



## **The Recession and Credit Crunch in England's rural economies**

### **Introduction and summary**

In July Professor Michael Parkinson was commissioned by the Minister for Local Government, John Healey MP, to inform the Government about the impacts of the 'Credit Crunch' on economic development and regeneration. Professor Parkinson's report is to be published and discussed at the Northern Regeneration Summit in late October. In discussions with Professor Parkinson, our Head of Rural Economies at the Commission for Rural Communities agreed that CRC would seek and provide evidence and commentary from rural stakeholders for inclusion in his report. Following a CRC call for evidence and comments through web-based and emailed communication routes, we drew together a wide variety of responses in an interim report, available on our website.

This report includes and updates our interim report. It will be published to coincide with Professor Parkinson's report and the Rural Advocate's visit to Derbyshire to hear first hand from business owners and district leaders about the effects of the recession and credit crunch.

CRC's call for evidence for the interim report on the impacts of the 'Credit Crunch' on rural areas attracted wide and varied responses from a range of organisations and members of the public. Responses were received from rural local authorities, from business membership organisations, from rural and market town partnership boards and commissions, from rural leads in Regional Development Agencies (RDAs) and from professional advisors. These were drawn from the four corners of England from Kent to Durham, from Shropshire to Suffolk and were accompanied by comments and evidence from representative organisations with universal coverage in England or indeed across the UK. Their comments described effects and anticipated effects on businesses – both those selling directly with consumers and those focused on B2B trading – on housing associations and companies; on voluntary and community organisations; on individuals and on public authorities.

Three features and trends in these responses set a useful context:

- Certain impacts are already apparent, but most commentators conclude that it is too early to identify or evidence the full impacts. Changes described cannot all be attributed to the 'Credit Crunch', indeed as monitoring has been extended and built on for this report, more impacts of the downturn in the national economy are being reported. However, concern was also raised that even in 6-12 months time data and other evidence may be unable to properly assess the impacts, due to inherent weaknesses in rural and economic data.
- Some impacts appear to have contrary directions. For example, some areas are witnessing an upturn in residential lettings, whilst in others existing tenants are struggling to maintain payments and shared ownership/ rental property is struggling to attract new occupiers: In some areas tourism is benefiting from more UK-based holidays, but others have witnessed declines perhaps because of reductions in second and short holiday breaks
- The 'Credit Crunch', higher costs of products and services, and falls in spending are exacerbating deep seated challenges of running businesses, securing and maintaining jobs and living in rural areas, rather than creating new challenges. Those reported include the disparity of wages for employees in rural workplaces and commuting residents; need for multi-jobbing to create living wage has become more difficult and more necessary, costs of travel and fuel to premises not on mains; late payments from

large to small firms.

As we have extended monitoring particularly through local and business media in rural areas, it is becoming clear however that redundancies, business closures and reductions in spending, are having wider impacts.

From the earlier submissions the two key issues most regularly reported as having unfavourable impacts on rural firms and communities are access to affordable housing and costs of fuel. This latter effect is due to rising costs rather than the Credit Crunch per se, but despite a reduction of oil prices in recent weeks, higher costs and lower choice for some rural firms and households are having such a significant effect that we reported it in the interim report. Some rural businesses are struggling under the current economic conditions to access finance for expansion, some land and property transactions are falling through, some consumers are having greater difficulty securing mortgages, and smaller businesses are experiencing cash flow problems, with evidence of changes in business and consumer credit and late payments. Several sectors including retail, distribution and tourism, are facing greater challenges from the downturn in finance, spending and rising costs. Agriculture is suffering the double impacts of increasing fuel costs and a poor harvest following a wet summer. The construction sector is experiencing and demonstrating substantial decline, due to downturn in building starts and completion and the consequential reductions in supply sectors including quarrying through to DIY retail outlets.

Interim *Credit Crunch* Report posted on CRC Web site on 30<sup>th</sup> September  
<http://www.ruralcommunities.gov.uk/events/interimreportontheimpactsofthecreditcrunch>

### **Affordable housing**

Most respondents reported that the construction industry had been the hardest hit by the 'Credit Crunch'. The CLA commented that the residential market catering for social housing is having problems with tenants defaulting on their rents. Rural Housing Enablers and partners of Community Lincs are already observing a marked increase in the numbers of homes being repossessed, as have the number of people in arrears. This suggests that repossessions have yet to peak. Despite falling house prices, which are creating some challenges for existing homeowners, the lack of affordable housing is still a major concern reported by rural members of the Federation of Small Businesses (FSB) and many communities. In many rural areas it is still difficult to attract staff because the lack of affordable housing. This is made worse by difficulties faced by staff failing to obtain mortgages.

