

# STATE OF RURAL SERVICES 2021: THE IMPACT OF THE PANDEMIC



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## SUMMARY

This report explores the impacts of the Covid-19 pandemic and restrictions on service provision in rural areas of England. In some respects, the pandemic simply accelerated trends already underway, such as rural residents' use of online services and cashless payments. One positive outcome has been more rural consumers valuing and using local food shops, a trend which may be sustained.

Certain services show positive signs of recovery, but there seem little doubt others remain at risk, with some users having not returned or expressing reluctance to do so. More passengers need to return to using rural buses, more activities need to restart in village halls and patronage that is coming back to rural pubs needs sustaining through the Winter months. Larger leisure venues in rural towns, such as cinemas and theatres, need to win back viable audiences.

### Use of local retail outlets and centres

Through the pandemic small, local based food stores were highly valued by rural residents and many stores adapted their offer e.g. introducing home deliveries. The surveyed rural residents have made greater use of such stores since March 2020, whilst making less use of supermarkets (see figures below). Farm shops have also been valued by many during the pandemic.

Local food stores were highly valued during the pandemic

Many market towns appear more resilient than feared

Rural market town high streets have been impacted by the pandemic, typically experiencing a few shop closures. That said, although the picture is variable, evidence indicates these smaller towns have proved more resilient than might be expected, with many showing positive signs of recovery as footfall returns.

### Value of community assets

Most community or village halls were temporarily closed during the pandemic. Due to grants and reduced running costs the financial position of most (if not all) halls is reasonable. The big unknown is how many groups and activities which met in and used these venues will return and how quickly, since those bookings provide their main income stream.

How many former village hall users now return is an unknown

The pandemic resulted in further rural pub closures

Rural pub numbers have been declining over many years and there is clear evidence of more closing down during the pandemic. Some of the surveyed rural residents are unsure about returning to pubs in the future, though most expect to use them just as much as in the past.

### Use of online services

Roughly half (51%) of surveyed rural residents had started using some online service for the first time during the pandemic. However, more notable still were the 93% who had increased their use of online services which they (already) used before the pandemic.

Increased use of online services in the pandemic

**Some, but not all, of which is likely to be permanent**

For a sizeable share of these rural residents (44%) such new online habits seem likely to become permanent. Whilst that is significant, this point should not be overstated: just as many indicate they have no such intention and many seem keen to revert to offline services as the pandemic recedes.

## Cashless payment and access to cash

Rural residents have less access to sources of cash than their urban counterparts. Over recent years many bank branches have closed and more ATMs now incur a user charge. However, the Post Office network retains its considerable reach in rural areas and there is growing use of its facility for accessing bank current accounts. Most rural convenience stores (70%) also offer cashback.

**Ways to access cash have been altering in rural areas**

**The switch to more cashless payments has been boosted**

Notwithstanding this, the growing use and acceptance of cashless transactions has been a decisive trend in recent years and has been boosted further by the pandemic. Since March 2020, 15% of surveyed rural residents used online banking for the first time and 63% increased (existing) use of online banking.

## Travel and transport services

Rural bus services faced diminishing resources and reducing passenger numbers long before the pandemic. However, in 2020 when restrictions came into force, bus passenger numbers fell sharply and have since only recovered partially. There is a risk the travel habits of some have been altered permanently by health concerns, initial public messaging and factors such as home working.

**Passenger numbers on buses have yet to recover properly**

**Rural people were walking more (at least for a while)**

After the pandemic arrived 47% of surveyed rural residents said they started making more journeys on foot, whilst 59% started making fewer journey by car. However, evidence from national sources indicates that both these trends may have been short-lived.

## Demand for welfare services

The onset of the pandemic in Spring 2020 stands out in statistics for rural areas. Numbers of people who were job seeking claimants, universal credit claimants, Citizens Advice enquirers and emergency food parcel recipients all increased sharply. By 2021 the rural rate for job seeking claimants had subsided quite a bit.

**Welfare needs rose sharply in rural areas**

**This has emphasised certain rural challenges**

Pandemic impacts on the labour market and household incomes have emphasised certain challenges rural communities face when needing to access (physically or virtually) welfare services, whilst underlining the importance of support that is often available from charitable or volunteer-based organisations.

## Use of leisure spaces and outlets

Many of the surveyed rural residents stressed the importance of being able to visit a park or outdoor public space on a regular basis during the pandemic. It is therefore notable that rural residents are not typically well served in terms of their access to such spaces.

**Parks and similar spaces have proved important**

**The viability of larger leisure venues is uncertain**

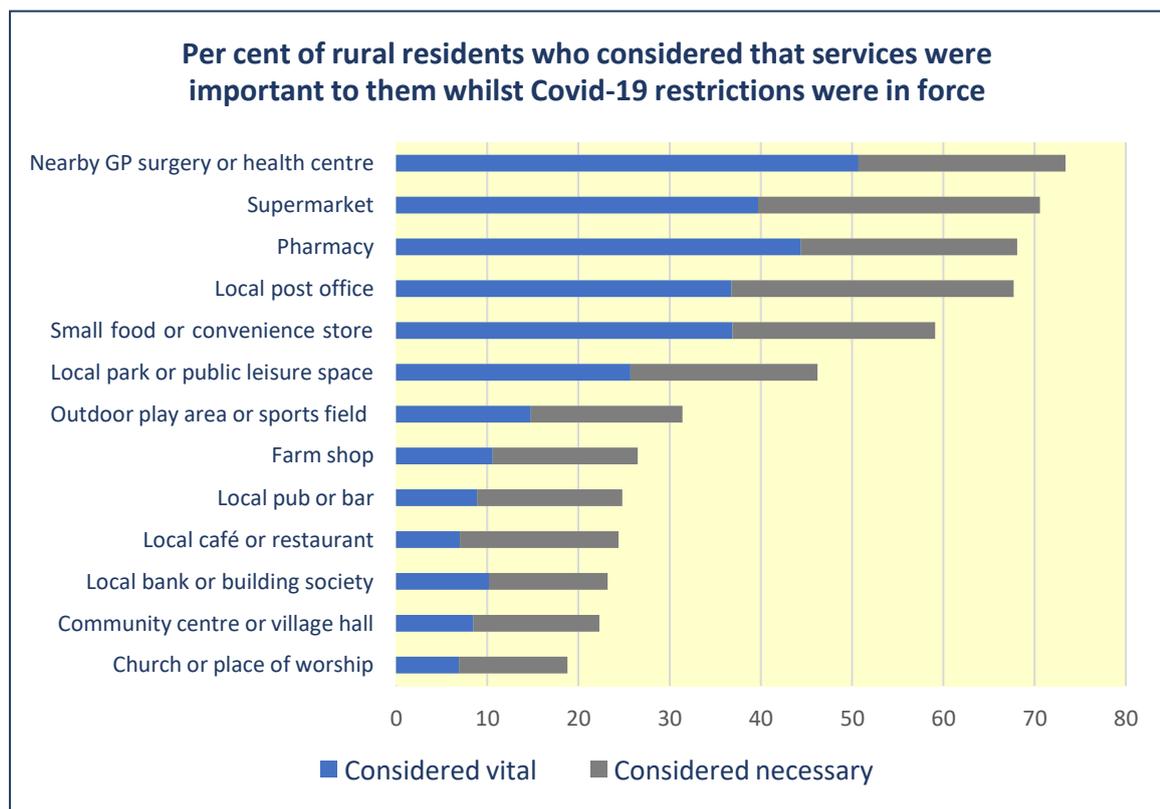
During the pandemic few of the surveyed rural residents had visited a larger indoor leisure venue, such as a cinema, theatre or music venue, and quite a few expressed unease about going back to such venues. Their future viability – where found, typically in larger rural towns – is therefore of concern.

**Key findings from our survey of rural residents**

An important part of the evidence presented in this report comes from a survey of rural residents carried out between April and June 2021. Key findings from that survey are summarised below.

**Importance of services:** In the period since March 2020 when pandemic restrictions first came into force, residents considered the most important services for them were a GP surgery, a supermarket, a pharmacy, a post office and a small food or convenience store. Some of the facilities considered less important may have closed temporarily during this period.

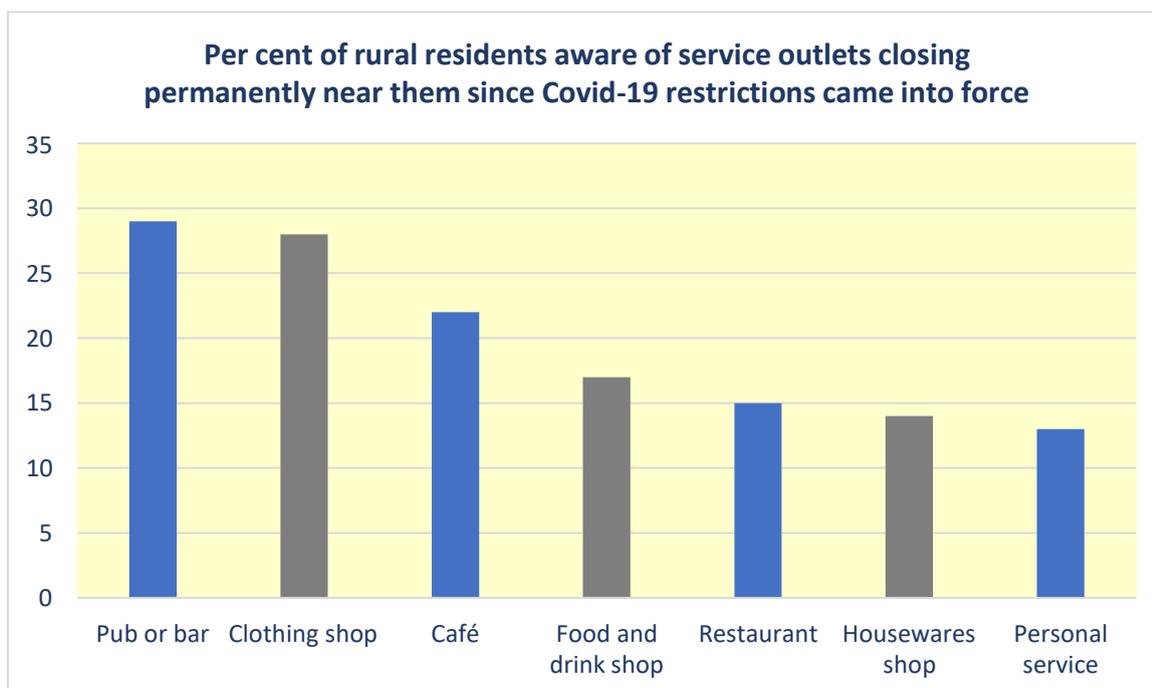
Notable is that a local park or public leisure space ranks sixth in importance. It should not be assumed that nearby countryside is either publicly accessible or suited to many leisure activities.



**Changing use of services:** During the pandemic there was a large increase in the use of local food shops and a sizeable decrease in the use of supermarkets by rural residents. Figures below show the net difference between the proportion who increased and the proportion who decreased their use of these services.

Net change in rural residents making use of <b>local food shops</b> during the pandemic	<b>+40%</b>	Net change in rural residents making use of <b>supermarkets</b> during the pandemic	<b>-16%</b>
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**Closure of outlets:** The type of nearby service outlet most frequently cited by these rural residents as having closed down permanently, whilst pandemic restrictions were in force, is a pub or bar. Clothing shops and cafes are also cited by many as having closed down.



**Future service use:** Looking forward (from June 2021) to the lifting of all pandemic restrictions, the surveyed rural residents expected to continue making more use of local shops, with many (conversely) planning to visit town centres less often. Alongside this, however, they intended to continue shopping online and to have more purchases home delivered.

As noted above, a segment of the rural population is hesitant about returning to indoor hospitality and leisure venues, such as cafes, pubs, restaurants and cinemas. However, a sizeable majority expect to use them as much in future as they did before the pandemic.

**Per cent of rural survey respondents who agreed with statements, when asked about their likely use of services once all pandemic restrictions are lifted (as compared with their use of those services prior to the pandemic):**

	I will visit town centres less often	<b>53%</b>
	I will use local shops more often	<b>47%</b>
	I will use online services more often	<b>44%</b>

	<b>I will use farm shops more often</b>	<b>33%</b>
	<b>I will have shopping delivered to my home more often</b>	<b>28%</b>
	<b>I will visit cinemas, theatres and music venues less often</b>	<b>26%</b>
	<b>I will visit pubs and bars less often</b>	<b>21%</b>
	<b>I will visit cafes and restaurants less often</b>	<b>20%</b>
	<b>I will use public transport less often</b>	<b>20%</b>

### Policy messages and actions

There are some positive messages from this report, including that many rural town centres proved resilient and many rural retail outlets acquired new custom during the pandemic. However, this is not true everywhere and is not the whole picture. Other rural places and service businesses have struggled during the pandemic and may need ongoing support to recover. It would be a mistake to assume the apparent resilience of rural communities is universal and to overlook such needs.

Indeed, local resources and capacity for recovery will be unevenly spread, leaving some places more dependent on external assistance. This rural need should be reflected in the targeting of national economic support, through 'levelling up' programmes such as the UK Shared Prosperity Fund which is due to commence in 2022. Such support should go beyond funding for capital projects.

Public policies and programmes supporting individual businesses, whilst they return to a sustainable footing, can also play an important role in rural areas: in particular, underpinning recovery across parts of the service sector, such as leisure, hospitality and entertainment, where many businesses took a significant hit from the pandemic.

The trends outlined in this report will impact unequally across different groups of service users. Some may notice little change of consequence and a return to 'normality'. Those who find it hard to adapt to the rapid growth of online service provision and cashless payments risk losing out.

This report underlines the value of physical infrastructure in rural areas, not least to give access to those services typically not found at the local community level. The provision of fast, reliable digital networks is key, so rural communities can benefit from online services. Dependable transport networks are similarly necessary so that all rural residents can reach larger service centres.

This report also highlights the importance of social infrastructure within rural communities. Village halls, village pubs and the like, many of which have faced considerable pandemic disruption, are a core part of rural community life and help to address isolation. Their future viability should not be taken for granted and many facilities may need further help.

Given the points made above, it can be concluded that all policies which aim to help businesses and communities rebound from the pandemic should be properly 'rural proofed', to ensure they take proper account of rural circumstances and will prove effective when applied in rural areas.

The theme chapters in the report each suggest certain policy actions. They include:

- Town centres: helping small rural towns to adapt to changing consumer trends by targeting programmes, such as the Towns Fund and Future High Streets Fund, at them (and not just at larger towns);
- Community assets: strengthening existing legislation which aims to help communities take ownership of local assets by introducing a new Community Right to Buy;
- Village halls: helping groups that manage village halls and community buildings to regain their users and restore their viability by grant funding some extra support for them;
- Digital skills: ensuring that everyone in rural areas (and elsewhere) can access help to acquire basic digital skills by developing a national digital skills strategy;
- Access to cash: protecting key elements of cash infrastructure in rural areas by amending the Post Office Banking Framework and the ATM interchange fee;
- Public transport: using Bus Service Improvement Plans and their funding to bring about a step change in rural provision, as a long-term initiative with sustained funding;
- Poverty: close monitoring of rural poverty trends is needed as pandemic implications continue to play out, not least to inform the delivery of welfare and related support services;
- Public open spaces: improving the provision of public open spaces in small settlements, with stronger national planning guidance and local policies (including in neighbourhood plans).

## INTRODUCTION

### Report purpose

This is the third State of Rural Services report to be published by Rural England CIC, the previous editions having been written in 2016 and 2018. Those two reports collated evidence about trends in service provision to rural communities and businesses in rural areas of England. Both of them focussed on a shortlist of service types – for example, local buses, further education, retail services, public libraries and broadband networks.

The *State of Rural Services 2021* report adopts a different approach. Its focus is to explore trends in the run-up to and during the Covid-19 pandemic, identifying any changes that have come about since the first restrictions and lockdown were put in place in March 2020. At its heart is the research question, **what has changed as a result of the pandemic and are those changes likely to last?**

Objectives set at the outset were to seek to understand better:

- Whether the pandemic and restrictions have altered the extent or shape of service provision and its accessibility in rural areas;
- Whether the pandemic and restrictions have accelerated or slowed existing trends in rural service provision;
- Whether changes brought about by the pandemic and restrictions are likely to prove long lasting or short term; and
- Whether there are implications from these rural service trends for policy or delivery at the national and local levels.

Where possible, the report also highlights issues relevant to particular groups within the rural population.

### Report scope and structure

After the summary of findings and this introduction, the main report comprises seven chapters, which explore rural service issues of particular interest during the pandemic. They were initially identified from the intelligence being reported back by rural interest groups during the pandemic. See, for example, the Rural Coalition (2020) publication entitled *Rebuilding Rural: Growing Back Better*.

The main chapter headings around which this report is structured are as follows:

- Use of local retail outlets and centres;
- Value of community assets;
- Use of online services;
- Cashless payment and access to cash;
- Travel and transport services;

- Demand for welfare services; and
- Use of leisure spaces and outlets.

For practical reasons each chapter focusses upon a few services and hence leaves out others that could have been relevant.

It should also be noted, this report does not explore the obvious pandemic pressures on health and care services, which could be the subject of a research project in their own right. Nor does it explore wider impacts, above and beyond service provision – for example, in the housing market, with home working and from domestic tourism. What it does do is span services delivered across the private, public and civil society sectors.

The report provides a snapshot of the evidence which was available by Autumn 2021. The impacts of the pandemic for rural services will clearly continue to be felt and will evolve after this date.

## **Research methodology**

The research for and drafting of this report was carried out between January and September 2021. This timing was designed to capture the initial evidence about the impact of the pandemic and associated restrictions. A later or longer timeframe may have seen more evidence become available, but would also have resulted in a less timely report.

Much of the report's text is a pulling together of existing or previously published material from a range of organisations and sources (not least those on the Rural England Stakeholder Group). It also draws on some intelligence from those with links to frontline services in rural areas. Some of the existing material has been re-presented in order to emphasise its rural component.

The Rural Affairs team at the Department for Environment Food & Rural Affairs (Defra) kindly shared some of their rural analyses, which have tracked the impacts of the pandemic. These provide a rural cut on various national statistics, not least about the health and welfare impacts.

A core element in this report are results from two new and bespoke surveys which were designed and managed specifically for this project. These were:

- Rural Panel survey – a survey of rural residents from across England asking how they had used services during the pandemic, how that differed to their service use beforehand and how likely they were to continue using services that way as restrictions lifted. This survey was managed for Rural England CIC by the Countryside & Community Research Institute (CCRI) at the University of Gloucestershire. Between April and June 2021 it gathered 567 responses from rural residents. More details about the survey can be found at appendix A;
- Rural Market Towns Group survey – another shorter survey was circulated by the Rural Services Network to Town and Parish Councils who are members of this group. It asked about the state of their high streets and town centres, including any retail or hospitality businesses which had closed due to the pandemic and how far trade was returning as restrictions were lifted. This survey, which was run from June to July 2021, receiving responses from 72 rural towns or larger villages. More details about the survey can be found at appendix B.

It should be acknowledged that the evidence base used in this report has limitations and gaps. Not least, on some topics there was limited evidence to draw upon or little of what existed was rural-specific. Moreover, whilst effort has been made to find sufficient evidence about the period since the pandemic started in spring 2020, this was not always easy. However, these limitations should not be overstated and did not prove a major barrier for the project.

## **Rural definitions**

Where possible, this report quotes statistics based upon the official definition or classification of rural settlements in England (Government Statistical Service, 2017a). These are all settlements which, at the time of the 2011 Census, had a resident population of less than 10,000. They include small towns, villages, hamlets and isolated dwellings. This definition has the advantage of measuring rurality at the individual settlement level. Its downside is that many data sources are simply not available to be measured at such a detailed scale.

For this reason, there is also a classification of English local authority areas, enabling rural statistics to be produced from data sets only available at this spatial level (Government Statistical Service, 2017b). Under this classification, 'predominantly rural' local authority areas – which are a mix of district, borough and unitary council areas – are those where at least 50% of residents live in rural settlements (as defined above, though with slightly larger 'hub towns' also counted where they function as key service or employment centres for a rural hinterland). It is worth adding that this classification has another, intermediary category called 'urban with significant rural' local authority areas, where between 26% and 49% of residents live in rural settlements.

Some of the facts and statistics cited from other organisation's reports and publications, however, use different geographies altogether. For example, some refer to rural areas in the whole of Great Britain or the United Kingdom (and not just England), while some simply refer to shire or non-metropolitan areas. Wherever different geographies have been quoted, this is stated in the text.

## **Acknowledgements**

Thanks go to the Rural England Stakeholder Group for helping to define the focus of this report and for helping to draw out conclusions from the evidence base. Additional thanks go to those members of the Stakeholder Group who agreed to act as a project Task and Finish Group. They were Richard Quallington (Action with Communities in Rural England), Sarah Palmer (National Federation of Young Farmers' Clubs), Steve Dowling (Association of Convenience Stores), Professor Mark Shucksmith (University of Newcastle), David Webb (Federation of Small Businesses) and Derek Egan (Defra).

Supporters of Rural England CIC equally deserve to be thanked for generously contributing funding into a research pot which enabled this project to be undertaken. It goes without saying, without this the research, analysis and report writing involved could not have happened. Company logos of supporters can be found on the inside back cover.

CCRI at the University of Gloucestershire deserves special mention, where Dr Matthew Reed and Fahima Malekinezhad helped with the design of the Rural Panel survey, as well as hosting and managing it. CCRI also kindly shared the cost of funding this survey. Similarly, the Rural Services Network were generous hosting the Rural Market Towns Group survey, through input from Marija

Aleksandrova and David Inman. Dan Worth at the Rural Services Network also assisted with some of the data sources and analysis cited in this report. Defra kindly shared their rural analysis of statistics that report on Covid-19 infections, vaccinations and emergency grants claimed by businesses, employees and the self-employed.

However, Rural England CIC and the report author, Brian Wilson, take responsibility for any errors which have crept into the *State of Rural Services 2021*. Similarly, it is emphasised that all conclusions or recommendations in this report are made by Rural England CIC and are not necessarily shared by others who have contributed to the project.

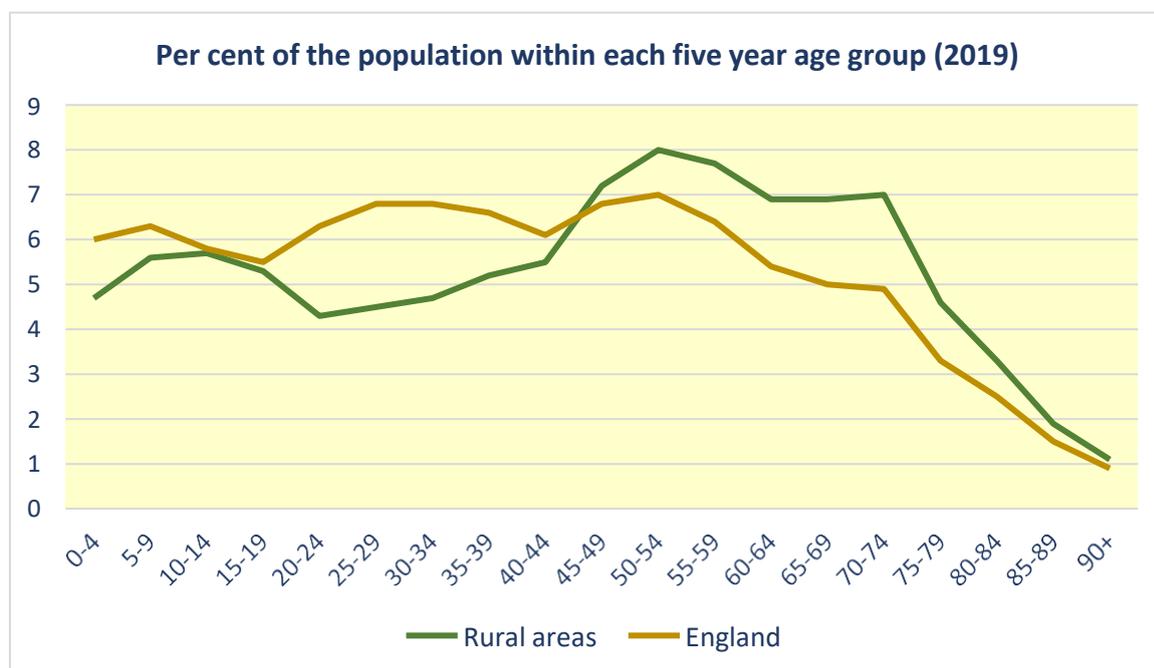
## CONTEXT – THE RURAL POPULATION, THE PANDEMIC AND THE POLICY ENVIRONMENT

The context for this report is the Covid-19 pandemic and restrictions put in place to contain it. Alongside this were various support schemes to mitigate the impacts for affected businesses and employees. This short chapter contains some headline statistics about the rural population and its access to services, then it outlines key statistics for the pandemic and support schemes in predominantly rural areas of England. Inevitably these overlook local variation: for example, some rural areas have had notably higher infection rates than others.

### Rural population

According to population estimates for 2019 just over 9.6 million people lived in rural settlements in England. They comprised 17% of the total population of England (Defra, 2021).

