

# Britain's Leading Edge March Budget Submission to HM Treasury

## *Harnessing the distinct and unique strengths of rural and peripheral regions*

February 2020

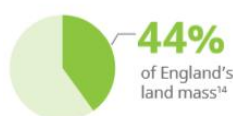
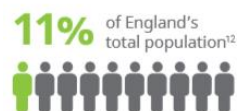
### ABOUT BRITAIN'S LEADING EDGE

This submission is made on behalf of Britain's Leading Edge, a collaboration of 12 upper-tier rural local authorities without major cities: Cornwall Council, Cumbria County Council, Dorset Council, Durham County Council, East Riding of Yorkshire Council, Herefordshire Council, Isle of Wight Council, Council of the Isles of Scilly, Lincolnshire County Council, North Yorkshire County Council, Rutland County Council, and Shropshire Council. Together we represent 11% of England's total population and account for 8% of England's GVA.

### BRITAIN'S LEADING EDGE: THE KEY TO UNLOCKING THE UK'S FULL ECONOMIC POTENTIAL

The regions of Britain's Leading Edge offer huge potential to deliver stronger economic growth and greater social prosperity for the entire UK. We hold the unique opportunity to harness our natural resources and social capital in a way that can provide solutions to each of the Grand Challenges the UK face.

#### Our regions represent...



In April 2019, The House of Lords Rural Economy Select Committee released a report that recognised rural regions in England are as economically diverse as urban economies and home to a high proportion of SMEs. It also stresses the importance of rural regions in England being some of the biggest areas of economic opportunity for the UK<sup>1</sup>.

Indeed, our regions are:

- rich in natural and social capital;

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<sup>1</sup> Lords Rural Economy Committee (2019) *Time for a Strategy for the Rural Economy*. HL Paper 330. Available [here](#).

- global leaders in developing the clean growth technologies of tomorrow;
- the perfect place to pioneer solutions to ageing well;
- home to 65% of England's Areas of Outstanding Natural Beauty, which helps limit the economic cost of poor mental health, sequestering carbon, and providing a major asset to the brand value of Great Britain;
- home to much of the nation's largest manufacturing sector (food and drink) and 40% of England's agriculture, forestry and fishing businesses.

Britain's Leading Edge welcomes the Chancellor's ambition to level up opportunity across the whole of the UK. Through its research Britain's Leading Edge has identified a 'policy corridor' running through the centre of England, in which Government has concentrated its infrastructure and innovation investment, devolution deals, its relocation of public sector jobs, and core funding for essential local services.

While Britain is home to the richest regions in Europe, stark inequalities mean that the disparity in Britain between the richest and poorest is the biggest in Europe<sup>2</sup>. It is overwhelmingly regions in Britain's Leading Edge that are being left behind. Without changes to Government policy, the prospects for the household incomes of the 6 million strong population of Britain's Leading Edge look bleak, with average median earnings already around £2600 less than the England average.

It is therefore time to unlock the potential of Britain's Leading Edge. In line with the House of Lords Select Committee report, a January 2020 report by the New Local Government Network (NLGN) argues that England's rural periphery is the UK's Land of Opportunity<sup>3</sup>. The national economy will only become rebalanced if the government looks beyond the cities and towns in the policy corridor; nurturing growth in the rural periphery paramount for all levels of government.

Research by the Organisation for Economic Co-operation and Development (OECD) similarly shows that regional inequalities are a barrier for regions to fulfil their full potential and thus the country as a whole to reach its full potential<sup>4</sup>. These imbalances reduce the UK's overall economic performance and dampen UK productivity, local income and wages, whilst also entailing foregone revenue for the Exchequer.

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<sup>2</sup> McCann, Philip (2019) *Perceptions of Regional Inequality and the Geography of Discontent: Insights from the UK*. UK2070 Commission

<sup>3</sup>New Local Government Network (2020) *Land of Opportunity: England's Rural Periphery*. Available [here](#).

<sup>4</sup> OECD (2015). *In it together: Why less inequality benefits all*. Available [here](#).

Recognising the contribution of Britain's Leading Edge would correct the historically narrow approach of Government to place leadership and governance and would open the door to a more 'place-based' approach; an approach that is cognizant of local needs and interests and that includes the participation of a wide range of stakeholders. This would also align government policy with the recommendations in House of Lords Select Committee report, which recommends a place-based approach to rural delivery.

**A balanced and sustainable national economy must harness the distinct and complementary strengths of our regions, alongside those of cities.**

Britain's Leading Edge therefore calls on the government to recognise the powerful contribution that our regions can make to the UK economy and include in the March Budget Statement a commitment to work with Britain's Leading Edge to bring forward a package of measures in the Spending Review that will unleash the potential of our rural regions, focussed on:

- 1 Unlocking **clean growth** for a decarbonised future economy;
- 2 **Control** over powers and funding to local place leadership as part of the decentralised economy;
- 3 **Connectivity**, both digital and transport infrastructure.

