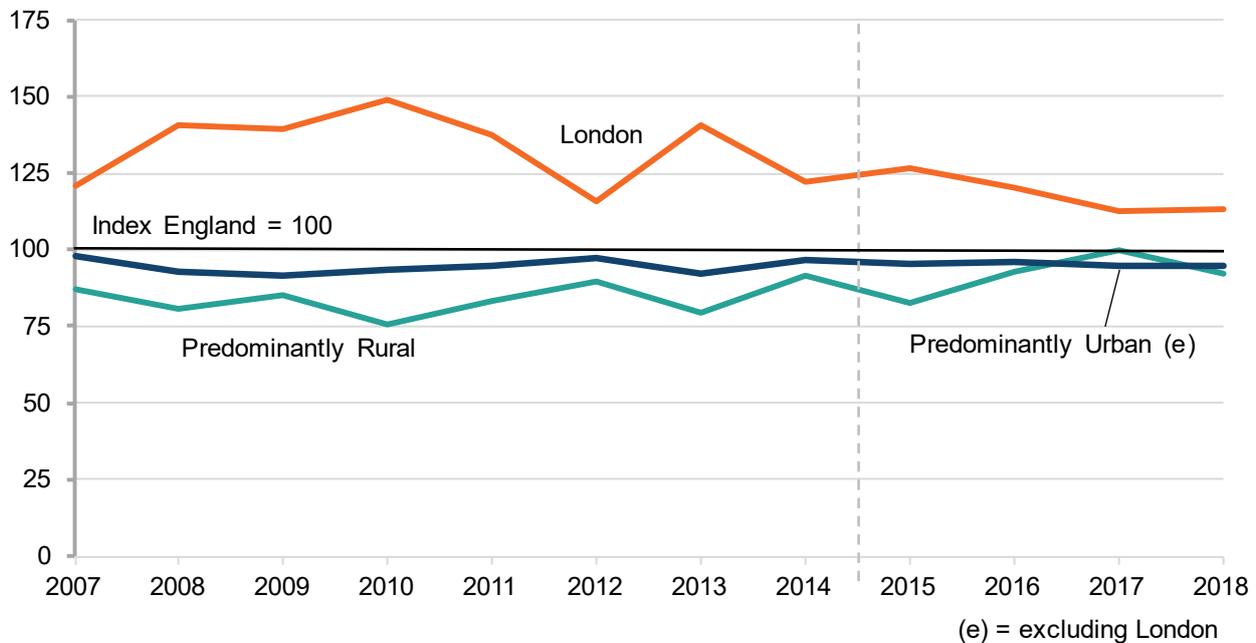
Notes
- Figure I-2 note: Dashed line shows that from 2015 employee numbers include estimates from businesses that are solely PAYE (Note I-5) based with employment counts less than 20. These businesses were excluded from estimates of employee numbers in earlier years. This has had minimum impact on the data presented.
- Total net capital investment is calculated as total proceeds from disposals subtracted from the total cost of acquisitions. The data is at current prices, so it has already taken account of inflation.
- London has been separated out to allow a fair comparison of major Urban against all other area classifications.

Innovation and investment explanatory notes

- **Note I-1**

Innovation notes:

- o These results are based on the unweighted sample of businesses surveyed for England only (therefore the England percentage totals may not match the weighted results published by the Department for Business and Trade, formerly the Department for Business, Energy and Industrial Strategy). The sample mainly includes enterprise units (i.e. headquarters of businesses) but also has a small number of local units (i.e. sites belonging to enterprises).

- o The sampling methodology used by the Department for Business and Trade (formerly the Department for Business, Energy and Industrial Strategy) is described in their report and accompanying statistics: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/506953/bis-16-134-uk-innovation-survey-2015.pdf. Owing to the small sample sizes achieved after application of the Rural-Urban definition, this analysis has been presented as the unweighted results from the surveyed sample. Some settlement types were underrepresented in the sample and should be treated with caution: *Rural Town & Fringe* and *Rural Village & Hamlet*. Furthermore, percentage totals for England may not match those published by the Department for Business and Trade (formerly the Department for Business, Energy and Industrial Strategy) due to minor discrepancies with postcode data.

- o The description of innovation activity in the chart and table above includes businesses that were engaged in any of the following:

- o introduced a new or significantly improved product (good or service) or process

- o engaged in innovation projects that have been abandoned or are not yet complete

- o undertaken new and significantly improved forms of organisation, business structures or practices, and marketing concepts or strategies

- o undertaken activities in areas such as internal research and development, training, acquisition of external knowledge or machinery, and equipment linked to innovation activities

- o A business engaged in any of the activities 1 to 4 is described as a 'broader innovator'.

- o Data from the 2015 UK Innovation Survey may not be directly comparable with data from previous surveys due to changes in survey mode, methodology, sampling approach, questionnaire design and response rate. The Rural-Urban analyses presented here were performed by applying RUC11 to the data, RUC01 had been used previously for the 2011 UK Innovation Survey. As a result, a comparison cannot be made with previous Rural-Urban innovation analyses

- o Source: Department for Business and Trade (formerly the Department for Business, Energy and Industrial Strategy) UK Innovation Survey 2015 covering innovation activity during 2012 to 2014.