Kent Rural Board commented on the lack of affordable houses being built, coupled with expensive mortgages and large deposits. At one end of the spectrum young people and low paid workers were still finding it difficult to buy property, whilst the other end is illustrated by an older homeowner who emailed that the drop in house prices has affected the sale of her house and her ability to provide as planned for her future and her family.

The RDA's joint response found rural house prices were falling as steeply as in urban areas. Building sites in rural areas are starting to mothball and the lack of new building will increase the demand for affordable housing. The mismatch between demand and supply may be made worse by the potential evictions of private landlords and reduction in private rented housing. Rural Housing Enablers at Community Lincs foresee this resulting from some private landlords being unable to keep up payments on their loans and thus may evict their tenants and raise rents, making it difficult for other tenants to stay in the property, whilst other landlords seek to sell rented property in a difficult market.

Leicestershire Rural Partnership (LRP) reported that lending for Housing Association's developments had become difficult. 'Higher interest rates make schemes cost more and this may well make them financially unviable.'

LRP do believe affordable rural housing will continue through exception sites because they don't rely on developer contributions. It may increase efficiencies from builders as exception sites become more cost effective. The Housing Corporation may allocate more grants to

increase rural housing so they can achieve their targets. Developers could also sell off 'unsellable' properties to the Housing Association which may also help to boost housing.

Gloucestershire First believes the high house prices in rural areas won't be reduced by the Government's housing measures such as holiday on stamp duty because most of the house prices in rural Gloucestershire are above the threshold.

The Durham Economic Partnership found a possible a positive affect of the 'Credit Crunch'; the reduction of house prices may attract more first time buyers. But there needs to be better mortgage deals on offer especially for those who are self employed or have several part time jobs.

### **Cost of fuel and heating oil**

FSB reported that all their members (urban and rural) were concerned about rising fuel prices. Rural businesses believed it would be a barrier to expanding their firms and to the recruitment of staff.

The price of petrol in rural areas is often considerably more than in urban areas, average length of journeys was higher and availability of public transport was lower, all having an impact on recruitment, ex-situ training, employee retention and wage settlements. Kent Rural Board believed increasing fuel costs would have a disproportionate impact on rural households because they travel, on average, 50% more than urban households. It would also have a negative effect on the viability of running a commercially-operated rural bus service as well as the increased level of subsidy required for subsidised public transport and community transport operations.

The RDAs' joint response noted that a significant amount of rural homes and businesses used solid fuel or oil for heating and the cost of heating oil has more than doubled over the last 2 years. These homes and businesses also have fewer options to reduce costs because they are off the grid and it is rarely viable to install infrastructure to enable mains connections to be made. Fuel poverty is expected to increase in rural areas. FSB rural members also draw attention to the costs rises and energy worries for those firms who rely on oil fired central heating systems, which governments' rarely pay attention when considering action on fuel prices.

Distribution businesses are significant employers in rural areas and public transport, fishing and agricultural sectors are likely to be hit hard by the increasing fuel prices. Research by Oxford Economics for Yorkshire Forward had identified that the distribution sector will be hardest hit by the credit crunch. As a result the costs of service provision in rural areas are likely to rise, impacting on public sector budgets. In the south west the rise in fuel prices are being keenly felt by the fishing industry, particularly by trawler and beam trawlers and consequently parts of the South West fishing fleet are remaining in port.

A positive effect, or hope, reported by FSB South West of the higher cost of fuel would be more people shopping locally, especially where car parking is free. Similarly, the Leicestershire Rural Partnership (LRP) thought high fuel prices might encourage more people to use public transport and a greater uptake of library services.