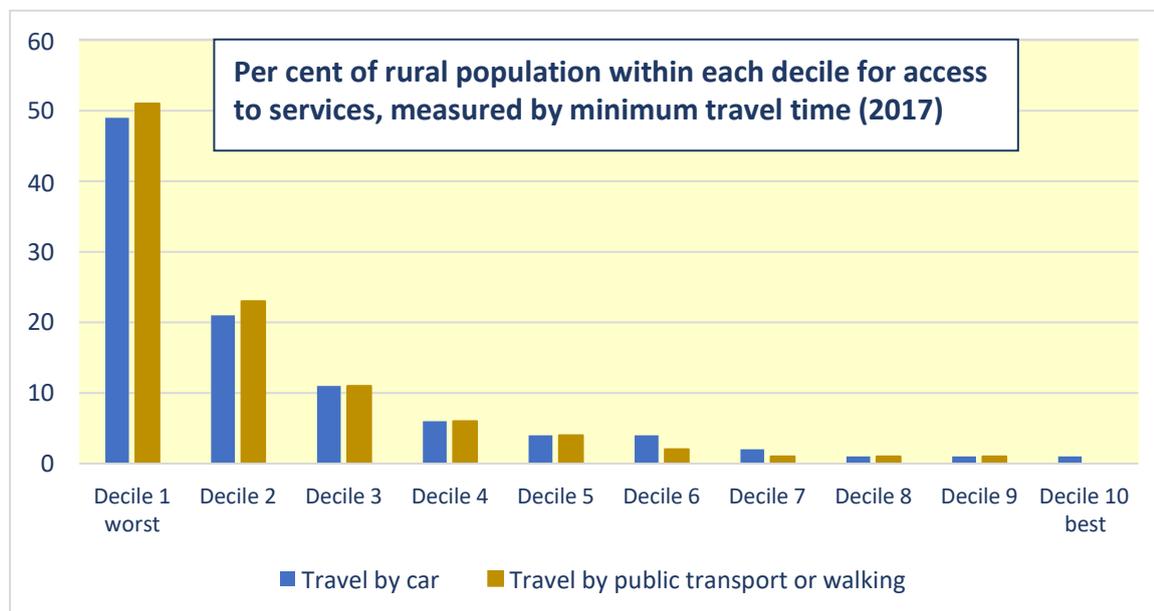
As the chart below shows, compared with the England average, rural areas have a low proportion of young adults (aged 19 to 49) and a high proportion of older adults (aged 50 plus). This age profile has implications in terms of the pandemic and the use of services.



### Access to services

As previous editions of the State of Rural Services report have shown, accessing services can be a challenge for many rural people, especially those without access to a car (Rural England CIC, 2018).

Analysis of 2017 journey time statistics from the Department for Transport measures physical access to a bundle of nine different service types<sup>1</sup>, using the minimum travel time that is needed to reach them either by car or by public transport/walking (Defra 2021). As the following graph shows, roughly half of the rural population falls within the decile (10%) of England’s population which has the worst access to services. By contrast, very few rural people fall within those deciles with the best access to services.



Among the services measured, food stores and primary schools are the most accessible, whilst hospitals and places of further education are the least accessible.

Access to services is partially dependent upon the availability of transport and digital connectivity. Information about these topics can be found later in the report, in the chapters about travel and transport services, and the use of online services respectively.

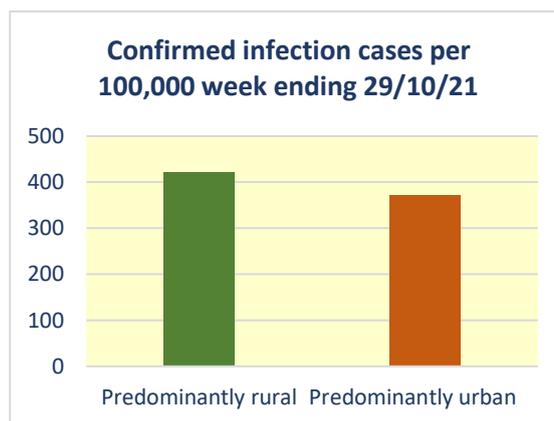
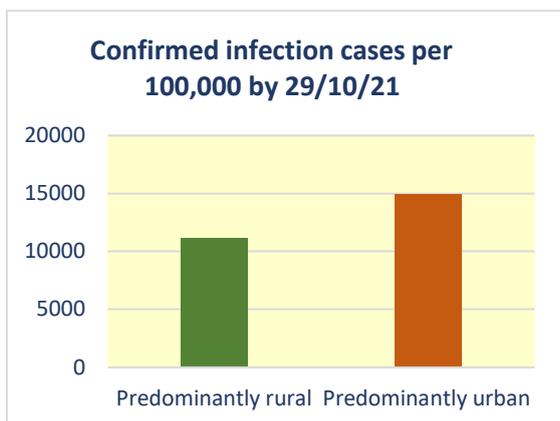
### Infection levels<sup>2</sup>

By 29<sup>th</sup> October 2021 some 1,353,400 residents from predominantly rural areas were confirmed as having been infected with Covid-19, giving an overall case rate of 11,149 (per 100,000 population). The case rate for predominantly rural areas solely within the week ending 29<sup>th</sup> October 2021 was 421. Case rates in Autumn 2021 have been higher in rural than urban areas<sup>3</sup>, reversing the picture through most of the pandemic.

<sup>1</sup> The nine service types measured are primary school, secondary school, further education, doctor’s surgery, hospital, food store, town centre, post office, town centre and employment centre.

<sup>2</sup> Statistics on infection and vaccination have been supplied by Defra and are based on Public Health England data.

<sup>3</sup> Figures for predominantly urban areas, shown in the two charts below about infection cases, exclude London. However, were London to be included this would not change the overall finding.



## Vaccinations

Vaccination rates in predominantly rural areas have been high, with 94% of those who were aged 50 or over being fully vaccinated by October 2021.

Per cent of people aged 50 or over who had received Covid-19 vaccinations by 24 <sup>th</sup> October 2021		
	Predominantly rural	Predominantly urban
Received first dose of vaccine	95%	90%
Received second dose of vaccine	94%	88%

## Business support<sup>4</sup>

Businesses in predominantly rural areas had received 903,000 support grants by late August 2021 to help them deal with the pandemic and restrictions. The total value of these grants was £2.7 billion.

Support grants distributed to businesses in predominantly rural areas by 29 <sup>th</sup> August 2021				
	LRSB grant <sup>5</sup>	ARG grant <sup>6</sup>	Restart grant	All grants (total)
Number of grants	643,000	139,000	121,000	903,000
Value of grants	£1.42 bn	£0.37 bn	£0.91 bn	£2.70 bn

<sup>4</sup> Statistics on business, employment and self-employment support schemes have been supplied by Defra and are based on Office for National Statistics data.

<sup>5</sup> LRSB is the Local Restrictions Support Grant scheme

<sup>6</sup> ARG is the Additional Restrictions Grant scheme

## Employment support

At the end of September 2021:

- 157,000 employees in predominantly rural areas were being supported by the Coronavirus Job Retention Scheme (otherwise known as furlough). This is an 80% reduction from the number supported by the scheme in January 2021;
- Those being supported by the scheme in July 2021 comprised 3% of all employees in predominantly rural areas. The comparator figure for predominantly urban areas was 4%;
- The proportion of employees being supported by the furlough scheme was particularly high (15%) in rural micro-businesses (that is, businesses with fewer than 10 employees).

## Self-employment support

By 7<sup>th</sup> October 2021 some 183,000 self-employed individuals had claimed under the fifth Self-Employment Income Support Scheme (SEISS) grant. This was over a quarter (28%) of all eligible individuals, a lower proportion than in urban areas. The proportion claiming has gradually reduced. At the time of the first SEISS grant claims were made by around three-quarters (74%) of eligible individuals in predominantly rural areas.



## The wider policy environment

Although the focus of this report is the impacts of the pandemic on rural services, there are of course other influences at play and any recommendations made would be remiss not to take account of that wider policy context. Whilst by no means intended as a comprehensive list, four considerations are:

- Economic recovery: the focus on completing the national economic recovery and returning to levels of economic activity (and growth) which prevailed before the start of the pandemic, not least to secure jobs and tax income;

- Levelling-up: the objective to enable communities from those parts of the country which are seen as having been left behind to catch up and to share more equitably in economic growth and opportunities;
- Cost of living: the effects, felt most acutely by low income households, of sharp price rises for key items such as home energy, petrol or diesel for vehicles and many foods. Some predict that this heralds a period of relatively high inflation;
- Net zero: the imperative to make faster progress towards the UK's 2050 net zero target, not least by decarbonising transport, home heating and the wider economy. Part of this being the ambition to make green growth a key part of the recovery.

This report now turns to the seven thematic chapters which explore various impacts of the pandemic on rural services.

## USE OF LOCAL RETAIL OUTLETS AND CENTRES

Indications are that many people turned to local shops to help them access food and other essentials during the pandemic. This may have been especially so during the initial lockdown when travel was actively discouraged. At the same time, town high streets have faced a challenging time – even by recent standards – as many shoppers stayed away and those who could worked from home. Key questions include whether small rural stores have benefited, whether rural town high streets have suffered and whether such retail trends will be sustained or prove short-lived.

### Trends prior to the pandemic

The national picture for the retail sector had been deteriorating in the run-up to 2020. The Local Data Company (2020) monitors trends for multiple retailers and its UK-wide figures show a rising number of store closures since 2017, measured both in gross and in net terms. Nonetheless, the figures relating to the first half of 2020, when the pandemic struck, seem particularly bleak.

Change in the number of multiple retailer stores in the UK, 2016 to 2020 (figures are for the first half of each year only)		
First half of year	Number of store closures	Net change in store numbers
2016	7,195	-2,001
2017	6,453	-659
2018	7,311	-2,848
2019	8,517	-3,509
2020	11,120	-6,001

Source: Local Data Company (2020)

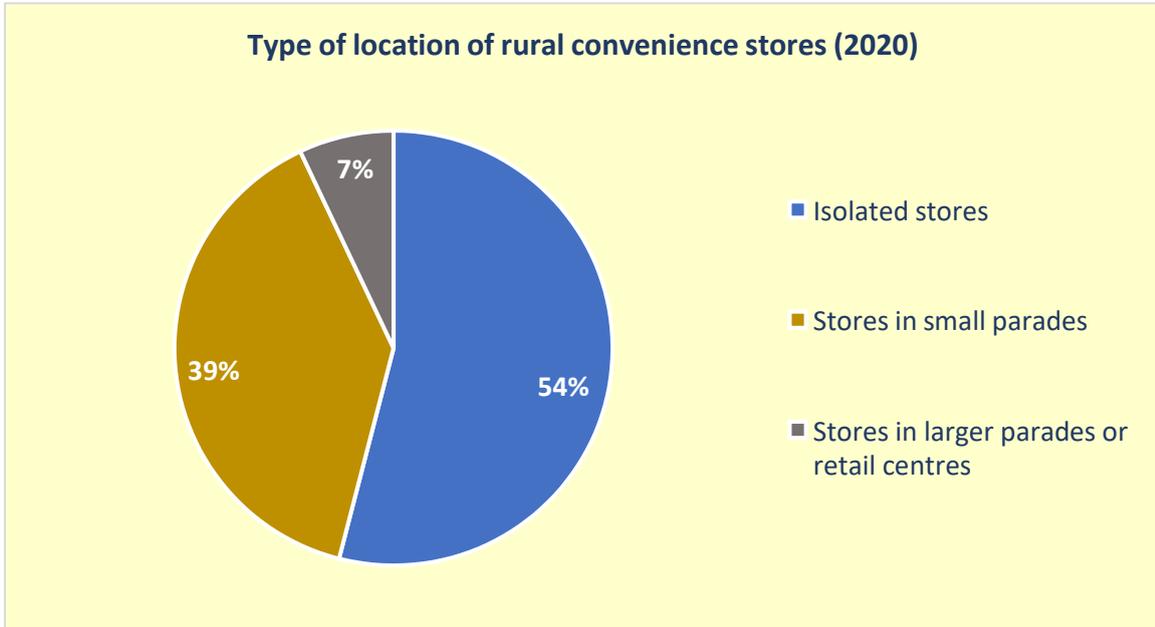
The position for small rural stores appears to have been much more stable. According to the Association of Convenience Stores in 2020 there were 17,175 convenience stores located in rural areas of the UK (ACS, 2021a). This is a similar figure to that reported two years earlier, in 2018, when the number of rural convenience stores was measured at 16,944.

The majority of these small rural stores had no other nearby retail service, so could be viewed as uniquely accessible by their local communities (see chart below). This is also supported by the fact that:

- 48% of customers at rural convenience stores had travelled less than a quarter of a mile; while

- Another 30% of customers at these stores had travelled further, but still less than a mile.

Also notable is that 65% of these customers frequented their rural convenience stores at least three times a week. Taken together, these statistics would appear to underline the value of such stores to their local communities.



Source: Association of Convenience Stores (2021a)

Looking specifically at community-run shops, in the period running up to the pandemic the number which were trading grew year on year, as it had done over the longer-term and since first measured in 1996. The Plunkett Foundation (2021) reports that by the end of 2019 there were 318 community-run shops in England and 372 in the UK. The bulk of these shops were to be found in small rural settlements, typically filling a gap where there was no other nearby retail outlet.



Source: Plunkett Foundation (2021)

One question is whether the trend in rural town centres and high streets is similarly stable or more akin to that in larger urban high streets. Unfortunately, surprisingly little pre-pandemic evidence appears to exist specifically about the vitality of rural town centres or high street areas.

The Office for National Statistics developed some experimental statistics for all town high street areas across Great Britain (ONS, 2020). These showed that in early 2020 some 29% of addresses in high street areas were categorised as retail outlets (the remainder being a mix of residential, offices and community or leisure facilities). Intriguingly, larger rural town centres – those which are defined as ‘hub towns’ – were the places where retail was most dominant, comprising 36% of all addresses. This study also found that retail employment fell widely in town centres between 2015 and 2018, albeit this average masked large variation, with major reductions at some locations and growth at others.

Research by the High Streets Task Force – again, not rural specific – also adds to the broad picture, concluding that, already, by 2020 footfall in high streets across England had been in decline for a decade. Indeed, it measured that decline in footfall as being 5% over the shorter period from 2015 to 2020.

### Convenience stores in the pandemic

Survey work by Yonder Consulting (2021) provides some fairly clear evidence that the pandemic and restrictions have led many residents to place a greater value on their local shops than hitherto.

Percentage of shoppers at convenience stores who agreed with the following statements:	
I have visited my local convenience store more than this time last year.	37%
I have purchased a wider range of products from my local convenience store than this time last year.	25%
I have used a wider range of services in my local convenience store than this time last year.	11%
I have used a home delivery service from my local convenience store for the first time in the last year.	6%
I have used a click and collect service from my local convenience store for the first time in the last year.	5%

Source: Yonder Consulting (2021)

Another telling statistic from this survey is that 21% of consumers said they felt safer when in their local shop than they did when in a supermarket.

A reasonably positive picture is painted by the UK-wide Community Barometer 2021 survey which was run by the Association of Convenience Stores (ACS, 2021b). This indicates the overall pandemic effect is likely to be small, if slightly positive for such stores. Hence, compared with pre-pandemic:

- Most (79%) people plan to use their local shop in the same way after the end of Covid restrictions;
- However, 8% plan to use their local shop more often and another 5% plan to use it for a wider range of products or services;

- Whilst 3% of people plan to use their local shop less often and another 3% do not plan to use them at all.

There is a similar rural-specific finding from the ACS (2021a). Other survey work by them found one in five rural consumers saying that they depended more on their local shop in 2020 than they did a year earlier.

### **Community shops in the pandemic**

Meanwhile, the Plunkett Foundation published insights (2021a) into the ways that community-run shops initially adapted in 2020, enabling them to operate through the pandemic and within the restrictions. These shops rely heavily on volunteer labour and, when the pandemic started, many saw some of their regular volunteers leave duties to self-isolate.

These people were often replaced by new and younger volunteers, who took on a range of tasks, including ordering and delivery services, and packing food parcels for residents who were vulnerable or shielding. However, as the first lockdown eased, things partially reverted, with many new volunteers returning to their normal lives and some regular volunteers re-starting.

This early 2020 evidence indicated that shop turnover held up and, indeed, that some shops conceded they had seen business benefits, such as new customers, new volunteers, greater awareness of their services and an incentive to remodel or diversify services. In extreme cases residents queued up to use community-run shops or caused high demand for home delivery services (especially in the first lockdown when supermarket delivery services were overwhelmed).

In a later report the Plunkett Foundation (2021b) presented evidence relating to performance of community-run shops over the whole of 2020. By two measures that evidence is clearly positive:

- 13 new community-run shops opened during 2020, whilst none closed, thereby taking the total number of community-run shops in the UK to 392;
- 55% of community-run shops said they had experienced a significant increase in trade since the start of the pandemic and another 29% cited some increase in trade.

For a limited number of these shops official (AR30) financial returns were available for analysis. With limited numbers, these need to some cautious interpretation. That caveat made, they showed around 70% of the community-run shops had a higher turnover than in the preceding year, but around 60% had a lower profit than in the preceding year. This apparently contradictory finding may be explained by the extra pandemic-related costs that shops incurred, by some shops recruiting staff to substitute for lost volunteers and by some having to close profitable cafés during lockdowns.

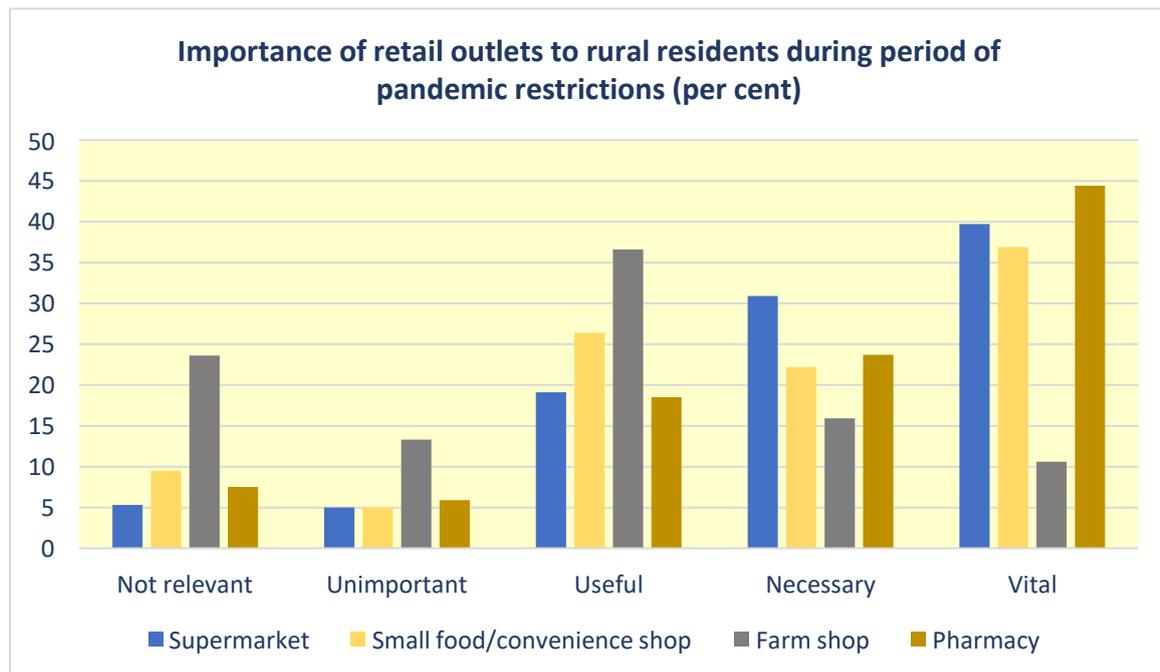
Looking ahead from 2020, an overwhelming 97% of community-run shops expressed confidence about the next twelve months. Many intended to continue with services which they introduced when the pandemic arrived, such as online ordering, home delivery, support for vulnerable individuals (for example, food parcels) and selling more locally sourced products. The most frequent challenge these shops cite is replacing and sustaining volunteers. One notable concern is that some of these shops were considering ceasing to offer post office services or no longer hosting an ATM.

## Survey evidence of pandemic impacts

The view of retail consumers was captured through our survey of rural residents, which was carried out between April and June 2021. This asked how important various services had been to them during the period since March 2020 when pandemic restrictions came into force. Perhaps unsurprisingly, those outlets selling food and drink scored very highly. Supermarkets were clearly important for most of these rural residents, with small food or convenience stores also important for a majority. Equally, perhaps unsurprising, pharmacies were considered very important during this period. Although farm shops did not score as highly, it seems clear they have been very important for some rural residents and useful for many more.

As the chart below shows:

- Supermarkets: 71% of the rural residents considered them to have been vital or necessary during this period;
- Pharmacies: 68% of the rural residents considered them to have been vital or necessary during this period;
- Small food or convenience stores: 59% of the rural residents considered them to have been vital or necessary during this period; and
- Farm shops: 27% of the rural residents considered them to have been vital or necessary during this period.



Source: CCRI and Rural England CIC rural residents survey (2021)

Our survey also asked whether these rural residents had changed their use of supermarkets and local food shops, comparing their level of use during the pandemic with that previously. On this measure, the results tell a subtly different story which favours the smaller food shops. During the pandemic roughly half of the rural residents (51%) had increased their use of local food shops, whilst a much smaller proportion reduced their use of them. For supermarkets the situation is reversed, if

less clear cut, with more (32%) reducing than increasing their use. It can be noted that in a minority of cases decreasing use of these services actually means stopping using them altogether.

<b>Per cent of rural residents who say their use of small food shops and supermarkets has increased or decreased since March 2020</b>			
<b>Type of outlet:</b>	<b>Use increased (I)</b>	<b>Use decreased (D)</b>	<b>Net figure (I minus D)</b>
Local food shop e.g. convenience or village store	51%	11%	+40%
Supermarket	16%	32%	-16%

Source: CCRI and Rural England CIC rural residents survey (2021)

It is notable, too, that the survey produced evidence of shop closures during the pandemic period. It found that:

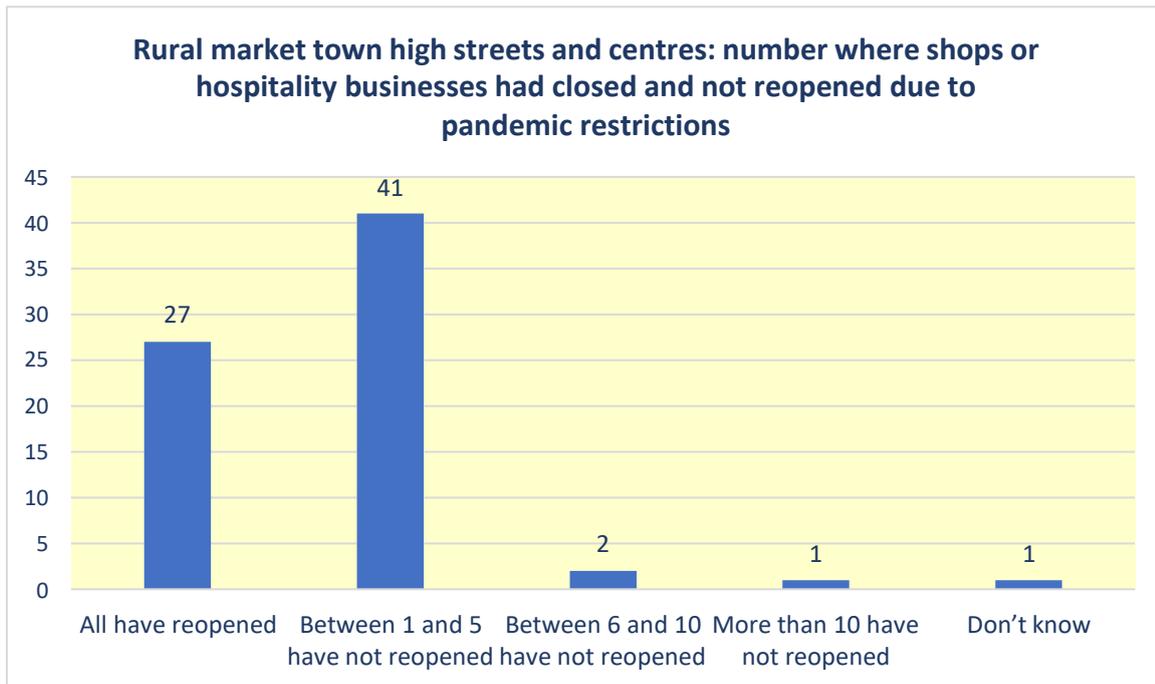
- Clothing shops: 28% of the rural residents were aware of such an outlet closing permanently within 5 miles of where they live since March 2020;
- Food and drink shops: 17% of the rural residents were aware of such an outlet closing permanently within 5 miles of where they live since March 2020; and
- Personal service shops: 13% of the rural residents were aware of such an outlet closing permanently within 5 miles of where they live since March 2020. These could include hairdressers, nail bars, beauty salons and the like.

Some of these closures may have occurred in village settings, though others may well have taken place in rural market town centres. It is these towns to which we now turn.

