
Report to: Economic Scrutiny Committee

Date: 19 January 2022

Subject: **Rural Issues**

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1. Purpose of this report

- 1.1 To provide an update to the Committee on the rural context for West Yorkshire and highlight some of the main policy challenges and delivery programmes which are taking place in the region's rural areas.
- 1.2 The report includes a focus on digital infrastructure and how that is delivered in rural areas. It also covers the support currently available to businesses in rural areas and to farming businesses.

2. Information

Context

Policy Context

- 2.1 The Combined Authority's Strategic Economic Framework contains a portfolio policy and strategy documents that outline the Authority's vision, objectives, and response to key issues and opportunities. Rural issues are recognised in a range of different ways depending on the policy area and the type of response required.

Spatial Context

- 2.2 The Department for Environment, Food and Rural Affairs (DEFRA) Rural Urban Geography classifications are based on the physical settlements and related characteristics within small geography areas. This dataset is already used to define where rural programmes can operate e.g. delivery of rural broadband. Some headline contextual information is provided below based on these datasets:

Table 1: Contextual Information

Area ¹	Rural km ²	Urban km ²	Total km ²	Rural %	Rural Population	Urban Population	Rural Population %
West Yorkshire	769	1,261	2,029	38%	203,675	2,103,360	9%

2.3 West Yorkshire's is a predominantly urban area and its rural population is relatively small but still significant in absolute terms; with more than 200,000 people living in rural locations, equivalent to 9% of the total population of the region. Although this overall proportion is smaller than the national average of 18% the figures vary at local authority level, ranging from 5% in Bradford and Leeds and up to 17% in Wakefield.

2.4 There are different types of rural area with potentially differing needs from a policy perspective. Seven per cent of West Yorkshire's population is classified as residing in "Rural town and fringe" with 2% classed as "Rural village and dispersed". In Calderdale 6% of the population falls into the latter rural category.

Table 2: Population profile by Rural Urban Classification

Area type	Bradford	Calderdale	Kirklees	Leeds	Wakefield	West Yorkshire
Rural town and fringe	5%	11%	8%	4%	14%	7%
Rural village and dispersed	0%	6%	2%	1%	3%	2%
Urban city and town	17%	8%	5%	7%	43%	15%
Urban major conurbation	78%	76%	85%	88%	40%	76%

Source: *Mid-year Population Estimates, 2020, ONS*

2.5 Turning to employment, around 62,000 jobs in West Yorkshire, equivalent to 6% of the total, are based in workplaces that are located in rural areas as compared with the national average of 14%. Four per cent of jobs are in "Rural town and fringe" areas and a further 2% in "Rural village and dispersed".

¹ These areas are based on DEFRA Rural Urban Geographies 2011.

Table 3: Profile of employment by Rural Urban Classification

Row Labels	Bradford	Calderdale	Kirklees	Leeds	Wakefield	West Yorkshire
Rural town and fringe	3%	7%	6%	2%	5%	4%
Rural village and dispersed	0%	2%	1%	1%	8%	2%
Urban city and town	17%	8%	4%	4%	45%	13%
Urban major conurbation	80%	83%	89%	92%	43%	81%

Source: Business Register and Employment Survey, 2020, ONS

- 2.6 The prevalence of rural employment differs across West Yorkshire's local authorities, ranging from 3% in Bradford, 4% in Leeds to 9% in Calderdale and 12% in Wakefield. The industry sectors with the highest proportions of employment in rural areas in West Yorkshire include Agriculture, forestry & fishing, Transport & storage and Construction. The sectors with the highest rural employment in absolute terms are Health, Business administration & support services and Manufacturing.
- 2.7 Approximately 9,000 businesses in West Yorkshire, or 9.4% of the total, are based in rural areas within the region, compared with a national average figure of 21%. The proportion of rural businesses ranges from 7% in Leeds to 16% in Calderdale.

Table 4: Profile of businesses by Rural Urban Classification

Row Labels	Bradford	Calderdale	Kirklees	Leeds	Wakefield	West Yorkshire
Rural town and fringe	8%	11%	10%	5%	12%	8%
Rural village and dispersed	0%	5%	0%	2%	0%	1%
Urban city and town	18%	8%	5%	6%	41%	13%
Urban major conurbation	73%	76%	85%	87%	47%	78%

Source: Inter Departmental Business Register (IDBR), ONS

- 2.8 Rural businesses are predominantly small: 88% have 0 to 9 employees compared with 82% of the overall business population of West Yorkshire. There are only around 5 large businesses (250+ employees) located in rural parts of West Yorkshire.