- **Note I-2**

Data in Figure H-2 are detailed in tables of investment per employee, both current prices and as a percentage of the level for England, broken down by detailed local authority Rural Urban Classification for 2007 to 2018. These are available in the Rural economy supplementary data tables.

- **Note I-3**

Caution should be taken when interpreting this measure as capital investment is difficult to attribute at local authority level. The estimates are produced by taking data at a higher geographical level and apportioning it at local authority level based on employment levels. As ONS are not wholly confident that there is a sufficient correlation between investment and employment, they do not release the data as a National Statistic below National level.

- **Note I-4**

Source: Bespoke data request from the ONS, Annual Business Inquiry, and Business Register and Employment Survey (classified data); via Nomis (www.nomisweb.co.uk).

- **Note I-5**

Pay As You Earn (PAYE) is HMRC's system to collect income tax (which helps pay for services like education and healthcare), and National Insurance (which helps pay for some benefits and the State Pension) from employees.

Appendix 1: The 8 thematic reports that make up the Statistical Digest of Rural England (and the topics included within them)

1. Population

A. Population level and change
B. Population age profile
C. Ethnicity
D. Internal migration
E. Local Authority population data

2. Housing

A. Housing stock: age and type
B. Housing stock: additions and affordable housing
C. Housing costs: purchases and rentals
D. House purchase affordability
E. Second and empty homes
F. Homelessness
G. Land use change for housing
H. Housing quality

3. Health and Wellbeing

A. Life expectancy
B. Wellbeing
C. NHS Dentistry provision
D. General Practices
E. Childcare provision
F. Loneliness
G. Volunteering and charity

4. Communities and Households

A. Deprivation
B. Poverty due to low income
C. Household expenditure
D. Police recorded crime and outcomes
E. Crime surveys: local police and businesses
F. Feelings about the local neighbourhood

5. Connectivity and Accessibility

A. Broadband and mobile
B. Travel behaviours
C. Access to personal transport
D. Access to services
E. Home working

6. Education, Qualifications and Training

A. Schools and their workforce
B. Class sizes
C. Secondary education attainment
D. School inspections
E. Free school meals - eligibility
F. Alternative and specialist education provision
G. Progression to higher education
H. Apprenticeships and on-the-job training
I. Workforce education level

7. Rural Economic Bulletin

A. Employment
B. Earnings
C. Redundancies
D. Claimant count - Jobseeker's Allowance
E. Output and productivity measured by Gross Value Added (GVA)
F. Business demographics
G. Businesses by industry
H. Business survival and growth
I. Innovation and investment

8. Energy

A. Fuel poverty
B. Energy Performance Certificates: average Energy Efficiency Score
C. Energy Performance Certificates: achieving energy efficiency category C
D. Energy Costs
E. Energy Consumption
F. CO_2 emissions

Each of the 8 themes also has their own set of supplementary data tables that include the larger source data that could not be included in the presented document. The chapter headings above are hyperlinked to the home page for that specific digest theme. The supplementary tables can be accessed from these home pages.

There is a further document including the individual Local Authority data tables, which have been separated for ease of use.

Appendix 2: Defining Rural areas

Wherever possible, the Rural-Urban Classification is used to distinguish Rural and Urban areas. The Classification defines areas as Rural if they fall outside of settlements with more than 10,000 resident population.

Census Output Areas are the smallest areas for which data are available from Censuses. These Census Output Areas are assigned to one of four Urban or six Rural categories (Figure X-1) based on dwelling densities. Those described as "in a sparse setting" reflect where the wider area is sparsely populated (again based on dwelling densities). From Census Output Areas, other small area geographies can be classified based on how they map to Census Output Areas (such as Lower Super Output Areas (LSOAs), Wards, and postcodes – Note 1).

Figure X-1: Classifying Rural and Urban areas for small geographical areas
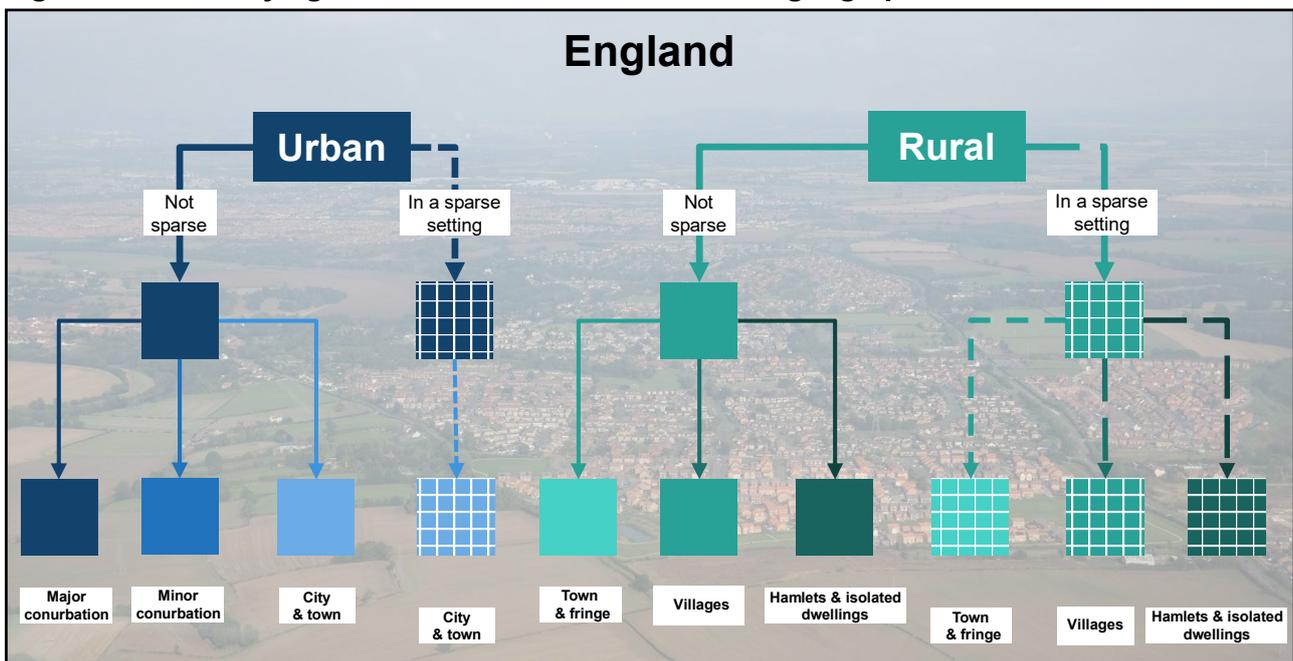
A map showing the distribution of the Rural and Urban Census Output Areas is shown in Figure X-2.