As Britain's Leading Edge we stand ready to work with the government to develop a set of measures for the Spending Review which would unlock the powerful contribution our regions have to make to the UK economy by focusing on:

**Investments in clean growth technologies** would exploit the opportunities offered by new technologies and build on our strength as global leaders. Britain's Leading Edge already produce 37% of England's renewable energy – four times more than the major cities – thus providing a stable and secure supply of clean renewable energy to the UK. Investing in clean growth projects in our regions will create a greener more productive economy, driving up exports to new global markets and help to regenerate our rural communities. It will help deliver on the government's Industrial Strategy while capitalising on our unique strengths.

Moreover, as the home to almost 65% of England's Areas of Outstanding Natural Beauty, our natural capital offers an essential service to the national economy. Our regions are sequestering carbon and removing, via vegetation, 40% of the UK's total 1.3 billion kg of air pollution.

**Connectivity** is crucial to reduce the transport disadvantage found in our regions and create greater social and economic inclusion. We therefore ask that the Government allocates funding for infrastructure to upper-tier authorities in the same way funding is allocated to combined authorities. This would ensure rural authorities are not disadvantaged in their ability to facilitate improvements to infrastructure and connectivity. The House of Lords report stressed that in not providing the services and infrastructure that rural areas need, the government is exacerbating pre-existing challenges in the area.

The role of infrastructure in terms of internet and data access, speed and latency rates, as well as computer skills, are “new” sources of regional disparities. This is particularly relevant as the supply and demand of goods and services is increasingly delivered digitally, including across borders. Hence, rural communities are likely to face the most serious economic issues of any locations in the UK over the next 20-30 years<sup>5</sup>. This is supported by the NLGN report, which underlines that improved mobility in rural regions would make it a truly viable place to live. As already acknowledged by the Prime Minister, bolstered transport and consistent broadband and mobile phone coverage can lead to significant positive impacts on wellbeing and mental health.<sup>6</sup>

Britain’s Leading Edge contains some of the highest ‘leave’ voting areas in the referendum on EU exit. Rural regions have made it clear that they want to ‘take back control’. It is therefore appropriate that following our departure from the European Union, **further devolution and funding is provided to bring control closer to the people**. Cornwall Council has provided government with earned confidence and demonstrated that providing rural regions with more devolved powers can unlock private investment, deliver better services for residents, improve joint working across partners and maximise growth in areas such as businesses and skills. The time is right for other rural areas to be given the same opportunities that Cornwall received in 2015.

## **FAIRER FUNDING**

Britain’s Leading Edge welcome the government’s commitment to ‘level up’ the UK’s regions. Levelling up, however, requires the government to move beyond common and

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<sup>5</sup> From the Marches LEP submission to the Treasury Select Committee Inquiry into regional imbalances in the UK economy

<sup>6</sup> Hope, C. 17 June 2019. 'Boris Johnson pledges fast internet for every home by 2025'. The Telegraph. Available [here](#).

crude framing of the challenge along ‘North-South’ and ‘Rural-Urban’ divides. These classifications oversimplify nuances felt specifically by rural areas without big cities across the North, Midlands, and South alike. Discussions at regional level can obscure the more complex spatial picture by averaging over significant differences within regions themselves, e.g. the differences between metropolitan and non-metropolitan Northern areas.

Currently, rural residents pay, on average, 22.7% per head more in Council Tax than their urban counterparts due to receiving less government funding; yet receiving fewer services in return.<sup>7</sup>

Britain’s Leading Edge therefore fully supports:

- The [County Council Network](#) (CCN) in their advocacy for a distribution of resource between councils which is simpler but needs-led, responding to the real drivers of councils costs and demands. We fully support their call on the government to restate a cast iron commitment to implement the Fair Funding Review in 2021/22.
- The Local Government Association in their work to ensure that the Fairer Funding Review is objective and transparent and that there is extensive engagement with local government.
- The [Rural Services Network](#) in their campaign for Fairer Funding for Rural Areas.

In conclusion, we reaffirm our commitment to work with Government to tackle the challenges faced by rural and peripheral communities through building on our strengths and maximising the opportunities available. We want to help Government harness the distinct and complementary strengths of our regions to provide solutions to the challenges faced by rural and urban areas alike, from the four Grand Challenges already identified around ageing society, AI and technology, clean growth and mobility to those that are yet to fully emerge.

We are ready to progress our offer in collective dialogue across these challenges.

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<sup>7</sup> Rural Services Network (2018) *Fairer Funding Campaign*, Available [here](#).