### **Employment**

Shifts in employment levels and patterns are reported but not in forms, levels or over time that is showing up in statistical data sets. This mirrors the situation during the Foot and Mouth crisis of 2001+. Enterprise agencies across County Durham Economic Partnership area are reporting that tradesmen in the construction industry are shifting from subcontractors to self employment, entering a caution that these may be vulnerable in their new guise if the current conditions persist. As RDAs report the construction industry is an important employer in many rural areas. Anecdotal evidence from Leicestershire (Leicestershire Rural Partnership) has shown contractors related to the construction industry have 'dried up'.

Narrower employment opportunities in some rural communities may increase the rate of

inactivity, unemployment or commuting. It may also and in turn form a self-perpetuating circle with homelessness, with those laid off, having difficulty in maintaining housing payments, or those losing their homes having difficulty maintaining current jobs, or in securing replacement employment.

### **Community impacts**

The FSB point out that it has become increasingly difficult for small employers to access services such as banks and Post Offices, and thus keep their businesses running.

High Peak Borough Council reported a significant disparity between those who live and work in their rural district, and those who live but commute out of the area to work. Wages outside the borough have been increasing at higher rates than inside the borough. The higher costs of living impacts more severely on these households and they have to travel further to access services.

LRP expect reduced incomes combined with wider economic pressures will mean local retailers suffer from reduced 'footfall'. Populations in sparsely populated areas will feel the impact more because they will have to travel further predominately by car to access shops, leisure, education and employment.

The County Durham Economic Partnership (CDEP) report that the near collapse of Northern Rock as a result of the 'Credit Crunch' has had wider implications. The Northern Rock Foundation is a key funding source for community activity but funds have been dramatically reduced and the eligibility criteria has become stricter. A similar effect and worry was reported from Sussex where budgets of grant-giving bodies and advisory sources are being squeezed with an impact on their contributions to rural community activity. CDEP cite the example of an agricultural support service in Upper Teesdale with 8 staff being at risk because of this dependency on grant funding and wider charitable contributions.

### **Investment and finance**

Many FSB members have raised concerns about access to finance. The lack of available credit is stopping their business expanding. CLA report that new ventures are being put on hold.

High Peak Borough Council believes the 'Credit Crunch' impacts on regeneration investment in rural districts will be small in the short term, as most funding is tied up in 3 year cycles.'

A chartered surveyor replying from south east England, express the concern that a 'policy emphasis on conservation often at the expense economic reality coupled with the cost of regulatory compliance as the single hurdle' to expansion of businesses. Property and contract disputes have apparently been increasing and speculative building development and construction had stopped.

The County Durham Economic Partnership has found more small businesses were moving to home based operations out of business incubation units to save money. New start-up businesses are having difficulties accessing new finance. CDEP also articulate the impact of cumulative changes in financing referred to by many respondents - the Credit Crunch is coinciding with a substantial change and diminution of public funding for certain localities from changes in structural funds and central government funds targeted at supporting economic development at local level, such as the Working Neighbourhoods Funds, LEGI and LABGI.

Early signs of a different but equally worrying relationship between private finance and public funds reported by RDAs. Some banks appear to be slightly reluctant to provide credit to applicants who have received approval for RDPE (Rural Development Programme for England), yet this previously approved credit may be needed by businesses as match funding, for firms applying for these funds. These coincidences are making the situation more difficult.

Adjustments are also being felt within finance and income sources within rural firms. 72% of Shropshire rural businesses selling to consumers are reporting a downturn in consumer spending. Over half (58%) of firms responding to a survey by the Shropshire Chamber of

Commerce of effects of the credit crunch on businesses also report that customers are delaying payments or failing to pay on time. FSB members in south west draw attention to large firms making late payments or taking longer to pay which can hit smaller firms the hardest. RDAs' joint response reported evidence that businesses were withdrawing 'merchant's credit' (buy now, pay later) which has had severe impact on the agricultural sector. Evidence from High Peak Borough Council showed micro businesses are suffering with cash flow problems.

### **Rural firms (all sectors)**

Shropshire Chamber of Commerce undertook a business survey amongst firms across rural Shropshire about the impact of the Credit Crunch and rising costs. Whilst the sample is small, the 33 responding companies employed over 750 workers, and gives an insight into wider impacts and trends. Half of these firms were reporting a decrease in spending from Business customers and most estimated the scale of these declines between 5-20%. A similar proportion reported decrease in consumer spend with most reporting falls in spending between 10 and 40%. Downturn in the construction sector featured as a regular explanation for the fall in B2B sales. Decrease in consumer spending was attributed to less disposable income is resulting for example in lower spending on luxury goods and replacement goods, in favour of maintenance/repairs. Delays in payments are adding to these difficulties

As a result 64% of firms were reducing their expenditure and whilst all aspects of business activities were affected, wages and staffing levels were regularly cited.