When data are not available at a small geographical scale, it may be possible to apply the Rural-Urban Local Authority Classification or a similar classification for other larger geographies. This classification categorises districts and unitary authorities on a six-point scale from Rural to Urban. It is underpinned by Rural and Urban populations as defined by the Census Output Area Classification. A map of the geographical distribution of the Rural and Urban Local Authorities is shown in Figure X-3.

However, the Local Authority Classification also considers some Urban areas as Hub Towns (with populations of between 10,000 and 30,000). These Hub Towns have met statistical criteria (based on dwelling and business premise densities) to be considered hubs for services and businesses for a wider rural hinterland and their populations are therefore classified as effectively Rural for the purposes of determining the classification of the authority.

Figure X-2: Map of the 2011 Rural-Urban Classification for Census Output Areas in England

2011 Rural-Urban Classification

- ■ Rural Hamlet and Isolated Dwelling
- ■ Rural Village
- ■ Rural Town and Fringe
- ■ Urban City and Town
- ■ Urban Minor Conurbation
- ■ Urban Major Conurbation

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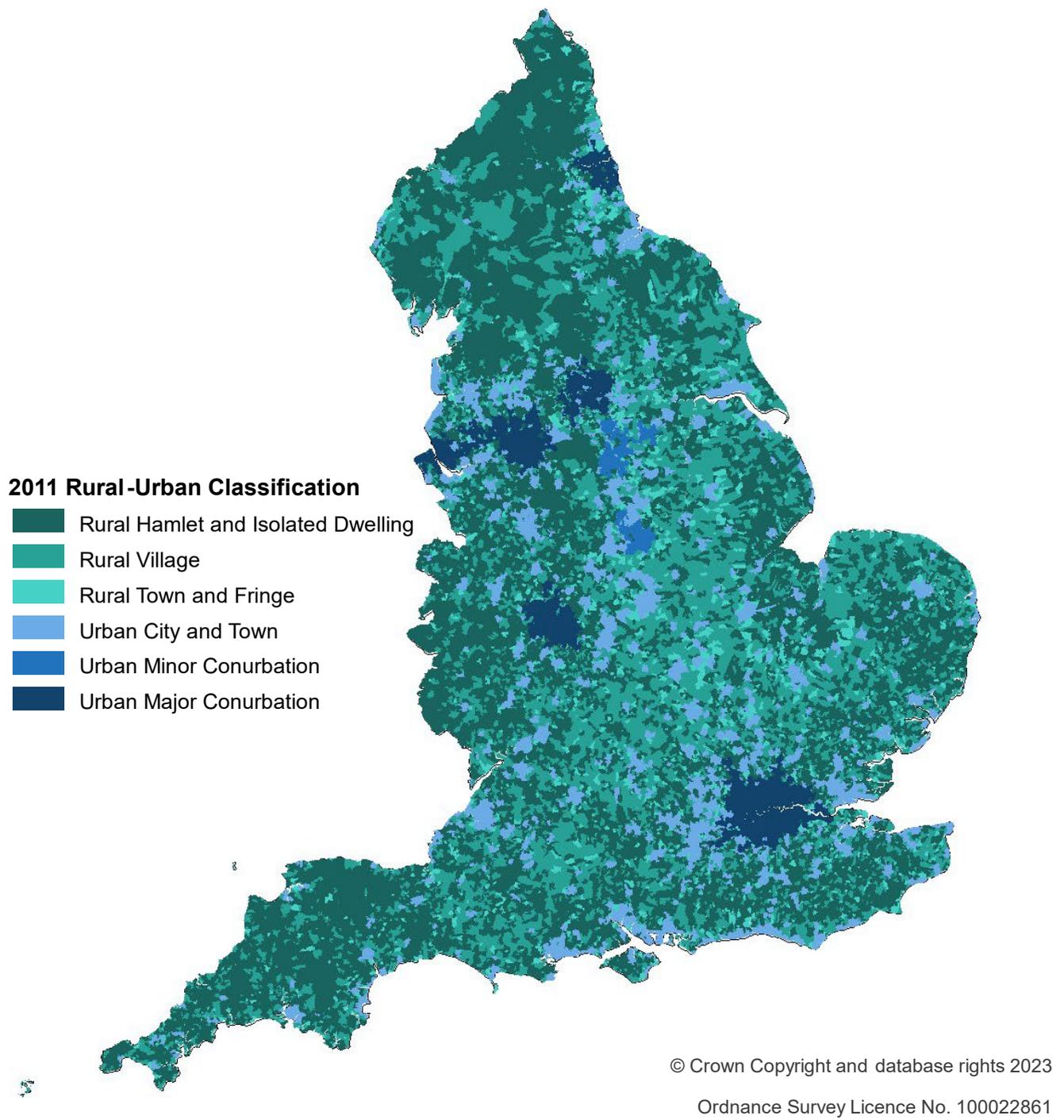
Figure X-3: Map of the 2011 Rural-Urban Classification for Local Authority Districts and Unitary Authorities in England