### **Pandemic evidence for rural high streets**

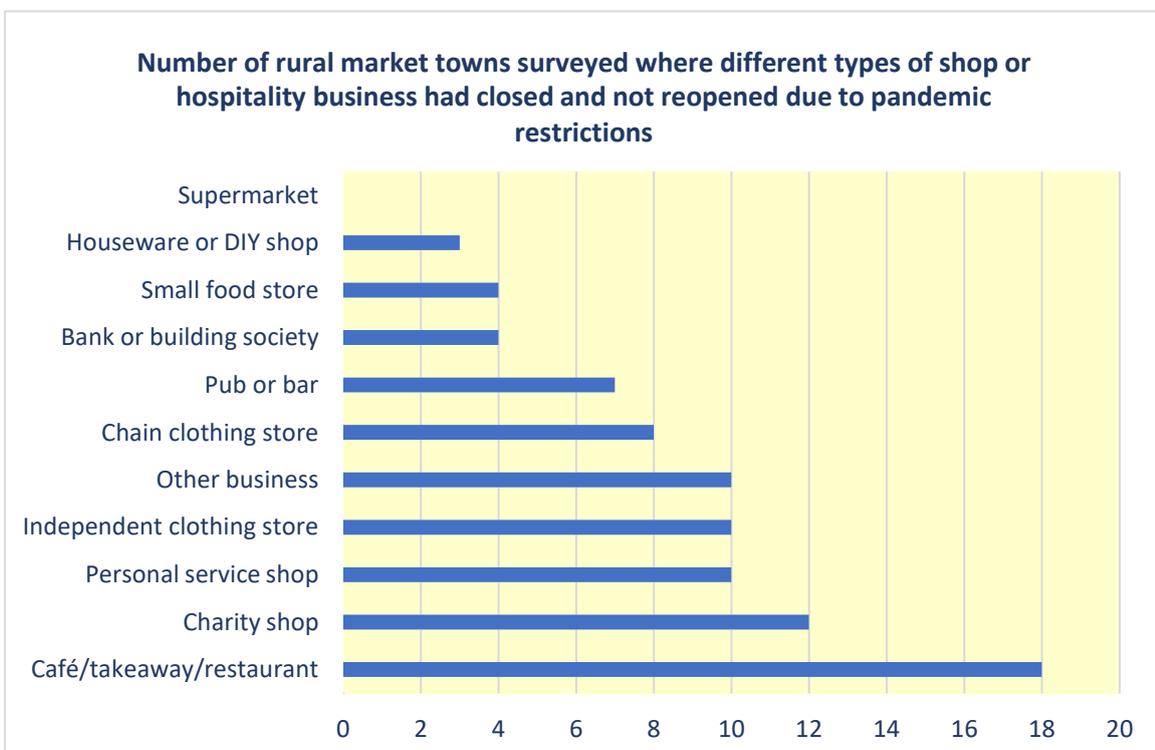
A separate survey targeted at rural market towns, was carried out in June and July 2021 to inform this report (via their Town or Parish Councils), gathered information about the resilience of retail and hospitality businesses in their high streets and town centres (RSN, 2021). It did so at a point when pandemic restrictions of varying severity had been in place for approximately 15 months. The survey took place just before all legal restrictions were lifted.

The evidence from this survey is that rural market towns have not escaped the impacts, but have proved to be fairly resilient. As the chart below shows, in a majority of the 72 town high streets or centres covered by this survey between 1 and 5 shops or hospitality businesses had closed and not reopened, seemingly as a result of the pandemic restrictions. In most of the remaining town high streets and centres no shops or hospitality businesses had closed and not reopened. It is worth adding that three responses cited new shop or hospitality businesses getting ready to move into units which have been vacated through such closures.



Source: RSN Rural Market Towns Group survey (2021) – based on responses from 72 towns

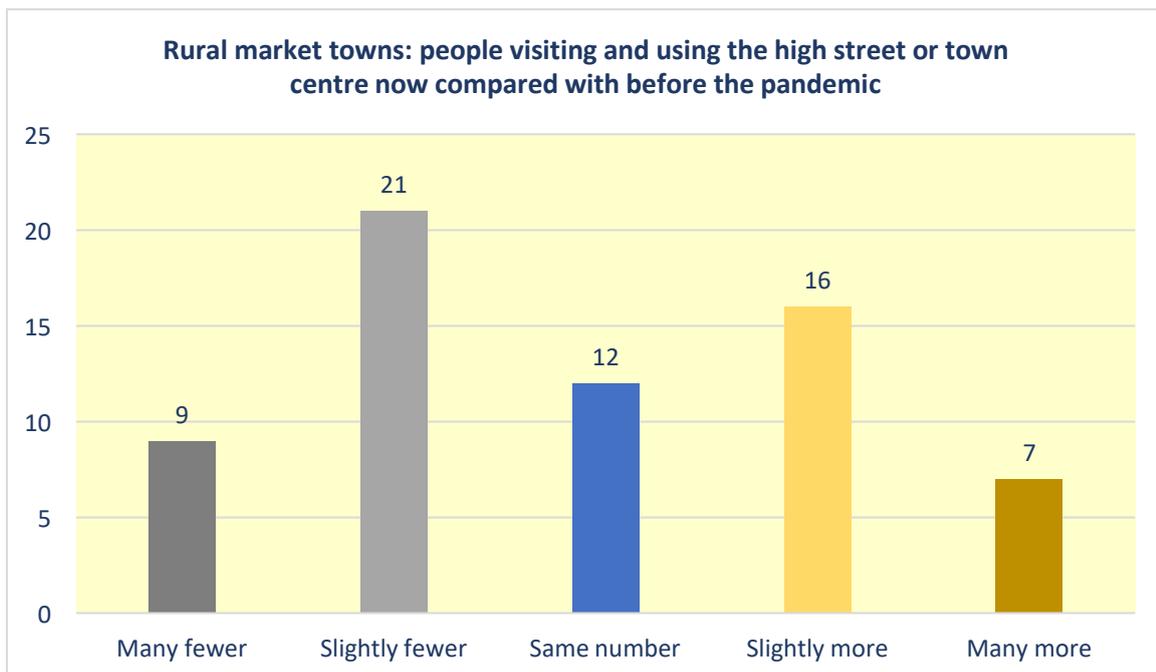
The survey also asked what types of shops or hospitality businesses had closed and not reopened in these market towns. The most frequently given answer was a café or takeaway or restaurant. A good number also cited that charity shops had closed. However, it would appear few food shops or houseware/DIY shops closed and it may be no coincidence that these were businesses permitted to remain open throughout the pandemic and its lockdowns (albeit with certain measures in place).



Source: RSN Rural Market Towns Group survey (2021)

A number of the towns commented that cafes and other shops had survived by virtue of being able to trade outside on pavements or street space. Other towns highlighted independent stores adapting their model during the pandemic, for example by starting home deliveries or providing a click and collect service.

A further question asked these rural market towns about footfall in their high streets and town centres: specifically, how the situation in June/July 2021 compared with footfall prior to the pandemic. The picture was varied and, perhaps surprisingly, quite a few considered that footfall was greater than it had been prior to the pandemic (23 out of 67 responses). That said, the balance is otherwise, with a larger cohort of towns that considered footfall to be lower than it was prior to the pandemic (30 out of 67 responses).



Source: RSN Rural Market Towns Group survey (2021)

There is no obvious pattern among the market towns which have performed well or less well, when measured against shop/business closures and returning footfall. It does not appear to relate either to regional geography or to town population size.

However, a number of these rural market towns commented that their high streets and town centres have benefited from the large number of people holidaying or making visits within the UK rather than travelling abroad. This includes seaside visitors and countryside walkers. Other towns flagged that trade is being adversely affected by more vulnerable residents who are not yet venturing out into shops or hospitality businesses.

### Rural residents' future use of shops

Will the trends that are highlighted in this chapter last? Our survey of rural residents, carried out between April and June 2021, asked people about their intentions once all pandemic restrictions were lifted. Specifically, it asked whether they were more or less likely to do certain things, by

comparison with their activities before the pandemic started (in March 2020). The results, in terms of shopping habits, were quite marked. Among these rural residents, after restrictions are lifted:

- 47% agreed that they were more likely to use local shops;
- 53% agreed that they were less likely to visit town centres; and
- 33% agreed that they were more likely to use farm shops.

The finding for local shops is clearly a positive one for rural areas, though any gain they reap may be at the expense of town centre shops. One qualification is that survey respondents quite probably interpreted ‘town centres’ to include or even primarily refer to larger (urban) towns. Hence, the picture for smaller rural town centres may be unclear. Indeed, some respondents may interpret nearby towns as having local shops.

Equally notable is the positive finding for farm shops, which look set to retain some lasting benefit from the pandemic experience. Many of those who started using them or who used them more regularly since 2020 may now stick with that shopping habit.



## Conclusions

In some senses the evidence for the state of the rural retail sector can be described in positive terms. This is reflected in indicators which tracked small food or convenience stores (whether privately or community run) in the years running up to the pandemic.

It broadly aligns with evidence gathered by the Local Data Company (2021), which measured the net closure rate for multiple retailer stores in the UK in different types of location. Between the first half

of 2020 and the first half of 2021 that closure rate was 4.3% for city centres, 3.1% for town centres and 2.3% for villages.

During the pandemic those locally based, small food and convenience stores were highly valued by rural residents and many of them adapted their service offer around the restrictions. Moreover, a large proportion of rural residents increased their use of such stores, quite possibly at the expense of supermarkets, which they used less. There are, of course, some unknowns, which might qualify this overview: for example, whether many of these small businesses have taken on debt or become weaker financially.

Rural market town high streets have been impacted by the pandemic, typically experiencing a few shop closures. Whilst the picture is variable, it can be argued that as a group they have proved more resilient than expected and many of them show good signs of recovery.

Looking forward, almost half of rural residents expect to continue making greater use of local shops. Farm shops are likely to be among the beneficiaries of this trend. Rural retailers would do well to look for ways to capitalise on this sentiment whilst it lasts.

Given these conclusions the following policy actions are recommended:

- Using Government programmes which support town centres, such as the Towns Fund and Future High Streets Fund, to target struggling small rural towns (and not just larger towns), helping those smaller towns to adapt to changing consumer trends and demands;
- Monitoring the extension of relief on Business Rates for smaller retail, hospitality and leisure outlets during 2022/23, to ensure recovery in those sectors before introducing any return to normal Rate levels;
- Taking forward, as a matter of priority, proposals for a new online sales levy to level the playing field with outlet-based businesses. The case for such a levy has been strengthened by the pandemic, with online retailers enjoying further significant growth.

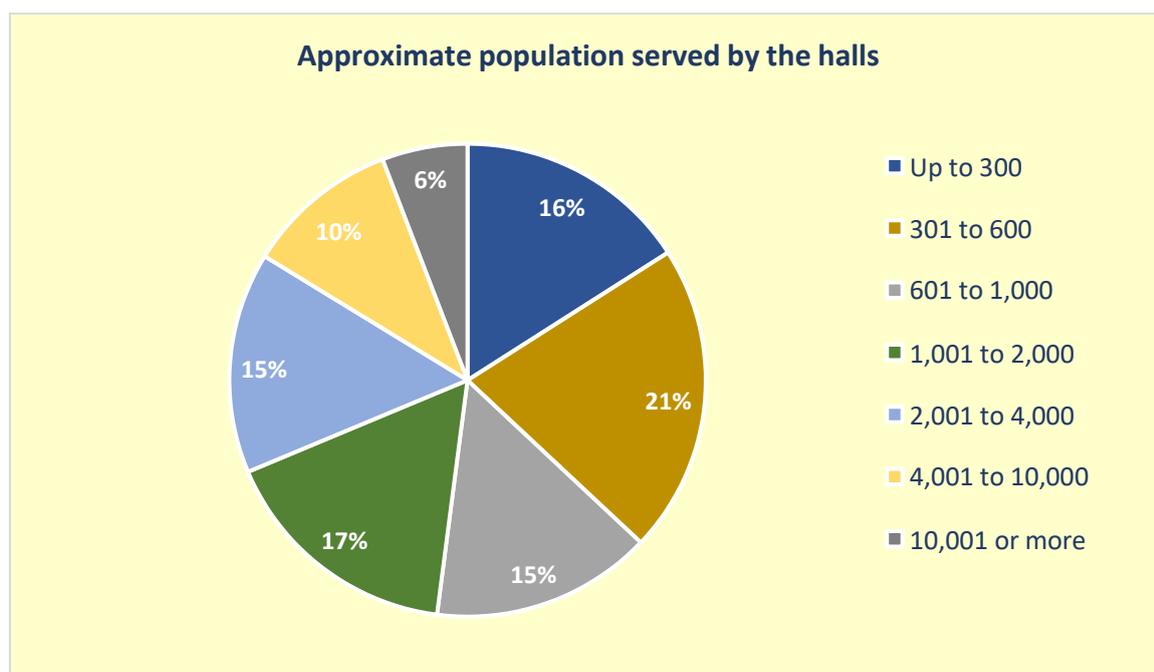
## VALUE OF COMMUNITY ASSETS

It is often said that community assets, such as village halls, church halls and pubs, play a key part in the social fabric of rural places and the wellbeing of their residents, being the venues where people typically meet up and take part in groups or activities. However, with social distancing and other pandemic restrictions in place over a sustained period many of these buildings are likely to have been closed or only partially open. Key questions include whether rural community assets have been functional in the pandemic and whether they (and the activities they host) will now recover.

### Village halls prior to the pandemic

Among the most obvious of rural assets is the network of village halls and community centres, most of which are run as charities and managed by volunteer committees. According to Action with Communities in Rural England (ACRE, 2020) there are an estimated 10,000 such buildings across rural England. This number would appear to be fairly stable over time, with hall replacement and redevelopment taking place at a broadly steady pace.

ACRE's last regular village halls survey, managed by a team from Sheffield Hallam University, received responses from February to April 2020. It provides a valuable snapshot of halls, in most cases just before the pandemic restrictions impacted on their operations. Around three quarters of those that responded described themselves as village halls, with most of the remainder describing themselves as either community centres or memorial halls.



Source: ACRE (2020)

As shown by the chart above, just over half (52%) of these halls served a population of up to 1,000 who were typically residents of a settlement or a parish. Given the high proportion serving small communities it is, perhaps, not surprising that 60% of them said they were the only hall or similar meeting place within their community.

The survey found that village and other rural community halls were being used for many purposes and they hosted a wide variety of activities. As highlighted by the table below, this included group meetings, private parties, social events, sport and fitness classes, arts performances, educational sessions and more commercial activities.

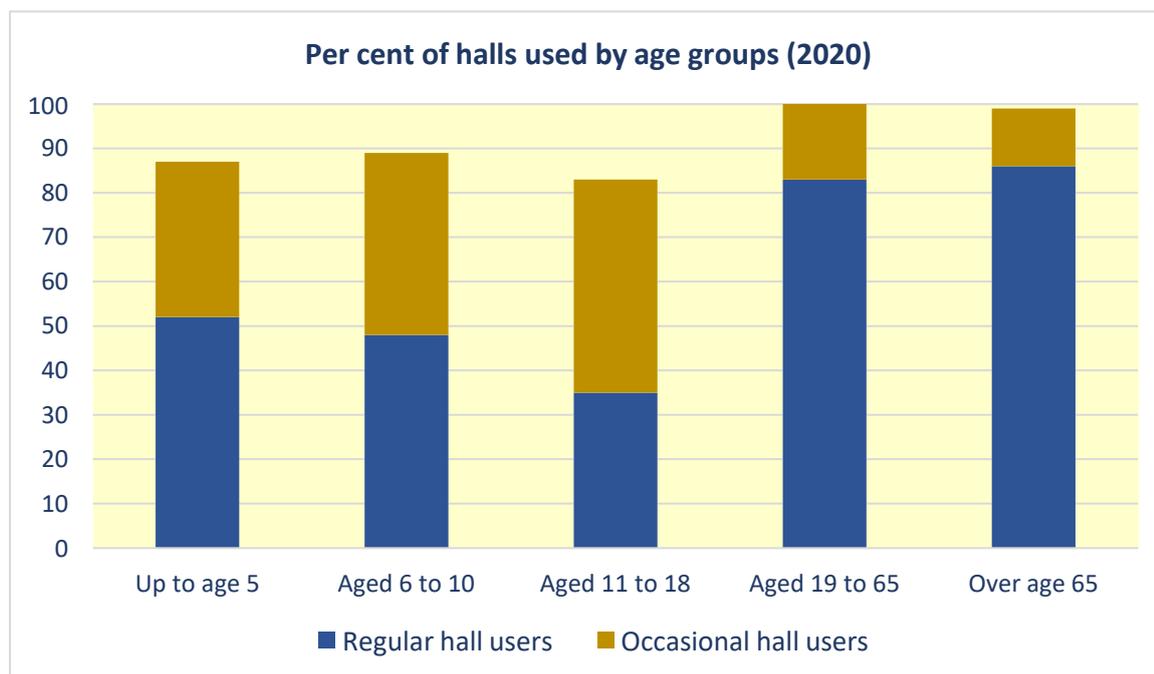
<b>Most common uses of halls: per cent of halls which host each named activity (2020)</b>		
<b>Category of hall use</b>	<b>Three most common activities for each use</b>	
Events and celebrations	Private parties	98%
	Hall committee meetings	97%
	Charity jumbles, bazaars, etc	86%
Social and recreational	Christenings or wakes	86%
	Coffee mornings/afternoon teas	72%
	Church events	53%
Services and wellbeing	Polling station	84%
	Parish Council meeting	78%
	Parish information boards	39%
Sports	Fitness classes	81%
	Yoga	62%
	Carpet bowls	33%
Arts and crafts	Concerts	50%
	Art classes and clubs	46%
	Amateur dramatics/pantomime	44%
Commercial use	Company meetings or events	44%
	One day sales	24%
	Antique fairs	10%
Educational	Pre-schools or nursery schools	33%
	Local history societies/classes	31%
	Other adult classes/WEA/U3A	23%

Source: ACRE (2020)

The survey also found that 7% of these halls hosted statutory services from time to time, such as health checks and clinics. Moreover, many had outdoor facilities which were attached or connected to them. The three most common attached facilities were playing fields (49% of halls), play equipment areas (46%) and public gardens (38%).

ACRE's halls survey asked about the use of these buildings by different age groups. Responses indicated that the halls were typically used across all age groups, from young children through to those of retirement age. That said, as the chart below shows, they are most often used by adults

and by those of retirement age, who are also likely to be their regular users (defined as monthly use or more).



Source: ACRE (2020)

Finally, it is interesting to note the most frequent problems that these village and community halls said they experienced prior to the pandemic restrictions. Committee recruitment was the prime issue. The per cent of halls which regularly experienced the following problems were:

- Difficulty recruiting new committee members (50%);
- Lack of support from their community (16%);
- Lack of financial support (14%);
- Lack of hall use (9%); and
- Lack of support from the Parish Council (6%).

### Other local assets prior to the pandemic

There are, of course, a variety of other buildings which could be considered assets in rural areas, which could extend to local shops (covered in the previous chapter). Village halls and community buildings responding to the ACRE survey were asked what other community facilities there were in their village or (rural) town. The eight most frequently given answers are listed in the table below, with a church or chapel being most often mentioned.

Community facilities, other than village halls, most often present in villages/rural towns (2020)	
Type of community facility	Per cent of villages/rural towns where present
Church or chapel	87%
Pub	68%

School	55%
Shop/post office	47%
Sports pavilion	38%
Pre-school	31%
School hall	29%
Church hall	26%

Source: ACRE (2020)

For church buildings trends were studied and written up in a report published by the Church Buildings Council of the Church of England (Braithwaite, 2020). This examined the Council’s casework over the period 2004 to 2018, as well as surveying dioceses and other stakeholders. The study related to all of England, though it contains some rural-specific findings. It is, of course, limited to reporting on Church of England buildings. Moreover, it must be acknowledged it is not recorded how many of the churches in question actually had a hall.

According to that report there were 17,620 churches open for public worship in the Church of England estate. Over the fourteen-year period that was studied:

- 552 of them were classified as ‘struggling’, where a building or survey report was formally sought to consider their future. This equates to an average of 37 per annum; and
- Of these, some 340 church buildings were subsequently closed. This equates to an average of 23 per annum. Such figures imply that around 2% of churches were closed over fourteen years, which could be described as a fairly low closure rate.

The report goes on to examine the characteristics of struggling and closed churches, noting that the pattern is very uneven, with higher numbers affected in more northerly regions (plus in Greater London) and lower numbers affected in more southerly regions.

The population size of the (ecclesiastical) parish has some relationship with these trends, though not, perhaps, in the direction expected. As the table below shows, those parishes with the smallest populations had a disproportionately small share of the struggling and closed churches.

<b>Per cent of struggling and closing CoE church buildings in parishes with the smallest populations (2004 to 2018)</b>		
	<b>Smallest 10% of parishes</b>	<b>Next smallest 10% of parishes</b>
Struggling churches	5% share	7% share
Closed churches	2% share	8% share

Source: Church Buildings Council (2020)

Allied to this, the report finds that struggling and closed churches are more likely to be in urban than in rural locations (with rural defined, here, by the character of the land on which each church

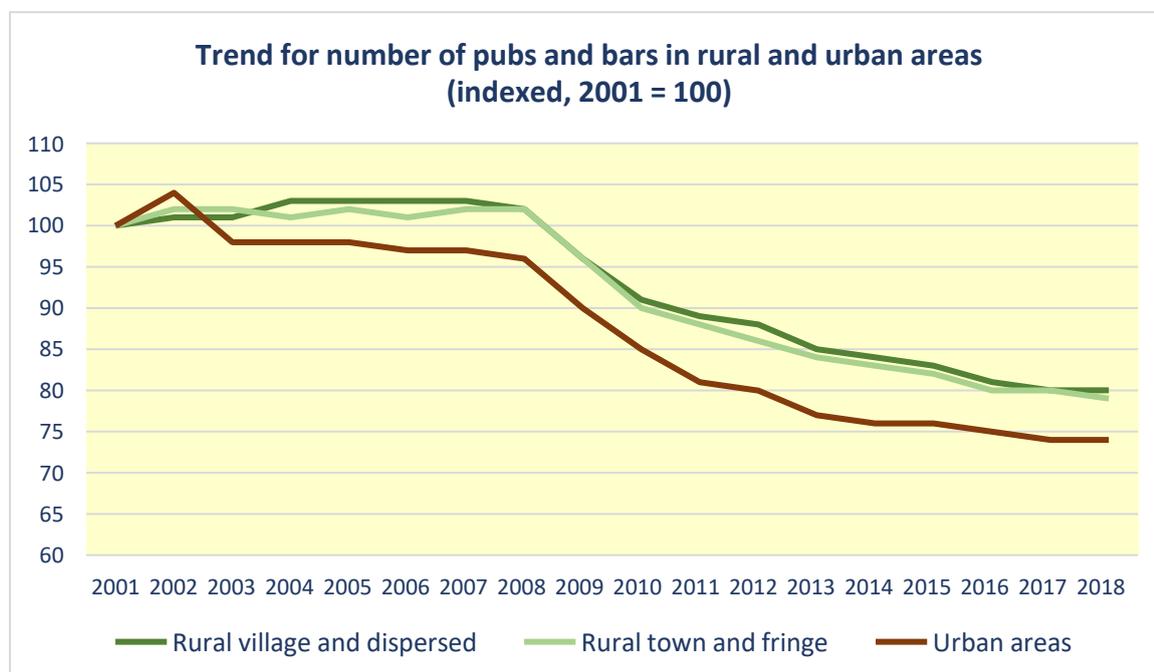
stands<sup>7</sup>). On that basis, the report notes that 20% of churches considered for closure were characterised as rural. It further comments that, many rural churches face challenges in respect of their limited pool of worshippers, volunteers and supporters, but most nevertheless appear to be resilient, with relatively few of them coming forward for consideration of closure.

Pubs can be viewed as another class of community asset<sup>8</sup> and rural-specific statistics are available from the Office for National Statistics, which relate to England and Wales (combined) for the period from 2001 to 2018 (ONS, 2018). These show that:

- By 2018 there were 6,360 pubs and bars located in villages and dispersed settlements. This is 20% fewer than existed in 2001; and
- By 2018 there were 4,365 pubs and bars located in rural towns and fringe areas. This is 21% fewer than existed in 2001.

We can add that:

- This means in 2018 there were 10,725 pubs and bars located in rural areas. As such, they comprised 31% of all pubs and bars in England and Wales, making them disproportionately present in rural areas;
- As the trendlines in the chart below show, the number of rural pubs and bars was broadly stable from 2001 to 2008. Their numbers then reduced rapidly until 2013, before levelling off to a slower rate of decline thereafter; and
- This is similar to the trend for pubs and bars in urban areas. However, the rate of loss was greater still in urban areas, where numbers reduced by 26% from 2001 to 2018.



Source: Office for National Statistics (2018)

<sup>7</sup> This is seemingly a broader definition of 'rural' than is typically used for statistical purposes.