Policy and Delivery Areas

Digital Infrastructure and Broadband

- 2.9 The City Region's Digital Framework outlines our aspirations for digital across the region. The Framework includes 5 outcomes for activity and investment and provides a collective narrative/ambition for 'digital' in the region. The

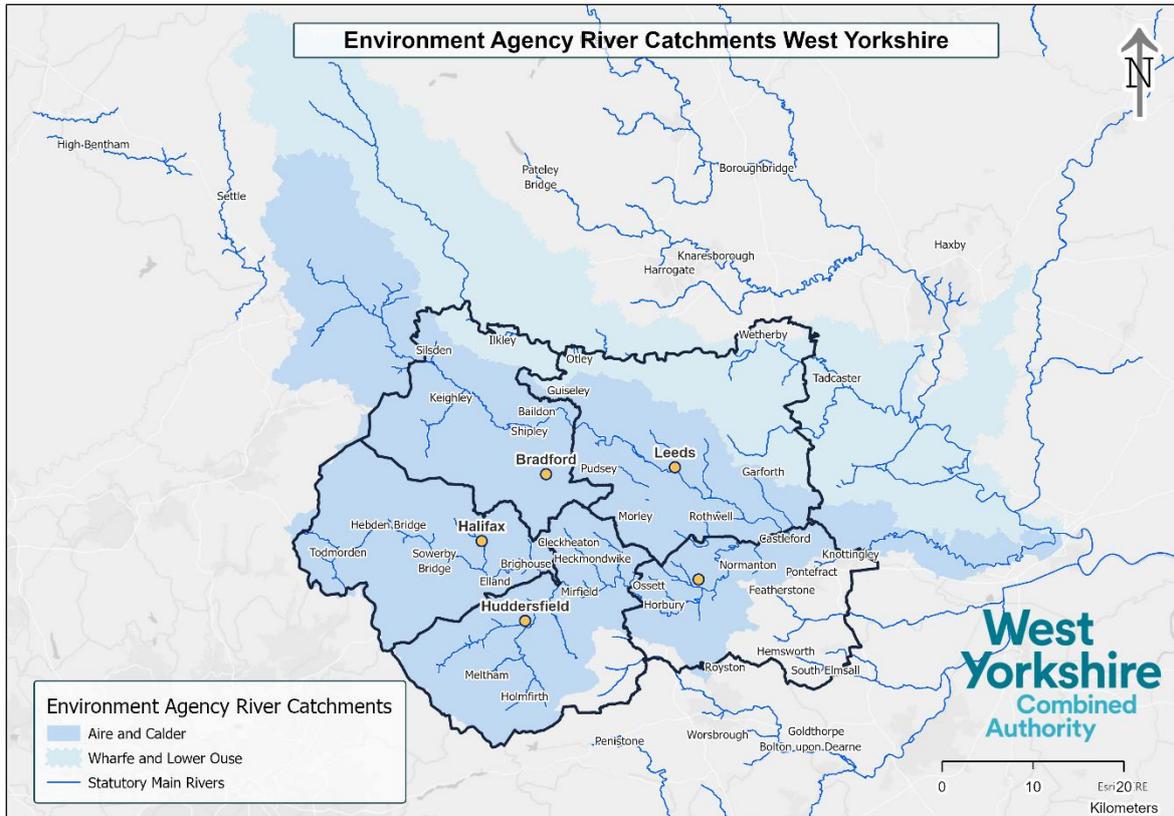
Framework is aligned with national ambitions for 100% coverage of gigabit-capable broadband infrastructure.

- 2.10 Our digital infrastructure delivery programmes are generally focused on supporting delivery in hard to reach areas which are not commercially viable. These are more prominent in rural areas as costs to deliver connectivity increase due to lower development densities and increased distances from the fibre broadband network. However, there are pockets of poor connectivity in urban areas e.g. where new development has been delivered or an area which has not been connected by a previous roll out programme.
- 2.11 Current roll out programmes include the West Yorkshire and York Superfast Broadband Programme (Contract 3), Digital Enterprise and Wakefield Gigabit Vouchers. These programmes operate alongside the £5bn Project Gigabit which is a national programme led by DCMS. Project Gigabit is expected to start delivery in 2022/23 and target an estimated 125,000 premise across West Yorkshire (including parts of neighbouring areas) with investment between £128-218m (subject to a future procurement exercise). Significant commercial delivery is also taking place by organisations such as City Fibre, Openreach and Virgin Media.
- 2.12 To deliver 100% coverage of gigabit-capable broadband infrastructure significant levels of public investment will be required in rural areas. So far the government has committed funding to deliver about a quarter of what is required in the final 20% areas under Project Gigabit. Therefore the Combined Authority and local partners will have a role in addressing this gap and engaging with government to do more.