FSB's rural members reported increasing their security measures e.g. extra fencing to protect oil supplies from thieves. The south east Chartered Surveyors could foresee an increase in rural crime with farms reporting thefts of fuel as a particular concern.

It is clear from the responses to this inquiry that the impacts of higher costs and the credit crunch vary by activity and sector, but also spatially. Spatial variation occurs within rural towns or between settlements within the same district.

This has been well catalogued by the South East Rural Towns Partnership (SERTP) who surveyed and reported on the experience of shops, pubs, restaurants and some other businesses across 8 rural towns of varying size. In some towns shops are closing and remaining vacant, new shops were not being filled and others are reporting reductions in customer spend. Other market towns or other services in the same town report continued expansion, new firms starting and new premises being rented or sold.

Some sectors are being affected in specific ways, amongst which are:

### **Agricultural Sector**

The impacts of the 'Credit Crunch' on agriculture was highlighted as a concern from CLA, south east Chartered surveyors, Kent Rural Board and Leicestershire Rural Partnership. The CLA commented 'the agricultural sector being underwritten by the land as its main asset is more strongly placed when seeking finance which has always given it a buffer. The global rise of the cost of food has made it a stronger year for farmers' margins but this will be squeezed by the rising cost of oil based inputs such as fertilizers, chemicals and fuel. This is on top of cuts in EU CAP payments.'

John Lytton, a Sussex firm of Chartered Surveyors and Kent Rural Board also commented on this year's wet summer. In some areas it has ruined the harvest and has further damaged the farmer's margins especially with the high cost of grain drying. Farmers are unwilling to borrow more money because of the potentially high interest rates. Kent Rural Board also commented that farmers are suffering cash flow problems with rising input costs and shifting payment terms with payment on delivery for fertilizers etc. increasingly expected.

### **Manufacturing**

High Peak Borough Council are concerned that the Credit Crunch could affect their localised economy as 22% of the workforce are employed in manufacturing which is more the double the national average (10.9%). Thus an economic slowdown which could result in job losses to the manufacturing sector will more severely hit the smaller market towns & rural communities

which are reliant on these jobs. The impact is compounded, due to the lack of a range of suitable alternative employment for people made redundant in these communities to move into, and the distance to urban employment (high fuel costs).

Some business closures and redundancies reported by local business media across rural England, suggest that firms are reducing activity and employment in less efficient, older, or constrained sites or in business locations that are distant from head office and company decision making locations.

### **Construction**

A variety of impacts on the building industry and on rural economies from the slowdown within the construction sector are described by several commentators. Speculative building development and construction has almost ceased, market for development land has collapsed reducing its collateral value, though it is also reported that farms in the south east are still being purchased and speculatively lotted for sale near towns. CDEP similarly report property companies pulling out of land deals for development of housing, and cite an example in Derwentside in which a bid was withdrawn at the last minute for a multi-million land deal, leaving the selling company to make redundancies. On the other hand they also report that large capital and pre-programmed schemes are proceeding at this stage.

### **Tourism**

Respondents had mixed views on the impact of the 'Credit Crunch' on tourism. The CLA reported that tourism has benefited with less people travelling abroad (despite the wet summer). FSB members with small hotels and B&Bs had seen increased guest numbers, and campsites are also reporting increases in demand.

Although the chartered accountant believed tourist enterprises (B&Bs, pubs etc.) had seen reduced visitor numbers – possibly due to less people taking second holidays. Durham Economic Partnership reported on a new media and awareness raising campaign to boost tourist numbers in Durham with the promotion of 'Durham Deals'.

### **Retail**

The South East Rural Towns Partnerships compiled a detailed report of the impact of the 'Credit Crunch' in several villages. Most villages had seen shops and pubs closing over the last 3 months. There was a lack of general interest in the freehold or leasing of empty premises because of the possible recession. Many retailers had seen a reduced number in footfall. Pubs, restaurants and cafes also reported lower customer numbers.