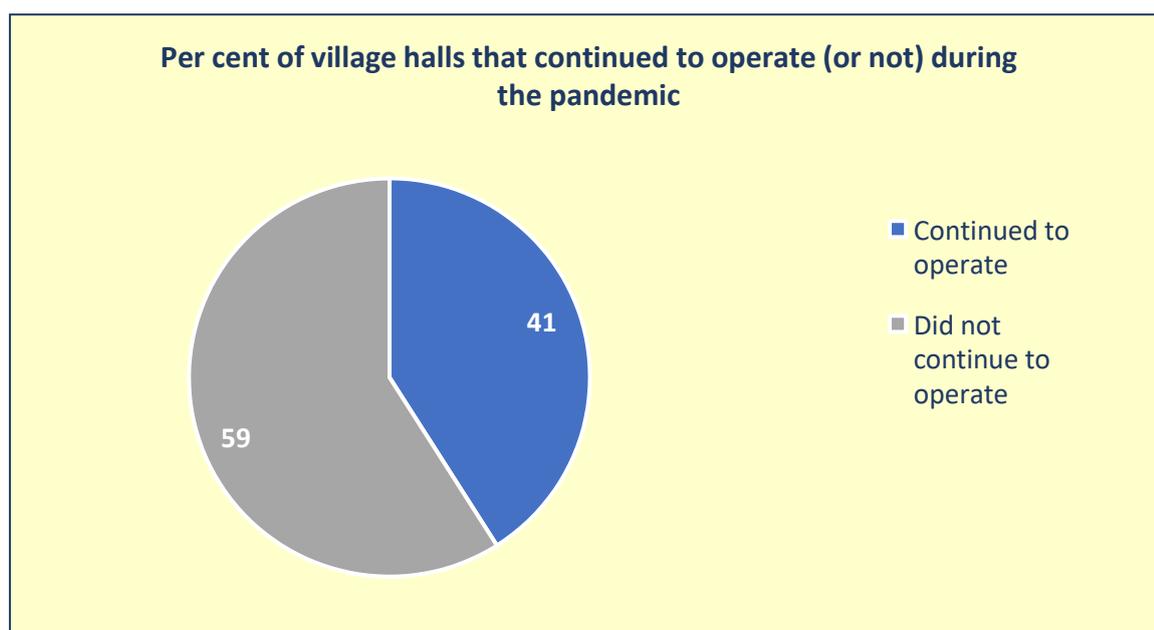
<sup>8</sup> Pubs are also covered within the later report chapter about hospitality and leisure services.

Indeed, a more recent analysis by the Office for National Statistics (ONS, 2020) concluded that the number of pubs and bars increased slightly between 2019 and 2020 – the first increase for fifteen years. It similarly found that – pre-pandemic – both turnover and employment in pubs and bars were showing signs of growth, apparently driven by customers spending more on eating out (though spending less on drinking out). This analysis, it should be noted, was for the whole of the UK and did not differentiate rural from urban areas.

### **Pandemic impacts on village and community halls**

From March to April 2021 a special survey of village hall and community building groups was run for ACRE, with the objective of understanding the impacts of the pandemic and restrictions on that sector (ACRE, 2021). It could be concluded that this survey paints a decidedly mixed picture of the position faced by those halls and buildings.

The survey found just over 40% of the halls had continued to operate, at least in part, during the pandemic. For roughly two-thirds of this group that meant opening all or part of their halls, except during periods of lockdown. The evidence shows that a further small group (around 8%) remained functional even during lockdowns, suggesting they may have been used for essential service provision, such as emergency food or childcare for key workers. Indeed, some halls had hosted Covid-19 testing centres and vaccination days.



Source: ACRE (2021)

Nonetheless, this survey clearly finds that the majority of halls were not operational during the pandemic. The bulk of them said they had been closed throughout, except for carrying out essential security checks or maintenance.

Whilst almost all of the halls intended to reopen, the survey found that 1.4% of them did not anticipate doing so, with this figure seen as likely to be a minimum. If those surveyed are representative, this implies that at least 140 halls will likely have closed for good in rural England because of the pandemic.

As a result, the income that halls usually generate had (unsurprisingly) fallen, though so too had their running costs. Many halls were able to access Government grants, plugging a funding gap. The net result is that a third of the halls said their finances had worsened as a result of the pandemic, whilst another third said their finances had actually improved.

When asked about operational challenges faced during the last year, these halls primarily cited:

- Being unable to carry out fundraising activities;
- Struggling to manage different hall activities within the restrictions;
- Handling excessive time demands placed on their volunteers (perhaps where tasks fell on a small group, if other volunteers dropped out or shielded);
- Maintaining hall governance using online methods; and
- Hall user groups not returning or being unlikely to return.

Though absent from the list above, one notable feature is a significant proportion of halls (around 15%) which no longer intended to proceed with planned works or improvement projects. Major projects, such as replacement halls or hall extensions, were the type most often impacted.

Concern that many hall users might not return is clearly a future risk. There was particular concern about activities or sessions for older people, where users may not return quickly or in significant numbers. More generally, the ACRE report refers to “numerous classes and clubs” which have folded due to the pandemic and will not restart. More positively, there are halls planning for new activities or services when they can reopen properly, with examples mentioned including sports and fitness classes, as well as activities targeted at children and young people.

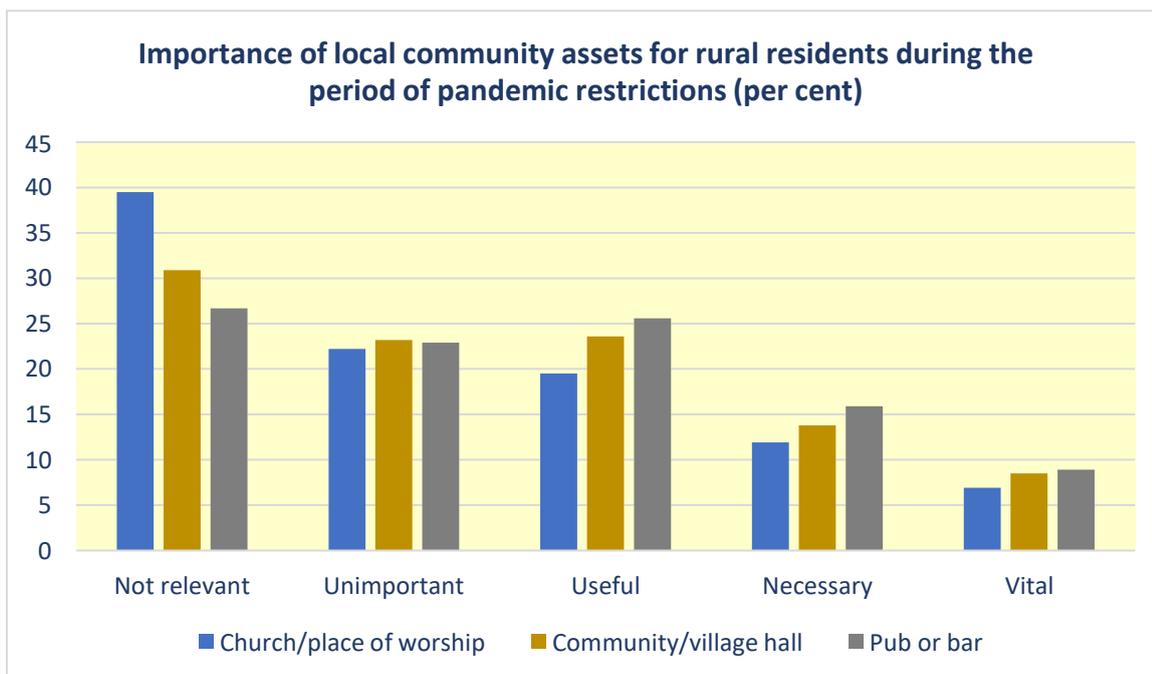
### **Use of assets during the pandemic**

Our survey of rural residents, carried out for this report from April to June 2021, asked questions about village halls or community centres, churches or places of worship and pubs or bars.

It asked the residents how important various services had been to them since March 2020, when pandemic restrictions came into force. The chart below illustrates a similar pattern for all these community assets. Put into figures:

- Community centres or village halls: 22% considered them vital or necessary in this period, whilst 54% considered them not relevant or unimportant;
- Churches or places of worship: 19% considered them vital or necessary in this period, whilst 62% considered them not relevant or unimportant; and
- Local pubs or bars: 25% considered them vital or necessary in this period, whilst 50% considered them not relevant or unimportant.

Two explanations may help explain the rather negative balance of these responses. One is that many assets will have been closed for much of the pandemic period, so buildings could not be used. Indeed, some activities usually taking place in them may have continued online. Another is that rural residents may feel things such as health services and food shops were the real priority given the circumstances of the pandemic.



Source: CCRI and Rural England CIC rural residents survey (2021)

For example, all churches were closed for communal services during the first (Spring 2020) lockdown and the Church of England reported that over half its parishes chose to close again for communal services during the later lockdown in early 2021. One consequence appears to have been a loss of income. Figures presented to the Archbishops' Council show that Church of England income declined by 8% during the first ten months of 2020, largely as a result of less giving by parishioners and lost fees from weddings and other events (Church Times, 2020).

Our survey of rural residents also asked these rural residents whether they had visited certain community assets since restrictions commenced in March 2020. The results show that most (54%) had visited a local pub or bar during this period, whilst around a quarter (26%) had visited a church or place of worship. This could be seen as fairly positive, even if the figures do relate to a period in excess of a year.

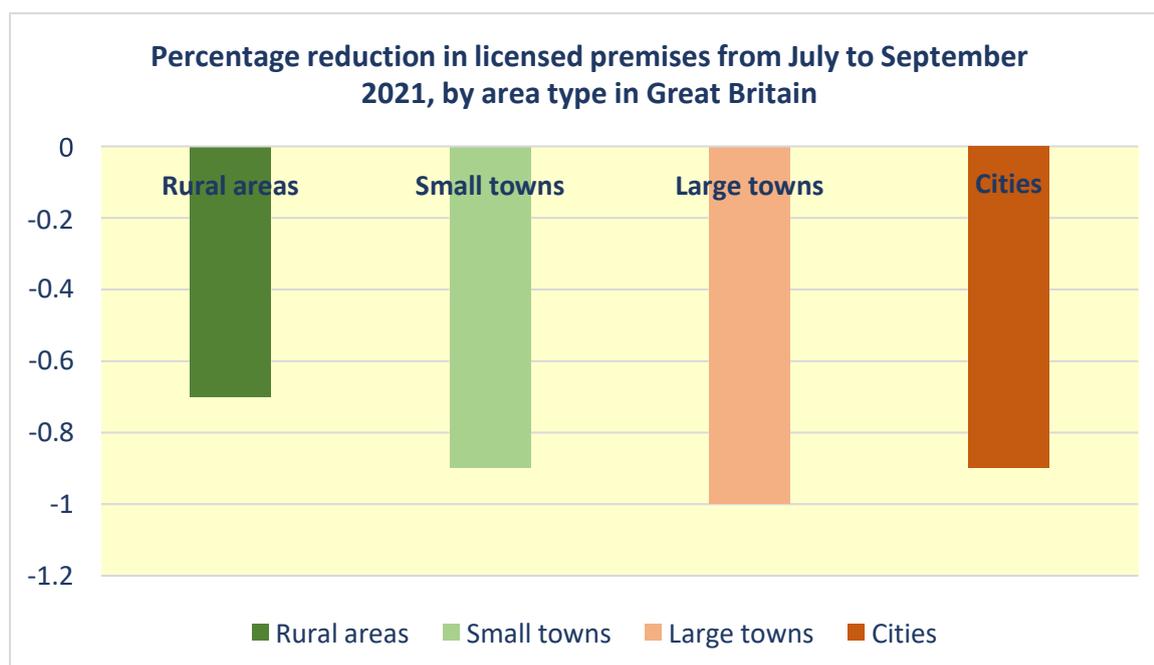
Per cent of rural residents who had visited local community assets since the pandemic restrictions commenced in March 2020			
Type of leisure service	Visited more than twice	Visited once or twice	Never visited
A local pub or bar	30%	24%	46%
A church or place or worship	17%	9%	74%

Source: CCRI and Rural England CIC rural residents survey (2021)

To help gauge the impact of the pandemic, the survey then asked the rural residents if they were aware of any service outlets which had closed down permanently since March 2020 within 5 miles of where they live. Some 29% of these residents said they were aware of a pub or bar closure, making it the most frequently cited service type for closures in our survey.

Indeed, there have been some dire predictions made for rural pubs, such as the survey of pub landlords conducted by the Countryside Alliance (2021), which found a high proportion of them fearful that their business could not survive.

According to CGA and Alix Partners (2021), who monitor the licensed premises sector<sup>9</sup> across Great Britain, there were 9,900 fewer licensed premises in September 2021 than at the start of the pandemic in March 2020. This represents a net reduction of almost 9%. Their monitoring shows that the rate of contraction was fastest in 2020 and early 2021, though closures remain a feature, with labour shortages and supply chain issues adding to Covid impacts. Over the recent period July to September 2021 the net closure rate for licensed premises was 0.9%. Rural areas appear to have been hit less hard than urban areas, though the difference is not large as the chart shows below.



Source: CGA and Alix Partners (2021)

A less pessimistic scenario is painted by the Plunkett Foundation, specifically for community-run pubs, which may benefit from having a lower cost base (2021c). This report acknowledges that in 2020 community-run pubs had “a challenging year to say the least”, having “endured significant restrictions to their trade”. Nonetheless, 12 new community-run pubs opened for business in England during 2020, whilst there was just 1 pub failure or closure. Other findings were that:

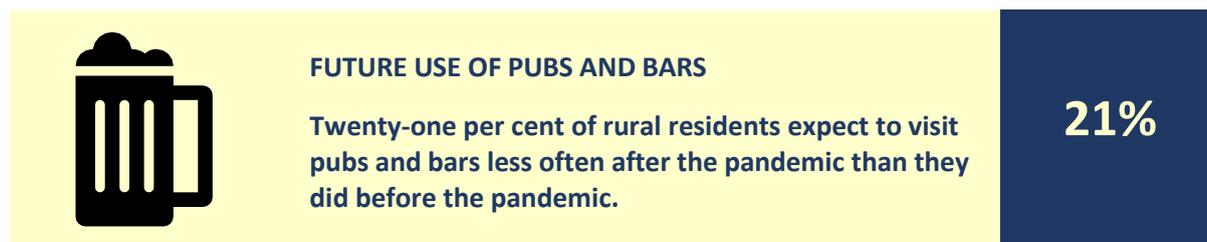
- 56% of community-run pubs sustained some service during lockdown periods by adapting (for example, to provide take-aways). The other 44% closed during lockdown;
- 74% of community-run pubs had furloughed staff at some point in 2020 and 19% had made some employees redundant.

Although many of these community-run pubs cited concerns about sustaining or improving their turnover and profitability, 84% of them said they felt confident about the coming twelve months.

<sup>9</sup> ‘Licensed premises’ includes pubs, most restaurants and other venues with a bar.

Finally, returning to our survey, that asked the rural residents about their expected use of various services once all pandemic restrictions were lifted. Around a fifth (21%) expected to visit pubs and bars less often in future than they had before the pandemic. This indicates a sizeable group who are, as yet, reluctant or unwilling to return to such social settings. For them, the pandemic experience may have brought about a longer-term or permanent change in their habits.

That said, it could also be concluded from this finding that most rural residents who visit pubs and bars expect to return to them, if they have not already done so, and to use them just as much as in the past.



## Conclusions

Before the pandemic the trend was fairly stable for both the number of community or village halls and the number of churches (many with halls). This contrasts with the trend for rural pubs, where numbers had been declining markedly (though, ironically, 2019/20 was the first stable year for a long time).

During the pandemic a majority of community or village halls have been closed. Despite this, most appear to have maintained a reasonable financial position thus far, due to receiving emergency government grants and having lower running costs. Nonetheless, more than 1% of halls are expected to close permanently. As great a concern is whether groups who met at halls and activities which were held at halls will now return to those venues, restarting their (bookings) income stream.

There is certainly evidence of rural pubs closing permanently during the pandemic. The question now, for the remainder, is whether their returning trade is sufficient for recovery. There are some rural residents reluctant to return to pubs, although most expect to use them just as much as in the past. For many rural pubs, the coming period could remain financially uncertain.

Such uncertainty for the future of rural assets is a concern. They have typically been the places where rural residents come together, strengthening community bonds, building local capacity and pursuing community projects.

Given these conclusions the following policy actions are recommended:

- Strengthening existing legislation which allows the registering of local facilities as assets of community value, since this has had limited impact. Communities would have a more realistic chance of taking ownership of assets if there was a Community Right to Buy, giving them a right of first refusal when those assets come up for sale;

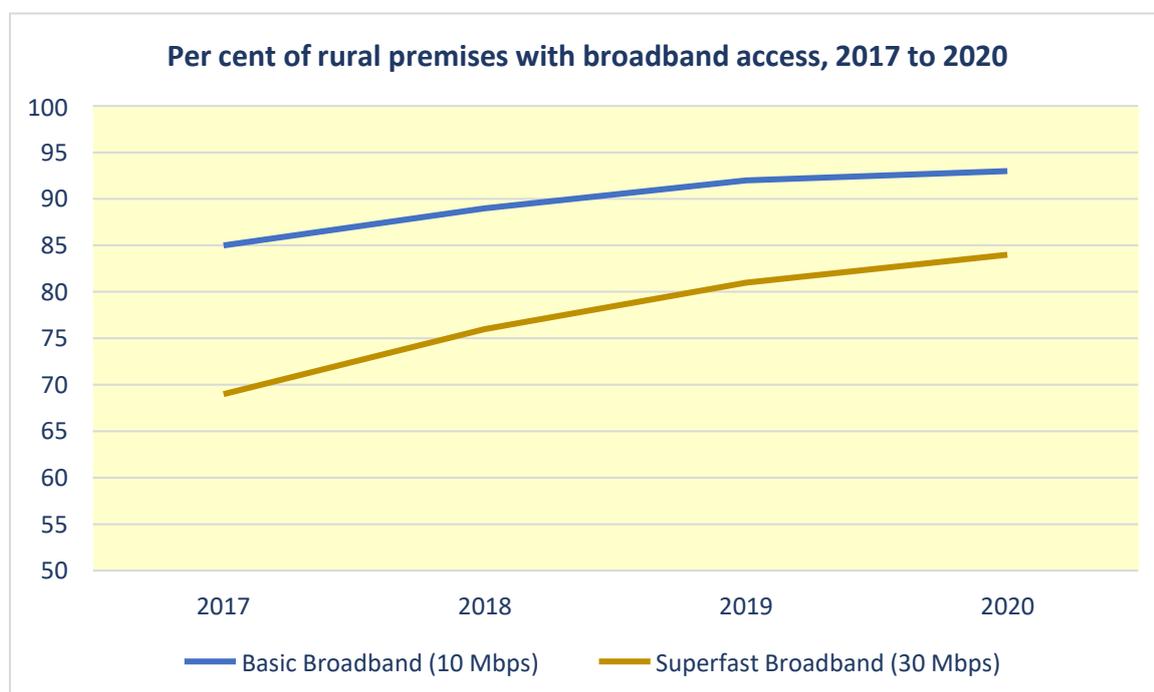
- Improving the Community Ownership Fund so that, in addition to providing capital funding, it can cover associated revenue costs such as groups receiving business development advice and support;
- Introducing a universal business rate discount for community-run businesses and social enterprises, similar to that which already applies to charities;
- Funding to cover the provision of some additional support to groups which manage village halls and community buildings, to help them recover from the pandemic and restrictions (logically delivered through the ACRE Network). This could cover things such as business planning, marketing and finding new hall uses;
- Revisiting and updating the Government's Hospitality Strategy to determine what further assistance can be provided to rural pubs, to help them through the quieter winter months and restore their financial viability. This could include help with linked issues, such as staff recruitment.

## USE OF ONLINE SERVICES

Many service providers across the public and private sectors have encouraged their customers or users to access them online, to automate and save costs. Some services have become 'digital by default' or 'physical by exception'. This may benefit many users, but it can leave others at a disadvantage. An added issue arises in rural areas where digital connectivity still lags behind. There seems little doubt the pandemic shifted more services and their users online, whether in retail, health care, education or banking. Key questions include whether this will prove permanent, whether it diverts custom away from rural-based services and whether some rural groups lose out.

### Digital connectivity trends

Digital networks (and upgrades to those networks), which enable greater use of online services, have been rolled out more slowly in rural areas than in commercially attractive urban areas. Statistics published annually by telecommunications regulator, Ofcom, track the availability of fixed-line broadband connections. They show that by 2020 some 93% of rural premises could access basic broadband (with a 10 Mbps download speed) and 84% of rural premises could access superfast broadband (30 Mbps).



Source: Ofcom, Connected Nations reports (2017 to 2020)

The Ofcom statistics similarly track mobile connectivity. These show that in 2020:

- 46% of rural premises in England had access to a 4G connection indoors on all four mobile networks (EE, O2, Three and Vodafone). This is up from 42% in 2019<sup>10</sup>;
- 81% of the rural land area of England had access to a 4G connection on all four mobile networks. This is up from 78% in 2019.

Whilst digital connectivity in rural areas has undoubtedly improved, it is fair to conclude that it lags behind that in urban areas. The statistics show that a sizeable minority of rural premises still lack good connectivity. For example, around one in six cannot access superfast broadband and over half cannot get an indoor 4G mobile connection on all four networks. Moreover, previous research by Rural England CIC (2018) found that the reliability of digital networks in rural areas was also an issue.

Figures from the 2020 Digital Technology Survey, carried out by the National Farmers Union, show that its membership – often in remote locations – face particular connectivity issues. Points of note include:

- Only 20% of farmers surveyed said they could access a fixed broadband connection with superfast speeds;
- 80% of farmers surveyed said they could access a 4G signal on their mobile, though many also said that signal reliability depends on location; and
- 30% of farmers surveyed said they had experienced additional challenges with internet access during the pandemic.

Despite this, research by the National Federation of Young Farmers' Clubs (2020) found that many young farmers were considering increasing further their online sales through digital marketing.

Young people may be acutely aware of any shortcomings in connectivity. A recent opinion survey of 16 to 25 year olds from rural areas, carried out for CPRE, found that (2021):

- 87% of those who wanted to continue living in a rural area said that having good digital connectivity was an important consideration; whilst
- 76% of those who wanted to move away from a rural area said that poor digital connectivity was a factor which had influenced their decision.

The Communications Consumer Panel (2020) stated, in a summary from its National Hubs debate that, “since the pandemic digital connectivity has become essential, particularly for consumers working from home”. They added, “Covid-19 has propelled consumers into the digital world and those who cannot gain access need safeguarding”.

This chapter now explores recent evidence about online consumers and service users, especially where this covers the period of the pandemic.

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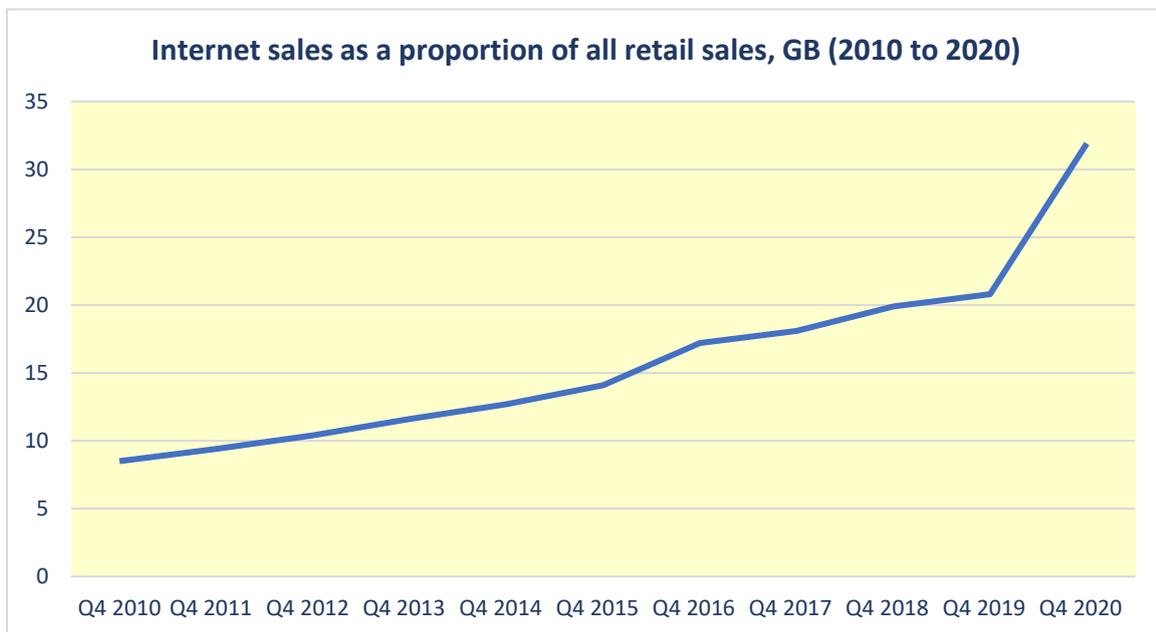
<sup>10</sup> Ofcom’s method for measuring mobile connectivity in years before 2019 was slightly differently, so no trend over a longer period is reported.