Climate Change and Flood Risk Management

- 2.13 The [West Yorkshire Climate and Environment Plan](#) outlines the steps that the region will need to take to become net zero by 2038. This includes a roadmap and policies which set the groundwork for future emission reductions. Many of these areas have a strong rural dimension to them. They will therefore require strong partnerships and engagement with rural areas to support action where it is required. Examples of policies that will require engagement from a rural perspective include: TR08 Shared Mobility; NE02 9 (Land-Use Data and Evidence); NE04 (Regenerative Nature Recovery Schemes); NE05 (Farmer & Landowner Information and Support Service); CR03 (Flood Risk and Drainage). These areas will be explored as the Action Plan is delivered.
- 2.14 Fuel Poverty and domestic retrofit is often flagged as an issue in rural areas because of certain challenges with fuel costs (e.g. off gas grid) and building types. This is a challenge that Combined Authority officers are considering as we develop new strategies and programmes.
- 2.15 Flood risk management activities are undertaken at the river catchment level across the Yorkshire and Humber region. At a West Yorkshire geography the two principal catchments are the Wharf and Lower Ouse catchment and Aire and Calder catchment.

Figure 1: Environment Agency River Catchments West Yorkshire



- 2.16 These catchments span across rural and urban areas with flood interventions varying depending on the characteristics of the locality. There is a general trend of more expensive capital schemes being required in downstream urban areas e.g. physical flood barriers and walls. Natural flood management measures are more suited to upland rural areas. These are comparatively less expensive initially, but generally require more maintenance than capital schemes.
- 2.17 A mix of flood protection measures will be required across a river catchment to slow the flow of rainfall in upland areas and protect premises and urban areas from flooding events. This is illustrated by the West Yorkshire flood programme (2021/22 – 2027/28) which includes a mix of 110 schemes predominately in the urban area and 85 in rural areas. These schemes have a total project expenditure of £330.5m (urban) and £142.1m (rural).

Business Support

- 2.18 A wide range of support is available to new-start and existing SMEs across West Yorkshire and the wider Leeds City Region, and this includes those located in rural parts of the region. The support available directly from the Combined Authority and LEP includes : - advice and grant funding with the development / commercialisation of new products, processes and services, advice and grant funding on reducing energy and water usage and on reducing waste through recycling and re-use models and techniques, devising

and implementing active and sustainable travel activities within business operations, increasing productivity through the adoption of digital technology, developing and implementing strategic growth plans, and advice and funding on setting up new enterprises. Most of this support has been funded to date by a combination of the European Regional Development Fund (ERDF) and the Local Growth Fund (LGF). Most recently, a new £6m enterprise support package for pre-start, start-up and early-stage firms has been funded via the gainshare devolution monies.

- 2.19 The above activity, and much more delivered by partners across the public, private and third sectors (e.g. Local Authorities, Innovate UK, Department for International Trade, Chambers of Commerce, universities and colleges), is underpinned by the Growth Service. The service, which has been funded directly by the Department for Business, Energy & Industrial Strategy and ERDF since April 2015, is the underpinning infrastructure for business support in the region. It is an integrated 'hub and spoke' delivery model, with 20 SME Growth Managers operating at the district level and employed by the Local Authorities, and a central Business Gateway function handling enquiries from businesses of all sizes, sectors and stages of development. Since April 2015, the Growth Service has supported over 20,000 individual businesses with advice, guidance and funding.
- 2.20 The main national funding schemes for businesses in rural areas, namely EAFRD (EU-funded), LEADER and the Countryside Productivity Fund, are now closed to new applications, although some of the delivery will complete in 2022. At the time of writing (late December 2021), it is not clear if there will be any rural-specific elements included within the forthcoming UK Shared Prosperity Fund. At present, there are no business support schemes in West Yorkshire that are targeted specifically at businesses in rural areas. However, 8% of businesses supported via the Growth Service since April 2015 are in rural parts of West Yorkshire, and if the geography is widened to the former Leeds City Region (includes York, Harrogate, Selby and Craven, and is the geography for most SME support in recent years), the figure rises to 13%. Several businesses in and around the Agri Food sector have recently been supported with advice and funding from the LEP and Combined Authority. This has included with the development of new products and processes via Connecting Innovation, and the innovative collection use of waste by-products via REBiz.
- 2.21 Feedback and anecdotal intelligence from business-facing teams across the Combined Authority and LEP, substantiated from our colleagues in York and North Yorkshire, is that the key issues and challenges facing businesses in rural areas are : - recruiting and retaining staff with the required skills levels (including digital skills), access to finance and cashflow management, broadband connectivity and ongoing uncertainty over importing and exporting rules and regulations linked to EU Exit and the replacement domestic schemes.
- 2.22 There is a range of support available from DEFRA, and its funded delivery partners, specifically for farming businesses (agriculture and horticulture). This

includes the £27m Farming Investment Fund that opened for applications in November 2021, and which consists of the Farming Equipment and Technology Fund (grants of between £2k and £25k for new / advanced capital equipment to boost productivity and improve environmental sustainability) and the Farming Transformation Fund (grants of between £35k and £500k for water management and improving farm productivity).