**Local Authority
Rural-Urban Classification**

- Mainly Rural
- Largely Rural
- Urban with Significant Rural
- Urban with City and Town
- Urban with Minor Conurbation
- Urban with Major Conurbation

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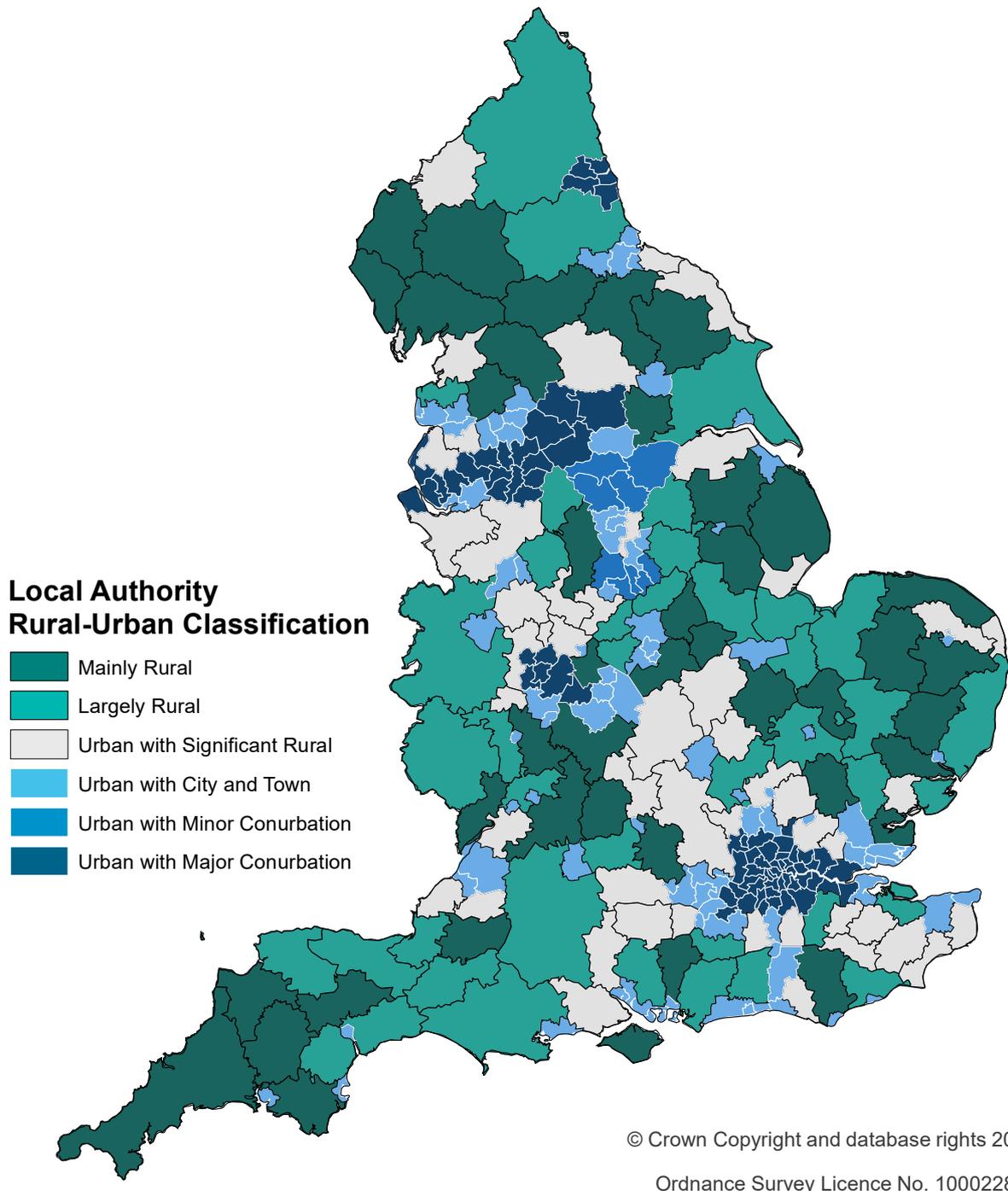
Under the classification, which is shown in Figure X-4, each Local Authority is assigned to one of six categories on the basis of the percentage of the total resident population accounted for by the combined Rural and Hub Town components of its population and its 'conurbation context'. The Local Authority Classification categories are frequently aggregated to 'Predominantly Rural', 'Urban with Significant Rural' and 'Predominantly Urban' as shown on Figure X-4.