## Online retailing

At a Great Britain level, the Office for National Statistics tracks the value and type of retail sales through its regular Retail Sales Inquiry survey. That survey, which does not distinguish rural from urban areas, shows there has been consistent and steady growth in the proportion of retail sales taking place online (ONS, 2021). As the chart below illustrates:

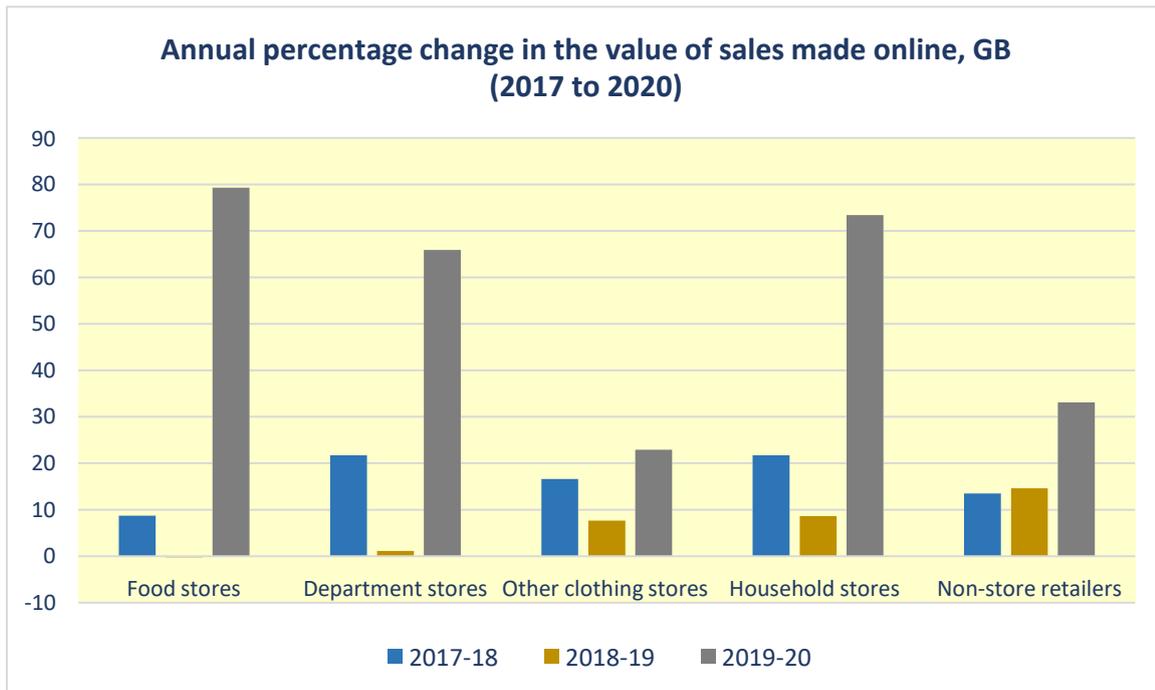
- In the final quarter of 2010, the proportion of sales which took place online was around 9%;
- Growing by over 1% per year, by the final quarter of 2019 this had reached around 21%;
- Then just a year later (final quarter of 2020) it had jumped dramatically to around 32%.

Given historic trends, it seems reasonable to assume that the 2020 figure would have been closer to 22% than to 32% without Covid-19 and its associated restrictions. The highly unusual conditions in 2020 accelerated this trend, arguably causing almost a decade's worth of growth in online retail sales within the space of a single year.



Source: Monthly Business Survey - Retail Sales Inquiry (ONS)

Put another way, the value of all retail sales in Great Britain which took place online grew by 46% between 2019 and 2020. Every sub-sector within retail reported a large increase in the value of online sales in 2020. However, the largest increase was that for online food shopping which over the year 2019-20 grew in value by a staggering 79%.



Source: Monthly Business Survey - Retail Sales Inquiry (ONS)

However, ONS evidence which looks at monthly figures alongside lockdowns and re-openings during 2020 indicates that, as stores have reopened again, online sales have subsided somewhat.

An inter-country comparison by the Organisation for Economic Cooperation and Development (OECD, 2020), which focusses on the Covid-19 experience, concludes that e-commerce enabled many existing businesses to continue operating despite the pandemic. In addition, it also enhanced dynamism within the retail economy: enabling new businesses; reaching hitherto under-represented customer groups e.g. older people; and expanding online sales to products where it had been less common. It also tilted the balance of e-commerce from luxury goods towards everyday necessities.

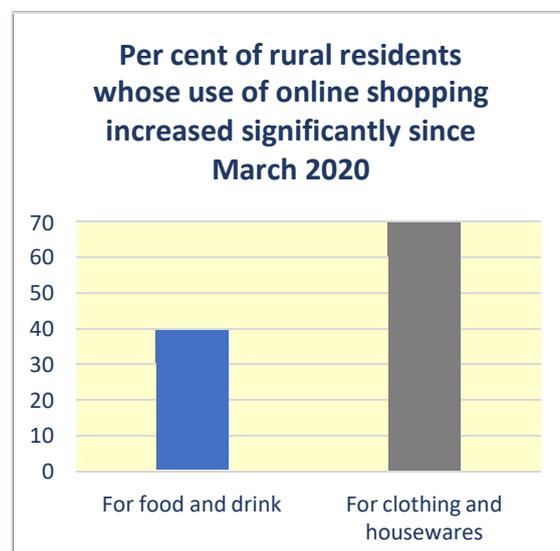
The OECD predicts some of the growth in e-commerce will prove to be long-term, because:

- Consumers have developed new online purchasing habits which many will have found convenient; and
- Retail businesses will want to capitalise on any investment to develop online sales channels.

It is tempting to think that this trend essentially favours larger retailers. Whilst this may be true up to a point, it is not the whole picture. The Rural Shop Report 2021 from the Association of Convenience Stores (ACS, 2021a) includes some rural-specific findings based on surveys of small retailers and their shoppers across Great Britain. That report found that in 2020 some 27% of rural convenience stores offered an online click and collect service to their customers.

Furthermore, the report found that 5% of shoppers at rural convenience stores during 2020 had made use of their online click and collect services for the first time. This, then, is in addition to any shoppers who may have used such a service prior to 2020. Whilst it remains a minority of rural convenience stores that offer click and collect, there are clear signs of growth in their take-up.

The survey of rural residents which was carried out specifically for this report (between April and June 2021) explored trends in online shopping during the pandemic. As the charts below show, during the pandemic many rural residents started shopping online for the first time. This is most notable for shopping for clothing and housewares (24%) and for shopping from a supermarket (23%). However, also identified is a group who started online shopping from a local food store (7%).



The bigger story, however, is that many rural residents who already shopped online, significantly increased their use of online shopping services during the pandemic. This was a particular feature with shopping for clothing and housewares (64% of responses), whilst also being a feature with shopping for food and drink (39%). It is most obvious among those from younger age groups. The rural-specific findings above could be seen as broadly consistent with those from the UK-wide Community Barometer 2021 survey (ACS, 2021b) which found that, over the previous year, 49% of people had used an online ordering and delivery service from a supermarket, whilst 8% had used an online ordering and delivery service from a local convenience store.

### Parcel or home delivery services

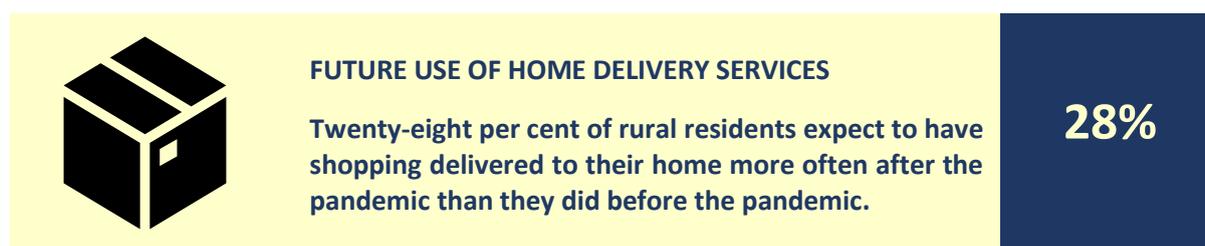
One outcome of the pandemic seems to be a marked growth in demand for parcel delivery and home delivery services. Ofcom report (2020) that since 2015 the growth in online shopping has been driving an increase in parcels volume of around 10% per year.

However, early evidence is that this rate of increase sped-up in 2020 when the pandemic arrived. For example, Royal Mail reported a 31% increase in UK parcels volume over the six-month period from April to September 2020. During 2021, though, a portion of the large gains made in 2020 appear to have been lost (coinciding with restrictions being eased). Royal Mail reported that parcels volume in the April to June 2021 quarter was 13% down on the January to March 2021 quarter.

International analysis by the Organisation for Economic Cooperation and Development (2020) paints a similar picture, showing that across Europe the volume of online or e-commerce orders rose by roughly 50% between May 2019 and May 2020. Indeed, tellingly, that this growth was especially marked from March 2020 onwards.

In the UK the supermarket chains have reported strong demand for their home delivery services. Many smaller shops also appear to have started or enhanced their home delivery offer. According to the Association of Convenience Stores (2021) more than a fifth (21%) of rural-based convenience stores were providing a local grocery delivery service in 2020. Meanwhile, the Plunkett Foundation reports (2021) that over half (53%) of community-run shops – the bulk of them based in rural areas – provided a local home delivery service in 2020.

The survey of rural residents carried out for this report (from April to June 2021) indicates that the pandemic experience has likely made a lasting difference. Over a quarter (28%) of responses were from people who expect to have shopping delivered to their home more often after the pandemic than they did before the pandemic.



## Health and online consultations

It would be impractical to explore every facet of online service provision (which could embrace education and training, information services and so on). However, online banking is covered in the following chapter about cashless payments and virtual health care is covered, here, as a potentially interesting example for rural communities.

Recent research by Murphy et al (University of Bristol and NIHR, 2020) explored how GP practices in Bristol, North Somerset and South Gloucestershire<sup>11</sup> adapted to the pandemic and the challenges they faced. Their report included some findings of interest about remote patient consultations.

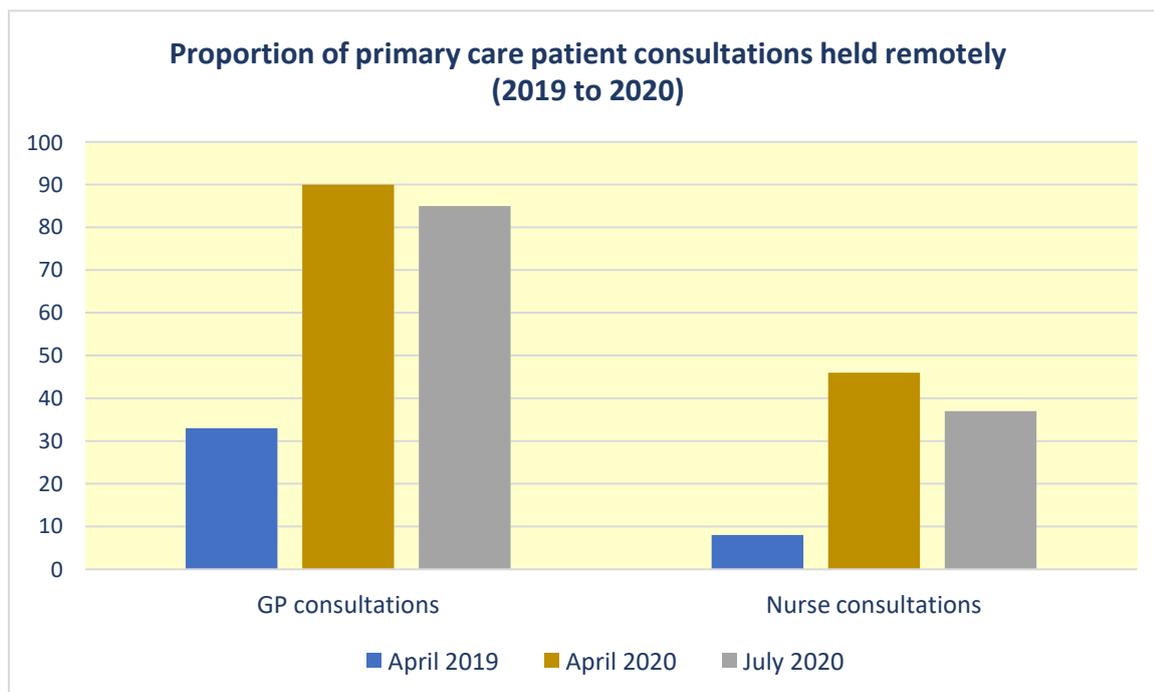
In the medical practices studied the proportion of GP consultations with patients that took place remotely rose from 33% in April 2019 (pre-pandemic) to 90% by April 2020 (early in the pandemic). This very high proportion then fell-back slightly, to 85%, in July 2020 as practices lowered the initial threshold for seeing their patients face-to-face.

A similar trend was identified for nurse consultations, though considerably fewer of these were able to take place remotely. In this case the proportion carried out remotely rose from 8% (April 2019) to 46% (April 2020), before falling back to 37% (July 2020) as routine procedures were restarted.

It should be noted, however, that a large majority of the remote health consultations at these medical practices took place by phone rather than online.

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<sup>11</sup> Both North Somerset and South Gloucestershire districts include rural settlements in the urban fringe.



Source: Rapid Covid-19 Intelligence to Improve Primary Care Response project (Murphy M et al, 2020)

Although remote consultation enabled GPs and nurses to communicate with patients, a variety of issues arose. These included technical and IT or connectivity issues. There were also medical concerns about missed diagnoses among patients with long-term conditions, prescribing to patients at a distance and managing complex cases such as mental ill-health. Some medical practitioners felt that remote consultations were least suited to vulnerable patients.

Lessons specifically about online or video consultations were that:

- They proved useful for certain types of consultation, such as visual assessment of ill children or virtual ward rounds at assisted living homes;
- However, they took longer to set up and hence were more time consuming than telephone consultations; and
- Although they enabled some visual assessment of patients, that was preferably still done in a face-to-face consultation.

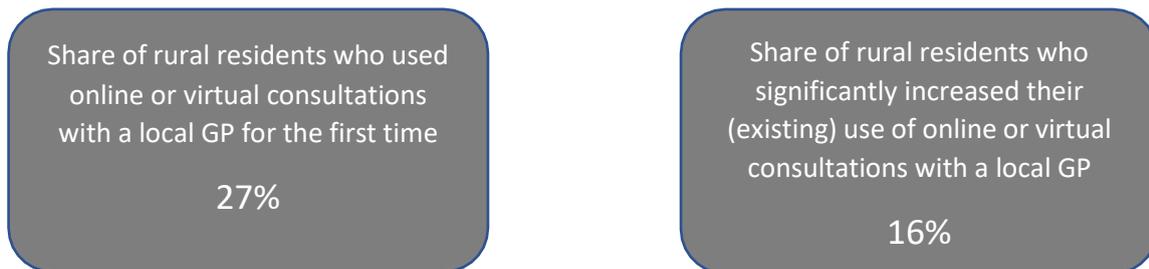
Similar lessons were learnt from research for Healthwatch England (2020). Their work – which was not rural-specific – explored the experience of virtual consultations with GPs, hospital outpatients and mental health services, concluding that:

- Virtual consultation can provide quick and convenient appointments which fit around patients' lives;
- The majority of patients who used them were satisfied they had received good care and would be happy to use them again;
- Virtual consultations work most successfully with routine appointments or with ongoing care, but are not suited to all types of consultation;
- There can be issues with confidentiality when patients are calling or dialling in to a medical consultation from home; and

- There can also be issues where patients are not confident or adept with IT technology, so other options need to be available (such as a phone call).

The survey of rural residents which was carried out for this report identified widespread use of online or virtual consultations with a local doctor (GP) during the pandemic. It found that:

- Some 27% of the rural residents had used such a service for the first time since March 2020 when the pandemic restrictions started; and
- Another 16% of the rural residents had significantly increased their use of such a service since March 2020, although they had already used it prior to the pandemic.



Perhaps unsurprisingly, it was people from older age groups who comprised the bulk of those starting to use online or virtual consultations for the first time.

### Overall trends from the pandemic

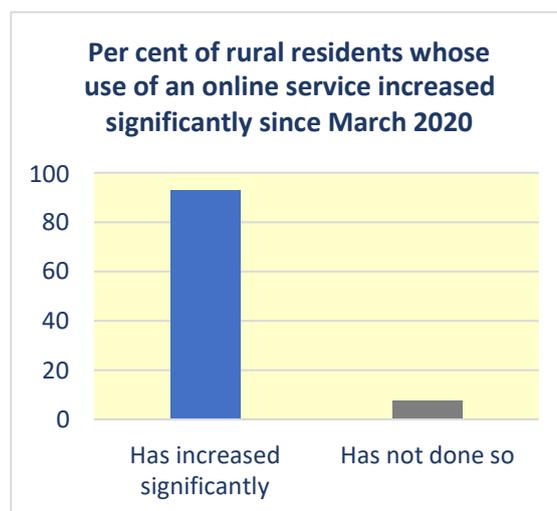
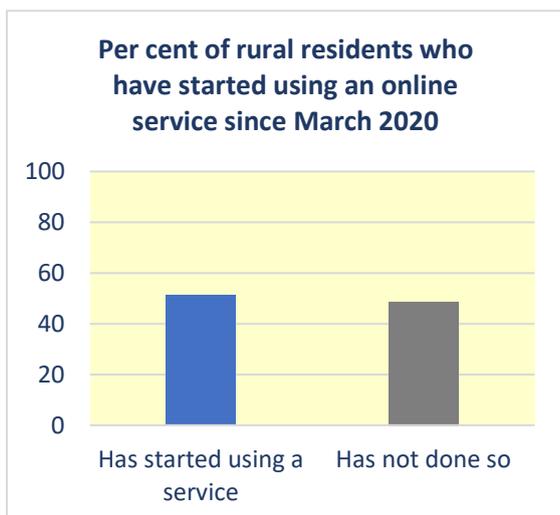
Looking at the take-up or use of online or internet-based services in the round, the findings from our survey of rural residents (carried out between April and June 2021) indicate that the pandemic and associated restrictions have had a profound and, at least to some extent, permanent impact.

Those findings show that over half of the rural residents (51%) started using some type of online service for the first time since March 2020, when the restrictions commenced. Those doing so most frequently cited GP consultations, clothing or housewares shopping and supermarket shopping.

Arguably more important, however, has been a trend for rural residents to make significantly greater use, during the pandemic, of online services which they were already using prior to March 2020. Nearly all the survey responses (93%) could point to some online service where this was the case<sup>12</sup>.

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<sup>12</sup> These figures, it is acknowledged, come from an online survey. The figures reported above would be somewhat lower, though still high, if those who are not online were also taken into account.



Moreover, 44% of the rural residents expect to make more use of online or internet-based services after the pandemic than they did beforehand. This indicates that for many rural consumers or service users the pandemic experience has brought about a permanent shift in their habits. That said, while this shift online is notable, it should not be exaggerated. It is equally true that many rural consumers and service users are signalling their habits will not be permanently altered by the pandemic. Indeed, it implies that many expect to revert to other (offline) means of accessing services, including doing so face-to-face.



**FUTURE USE OF ONLINE SERVICES**

**Forty-four per cent of rural residents expect to make greater use of online services after the pandemic than they did before the pandemic.**

44%

### Digital skills and inclusion

One key question is whether certain groups within the rural population are being disadvantaged, for whatever reason, by the switch towards greater online service provision.

The Office for National Statistics (ONS) has produced, on request from Rural England CIC, a rural cut of the data it collected about households in Great Britain with an internet connection. This shows that in 2019 slightly fewer rural than urban households had access to the internet through either a fixed broadband or a mobile network connection.

The ONS data shows that 90% of rural households had some means of access to the internet in 2019. The same proportion (90%) had access via a fixed broadband connection and 56% had access via a mobile network.

Type of household internet connections by degree of urbanisation (2019)			
	Access by fixed broadband	Access by mobile phone network	Unable to access the internet
Rural areas	90%	56%	10%
Towns and suburbs	93%	57%	6%
Cities	90%	62%	7%

Source: Office for National Statistics (2019)

Whilst having access to digital networks is one issue, people can be digitally excluded for other reasons, including a lack of online skills, finding the costs unaffordable and personal preference.

According to a survey conducted in late 2020 by Opinium for Citizens Advice, around one in six (16%) adults in the UK said they were struggling to pay their regular broadband bills (Citizens Advice, 2021). That figure rises to one in four (28%) among adults who are recipients of a means tested benefit. This survey indicated that about 2.3 million people may be behind with their bill payments.

Meanwhile, the Citizens Advice Rural Issues Group reports that around a third (34%) of clients using its services have some degree of difficulty with IT literacy (2021).

The National Hubs Debate on Rural Connectivity by the Communications Consumer Panel (2020) highlighted concerns that some rural residents have been left behind by the recent, further (pandemic-induced) shift to online services. From a rural perspective, they flag:

- Consumers who cannot afford the purchase cost of IT equipment or the regular bills for internet services;
- Digitally excluded consumers who, especially during pandemic lockdowns, were unable to access critical services, such as health care, education and food shopping;
- Micro-businesses and citizens who have had to work from home and who need to improve their digital skills; and
- People who remain disengaged from the digital world, who need to receive communications from agencies and service providers by other channels.

## Conclusions

The growth of online services is not new and was a notable feature even prior to the pandemic. However, the evidence in this chapter is that the pace of growth has been much accelerated by the pandemic, both in terms of services that are made available online and consumers' willingness or preference for using online services. This picture clearly holds true for rural service providers and for rural service users.

Our survey of rural residents discovered that roughly half of them had started using some online service for the first time during the pandemic. However, even more notable, numerically, were rural residents who increased their use of online services which they (already) used before the pandemic.

For a sizeable proportion of these rural residents their new online habits, including more parcels delivered to their homes, look likely to stick into the future. However, this point should not be overstated. At least as many rural residents have no such intention and some appear keen to revert to using offline services as the pandemic recedes.

Given these conclusions the following policy actions are recommended:

- Ensuring that everyone has an opportunity to acquire basic digital skills, so all those that wish to can use online services. Digital inclusion projects exist in many places, but not everywhere. A national digital skills strategy would enable more consistent provision, which is accessible to rural communities. It could also address issues for those who cannot afford equipment costs or connection charges;
- As noted in a previous chapter, taking forward proposals for an online sales levy is justified by recent market trends and would level the fiscal playing field between online and outlet-based retailers. The planned Government consultation about this should be progressed swiftly;
- One message for rural retailers is that there are tangible benefits to be had from adaptation and innovation, for example by offering home deliveries or click-and-collect services to their local communities, where they do not already have them in place.

## CASHLESS PAYMENT AND ACCESS TO CASH

The switch made by consumers away from traditional cash payment and towards card, contactless and mobile app payments has been widely reported and is far from new. It is, of course, related to – but not wholly due to – the growth of online services, described above. However, this trend appears to have accelerated during the pandemic in 2020. Sitting alongside it and partly driven by it are the frequent reports of bank branch closures and ATM removals. Key research questions are whether the accelerated switchover to cashless transactions holds equally true in rural areas and whether rural communities can still conveniently access cash when they need to do so.

### Trends prior to the pandemic

The final report of the Access to Cash Review (2019) noted that evidence from nations such as Sweden was, “that the issue of cash acceptance by merchants and retailers was more likely to drive the death of cash than issues around cash access”. At the time of the review, the rising costs of handling and banking cash were felt to offer an explanation. What could not have been foreseen, then, was that concerns over public health and infection transmission would push many more retailers and consumers into going cashless or preferring e-payment.

According to that Review:

- In 2007 cash was being used to make 63% of all payments in the UK;
- In 2017 (a decade later) cash was used to make 34% of payments in the UK; and
- In 2027 cash was projected to be used for just 16% of payments in the UK.

Indeed, 2017 can be described as a watershed or the year when cash ceased to be the prime means of making payments in the UK. In that year the number of transactions made by debit card (13.2 billion) overtook the number of transactions made by cash.

The Financial Conduct Authority manages the UK-wide financial lives survey. Results from its 2017 and 2020 surveys are telling (FCA, 2021), though it should be noted the latter took place in February 2020, so just before pandemic restrictions came into force. There are differing trends for different age groups, with older adults catching up in terms of use of online banking, just as younger adults are moving on to mobile (app) banking.

More adults aged 65 to 74 using online banking

2017 = 60%

2020 = 72%

More young adults aged 18 to 24 using mobile app banking

2017 = 73%

2020 = 88%

More adults of all ages using PayPal to pay for goods and services

2017 = 47%

2020 = 59%

A follow up (special) survey was carried out by the FCA in October 2020 to delve into the impacts of the pandemic. A key finding from that survey was that over half (55%) of all adults said they were making greater use of contactless payments by October than they had been in February 2020.

### Access to cash in rural areas

Another aspect to this topic is the state of access to cash in rural areas from bank branches, ATMs, Post Offices and cashback at retail outlets. One indication comes from a 2020 survey by the Association of Convenience Stores, in which rural residents were asked what service types they felt were: a) most essential locally; and b) most wanted locally. A post office was considered one of the most essential. Meanwhile, both a bank and a post office were considered one of the most wanted (where they did not exist).

<b>Top three service types named when rural residents were asked which, out of 16 services, they considered:</b>		
	<b>The most essential local services</b>	<b>The most wanted local services</b>
Ranked 1 <sup>st</sup>	Convenience store	<b>Bank or building society</b>
Ranked 2 <sup>nd</sup>	<b>Post office</b>	Specialist food shop
Ranked 3 <sup>rd</sup>	Pharmacy	<b>Post office</b>

Source: Association of Convenience Stores (2021a)

Research by the University of Bristol (2020) gives some insight into the extent to which rural residents have local access to cash. According to their work 54% of Census output areas which are classified as rural have somewhere where cash can be accessed free of charge within one kilometre. This can be compared with a nationwide figure of 93%.

	<b>Cumulative percentage of output areas which have some means of free access to cash within the stated distances (2020)</b>			
	Within 500 m	Within 1 km	Within 3 kms	Within 5 kms
Rural output areas only	37%	54%	86%	97%
All types of output area	77%	93%	98%	100%

Source: University of Bristol (2020)

### Bank branches

Although somewhat dated, research for the Financial Conduct Authority concluded that roughly a quarter of bank branches were closed between 2012 and 2017. Their analysis (covering the whole of the UK) explored the effect of rurality. Interestingly, it found that:

- Local authorities with the highest rate of bank branch closures (per capita), were typically those with more urban populations; however

- Where bank branch closures had happened in rural areas that had had a larger customer impact than in urban areas, due to the lack of nearby alternatives (see table below).