RDAs joint response believed rural retailers would be affected by the tightening of household budgets. Shopkeepers would have to add on margins to products and this will lead to consumers shopping in supermarkets because they offer cheaper products.

### **What steps are being taken or proposed?**

Businesses, landowners, communities and households are responding to the downturns and risks in many ways. These include:

- reduced spending on luxury and new products and services,
- delaying spend on replacement items,
- 'job juggling',
- switch from credit cards to greater use of cash,
- reducing overheads, equipment hire, spend on temporary staff and advertising,
- suppliers are expecting payment on delivery; whilst at the same time larger firms seem to be delaying payments to smaller businesses, who in turn appear reluctant to use the measures now available to them to secure swifter payments.

Business and Enterprise North East have mailed out an information pack on the credit crunch to over 2,000 businesses that they feel are most vulnerable. The County Durham Area Tourism Partnership has increased media coverage and awareness in an attempt to boost visitor numbers and spend. Kent's Rural Housing Enabler group has reported that in response to the

collapse of would-be owner/ tenants for shared ownership schemes some social landlords are offering 'try to buy' i.e. rent first and see whether you can buy your share later.

A few respondents have made suggestions for specific short term responses from Government from creating a scheme to use spare capacity of under-employed construction workers to meet demand for new-build affordable housing, developers should be assisted to transfer 'unsellable' properties or land to Housing Associations. However, those who have addressed this question in greater depth, recognise that many of the causes are complex, national or international, and likely to last for some time. They have correctly argued that longer term and structural measures are needed.

Business and community representatives and authorities have called for

- a better balance between needs of small businesses and environment when making planning decisions,
- better access to flexible training and apprenticeships;
- quality of access to improved communication technology from better mobile phone coverage to adequate broadband speeds for internet, and improved transport provisions;
- a shift from regulation, protection and control to better advice, support, guidance and freedoms to take economic decisions and actions;
- There is also need to secure some benefit or relief for vulnerable rural users of heating oil and solid fuel, perhaps by extending the social tariff available from mainstream gas and electricity providers.

Several commentators also drew attention to the need to change the urban and city- centric view that characterises several strategies and funding programmes.

## **Conclusion**

Respondents to the initial call for evidence on the 'Credit Crunch' had varying views on the impacts. The high cost of fuel and lack of affordable housing were widely reported as having a substantial impact on rural communities. Fuel costs disproportionately affect rural households because they travel further for employment, education and services. Many rural homes and business rely on expensive solid fuel and heating oil and are, or are at risk of, falling into fuel poverty.

Rural areas still lack affordable housing even with falling house prices. Many developments are in danger of becoming mothballed. This coupled with expensive mortgages and high deposits mean young people and low paid workers are still unable to buy properties in rural areas. Several changes are taking place in the construction sector affecting the tenure and availability of jobs, purchases of land and completion of building schemes.

Investment and capital finance into rural businesses has been reduced. Banks' lending has become tighter and high interest rates have lead to fewer businesses expanding. Start-ups are moving out of incubation units to be home based to reduce costs. Micro businesses are having cash flow problems. People are unwilling to invest in new businesses with the impending recession.

Several sectors that are important employers in rural areas are feeling significant effects from the rising costs, declining income and wider Credit Crunch challenges. Agriculture, manufacturing, retail, construction, distribution and fishing have all attracted specific comment. These effects are in turn having profound impacts on community vibrancy on some market towns and smaller communities because of the lack of alternative employment, multi-jobbing, their community contributions and reduced footfalls and higher costs affecting service provision.

Most commentators conclude that the real scale and nature of impacts will take several months to appear, with Suffolk County Council arguing that the real impact of the 'Credit Crunch' on our rural communities will become more apparent in 6 to 12 months time. However, they also

highlight the need for more information on our rural areas in general to calculate the real impact. Many rural areas suffer from lack of lower level spatial data and current data sources. Government needs to address this in any future survey or monitoring of this or other economic crises.

### **Rural Media coverage of recession and credit crunch**

Since publication of the Interim Report, CRC have taken additional steps to identify impacts of the Recession and Credit Crunch on rural economies. We will be providing regular reporting on these impacts, and on some response and solutions being adopted to tackle the economic downturn. Local and business media circulating in England's rural areas has been monitored in some detail over recent weeks, providing a very real and current expression of impacts as they happen. Much of this coverage reinforces and gives further examples of the impacts on households, communities, businesses and agencies. Local and business papers have been searched across England from the Berwick Advertiser to Rye and Battle Observer to Hereford Times. This coverage confirms some of the themes and trends set out in the evidence and commentary provided above as illustrated in these reports about improved demand in rural tourism.