- 2.23 In addition, Defra, in partnership with UKRI and as part of the Agriculture Transition Plan, recently announced the new £17.5m Farming Innovation Programme. With the three inter-connected components of the 'Industry-led R&D Partnership Fund' (now open to applications), the 'Farming Futures R&D Fund' (open to applications in early 2022) and the 'Projects to Accelerate Adoption Fund' (open to applications in Spring 2022), the programme aims to develop new technologies and practices to help overcome barriers and exploit new technologies, such as artificial intelligence and low-emission machineries. Supported projects will need to demonstrate their positive impact on net zero and on improving productivity e.g. the development of climate-resilient crops. Lastly, advice and guidance for farming businesses is available from the Defra-funded Farming Advice Service. This helps farmers understand and meet the requirements of Cross Compliance, Greening (the Basic Payments Scheme) and the European Directives on both water protection and the use of sustainable pesticides.

Innovation

- 2.24 The Innovation Framework was signed off by the Combined Authority earlier this year and provides a framework for activity and investment across the region. Our vision for innovation for the Leeds City Region/West Yorkshire is:

“A place that is globally recognised for developing an open, inclusive, thriving and coherent innovation ecosystem, where SMEs, budding entrepreneurs and individuals are inspired to innovate, and can easily navigate the support landscape and connect and collaborate with others to create new and better solutions for business growth and societal good”.

- 2.25 There are 12 priority areas for investment and activity: Inclusive innovation – for and by everyone; A focus on Healthtech; Innovation to meet net zero; A strengthened relationship with UKRI; Innovation finance; Innovative start ups; Mission based innovation; Improved HEI-SME relationship; Investing in centres of excellence; Innovation peer networks; Adoption of innovative practices; Connecting the landscape.
- 2.26 The LEP and Combined Authority delivers the Connecting Innovation programme which aims to connect businesses with the right support for their innovation journey. It also provides small grant funding to kickstart activity.
- 2.27 The LEP and Combined Authority facilitates the West Yorkshire Innovation Network which brings together the ecosystem to drive innovation across the region.

- 2.28 The first ever West Yorkshire Innovation Festival was delivered in 2021 (virtually), with plans to run the second in 2022 to raise the profile of the region as an innovation hub. This is expected to be a mix of virtual and physical events across the region.
- 2.29 The region has low levels of R&D investment and innovation activity compared to other areas. Business in the region are also less likely to apply for IUK funding or apply for R&D tax credits. This has a significant impact on the productivity of the region.
- 2.30 Higher Education Institutions are an important source of innovation support in the region but by no means the only offer available. There are a range of local, regional and national providers supporting businesses on their innovation journey – indeed the landscape is very confused and fragmented.
- 2.31 Traditional thinking promotes city centres as hotbeds of innovation – due to the clustering, agglomeration effect and proximity of other businesses and research institutions. So whilst the ‘new to the world innovations’ are perhaps less likely to come from rural firms, there is significant potential outside of these centres to support innovation diffusion/adoption of tech across the business base. However this does rely on the underpinning infrastructure being in place.

Housing and Regeneration

- 2.32 The Mayor’s pledge for delivery of sustainable affordable homes is a stretching target for the region. The Combined Authority has very little direct control over delivery of the pledge so it will be delivered in partnership. It should drive innovation and enhanced partnership working to deliver the overall number but there is not a separate target for delivery of rural housing.
- 2.33 Based on the work done so far with partners to look at projections, delivery the 5,000 homes is possible but the majority will be located in urban extension and/or brownfield sites. Delivery is monitored on a district basis drawn from national monitoring returns and currently does not include a rural/urban split.
- 2.34 The One Public Estate Programme has supported feasibility and technical studies for several rural local authority owned sites (including Harrogate and Craven). Unfortunately Craven withdrew sites from the programme due to various reasons including a review of the asset disposal strategy given potential reorganisation.
- 2.35 More data can requested from Homes England, who invest and manage affordable housing programmes, districts and housing association providers if more specific information was required to understand the current delivery position.
- 2.36 Affordable housing in a rural context can be politically and technically difficult to deliver due to the sensitivity of locations and scarce supply of suitable sites.