When a bank branch closes, the extra distance to reach the next nearest branch is on average:	
Rural customers	Urban customers
3.7 extra miles	1.9 extra miles

Source: Financial Conduct Authority (2018)

These findings are broadly in-line with earlier findings from the Campaign for Community Banking Services (2015), that the impacts were felt hardest where the closure was the last branch in their community, as was sometimes the case in rural towns and coastal communities.

Reports of shrinking bank branch networks have continued, including from consumer group Which, who monitored trends over the six-year period from 2015 to 2021. Over that period they identified 3,836 bank branches which had closed down across the UK. This equated to an average closure rate of 55 branches per month. The bulk of these were accounted for by the closure programmes of six major banks or banking groups, which were: the NatWest/BoS/Halifax group (around 625 closures); Barclays (around 530); HSBC (around 450); Lloyds (around 450); Royal Bank of Scotland (around 410); and Santander (around 310).

Which note that the branch closure rate peaked in 2017 and had then reduced year by year up to 2020. However, this reducing trend now seems to have come to an end, possibly due to fewer customers visiting branches during the pandemic. Sizeable closure plans have been announced for 2021, affecting around 400 branches. It is not known how many of these branches serve rural areas.

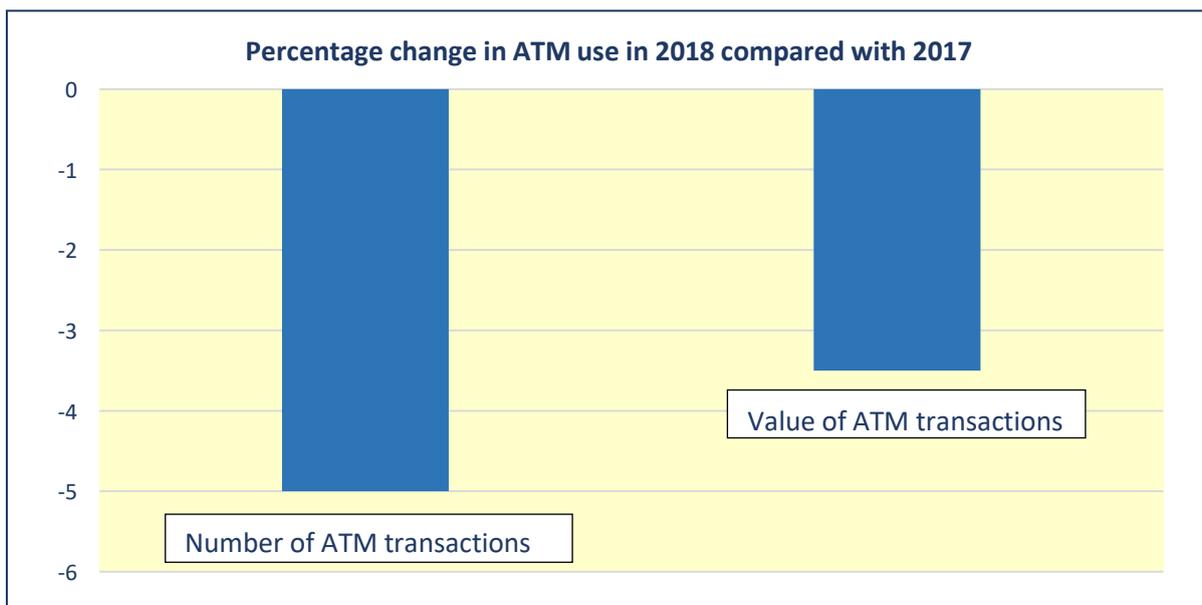
### ATM machines

Data from the LINK network showed that by late 2018 the UK had around 63,000 ATMs or cash machines, 82% of which were free-to-use and 18% of which incurred a charge for use. This was about 4,500 fewer ATMs than when at their numerical peak just 18 months earlier.

However, what is highlighted by more recent information from the LINK network is a rapid and ongoing decline in the number of free-to-use ATMs. Over the three-year period from the start of 2018 to the end of 2020 their number reduced by 12,500 or 23%. It is noted that much of the large reduction during 2020 is said to be explained by temporary ATM closures during the pandemic. According to the Association of Convenience Stores (2020), though, the operators of many ATMs converted them to pay-to-use machines when the interchange fee<sup>13</sup> was reduced.

Despite this, ATMs have been the means by which consumers withdraw more than 90% of their cash. Yet, in the period prior to the pandemic ATM use was already showing decline. Indeed, as the chart below shows there was a 5% drop in transaction numbers over just one year.

<sup>13</sup> The interchange fee is the sum paid to an ATM operator by the bank of each transaction user. The fee level was reduced and then partially restored.



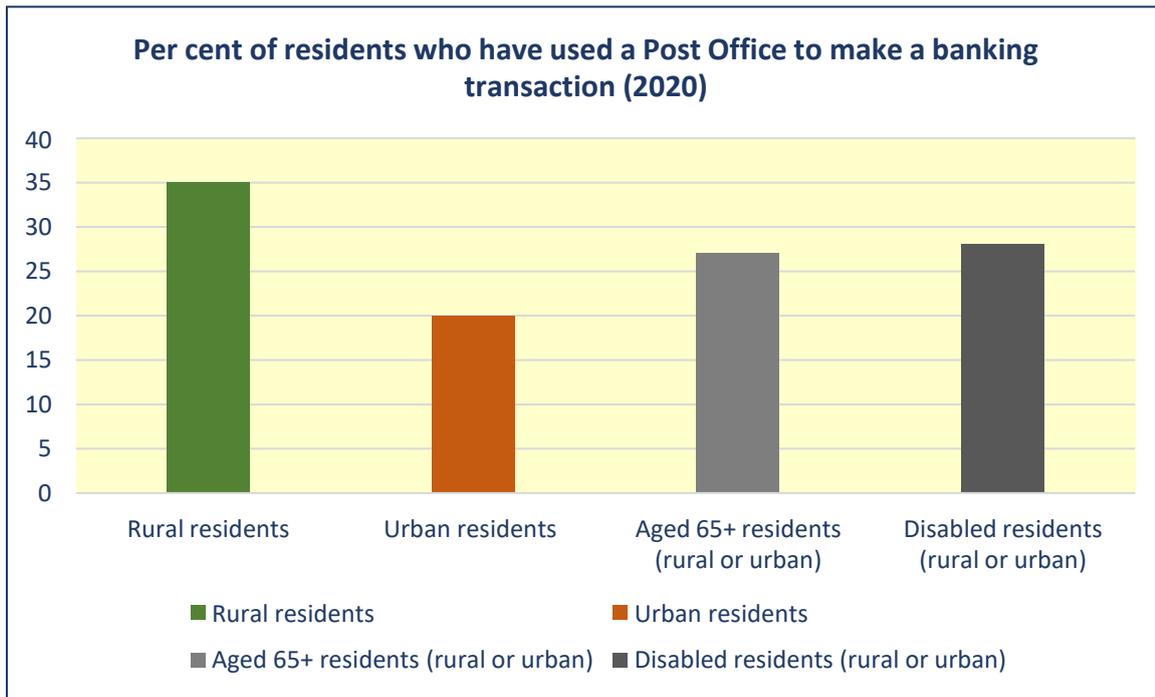
Source: LINK ATM scheme data (2018)

The Bank of England (2020) reports that ATM use dropped sharply when the pandemic arrived, with 60% fewer cash withdrawals made on the LINK network in March 2020 than in the same month of 2019. By October 2020 there had been some recovery and withdrawals were 40% down. They add that some of the largest falls in ATM use took place in tourist hotspots, such as the Lake District and Yorkshire Dales.

### Cash access at Post Offices

The Post Office network has become an important means of accessing cash. Especially as bank branch numbers reduce and since an agreement was reached between Post Office Limited and the banks. This allows bank customers to withdraw or deposit cash from a wide range of current and business accounts over a Post Office counter.

According to a University of Bristol study (2020), a post office is geographically the nearest place to access cash for residents living in a good half (51%) of Census output areas classified as rural. In a similar vein, in research by Citizens Advice (2020) around three-quarters (74%) of rural Postmasters said that there was no local bank branch in their area. This is also reflected in the figures for use of Post Offices to make banking transactions, which is most pronounced among rural, older and vulnerable residents. By 2020 some 35% of rural residents reported using this service.



Source: Citizens Advice (2020)

Post Office Limited reported (2021) on the overall scale of this service across the UK and over the 2020 calendar year, with:

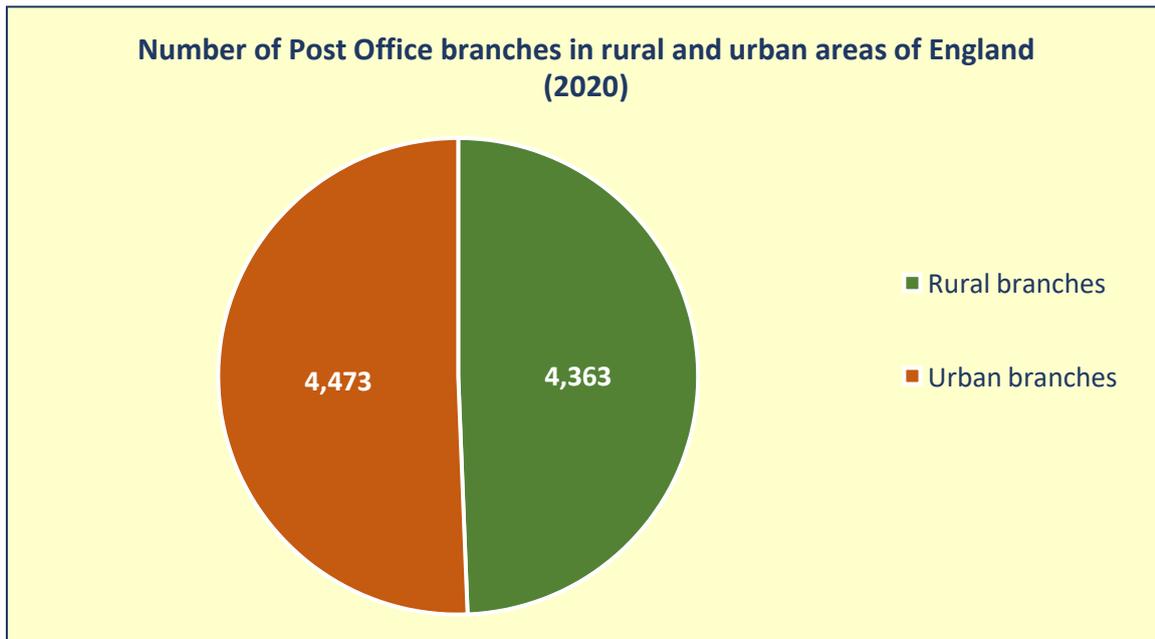
- £19.6 billion of cash deposited at Post Offices by personal and business customers; and
- £7.0 billion of cash withdrawn at Post Offices by personal and business customers.

Although the use of Post Offices for cash transactions dipped sharply during the first pandemic lockdown (April and May 2020), it subsequently recovered to near its 2019 levels.

Underpinning this is that the Post Office network continues to have a wide reach into rural areas. In 2020 there were 4,363 Post Office outlets located in rural areas in England (Post Office Limited, 2020). Other key statistics for 2020 are:

- That almost half (49%) of all Post Office outlets in England were in rural locations;
- That the number of rural Post Office outlets has remained fairly stable over the last few years<sup>14</sup>, there having been 4,301 in 2017, 4,252 in 2018 and 4,258 in 2019;
- That almost 99% of the rural population live within 3 miles of a Post Office outlet (exceeding the 95% target set by the Government); and
- That the number of Post Office outlets located in rural areas is known to comfortably exceed the total number of rural bank and building society outlets.

<sup>14</sup> The main period of contraction broadly took place between 2000 and 2010 (Rural England CIC, 2017).



Source: Post Office Limited (2020)

However, beneath these largely positive figures the Post Office network is changing. Citizens Advice highlights two less favourable trends, which are:

- An increasing number of Post Offices which are classed as temporarily closed (where POL is seeking a replacement outlet); and
- A growing number of Post Office outlets which are classified as outreach facilities, which on average open for only 7 hours per week.

Temporary closures across the UK – rural and urban – increased from roughly 650 in 2015 to 1,100 in 2020. Moreover, two-thirds of these had been closed for over a year. The growth in outreach Post Offices meant that by 2020 they represented one in seven outlets in the network (and a much higher proportion of rural only outlets).

### **Access to cash at rural stores**

The Association of Convenience Stores conducts an annual sample survey of rural-based stores from across Great Britain, which covers both independent and multiple retailers. As shown by the table below, such stores often provide an important means to access cash in rural areas. Most commonly they offer a cash-back facility to customers, though many have an ATM and more than a quarter host a Post Office counter<sup>15</sup>. Comparing figures for 2020 with those for 2016 it seems that access to cash at rural convenience stores has actually improved over recent years.

<sup>15</sup> Figures in the columns should not be summed, as stores may offer more than one means of access to cash.

<b>Access to cash at rural convenience stores, 2016 and 2020</b>		
<b>Means of access to cash</b>	<b>2016</b>	<b>2020</b>
Free to use ATM	39%	49%
Charged ATM	11%	21%
Cash back offered	54%	70%
Post Office counter	24%	28%

Source: Rural Shop Report 2017 and 2021 (Association of Convenience Stores)

Similarly, the Plunkett Foundation conducts an annual survey of community-run shops in the UK, the great majority of which are based in rural areas. It shows the extent of access to cash by varying means in 2020 at these shops. Comparable figures for 2016 were not generally collected and those shown in the table below for a Post Office counter should be treated with some caution: they may indicate that recently opened shops are less likely than established shops to offer this service.

<b>Access to cash at community-run shops, 2016 and 2020</b>		
<b>Means of access to cash</b>	<b>2016</b>	<b>2020</b>
ATM (free-to-use or charged)	n/a	9%
Cash back offered	n/a	46%
Post Office counter	59%	53%

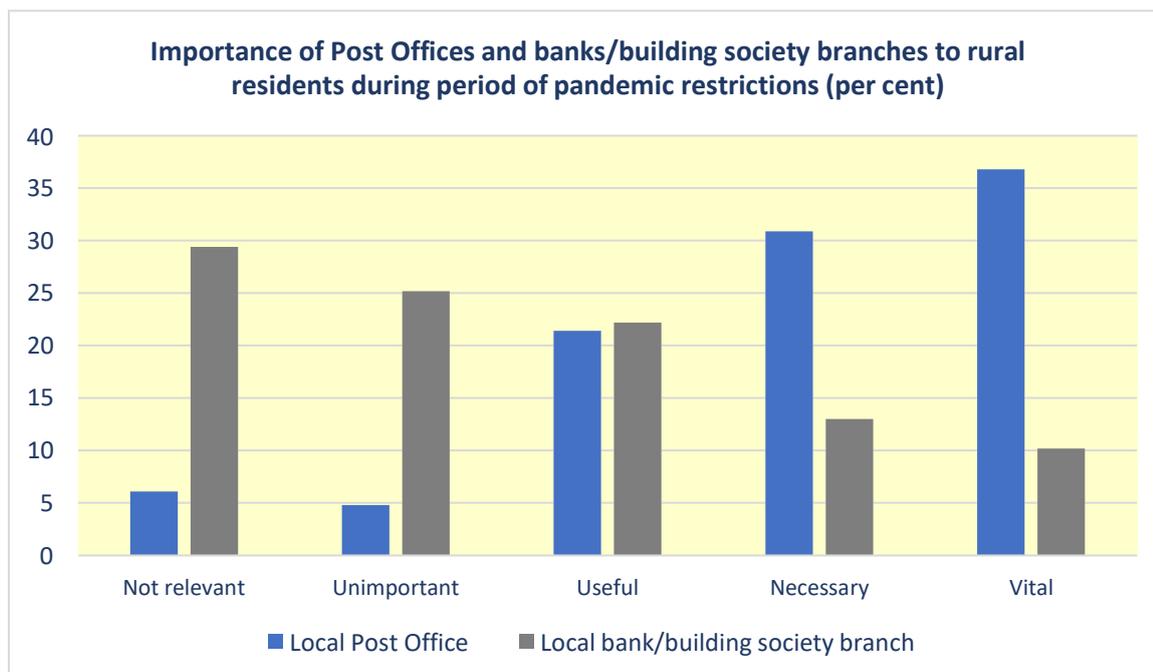
Source: Community Shops: A better form of business 2017 and 2021 (Plunkett Foundation)

## **Impact of the pandemic**

The survey of rural residents carried out for this report (between April and June 2021) asked people how important various services had been for them since March 2020 when pandemic restrictions came into force. As the chart below shows, a key finding is that local Post Offices were considered to be of far more importance than local banks or building societies. Putting that into figures:

- Post Offices: over two-thirds (68%) of the rural residents considered a local outlet to be vital or necessary, whilst only 11% considered a local outlet to be not relevant or unimportant;
- Bank/building society branches: less than a quarter (23%) of the rural residents considered a local branch to be vital or necessary, whilst over half (54%) considered a local branch to be not relevant or unimportant.

It is not, it should be added, known to what extent the importance placed on Post Offices is due to them being places for accessing cash as opposed to other services. Either way, the figures almost certainly reflect the reach of the Post Office network into rural areas.



Source: CCRI and Rural England CIC rural residents survey (2021)

There was, however, some – if not widespread – evidence of recent closures from the survey. A question asking the rural residents what, if any, services had closed down permanently within 5 miles of where they live since the start of the pandemic received six responses that mentioned a Post Office and four responses that mentioned a bank.

This finding is supported by UK-wide evidence which shows that 260 Post Offices had closed and not reopened by June 2021 (see BBC, 2021). In some cases, this appears to be a result of lost income affecting their viability, not least due to fewer business banking transactions and less demand for travel services, such as foreign currency and insurance. Post Office Limited also note that some of those who had managed the closed outlets were older and vulnerable.

This survey also asked about the use of online banking, which offers some indication of cashless payments. It found that:

- A sizeable group (15%) among the rural residents said they had used online banking for the first time during the pandemic;
- However, most of these rural residents had already been using online banking prior to the pandemic;
- What stands out, therefore, is that 63% of the rural residents said their (existing) use of online banking increased significantly during the pandemic.

The rise in online shopping reported in the previous chapter similarly points to a considerable growth in cashless payment methods for goods and services amongst the rural population.

## Conclusions

Context for this chapter is that rural residents have less access to sources of cash than their urban counterparts. Largescale bank closures and more ATMs incurring a charge for use have not helped.

However, the Post Office network maintains its significant reach in rural areas and growing numbers of residents or businesses use its facility to withdraw or deposit cash from a range of bank current accounts. Many small rural stores also offer a cashback facility. This overview may explain why rural residents now consider post offices to be far more important than banks.

Nonetheless, the switch towards using cashless transactions has been relentless and only a minority of transactions now involve cash. Despite very limited rural-specific evidence about this, our survey indicates that the trend recorded nationally is likely mirrored in rural areas and was further boosted by the pandemic. That survey identified a fair-sized group of rural residents who used online banking for the first time and a very large group who increased their (existing) use of online banking.

Alongside this is anecdotal evidence that during the pandemic many more rural retailers and sellers started offering their customers cashless payment facilities.

This poses a conundrum, perhaps especially in rural areas with their smaller population base. The more consumers and sellers switch to cashless transactions, the less viable are bank branches, ATMs and the like for financial institutions to maintain. For many this may be of little concern, but for a minority who remain cash dependent – including the more financially vulnerable – it is.

Given these conclusions the following policy actions are recommended:

- Introducing, as a matter of urgency, proposals which the Government has been considering for a minimum standard of geographical access to cash. This should be specified so it ensures accessible provision for smaller and remote communities. It should include some round-the-clock cash access, for example at free-to-use ATMs;
- Confirming that the Government subsidy which sustains the rural Post Office network at its current size will be extended and kept at (at least) its current level. Post Offices are increasingly the only local place where rural people can withdraw or deposit cash into bank accounts. A three year subsidy agreement from 2022/23 would offer much needed stability;
- Providing greater protection for key cash infrastructure. The Post Office Banking Framework should be strengthened so that individual banks cannot unilaterally withdraw. The level of the interchange fee, used across the ATM network, should be tiered or variable, so it supports the retention of sole ATMs at locations with few residents and thus low footfall.

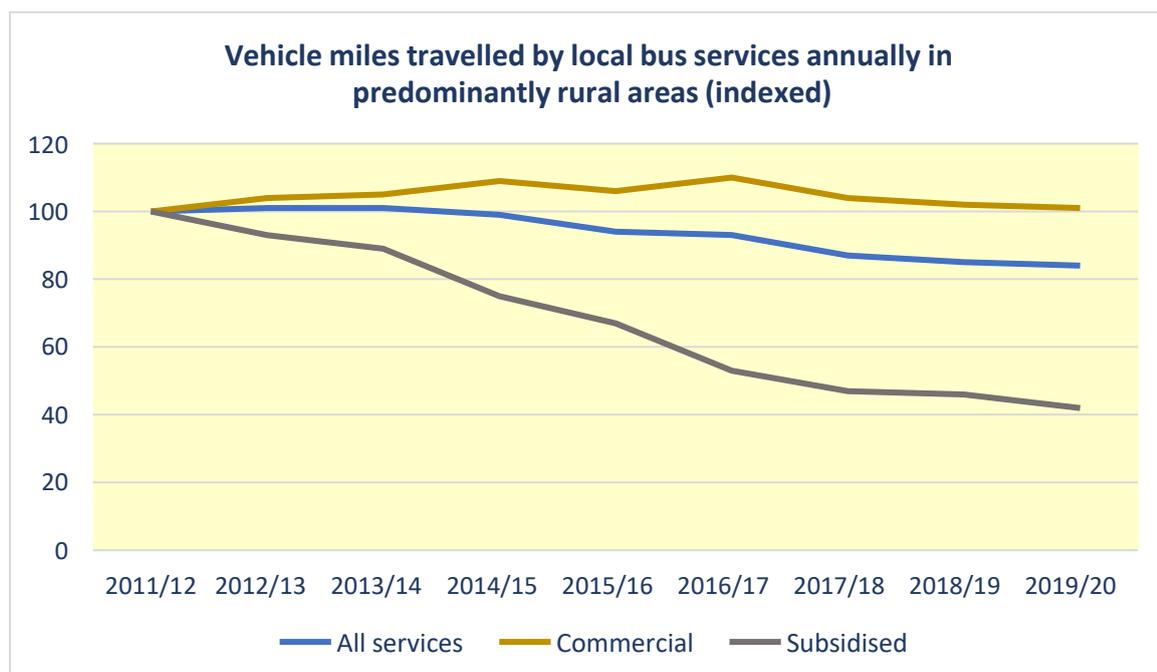
## TRAVEL AND TRANSPORT SERVICES

The provision of sustainable and functional public transport in rural areas has been a long-term challenge and much existing evidence points to reducing provision. This has most impact on rural dwellers who do not have access to their own means of transport – often the young, the elderly and those on low incomes. It also encourages car use, thereby further undermining public transport. During the pandemic the public was discouraged from using public transport and transport providers have required emergency funds to survive. Key questions now include whether the travel habits of rural communities have been altered by the pandemic and whether rural transport networks can return to some stability.

### Trends prior to the pandemic

Annual bus statistics published by the Department for Transport have been examined. These include figures for predominantly rural local authority areas in England. They show that the service distance operated by local bus services in predominantly rural areas was 161 million miles during 2019/20, down from 192 million miles during 2011/12 – a 16% reduction.

The chart below tracks the change since 2011/12 (taking that base year to be 100). It shows that commercially run bus services maintained their mileage and even grew their mileage for a while. By contrast, bus services which are local authority subsidised more than halved, reducing their mileage by a notable 58%. It is likely that some of the lost subsidised services continued to operate on a commercial basis after their subsidy was withdrawn.



Source: Department for Transport annual bus statistics

The table below shows that the annual mileage by local bus services reduced in all types of area, from the most rural to the most urban, over the period 2011/12 to 2019/20. However, the 16% reduction in predominantly rural areas was a higher rate than in any other type of area.

<b>Vehicle miles travelled by local bus services annually by area type in England (millions)</b>			
<b>Area type</b>	<b>2011/12</b>	<b>2019/20</b>	<b>Per cent change</b>
Predominantly rural	192	161	-16%
Significant rural	212	190	-10%
Other predominantly urban	251	214	-15%
Metropolitan areas	350	309	-12%
Greater London	302	290	-4%
England (total)	1,306	1,165	-11%

Source: Department for Transport annual bus statistics

The Department for Transport annual bus statistics also record the number of passenger journeys made on local bus services, with figures for predominantly rural and other area types. As shown in the table below:

- In 2019/20 some 246 million passenger journeys were made on local bus services in predominantly rural areas. This is just 6% of the figure for England as a whole;
- The number of passenger journeys made by local bus service in predominantly rural areas reduced by 15% between the years 2011/12 and 2019/20;
- The number of passenger journeys made by local bus service reduced in all types of area, whether rural or urban, between 2011/12 and 2019/20;
- The rate of reduction in predominantly rural areas is, however, faster than that for England as a whole, but is less than that experienced in two other area types.

