



CRC 7/08

6 June 2008

Report highlights potential to double economic output of rural areas

Dr. Stuart Burgess, the Government's Rural Advocate and Chairman of the Commission for Rural Communities (CRC) has handed the Prime Minister his report on releasing the potential of England's rural economies. The report follows a request from the Prime Minister to the Rural Advocate to investigate ways in which rural economies might be strengthened in the wake of flooding and foot and mouth disease incidents in 2007.

Speaking about his report Dr. Burgess said "In my visits to rural areas I am constantly reminded how enterprising rural people are and what diversity of successful firms and resilient communities we have. My report records their economic strengths and the substantial contribution they already make to the nation's economic performance. However, we also know there is scope for significant improvement, and for some communities this will only come from better support. I was delighted, therefore, to be asked by the Prime Minister to advise him on ways in which the full potential of rural economies can be harnessed.

"Rural areas host around 30 per cent of England's businesses. In 2005 these earned at least £325 billion. However, a similar proportion of firms located throughout England, not just in our villages and rural towns, earned higher levels of turnover, showing us that rural economies have a further potential for growth. My report suggests this unfulfilled potential from rural firms might be around £236 to £347 billion per annum. By lifting the performance, especially of medium and larger firms in rural areas, by attracting more investment, by strengthening the capacity to innovate, they could perhaps double their economic contribution; helping reduce worklessness and poverty in rural areas, close the persistent gap between rural and urban wages and make more rural communities resilient against future economic and environmental shocks.

"My report sets out a package of practical proposals for coordinating government activity to improve areas of support for and development of people and enterprises in the rural business sector in order for this potential to be realised:

- the creation of a Rural Finance Forum to examine and overcome the causes of lower capital investment, poorer access to finance, and lower funding for rural economic initiatives;
- the creation of a Rural Innovation Initiative to address the special challenges and opportunities in sparse or remote rural areas;
- development of new forms of brokerage, networks and clusters to improve access to employee and business support programmes and share good practice; and
- a new compact between government, insurance and rural industries to improve response to shocks caused by disease and bad weather and develop new insurance products.

"At the heart of any drive for improvements will be better understanding of the scale and performance of rural economies from business and city leaders, economic departments and agencies. This is why I have also recommended that the government convenes a national summit and sponsors a series of regional summits to focus attention and activity of government and its agencies on releasing the potential of rural economies."

MORE...

“I now look forward to government — nationally, regionally and locally — being inspired to seize this compelling opportunity and focus coordinated efforts on the needs of rural entrepreneurs, businesses, employees and residents, not just for the benefit of rural England but the entire nation.”

In Dr. Burgess' report a number of examples of outstanding rural business are highlighted — such as the village of Broughton in Yorkshire which has won recognition for transforming a declining agricultural community into a beacon of rural enterprise. Rural England is also seeing a boom in home-working, healthy rates of new business start-ups, high levels of entrepreneurship (where levels among women are much higher than the national average) and the growth of small firms in new business activities.

ENDS

For further information contact Chris Wynne-Davies on 07900 608030 or Joanne Ward on 07900 608221

Notes for editors:

1. The report 'England's rural areas: steps to release their economic potential. Advice from the Rural Advocate to the Prime Minister', CRC 67, May 2008 can be found at: www.ruralcommunities.gov.uk/files/crc67_englands_rural_areas.pdf
2. The Commission for Rural Communities (CRC) was established in April 2005 and became an independent body on 1 October 2006, following the enactment of the Natural England and Rural Communities Act, 2006.

The role of the CRC is to provide well-informed, independent advice to government and ensure that policies reflect the real needs and circumstances of people living and working in rural England. We give particular focus to tackling disadvantage and economic under-performance.

We have three key functions:

- advocate: the voice for rural people, business and communities;
- expert advisor: providing evidence-based, objective advice to government and others; and
- independent watchdog: monitoring and reporting on the delivery of policies nationally, regionally and locally.

Further information about the CRC and its work can be found at: www.ruralcommunities.gov.uk