### **Tourism boom in Northumberland's beauty spots**

Some of the North East's visitor attractions have seen their best ever visitor numbers. Belsay Hall Castle and Gardens saw a 35% increase in visitor numbers. Craggside House and Gardens saw an 80% increase and Alnwick Gardens remains the most visited attraction. The regional visitor attractions defied the economic downturn and wet summer to attract more than 2 and a half million people (**The Journal**).

### **Tourism key in Norfolk**

Despite the 'Credit Crunch' and a second wet summer many of the county's attractions have performed well. Although consumers are spending less once inside the attractions e.g. bring their own picnics rather than buying food on site. Tourism managers believe the weak pound against the Euro means people are choosing to holiday in the UK. However Great Yarmouth Pleasure Beach said families were spending less at their attractions because of the rising costs and has been forced to close the park an hour earlier (**Norwich Evening News**).

Other stories extend the issues and offers an insight into responses being taken and rolled out. The coverage confirms that unemployment has been increasing in some areas, holding steady in others, threatened in others whilst some rural firms are still growing and recruiting, as illustrated by these amongst many examples:

### **Unemployment rate rising faster in rural areas**

Rural areas in the west are bearing the brunt of the 'Credit Crunch' with unemployment rising faster than the inner cities. Westbury in Wiltshire has suffered the highest increase in unemployment (41.2%) in the past year in the whole of the UK. Westbury suffered job losses at the region's only cement works as a result of the housing market downturn. Other areas Salisbury, Somerton and Frome once seen as affluent are suffering in the economic downtown (**Western Daily Press**).

**Job loss at quarries** Jobs have been lost at a quarry in Cumbria due to the decline in the construction industry. The company blames the economic downturn and the flagging building sector which has led to a decline in the demand for building materials. The losses have come on top of an estimated 280 job cuts in Cumbria in September alone (**News & Star**).

**Building firm cuts 77 jobs** A housing firm made nearly 80 staff redundant because of the crisis in the construction industry, including closing its East Midlands' regional base in the Leicestershire village of Kegworth with the loss of 30 staff ([www.thisisbusiness-eastmidlands.co.uk](http://www.thisisbusiness-eastmidlands.co.uk)).

### **Factory sites close in rural towns**

A Kidderminster based boat manufacturers has downsized following the economic downturn. The company is closing two of its manufacturing sites in rural Hartlebury and Burntwood with the

Kidderminster factory remaining open. 300 jobs will be lost due to these closures and the company is blaming the 'Credit Crunch' for the decline in the leisure marine market (**Express and Star**).

### **Unemployment figures remain low in Herefordshire**

The unemployment figures have remained low in Herefordshire although there were hotspots of unemployment throughout the county. Herefordshire Council are monitoring the situation closely and lobbying for measures to improve investment and jobs to support the local economy. Also £32m European funding is to be used to help jobless people in Herefordshire and Worcestershire. The funding will be used to help the most disadvantaged. Herefordshire's unemployment rate of 1.5% remains less than half of that for the West Midlands and less than the UK rate of 2.3% (**Hereford Times**).

### **Jobs created by firm's expansion**

A Malvern firm has won new contracts worth £30m and is set to expand and create 50 jobs. Dytecna Ltd makes specialised communications equipment and will open a maintenance depot in Hereford. It will be recruiting engineers, technicians, sales and administrative staff at both the Malvern and Hereford site. The company has won a £20m contract with BAE systems and has recently celebrated its 60<sup>th</sup> birthday ([www.bbc.co.uk/england/hereford/worcs](http://www.bbc.co.uk/england/hereford/worcs)).

Meanwhile at Bridgemere in Staffordshire rebuilding of a new garden centre, including other shops and visitor attractions within the Wyevale Garden Centre chain is expected to create around 100 jobs ([www.thisisbusiness-eastmidlands.co.uk](http://www.thisisbusiness-eastmidlands.co.uk)).