<b>Passenger journeys made on local bus services annually by area type in England (millions)</b>			
<b>Area type</b>	<b>2011/12</b>	<b>2019/20</b>	<b>Per cent change</b>
Predominantly rural	291	246	-15%
Urban with significant rural	395	317	-20%
Other predominantly urban	625	571	-9%
Metropolitan areas	1,004	844	-16%

Greater London	2,324	2,091	-10%
England (total)	4,640	4,068	-12%

Source: Department for Transport annual bus statistics

This rather downbeat picture is broadly confirmed by a recent report from the County Councils Network (2020), which stated that local bus passenger journeys had reduced by some 97 million (or 12%) over the decade up to 2018/19 in the shire council areas within its membership. It highlighted regional variations, with a particularly marked decline in passenger numbers for the shire council areas that are in the North West, West Midlands and Yorkshire & Humberside.

That report also points to the significant reduction in funding available over this period to support non-commercial local bus services. According to analysis by LG Futures for the County Councils Network, central and local government financial support in its members' areas had reduced by £233 million or 30% after adjusting for inflation.

CPRE, the countryside charity, examined public transport provision serving 160 small rural towns in the North East and South West regions (CPRE, 2020). It measures the availability and regularity of provision by bus service, community transport scheme and rail service. In its report, CPRE concluded that more than half of these towns had such poor provision they could be considered as 'transport deserts' or else were at imminent risk of becoming such. Their report adds that public transport provision in villages, which was not assessed, is likely to be worse still.

The CPRE analysis showed that 93 of the small rural towns assessed met the criteria used to define a 'transport desert'. As indicated in the two tables below, the picture is quite varied geographically, with public transport provision particularly poor in parts of the South West region. The report links some of this variation with locally decided policy and funding (or subsidy) decisions.

<b>Small rural towns assessed as being transport deserts – North East region (2019)</b>		
County	Number of small towns (5,000 to 30,000 population)	Number assessed as transport deserts
County Durham	22	8
Northumberland	12	6
Redcar and Cleveland	5	2
Tyne and Wear	11	4
North East small towns total	50	20

<b>Small rural towns assessed as being transport deserts – South West region (2019)</b>		
County	Number of small towns (5,000 to 30,000 population)	Number assessed as transport deserts
Cornwall	17	8
Devon	25	17
Dorset	14	10
Gloucestershire	16	14
Somerset	23	14
Wiltshire	15	10
South West small towns total	110	73

Source: CPRE, the countryside charity (2020)

A survey conducted by the National Federation of Women’s Institutes (NFWI, 2021) offers further insights about bus service availability and the impacts for daily lives of rural residents (who were mainly women, in this case). The survey found that:

- Only 18% of these rural residents considered they had access to a frequent, reliable bus service (compared with 50% of non-rural residents); and
- Some 38% of these rural residents said they did not use buses because of a lack of services (compared with 11% of non-rural residents).

The same survey asked rural residents whether they agreed with a series of statements. As the table below shows, a high proportion said that their local bus service had been reduced during the last three years and a high proportion cited negative impacts this has had on their access to other services and activities. Approaching three-quarters had either become more dependent on use of a car or more reliant on help from family and friends.

Per cent of survey respondents who agreed with statements	Rural residents
Local bus service has been reduced during the last three years	44%
As a result, are now unable to make a usual bus journey	13%
As a result, now leave the house less frequently	12%
As a result, access to basic services has been negatively impacted	46%
As a result, access to social activities has been negatively impacted	41%
As a result, feel more isolated	24%
As a result, have become more dependent on the car or on family/friends	72%

Source: National Federation of Women’s Institutes (2021)

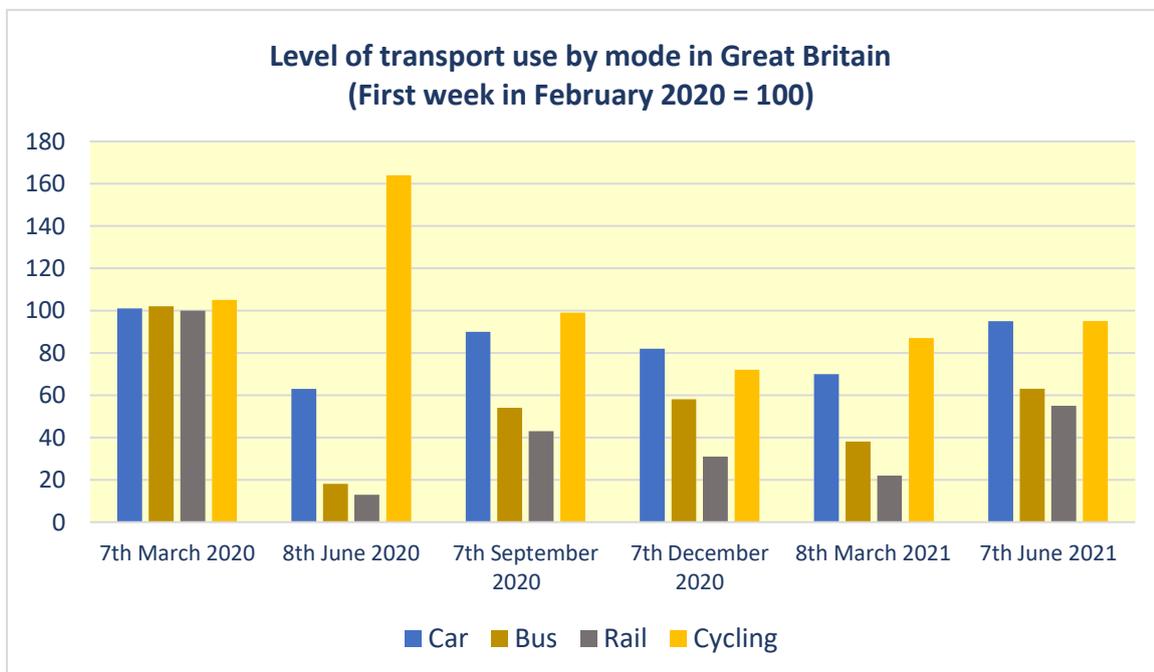
Away from bus routes and in smaller rural settlements, community transport can play an important role. National evidence about its provision appears to be very dated and largely comes from a 2014 survey carried out by the Community Transport Association. That survey concluded there were at least 2,000 community transport schemes operating across rural and urban areas in England, these carrying over 15 million passenger trips during 2013/14. Just over half of the schemes (52%) served either wholly or mainly rural communities.

The varying types of service they operated included community car schemes, accessible minibus schemes, shop mobility schemes, health care passenger transport schemes and group hire minibuses. They typically carried passengers for health care appointments, day care centre visits, shopping trips and social or community activities. However, it is unknown whether community transport provision in rural areas has expanded or shrunk in its extent post-2014 and during the run-up to the pandemic.

## Trends during the pandemic

The Department for Transport has published a statistical series showing the level of use of different modes of transport during the pandemic. It should be noted that these figures are for Great Britain and cover both rural and urban areas.

The chart below illustrates the level of use at five points in time (with all the dates selected being a Monday for consistency). Transport use in early March 2020 and before any pandemic restrictions was normal, with all modes close to 100 on the vertical axis. Car use fell after this, though it then recovered, especially in September 2020 when no lockdown was in place. Bus use fell dramatically by June 2020 and has only partially recovered since. Rail use followed a similar pattern, with an even larger fall in use than bus services, though showing more recent signs of recovery. Cycling proved more popular than usual in June 2020, but its use fell back subsequently, to near normal levels (with a dip coinciding with winter).



Source: Department of Transport (2021)

Information from First Bus (2021), who operate a sizeable rural network, similarly indicates that bus passenger numbers initially fell, to as low as 10% or 15% of their pre-pandemic levels in Spring 2020, before recovering to around 60% by July 2021. Indeed, initially people were actively dissuaded by central government from travelling by public transport unless they had to. This pattern over the period 2020-21 is said to be broadly the same for both fare paying passengers and those with concessionary travel passes. One distinct feature during the pandemic has been a reasonably flat level of passenger demand throughout the day, without the traditional early morning and late afternoon (commuting) peaks, although by mid-2021 these peaks were starting to reappear.

Weekly surveys for Transport Focus have tracked travel patterns during the pandemic (albeit not just in rural areas). Their surveys show that use of public transport across Great Britain hit another low in January 2021 – a lockdown period – but had partially recovered again by June 2021. In short, the

trend for travel patterns has resembled a rollercoaster, as pandemic restrictions have been tightened and loosened. By the latter stages of the period when restrictions were in place they appear to have mostly, though by no means wholly, returned to 'normal' levels.

<b>Per cent of GB adult population who had travelled by public transport in the previous week</b>					
Survey date	By any public transport	By bus	By bus (excluding London)	By train	By train (excluding London)
September 2020	19%	14%	9%	7%	5%
January 2021	11%	8%	5%	3%	2%
June 2021	22%	16%	10%	9%	6%

Source: Transport Focus (2021)

By contrast travel by road has been far more consistent over time. On all three of the dates listed in the table above roughly 60% of those surveyed had travelled as a car driver.

The information from Transport Focus further shows that:

- It is levels of travel for leisure purposes and travel to visit friends or relatives that has varied most over this period, with a very significant reduction during the lockdown; and
- Whilst levels of travel to reach a place of work did dip in the late 2020/early 2021 lockdown, the effect was relatively small.

When (in June 2021) those who had not used public transport in the last week were asked to cite the reasons they had not done so:

- 17% of them said it was because they did not feel safe doing so at the moment;
- 17% of them said it was because they had been avoiding using public transport;
- However, both these figures have reduced. During the autumn/winter 2020 period they had both hovered within the 25% to 30% range; and
- This trend may well improve further, though it should be noted that 30% agreed they will never again feel completely comfortable on public transport.

First Group consider that changing lifestyles, boosted by the pandemic, may have a greater long-term impact upon levels of transport demand. In particular, if more people work from home and more people shop online in future. On a more positive note, they highlight innovations which have been accelerated by the pandemic, namely:

- The introduction of apps and websites to provide better travel information, including real time data; and
- The development of new fare payment methods, the most obvious example being the adoption of contactless card payments.

According to intelligence collated by the Community Transport Association (2020) the impacts of the pandemic on community transport provision included the following:

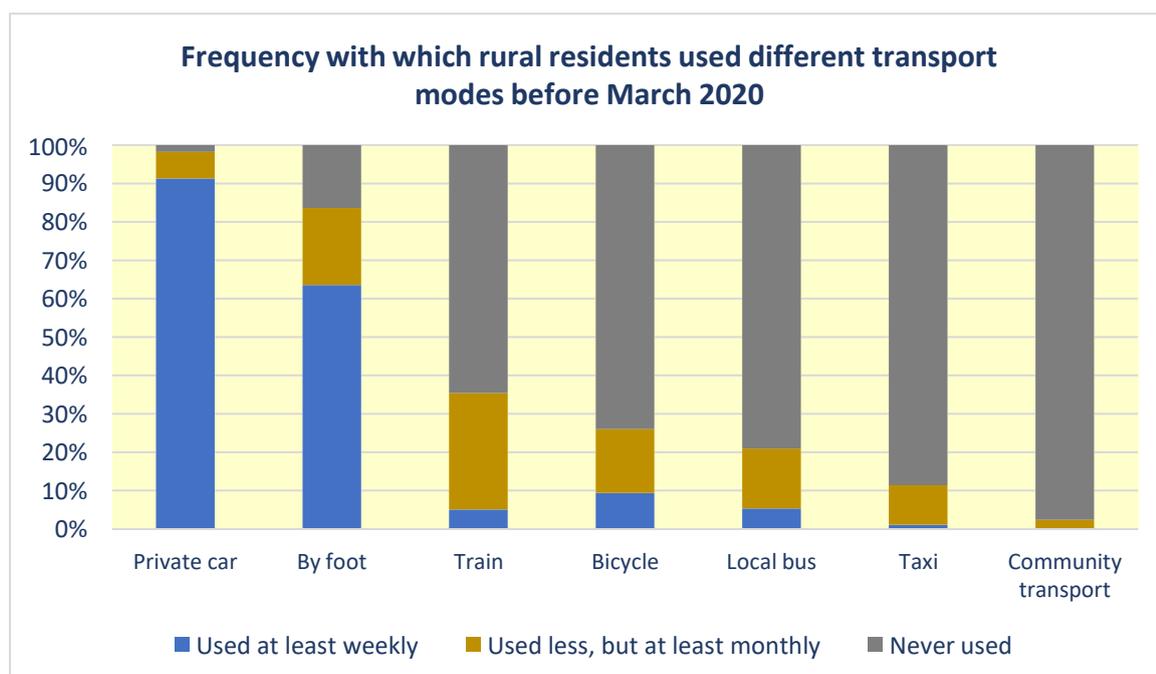
- A dramatic reduction in services, because many of the volunteers who ran them and many of the passengers’ they carried were from older age groups and were shielding;
- A serious financial hit taken by many schemes, where they lost self-generated income (fares) and saw contracts or grant payments scaled back;
- A limit on their potential, even as passengers returned, since vehicles could only operate at around 50% capacity to maintain social distancing;
- A continuation, despite this, of the most vital services in most cases, such as those taking isolated passengers to hospital or GP appointments; and
- Many schemes adapting, for example – instead of carrying passengers – by collecting and delivering food shopping or health prescriptions for vulnerable clients.

### Evidence from the survey of rural residents

The survey of rural residents which was carried out for this report (between April and June 2021) explored people’s use of different transport modes both before and during the pandemic. Taking before March 2020 as a baseline, the two most prominent modes of transport were the private car (as a driver or passenger) and by foot (as a pedestrian). The chart below shows that:

- Private car: 91% of the rural residents journeyed by car at least weekly, whilst another 7% did so less often but at least monthly; and
- By foot: 64% of the rural residents journeyed by foot at least weekly, whilst another 20% did so less often but at least monthly.

Other modes of transport were both used by a smaller proportion of the rural residents and were typically used less frequently.



Source: CCRI and Rural England CIC rural residents survey (2021)

The survey then asked these rural residents whether their use of the transport modes increased or decreased after March 2020, when pandemic restrictions first came into force. As the table below shows:

- Travel by foot was the mode most positively affected by the pandemic, with almost half of the rural residents (47%) saying their travel by foot increased. Indeed, the net figure, balancing those who ticked increase and those who ticked decrease, is +40%;
- Travel by car was the mode most negatively affected by the pandemic in absolute terms, with well over half of the rural residents (59%) saying their travel by car decreased. In this case the net figure is -48%.

In addition, the pandemic had a notable positive effect on travel by bicycle, whilst having a notable negative effect on travel by local bus and by train.

<b>Per cent of rural residents who say their use of different transport modes increased or decreased since March 2020</b>			
<b>Mode of travel:</b>	<b>Use increased (I)</b>	<b>Use decreased (D)</b>	<b>Net figure (I minus D)</b>
Private car (as a driver or passenger)	11%	59%	-48%
Taxi	1%	5%	-4%
Local bus	1%	11%	-10%
Community transport	>1%	2%	-1%
Bicycle (pushbike or e-bike)	11%	4%	+7%
By foot	47%	7%	+40%
Train	<1%	11%	-10%

Source: CCRI and Rural England CIC rural residents survey (2021)

It seems clear from these results that the pandemic and restrictions brought about some significant changes to the travel habits of rural residents. The question is whether these changes are likely to be temporary or permanent.

Our survey therefore asked the rural residents whether they expected to make less use of public transport once all pandemic restrictions were dropped, compared with their use of it prior to the pandemic. A fifth of the rural residents agreed that they expected to make less of public transport in future. Of course, some of these people may well change their minds over the course of time. On the other hand, it should be observed that many others cannot reduce their public transport use as they never were users.



## FUTURE USE OF PUBLIC TRANSPORT

Twenty per cent of rural residents expect to make less use of public transport after the pandemic than they did before the pandemic.

20%

## Conclusions

The provision of bus services and the extent of bus networks in rural areas had been in decline well before the pandemic, not least given the diminishing resources which local authorities could draw upon to subsidise uncommercial routes. One outcome had been increasing car dependency and some residents left more isolated.

When the pandemic hit, in Spring 2020, one (arguably positive) initial impact was a considerable increase in travel made by rural residents on foot or by bicycle. However, that increase has since largely petered out.

The other initial impact, when the pandemic hit, was that rural residents sharply reduced their travel by car and by public transport. Over subsequent months there has been some return towards normality, though travel made by public transport still has some way to go. Car travel picked up much further and faster.

It remains questionable, whether rural bus services and community transport schemes can truly recover and win back many of their passengers. Travel habits may have changed and concerns about safety remain for a fair proportion of rural residents. Indeed, there is a risk that the pandemic has left rural communities more dependent on the car than they already were – an outcome with multiple downsides e.g. for congestion, CO2 output, the viability of other transport modes.

Given these conclusions the following policy actions are recommended:

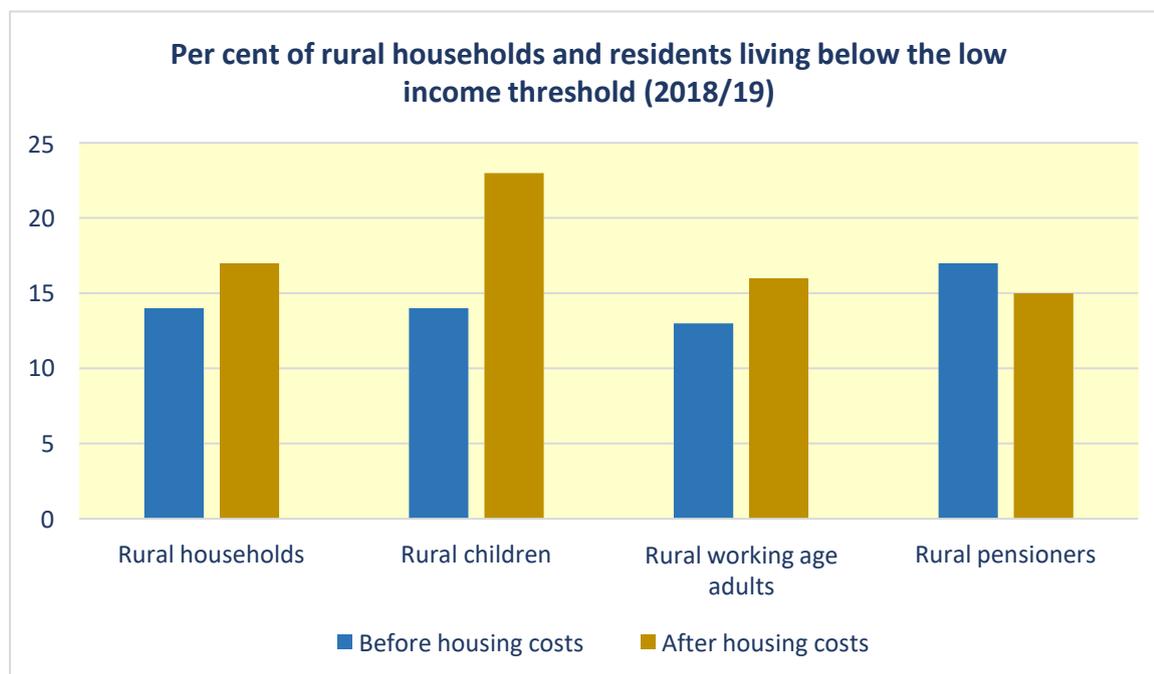
- At the appropriate time (when infection trends allow), making a consistent and sustained effort, jointly across Government and the transport industry, to encourage back both pre-pandemic users and new users onto public transport, not least on financially marginal rural bus and rail routes. As well as allaying fears and addressing concerns over public safety, this could emphasise carbon emission reduction benefits;
- Strengthening the statutory requirement placed on local transport authorities, regarding support for bus service provision. Indeed, measurable guidelines or standards could be developed, for example for a minimum service frequency and operating hours expected on routes that connect smaller rural towns with their nearest large town or city;
- Using the new Bus Service Improvement Plans and the extra funding associated with them to bring about a step change in rural provision. Local authorities could use their annual updates of those Plans to progress towards standards such as that outlined above. This will require long term effort and sustained funding provision;
- Using active travel funding, which is made available to local transport authorities for walking and cycling networks, to place greater emphasis on investment that improves networks in and around small rural towns. These have not, in the past, received much focus.

## DEMAND FOR WELFARE SERVICES

Restrictions placed upon businesses during the pandemic significantly impacted their ability to operate and trade, especially in sectors such as retail and hospitality. Despite sizeable Government support programmes for businesses, including the furlough scheme, this was expected to result in a jump in unemployment and welfare claims. That, in turn, likely meant extra demand upon services such as Jobcentre Plus, Citizens Advice and a host of local support agencies. Key questions include how far those impacts are visible in rural areas, whether they affect certain rural groups and how quickly they ease as the rural economy reopens.

### Low income and labour market statistics

Pre-pandemic, in 2018/19, some 14% of rural households were measured as living under the low income threshold (Defra, 2021). That is, they earned less than 60% of the average household income. If housing costs are taken into account the figure increases to 17% of rural households. Although these figures are a few percentage points lower than their equivalents for urban households (17% and 23% respectively), they nevertheless point towards poverty being fairly widespread in rural areas.



Source: Defra (2021) based on analysis of DWP data

The graph above, of course, is a snapshot at a point in time. Interestingly, some analysis of data which tracked households over seventeen years found that half of all rural households had experienced at least one substantive spell on a low income during that period (Vera-Toscano, 2019). So many rural households will have some experience of financial hardship.

More recently available figures for unemployment and economic inactivity at a detailed rural settlement level are those for the quarter from April to June 2020 (Defra, 2021). They show that the rural unemployment rate was 3.3%. This represents a sizeable jump from 2019, though it should be cautioned this refers to an early stage of the pandemic and restrictions. Arguably more telling is the rate for economic inactivity in rural areas which was 39% by April to June 2020, no doubt very significantly affected by the first national lockdown in place at that time.

<b>Unemployment and economic inactivity rates in rural areas of England, 2019 and 2020</b>		
	<b>2019</b>	<b>2020</b>
Unemployment rate	2.6%	3.3%
Economic inactivity rate	18.8%	39.4%

Source: Defra analysis based on ONS Labour Market Statistics (2021)

### **Job seeking during the pandemic**

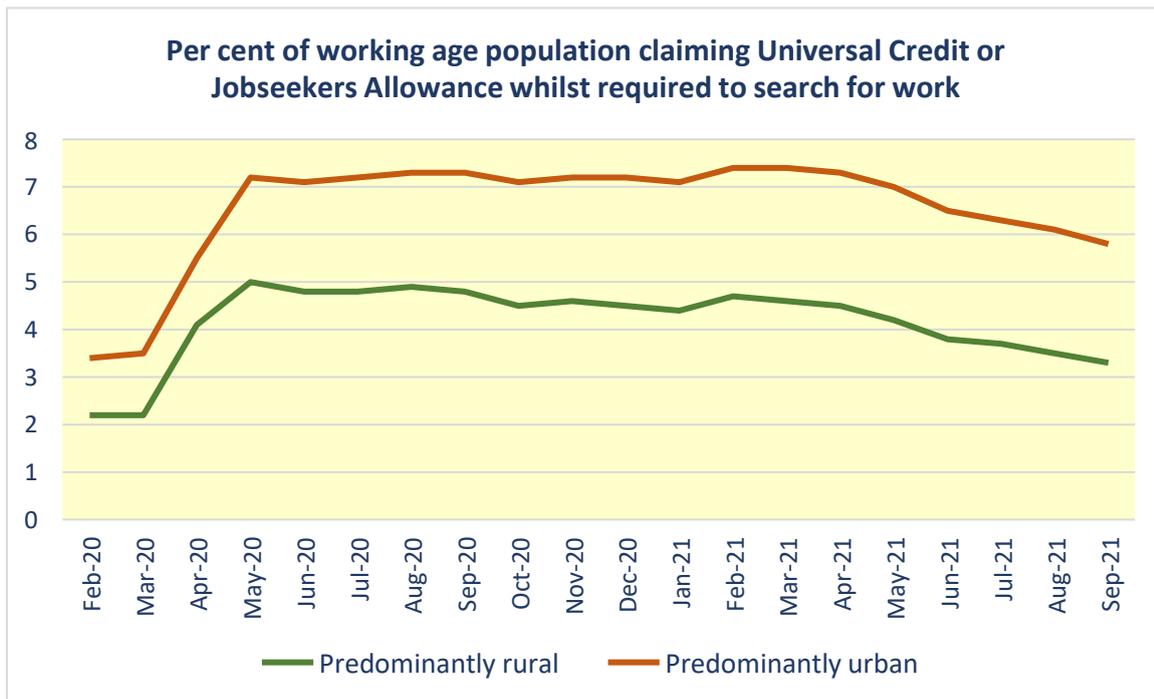
Further monthly statistics provided by Defra track the number of working age people who claimed Universal Credit or Jobseekers Allowance and who were required to search for work through the period of the pandemic. These statistics are in a format which compares predominantly rural with predominantly urban local authority areas in England.

They show that by September 2021:

- There were 229,000 such claimants in predominantly rural areas, who comprised 3.3% of the working age population;
- This compared with 1,381,000 claimants in predominantly urban areas, who comprised 5.8% of that working age population.