Figure X-4: 2011 Rural-Urban Classification for Local Authorities in England
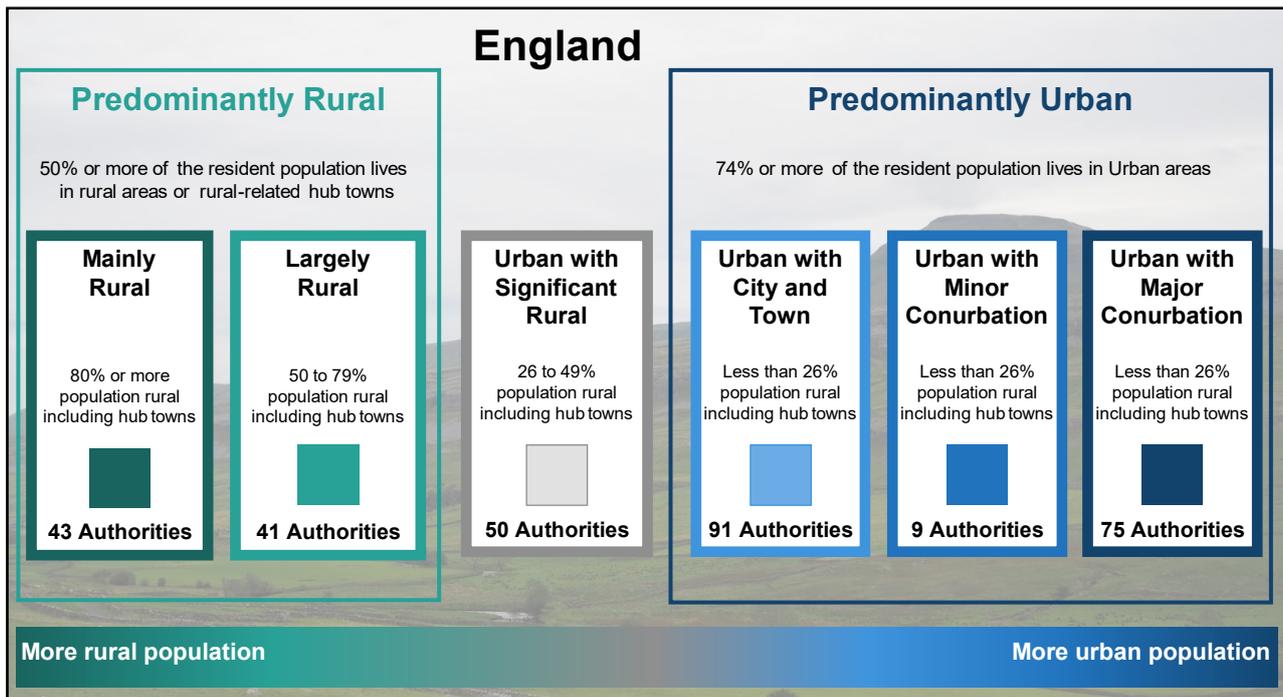
The Local Authority Rural-Urban Classification is based on <u>populations and settlement patterns, not on how much countryside there is</u>. Authorities classified as Urban may have wide areas of countryside and may have sizeable Rural populations. The classification has been made according to the proportions of the population residing in Urban settlements and outside Urban settlements. More information on the classifications can be found at: The Rural-Urban Definition.

A similar approach to that for Local Authorities was used to create a classification for Westminster Parliamentary Constituencies. Under this classification, which is shown in Figure X-5, each Parliamentary Constituency is assigned to one of six categories on the basis of the percentage of the total resident population accounted for by the combined Rural and Hub Town components of its population and its 'conurbation context'. A map of the geographical distribution of the Rural and Urban Westminster Parliamentary Constituencies is shown in Figure X-5. This map depicts a classification for the new rebalanced Parliamentary Constituencies that were introduced for 2024 General Election. The Parliamentary Constituency Classification categories are frequently aggregated to 'Predominantly Rural', 'Urban with Significant Rural' and 'Predominantly Urban' as shown on Figure X-6.