Local and regional agencies are active in their efforts to reduce some of these challenges and create new measures to help people back into work and businesses to recover, as illustrated by these examples. Most responses exhibit a combination of public and private activity and support.

### **Incentives will decide which factory will close and which will grow**

A mass rally was held by workers in Uttoxeter, and negotiations were underway between Unite union representatives and the RDA, Advantage West Midlands after the Fox's Biscuit company revealed that their sites in the Midland's town and the Yorkshire town of Batley were in competition for expansion, with the losing factory facing closure. It is understood that the decision on where a new factory is to be based will primarily be based on available financial incentives ([www.thisisstaffordshire.co.uk](http://www.thisisstaffordshire.co.uk)).

**Removing Barriers to Work Partnership** One NorthEast has taken a proactive approach to tackling the 'Credit Crunch' in rural areas. In the rural towns of Wooler, Seahouses and Rothbury in Northumberland they have created the Removing Barriers to Work Partnership (RBtW) to provide practical solutions to challenges facing rural people when finding jobs or changing careers.

One of the actions is to roll out an electronic notice board system which promotes up-to-date information on job opportunities, employment services and transport to work options in the high streets in the 3 towns.

They are currently testing the idea of running employment services through local development trusts. The development trusts provide a point of contact for anyone seeking work, training or wanting to start a business. In Seahouses, the trust will support micro-businesses and provide training opportunities as well as a specific focus on finding young people local employment.

The RBtW is led by the community and is part of Northumberland County Council's works to improve economic inclusion in these rural communities (**News Post Leader**).

### **The Private Sector Projects fund**

One NorthEast, Northumberland County Council and Northumberland Strategic Partnership

have launched The Private Sector Projects fund. This is a business development programme which aims to boost entrepreneurship during the economic slowdown. The private sector contributions will come via capital investment from firms who access the funding pot.

The rural town of Berwick upon Tweed (along with Blyth and Wansbeck in the south of Northumberland) has been selected to receive the fund to provide financial support to develop either office-based, manufacturing and services or tourism and leisure facilities. The single programme of funding from One NorthEast (£1.5m) and £4m from private sector contributions will award new build or conversion projects with up to 25% of development costs. The fund can be accessed by individuals or companies looking to create new buildings and ensure a steady stream of new development. A successful business base will attract inward investment, boost employment and the regional economy during the uncertain economic times. (**Northumberland Gazette**).

#### **Rural Retail Support Programme**

Yorkshire Forward has announced that they will provide £170,000 to support a pilot project to boost countryside enterprise. Businesses will be able to apply for grants of up to £10,000 under the Rural Retail Support Programme. This can be used to renovate business premises or develop new strategies to boost areas which have been hit by a downturn in trade. Village shops are expected to benefit along with independently owned petrol stations and pubs. Specialist advisers with expertise in rural retail business will be available to help draw up plans to attract new customers and diversify into new markets. The project will be led by Business Link Yorkshire. It is similar to one operated for many years by the Countryside Agency's Vital Villages programme (**Yorkshire Post**).

#### **Midwest Rural Enterprise Community Interest Company**

A volunteer mentoring scheme backed by Business Link in the West Midlands and run by Midwest Rural Enterprise Community Interest Company to encourage business owners to mentor those just starting out in business. Volunteer mentors will help companies to grow by addressing skill shortages and teaching people business skills to make their firms more competitive (**Birmingham Post**).

#### **Cotswold Oil Club**

Cotswold villages are setting up clubs for householders who heat their homes with oil so they can buy supplies in bulk. Chedworth Oil Club has a membership of 150 families who are making a saving of £30 every time they top up their tanks. Sweet Fuels of Faringdon, Oxfordshire supplies 20 village oil clubs throughout Wiltshire, Gloucestershire and Oxfordshire. The Avening club emails all members about 4 times a year to find out their fuel requirements and then negotiates with the oil companies for the best deal (**Western Daily Press**).

#### **Work from home to beat the 'Credit Crunch'**

A report by Enterprise Nation and BT has found that there has been a 16% increase in the number of businesses being run from home. Home-based businesses are bucking the trend by being more optimistic about beating the 'Credit Crunch' with 72% planning to win new customers over the next 6 months and 58% planning to develop new products and services. The report also highlighted an increase in the number of people starting up businesses in their spare time (**BT Today**).

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20<sup>th</sup> October 2008