Homes England has run specific programmes for rural housing but currently smaller programmes have been consolidated into the £8bn 2021-26 Affordable Housing Programme. The Affordable Homes Programme provides grant funding to support the capital costs of developing affordable housing for rent or sale.

Transport and Mobility

- 2.37 The West Yorkshire Connectivity Infrastructure Plan outlines the region's transport vision for a clean and connected region with walking and cycling at the centre of everyday journeys.
- 2.38 The Combined Authority submitted a response² to the Department for Transport's 'Future of Transport: Rural Strategy' call for evidence. The response highlights some of the transport issues facing rural areas. This includes a higher dependency on private car use, the decline in commercial rural bus services and access to key services/employment.
- 2.39 Since bus deregulation, bus operators have assessed the commercial viability of services on a route and journey by journey basis. 85% of the total bus miles in West Yorkshire are run on a purely commercial basis, with the remaining 15% of bus miles delivered under contract from the Combined Authority. These contracted / tendered services tend to be on less commercial routes including those in rural areas. The fact that the Combined Authority, if it wishes to continue to see services being delivered on these routes, is required to fund the services as they are less commercially attractive demonstrates that the current model of delivering bus services is not working, especially for those outside of the larger urban areas.
- 2.40 Bus reform, whether it is via a Bus Enhanced Partnership or Bus Franchising, provides the opportunity to address the issues of a lack of connectivity for local communities via the bus network. Both mechanisms enable more local control to be taken on decisions relating to where and how the bus network delivers for local people. They also allow a more holistic approach to be taken to the delivery of the bus network rather than one which is driven to a large part by commercial decisions.
- 2.41 The Combined Authority is also considering other models for delivering public transport in rural areas. This includes consideration of Demand Responsive Transport (DRT). The Combined Authority are currently running a trial DRT scheme in the East of Leeds and there are emerging proposals for a further 5 DRT areas through the Bus Service Improvement Plan (BSIP).

Future Funding

- 2.42 The Combined Authority's funding and programmes are delivered across both urban and rural areas. There have however been some specific rural

² [Future of Transport: Rural Strategy Call for Evidence - West Yorkshire Combined Authority Response](#), (WYCA, 2021)

programmes and funding opportunities in the past. This includes the European Agricultural Fund for Rural Development (EAFRD), part of the European Structural and Investment Funds (ESIF) which is set to be replaced by the UK Shared Prosperity Fund. What is not yet clear is the extent to which the Rural Growth Programme will roll into the new UK Shared Prosperity Fund or whether there will be another specific rural grant programme – if the latter is the case it will be important to ensure the wider business support offer is made clear across West Yorkshire for the benefit of all businesses. Work is ongoing to work with Government and partners to try to influence the shape, structure and quantum of the Fund with clear messaging that any new Fund needs to adequately address rural issues as well as urban, coastal issues for example across the UK.

2.43 Other specific funding opportunities from government departments have also been made available, including the Rural Broadband Initiative (RBI) provided by DEFRA.

2.44 In addition the Authority now has greater flexibility on how it uses other local and flexible funding e.g. gainshare, through the Single Investment Fund which supports the delivering of the West Yorkshire Investment Strategy.

3. Tackling the Climate Emergency Implications

3.1 Tackling the Climate Emergency is identified as one of the overarching goals of the Strategic Economic Plan. The report highlights a number of strategies and policy areas which support this objective. Rural areas have the potential to support this ambition directly e.g. by supporting the delivery of natural flood management and peat restoration.

4. Inclusive Growth Implications

4.1 Inclusive Growth is identified as one of the overarching goals of the Strategic Economic Plan. The report highlights a number of strategies and policy areas which support this objective.

4.2 It is recognised that inclusive growth includes all areas of West Yorkshire which means it cannot be delivered in full without supporting rural areas.

5. Equality and Diversity Implications

5.1 All Combined Authority policies, funding decisions and delivery programmes are developed with regard to equality, diversity and inclusion issues. This includes consideration of any spatial dimension to equality and diversity issues which may require some of specific interventions to address the rural areas highlighted in this report.

6. Financial Implications

6.1 There are no financial implications directly arising from this report.

7. Legal Implications

7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

8.1 There are no staffing implications directly arising from this report.

9. External Consultees

9.1 No external consultations have been undertaken.

10. Recommendations

10.1 That the Committee notes the report and provides any comments.

11. Background Documents

None.

12. Appendices

None.