Figure X-5: Map of the 2011 Rural-Urban Classification for Westminster Parliamentary Constituencies in England

Westminster Parliamentary Constituency (as of July 2024) Rural-Urban Classification

- Mainly Rural
- Largely Rural
- Urban with Significant Rural
- Urban with City and Town
- Urban with Minor Conurbation
- Urban with Major Conurbation

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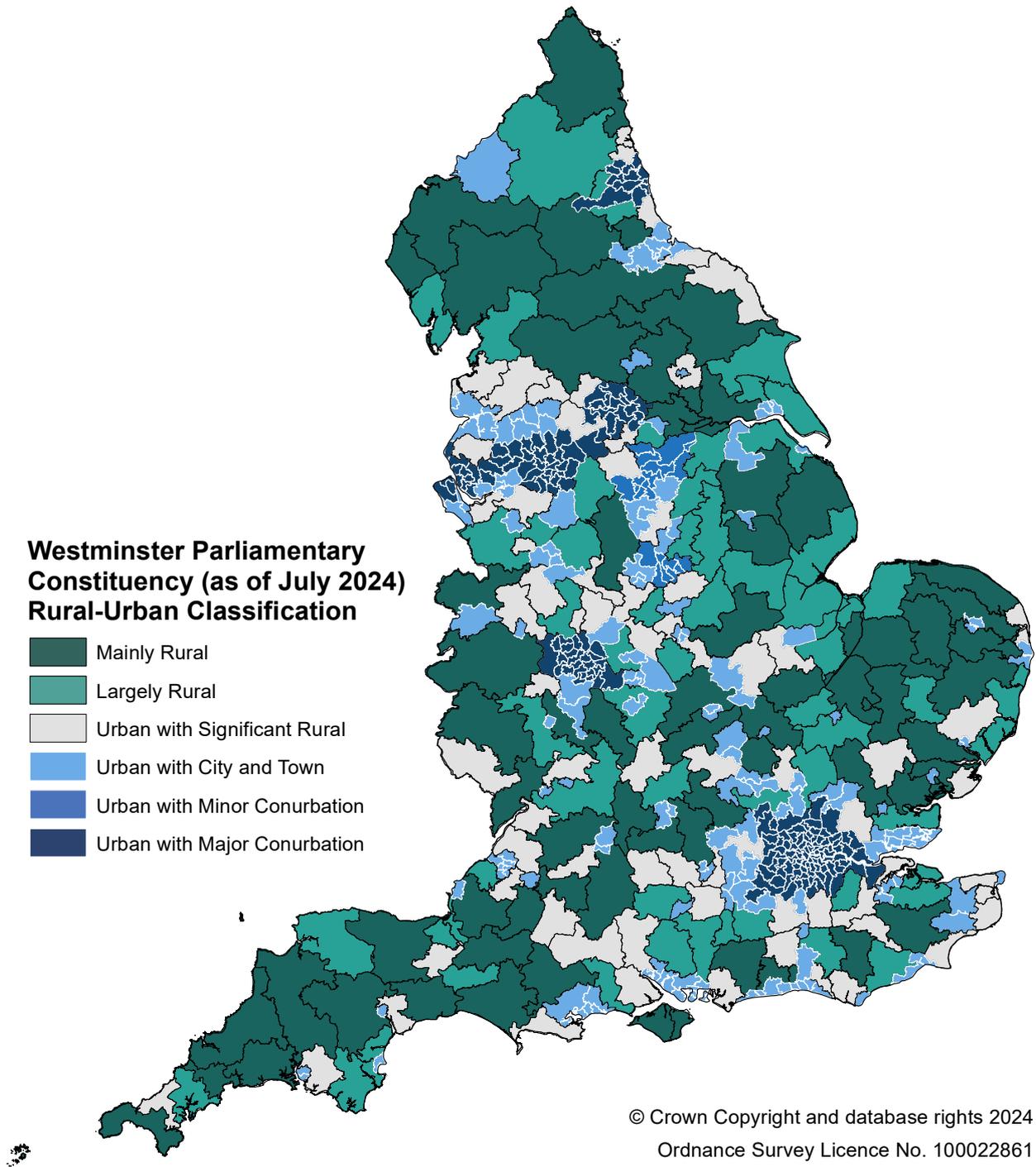
Figure X-6: 2011 Rural-Urban Classification for Westminster Parliamentary Constituencies in England

England

Predominantly Rural

50% or more of the resident population lives in rural areas or rural -related hub towns

Mainly Rural	Largely Rural
80% or more population rural including hub towns	50 to 79% population rural including hub towns
65 Constituencies	**56** Constituencies

Urban with Significant Rural

26 to 49% population rural including hub towns

71 Constituencies

Predominantly Urban

74% or more of the resident population lives in Urban areas

Urban with City and Town	Urban with Minor Conurbation	Urban with Major Conurbation
Less than 26% population rural including hub towns	Less than 26% population rural including hub towns	Less than 26% population rural including hub towns
152 Constituencies	**18** Constituencies	**181** Constituencies

More rural population · · · · · · · · · More urban population

Defining Rural areas explanatory notes

- **Note 1:** Defining Super Output Areas and Wards

Census Output Areas (OAs) were created for publication of the results of the recent Censuses. They cover around 125 households. In practice few datasets are produced at OA level. However, other larger geographies can be built up from OAs. These include *Lower Layer Super Output Areas* (LSOAs) which typically contain 5 OAs, so contain approximately 625 households or a population of approximately 1,500 and a minimum 1,000. Their Rural-Urban Classification is based on the majority category of OAs they contain. Some other geographies, for example postcodes are classified based on the location of their central point and the classification of respective OA.

- **Note 2:** Accessibility of Figure X-2

We accept that this map might not be accessible for all users, but it is difficult to develop a map containing six colours that will provide enough contrast between all colours to enable every user to see them, especially when the shaded areas are small. Separate maps (showing only three levels of shading) for Rural and Urban areas are available on request from: rural.statistics@defra.gov.uk

Appendix 3: Analysis of small and medium enterprises from the Longitudinal Small Business Survey

The Longitudinal Small Business Survey (LSBS) was commissioned by the Department for Business and Trade (formerly the Department for Business, Energy and Industrial Strategy), the Governments in Scotland and Wales and the Northern Ireland Executive.

Over 13,400 SMEs were interviewed in England in 2015, including over 3,500 (26.5%) in Rural areas (Table F-2). The Rural Enterprise UK team at Newcastle University's Centre for Rural Economy and Business School undertook additional Rural-Urban analysis of the data and some of their findings are presented below.

Comparisons between statistics on Rural and Urban businesses can be difficult to interpret and in particular it is difficult to identify whether any differences reflect variations in the profile of Urban and Rural economies in terms of business sectors, ages and sizes or factors related to their location. The analysis attempts to match similar Rural and Urban businesses to take account of this where practicable.

Table XX-1: LSBS - Number of responses from small and medium enterprises with percentage by size and Rural-Urban Classification, England excluding London, 2015 (Note XX-1 and Note XX-2)

Data type (number or %)	Rural	Urban	Total
With no employees - number	2,687	6,361	**9,048**
With no employees - %	73.3	77.7	**76.3**
With 1 to 9 employees - number	828	1,480	**2,308**
With 1 to 9 employees - %	22.6	18.1	**19.5**
With 10 to 49 employees - number	133	300	**433**
With 10 to 49 employees - %	3.6	3.7	**3.7**
With 50 to 249 employees - number	19	49	**68**
With 50 to 249 employees - %	0.5	0.6	**0.6**
Total number of employees	**3,667**	**8,190**	**11,857**
Total %	**100.0**	**100.0**	**100.0**

The proportion of businesses with no employees is considerably higher for both Rural (73.3%) and Urban areas (77.7%) in the LSBS sample compared with the proportions represented as registered businesses with no employees (19.8% and 9.3% respectively).

However, this is consistent with Business population estimates suggesting that enterprises with no employees, whether registered or unregistered, account for around 76% of enterprises in England.

The survey suggests that enterprises with no employees are proportionately fewer in Rural areas (73.3%) compared with Urban areas (77.7%), but that enterprises with 1-9 employees are proportionately higher in Rural areas (22.6%) compared with Urban areas (18.1%).

Table XX-2: LSBS - Number of responses from small and medium enterprises, with percentage, by broad sector and Rural-Urban Classification, England excluding London, 2015 (Note XX-1 and Note XX-2)

Data type (number or %)	Rural	Urban	Total
Production and construction - number	1,085	2,095	**3,180**
Production and construction - %	29.6	25.6	**26.8**
Transport, retail and food, accommodation - number	775	1,451	**2,226**
Transport, retail and food, accommodation - %	21.1	17.7	**18.8**
Business services - number	1,099	2,660	**3,759**
Business services - %	30	32.5	**31.7**
Other services - number	708	1,984	**2,692**
Other services - %	19.3	24.2	**22.7**
Total - number	**3,667**	**8,190**	**11,857**
Total - %	**100.0**	**100.0**	**100.0**

In the survey Rural enterprises were more likely to be in production and construction sectors, and transport, retail and food, and accommodation sectors, while Urban enterprises were slightly more likely to be providing business and other services.

Table XX-3: LSBS - Number of responses from small and medium enterprises, with percentage, by level of turnover and Rural-Urban Classification, England excluding London, 2015 (Note XX-1 and Note XX-2)

Data type (number or %)	Rural	Urban	Total
Less than £82,000 - number	2,011	5,279	**7,290**
Less than £82,000 - %	54.8	64.5	**61.5**
More than £82,000 - number	1,192	1,938	**3,130**
More than £82,000 - %	32.5	23.7	**26.4**
Don't know / refused - number	464	973	**1,437**
Don't know / refused - %	12.7	11.9	**12.1**
Total - number	**3,667**	**8,190**	**11,857**
Total - %	**100.0**	**100.0**	**100.0**

Table XX-4: LSBS - Number of responses from small and medium enterprises, with percentage, by whether or not they were profitable and Rural-Urban Classification, England excluding London, 2015 (Note XX-1 and Note XX-2)

Data type (number or %)	Rural	Urban	Total
Yes - number	2,907	6,258	**9,165**
Yes - %	79.3	76.4	**77.3**
No - number	536	1,461	**1,997**
No - %	14.6	17.8	**16.8**
Don't know / refused - number	224	471	**695**
Don't know / refused - %	6.1	5.8	**5.9**
Total - number	**3,667**	**8,190**	**11,857**
Total - %	**100.0**	**100.0**	**100.0**

The survey results would initially suggest that Rural enterprises were more likely to have an annual turnover of more than £82,000 than Urban enterprises and were more likely to report a profit.

However, this is in part likely to reflect differences in the characteristics of businesses in Rural and Urban areas. When similar businesses are compared analysis shows that Rural enterprises were likely to have similar levels of turnover to their Urban counterparts, though they were still more likely to report a profit.

The study speculates that Rural enterprises could be more likely to be profitable owing to a number of factors including lower wage levels, a higher proportion of home-based enterprises, lower rents/rates, and less local competition.

Table XX-5: LSBS - Number of responses from small and medium enterprises by age and Rural-Urban Classification, England excluding London, 2015 (Note XX-1 and Note XX-2)

Data type (number or %)	Rural	Urban	Total
0 to 5 years - number	410	1,281	**1,691**
0 to 5 years - %	11.2	15.6	**14.3**
6 to 10 years - number	663	1,527	**2,190**
6 to 10 years - %	18.1	18.6	**18.5**
11 to 20 years - number	857	1,977	**2,834**
11 to 20 years - %	23.4	24.1	**23.9**
More than 20 years - number	1,732	3,374	**5,106**
More than 20 years - %	47.2	41.2	**43.1**
Don't know - number	6	31	**37**
Don't know - %	0.2	0.4	**0.3**
Total - number	**3,668**	**8,190**	**11,858**
Total - %	**100.0**	**100.0**	**100.0**

Table XX-6: LSBS - Number of responses from small and medium enterprises by whether or not family-owned and Rural-Urban Classification, England excluding London, 2015 (Note XX-1 and Note XX-2)

Data type (number or %)	Rural	Urban	Total
Yes - number	3,185	7,036	**10,221**
Yes - %	86.9	85.9	**86.2**
No - number	464	1,122	**1,586**
No - %	12.7	13.7	**13.4**
Don't know / refused - number	18	32	**50**
Don't know / refused - %	0.5	0.4	**0.4**
Total - number	**3,667**	**8,190**	**11,857**
Total - %	**100.0**	**100.0**	**100.0**

The surveyed Rural enterprises were more likely than Urban enterprises to be more than 20 years old.

The majority of enterprises were family owned but there was no significant difference between Rural and Urban enterprises. 86.9% of Rural enterprises were family owned.

Table XX-7: LSBS - Number of responses from small and medium enterprises by major obstacles to businesses in general at the England level, by Rural-Urban Classification, England excluding London, 2015 (Note XX-1 and Note XX-2)

Type of obstacle to business	Rural	Urban	Total
Competition in the market - number	1,476	3,788	**5,264**
Competition in the market - %	40.3	46.3	**44.4**
Regulations / red tape – number	1,671	2,841	**4,512**
Regulations / red tape - %	45.6	34.7	**38.1**
Taxation, VAT, PAYE, National Insurance, Business rates – number	1,157	2,297	**3,454**
Taxation, VAT, PAYE, National Insurance, Business rates - %	31.6	28.0	**29.1**
Late payment – number	1,037	2,239	**3,276**
Late payment - %	28.3	27.3	**27.6**
Staff recruitment and skills – number	718	1,348	**2,066**
Staff recruitment and skills - %	19.6	16.5	**17.4**
Obtaining finance – number	663	1,375	**2,038**
Obtaining finance - %	18.1	16.8	**17.2**
Availability / cost of suitable premises – number	534	1,295	**1,829**
Availability / cost of suitable premises - %	14.6	15.8	**15.4**
Workplace pensions – number	409	898	**1,307**
Workplace pensions - %	11.2	11.0	**11.0**
Any other major issues or obstacles – number	479	943	**1,422**
Any other major issues or obstacles - %	13.1	11.5	**12.0**
None of these – number	594	1,634	**2,228**
None of these - %	16.2	20.0	**18.8**
Total – number	**3,667**	**8,190**	**11,857**
Total - %	**100.0**	**100.0**	**100.0**

When asked to identify major obstacles to businesses, Rural enterprises were more likely than Urban enterprises to cite 'Regulations / red tape', 'Taxation, VAT, PAYE, National Insurance, Business rates', and 'Staff recruitment and skills'.

The above is a selection of findings from the Newcastle University study. For more details and analysis refer to the full study report (Note XX-2).

Notes
- In Table XX-7 enterprises could give responses to multiple options.

Analysis of small and medium enterprises from the Longitudinal Small Business Survey explanatory notes

- **Note XX-1**

On the **Inter-Departmental Business Register (IDBR),** the enterprise is the statistical unit that most closely equates to a business. It holds aggregated information gathered from administrative and statistical sources within that enterprise to give an overall picture of what is going on in the business. An enterprise carries out one or more activities at one or more locations. An enterprise may be a sole legal unit. Turnover relates to income received by a business from the 'sale of goods and or services charged to third parties'. The IDBR does not include businesses whose turnover is below the tax threshold.

Further information:

https://www.ons.gov.uk/aboutus/whatwedo/paidservices/interdepartmentalbusinessregisteridbrw

- **Note XX-2**

Sources:

  - ONS, Inter Departmental Business Register (IDBR), 2015/16
  - **Small Business Survey reports**: www.gov.uk/government/collections/small-business-survey-reports
  - **Business Population Estimates**: https://www.gov.uk/government/collections/business-population-estimates
  - Phillipson J, Gorton M, Maioli S, Newbery R, Tiwasing P, Turner R. (2017) **Small Rural firms in English regions: analysis and key findings from the UK Longitudinal Small Business Survey, 2015**. Newcastle upon Tyne: Newcastle University Centre for Rural Economy and Business School, September 2017 update: research.ncl.ac.uk/Ruralenterpriseuk/