As the graph below shows, the number of claimants in predominantly rural areas grew rapidly from March to May 2020, when the first lockdown was introduced. Numbers then remained fairly stable over Summer 2020, before slowly decreasing, albeit with another small peak visible around the later lockdown in February 2021. By September 2021 the number of claimants in predominantly rural areas had continued to reduce but was still roughly 50% above its pre-pandemic level.

Moreover, this pattern over time has been very similar in both rural and urban areas, although the proportion of claimants has consistently been less in rural than it is in urban areas.



Source: Defra statistics (2020 to 2021)

A point of further interest from a disaggregation of these statistics, is that the rates for claimants seeking work have been higher in coastal rural areas than they have been in non-coastal rural areas. How far this is due to the pandemic or whether it simply reflects longer term trends is unclear.

### Universal Credit claimants during the pandemic

Whilst the figures above refer specifically to those searching for work, people may be in receipt of Universal Credit for various reasons. They include people in work who are on a low income. DWP figures show that for England, as a whole, the number of households who were Universal Credit claimants increased from just over 2.3 million in March 2020 to over 4.2 million by November 2020. This was an 83% increase in claimant households during the eight months period since the start of the pandemic. Again, numbers increased very rapidly from March to May 2020. They then continued to increase in the months afterwards, but at a slower pace.

Local data would appear to broadly mirror this picture. Analysis from Dorset and the adjoining conurbation of Bournemouth/Christchurch/Poole (Citizens Advice in Dorset, 2021) showed numbers of Universal Credit claimants at a parliamentary constituency level, comparing January 2020 (pre-pandemic) with December 2020. Two findings stand out from this analysis:

- That the number of residents who were claiming Universal Credit approximately doubled over the time period. The pandemic has had a major impact; and
- That the rural or urban nature of the different constituencies made no obvious difference to this trend. The approximate doubling of claimant numbers was common to all area types.

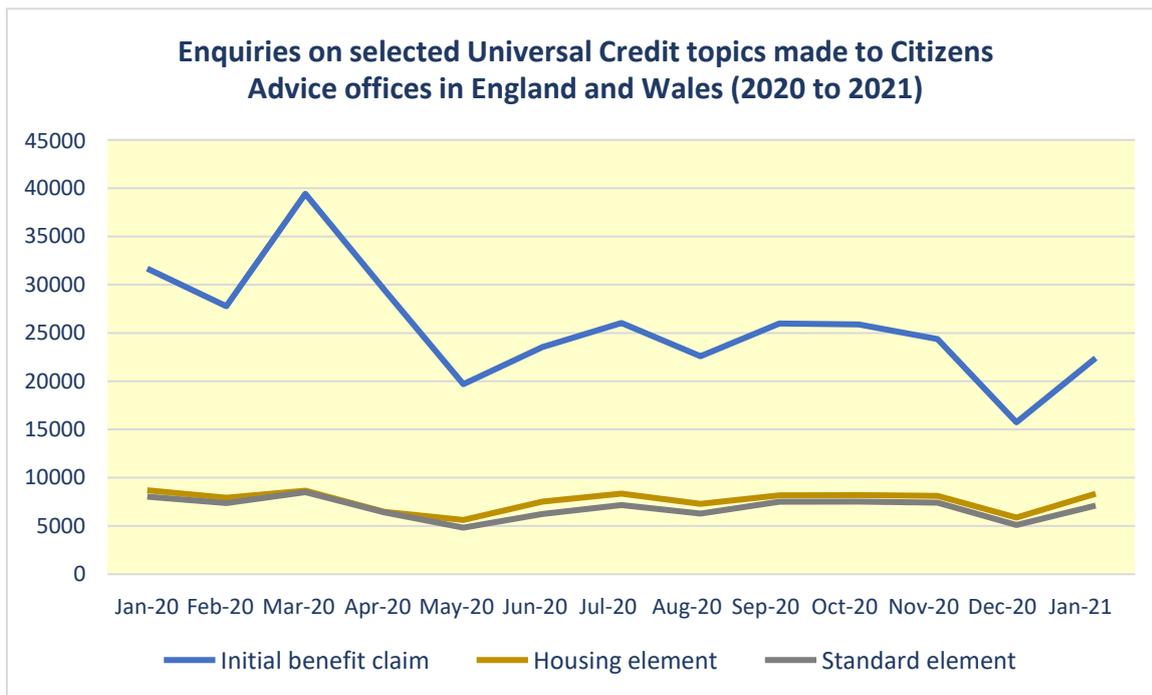
<b>Number of Universal Credit Claimants by constituency in the Dorset and BCP area (2020)</b>				
<b>Constituency name</b>	<b>General descriptor</b>	<b>UC claimants January 2020</b>	<b>UC claimants December 2020</b>	<b>Percentage change Jan - Dec</b>
North Dorset	Largely rural with market towns	2,805	5,668	102%
West Dorset	Largely rural with county town	3,084	6,259	103%
South Dorset	Partly rural with coastal towns	4,509	8,700	93%
Mid Dorset and North Poole	Urban and rural fringe	2,364	4,827	104%
Christchurch	Part conurbation with rural fringe	2,465	5,066	106%
Poole	Urban conurbation	4,290	8,256	92%
Bournemouth East	Urban conurbation	6,007	11,706	95%
Bournemouth West	Urban conurbation	5,739	11,451	100%

Source: Citizens Advice in Dorset analysis based on DWP data (2021)

## **Enquiries of Citizens Advice**

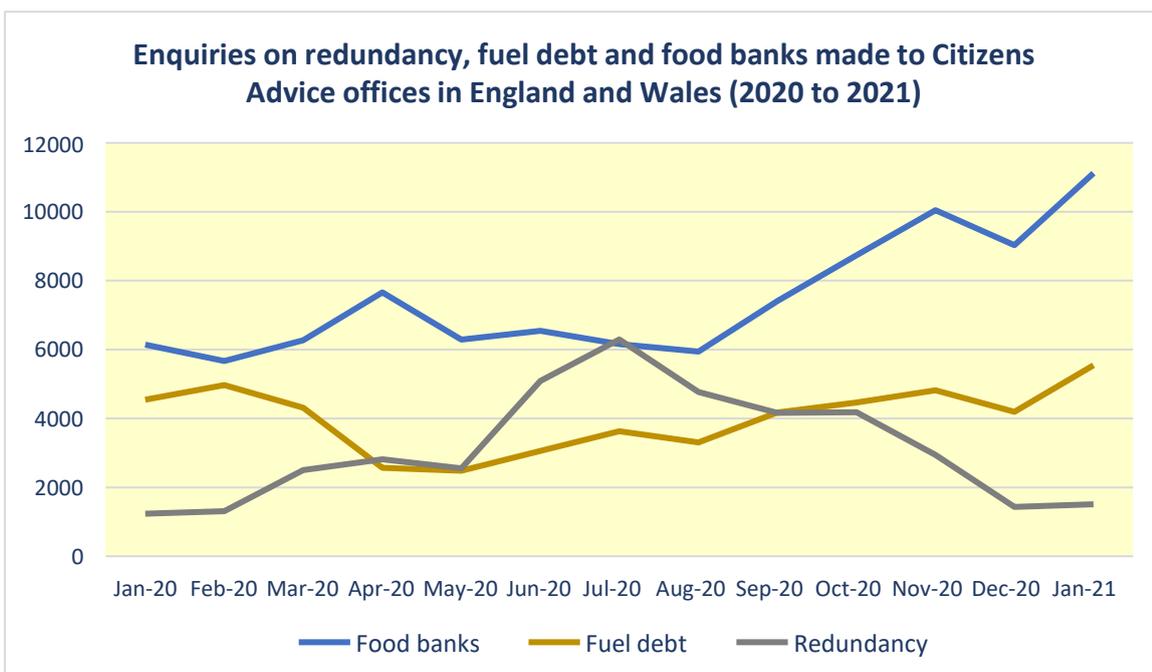
Citizens Advice is the largest provider of advice to individuals, through its nationwide network of local offices and its national advice line. It publishes statistics about the number and type of enquiries that its local office network deals with each month. It should be noted that these statistics cover all the network's offices across England and Wales, whether serving rural or urban areas.

The chart below tracks enquiries that were made about three key aspects of Universal Credit, namely initial claims, the standard element and the housing element. Looking at the monthly trend from January 2020 through to January 2021 there appears to be no straightforward match with the pandemic. Enquiries peaked in March 2020, about the time when the first national lockdown came into force. However, since then enquiries have, if anything, fallen to less than pre-pandemic levels. The trend may have been affected by other factors, such as the phased roll out of Universal Credit.



Source: Citizens Advice, advice trends data (website accessed 2021)

The second chart based upon Citizens Advice enquiries statistics looks at those which were about redundancy, fuel debt and food banks. These would appear to show a much closer relationship to the pandemic. In particular, enquiries made about food banks grew throughout 2020 and almost doubled over the year. Those made about fuel debt inevitably increase in Winter months and reduce in Summer months, but they nevertheless show some signs of an overall increase during 2020. Finally, enquiries made about redundancy peaked sharply in the Summer of 2020 and have since fallen back to their pre-pandemic levels. It is possible there were concerns about an early ending of the furlough (job support) scheme, prior to its extension, which help to explain this.



Source: Citizens Advice, advice trends data (website accessed 2021)

## Use of food banks

A paper by May et al (2020) presented what is said to be the first rural count of food banks, based on an analysis of those that were members of the Trussell Trust network and those that were known to the Independent Food Aid Network. Importantly, this count included food distribution centres which are often satellite operations for centralised food banks, thereby offering more local outlets.

The analysis, which is based on 2018 data, identified 1,499 food banks or distribution centres located in predominantly rural local authority areas of England. These comprised almost 24% of all food banks and distribution centres in England.

The authors of the paper note the very uneven spatial distribution of food banks. Analysis, which appears to relate to food banks only, shows that there were, for example, 28 rural food banks in County Durham and 25 rural food banks in Cornwall. This contrasts with just 6 rural food banks identified in Cumbria.

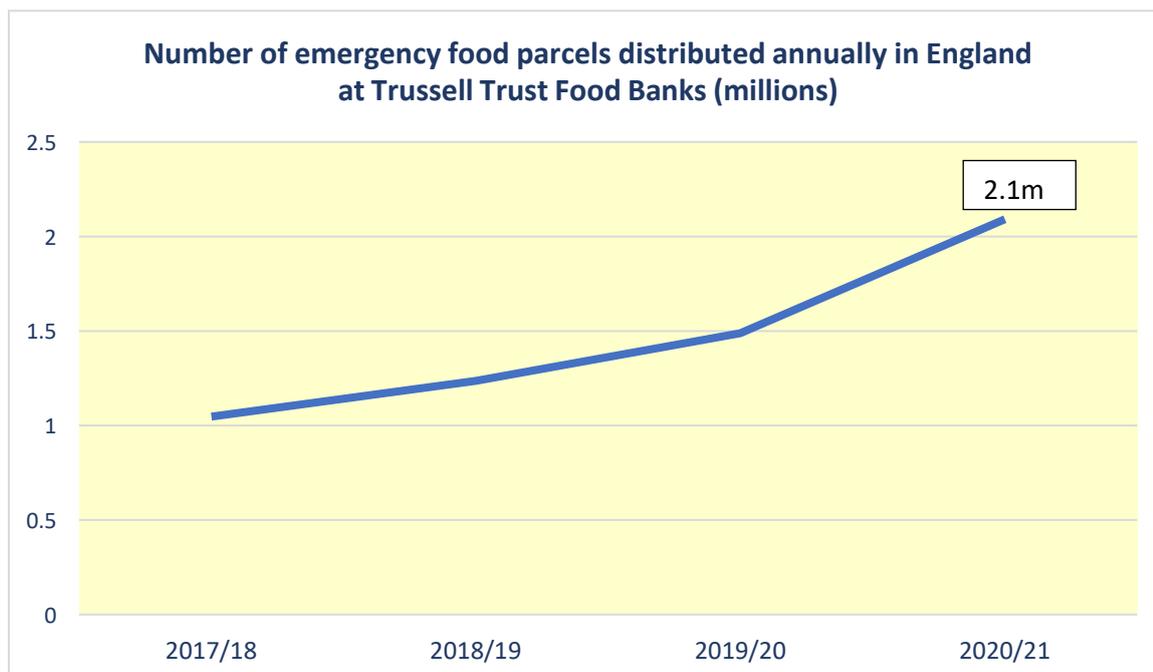
From their research with rural food banks, May et al highlight certain rural features. These include that:

- One model is a central food bank or hub supplemented by localised distribution centres to improve accessibility;
- Distribution centres often only open on one day per week, so some give out larger food parcels intended to tie people over for two or three days;
- Churches frequently play an important role in this food distribution network;
- The dispersed nature of referral agencies may reduce the number of people using these food banks (especially in those that do not take self-referrals); and
- There is sometimes a reluctance to visit food banks in smaller communities where they can be more visible.

Some trend information is available, though it is not rural-specific. At a national level the Trussell Trust records the number of three-day emergency food parcels that it gives out. So, if, over the period recorded, a household of two people received a food parcel on three occasions, that would be counted as six parcels. It should also be noted that the food banks which operate within the Trussell Trust network represent, at most, two-thirds of all food banks.

Their annual statistics show that the number of parcels distributed at the Trusts' food banks in England (both rural and urban) had been rising for some time, from just over 1.0 million in 2017/18 to almost 1.5 million in 2019/20. Roughly 60% of these parcels went to adults and 40% went to children.

However, there was a distinctly faster rise in food parcel numbers once the pandemic arrived. During 2020/21 these Trussell Trust food banks distributed almost 2.1 million food parcels. Indeed, in evidence that it gave to a Parliamentary Select Committee the charity reported an unprecedented jump in demand occurring around the start of the 2020/21 year, when the first lockdown came into force.



Source: Trussell Trust (2021)

The Independent Food Aid Network represents around 400 of the remaining food banks. According to a survey of its members (IFAN, 2020) they handed out 62% more emergency food parcels in October 2020 than they had done in October 2019. Again, there appears to have been a particularly steep rise in Spring 2020, around the time of the first lockdown.

One other notable finding comes from the Rural Shop Report 2021 (ACS, 2021) and is that 42% of rural convenience stores said they had made donations to a food bank during 2020.

### Access to welfare and support services

There is, however, a recent and substantive report which explored rural poverty in one English and two Scottish locations (Shucksmith et al, 2021). It concluded that various rural-specific factors impact upon people's access to welfare and related support services. These include that:

- Many rural people were employed in seasonal, precarious and (sometimes) multiple jobs. The volatility or unpredictability of their employment and income did not suit the benefits system, where the rules are not designed around irregular incomes;
- Welfare and support services have become increasingly centralised and digitised. This impacts most where there are expansive rural geographies. It can be hard for rural claimants to access services face-to-face when they need to do so;
- Access to job opportunities and to welfare services are often reduced further in rural areas due to residents having limited access to affordable housing, public transport and digital connectivity. These issues compound each other; and
- There remains a culture of self-reliance within many small rural communities, where people may be uneasy about admitting their need or unwilling to claim from the state. There is less anonymity in these closer-knit communities.

This report cited the particular importance of the role that is played in rural areas by the voluntary and community sector. Frequently it fills gaps in service provision and often it is the means by which people find out about welfare entitlements or are assisted to make claims. The sector can act as a ‘first port of call’, offering people different entry points into the welfare system, not least at rural locations where the public sector is largely absent.

In terms of the 2020 pandemic experience, the report concludes this made more visible poverty that may otherwise have remained hidden, for example where low income families struggled with home schooling, home working and the like. On the whole local support services were found to have adapted and worked well in the case study locations studied.

A follow up report (Glass et al, 2021) revisited the findings from the 2020 fieldwork and examined the pandemic impacts in greater depth. This report highlighted that:

- The first lockdown in 2020 delivered a significant shock to the rural economy in the case study areas, not least due to their considerable dependency on tourism, hospitality and leisure businesses;
- Government support schemes for employees and the self-employed substantially mitigated the negative impacts, though many did not benefit from them. These included seasonal, casual and freelance workers and many of the self-employed;
- Claimant rates in the case study areas approximately doubled near the outset of the pandemic, then reduced slightly by the end of 2020 (thus mirroring the statistical analysis for rural areas outlined above);
- This placed considerable pressure on staff at the Department of Work and Pensions, Citizens Advice and other advisory services, who worked with rural claimants. They supported many claimants who had no previous experience of the benefits system;
- Lack of access to broadband connectivity or a digital device was a major barrier for some, inhibiting their ability to apply for state support;
- When face-to-face support disappeared (during lockdown) this created additional problems for certain claimants, including some older people and those with literacy or mental health problems. Some could neither meet advisers nor navigate phone or online services;
- For the most part voluntary and community sector support groups responded quickly and effectively to the crisis. There was similarly much evidence of informal support given by family, friends and neighbours;
- The extraordinary nature of the pandemic experience seemed to make it easier for some in need to ask for help and perhaps, even, to shift perceptions of stigma within rural areas. It may also have reinforced the discourse about rural communities being self-reliant; and
- The full impacts of the pandemic may not be apparent for some time and many residents in the case study areas expressed concerns about the winding down of Government support schemes. It seems likely that more rural residents will be at risk of financial hardship.

## **Findings from the survey of rural residents**

The survey of rural residents which was carried out for this report (between April and June 2021) asked people whether they had received help from a support group or organisation to manage pandemic impacts. It should be noted the question asked them to exclude informal help received from relatives, friends or neighbours.

In all, 98 of these rural residents ticked one or more of the boxes, to indicate that they had received help, which is 17% of all survey responses. The most frequent reason for receiving help was to fetch a prescription from a pharmacy (cited by 11%). Help with food shopping was also cited by quite a few (8%). Both these reasons were disproportionately cited by those from older age groups, whilst receiving help with food shopping (only) was disproportionately cited by women.

<b>Rural residents who had received help from a support group or organisation to help them manage with Covid-19 and its impacts (since March 2020)</b>		
<b>Reasons for the help which was received:</b>	<b>Number</b>	<b>Per cent</b>
Help with prescription from pharmacy	60	11%
Help with food shopping	44	8%
Help with a welfare application or payment	8	1%
Help with a housing issue or need	4	1%
Other help	6	1%
Prefer not to say	11	2%

Source: CCRI and Rural England CIC rural residents survey (2021)

Answers given under the ‘other help’ category included that which was received with mental health, with spiritual needs, with access to a foodbank, with caring for an elderly parent and with fetching a prescription from a vet.

Overall, these findings show that a sizeable minority of the rural residents – around one in six – received help during the pandemic from support groups or organisations, confirming the importance of such support networks in rural areas during this difficult period.

## **Conclusions**

Despite frequent characterisations of rural areas as affluent, 14% of households met the low income (or poverty) definition before the pandemic. Evidence indicates that many more rural households have had experience of living on a low income at some point or points in the past.

A range of welfare-related indicators all jumped upwards around the start of the pandemic in Spring 2020. Figures for job seeker claimants, universal credit claimants, Citizens Advice enquiries and receipt of emergency food parcels all increased sharply in rural areas at that point. Furthermore, rural and urban trends for welfare appear to have followed much the same trajectory over the period of the pandemic.

There are some positive signs of recovery within the statistics. For example, the numbers of rural job seeking claimants reducing steadily by Autumn 2021. National job vacancy numbers also look

buoyant, but there could be more fallout now that business and employment support schemes are being wound up. Added to which, some rural employment is seasonal.

It can be concluded the pandemic, with its impacts on the labour market and household incomes, has emphasised many of the challenges that rural communities face when needing to access welfare services, whilst at the same time underlining the importance of the support role that is often played by charitable and volunteer-based organisations.

Given these conclusions the following policy actions are recommended:

- Monitoring closely trends in rural employment and poverty. Government should watch how the job market implications of the pandemic continue to play out, not least as its support measures come to an end and cost of living increases impact. Some impacts may only be felt in 2022 or later, for example when emergency business loans need repayment;
- Using that and other information to inform the support that is made available to job seekers through the Jobcentre Plus network. That network is centralised with a physical presence often limited to larger towns or cities. Its services must be accessible to those living in rural areas, which could include online or outreach provision;
- Through grant funders, giving priority, over the coming period, to voluntary and community sector organisations which deliver support to households in poverty or with welfare needs. Such organisations play a key role in rural areas, where statutory agencies are generally less accessible.

## USE OF LEISURE SPACES AND OUTLETS

The hospitality sector has faced widely reported challenges during the pandemic, since it largely consists of venues where people gather indoors. In contrast, outdoor leisure areas, such as public parks or gardens, have been seen as relatively safe and beneficial places to visit for health and wellbeing reasons. Key questions include whether such outdoor leisure spaces have also proved important for residents from rural settlements, how well the rural hospitality sector has fared thus far and whether rural residents will return to those businesses as the pandemic abates.

It should be noted that evidence about community buildings and village halls is not repeated here, since it is comprehensively described in the rural assets chapter. It is, however, acknowledged that halls frequently host leisure activities. At the risk of contradiction, some evidence about pubs and bars is included in this chapter, despite them also appearing in the rural assets chapter. Material on pubs and bars is retained in this chapter for comparison with that on cafes and restaurants.

### Number of hospitality businesses and public greenspaces

The Office for National Statistics (ONS) has released some national estimates (UK-wide) for the number of hospitality businesses<sup>16</sup> based on data from 2019. These figures indicate the overall scale of the sector, albeit it is a minority of these that will be based in rural locations.

Estimated number of hospitality businesses in the UK (2019)	
Type of hospitality business	Number of registered businesses
Pubs and bars	30,885
Unlicensed cafes and restaurants	22,970
Licensed restaurants	28,705
Takeaway food shops or stands	37,465

Source: ONS Inter-Departmental Business Register (2019)

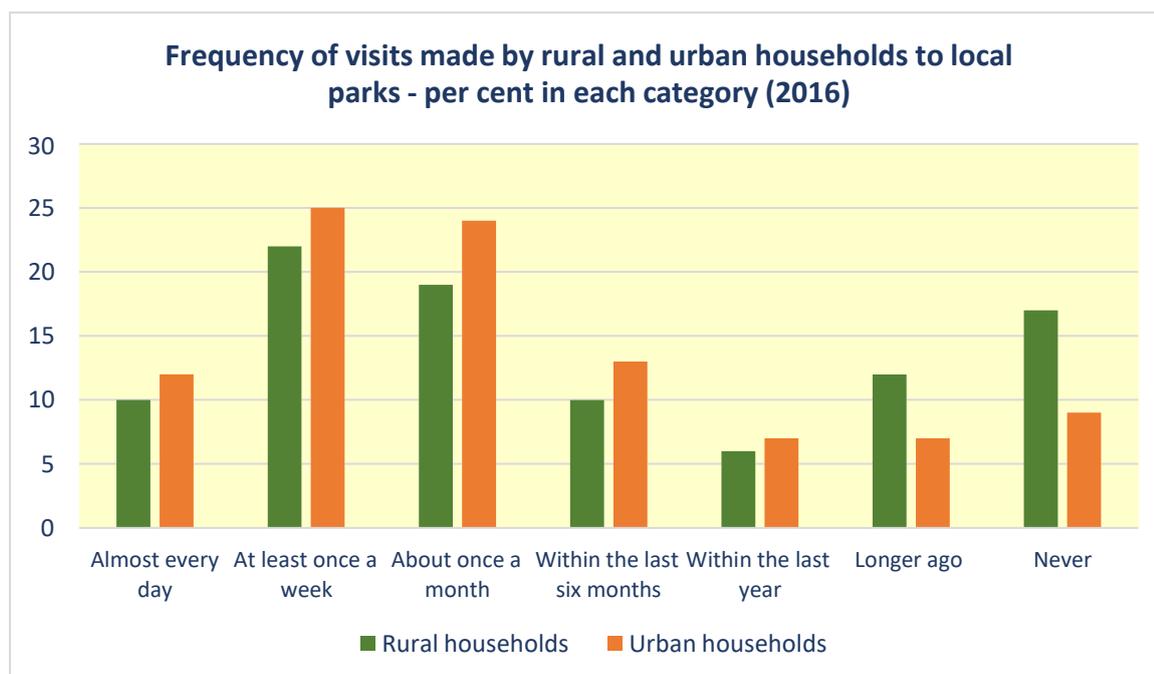
The Parks Alliance quotes a figure of 27,000 for the total number of parks and public open spaces that exist across England (2020)<sup>17</sup>. Again, it should be noted that only a proportion of these will be in locations which could be described as rural.

<sup>16</sup> The IDBR refers to businesses which are registered for PAYE and/or VAT. Some very small businesses are not registered for either of these, though they seem likely to be few in the hospitality sector.

<sup>17</sup> This estimate is understood to originate from the Public Parks Assessment which was carried out in 2001.

A report which was published by the Heritage Lottery Fund contains information about the use of public parks, derived from a household survey. Its findings about the frequency of visits made to public parks in 2016 include some figures specifically for rural households. As the chart below shows, these demonstrate that rural households are less frequent visitors than their urban counterparts. In numbers:

- 32% of rural households visited a public park either weekly or daily, compared with 37% of urban households; and
- 17% of rural households never visited a public park, compared with 9% of urban households.



Source: Heritage Lottery Fund (2016)

### Access to public greenspace

The Ordnance Survey's Open Greenspace data set enables measurement of people's access to parks, public gardens and playing fields. A series of measures have been created by the ONS, based on averages for residents within each local authority area (ONS, 2020). The data for English local authority areas has been analysed and is summarised in two tables below. These show that:

- Distance to the nearest park, public garden or playing field: the average resident in a predominantly rural area lives about half a kilometre from such a space. The average in predominantly urban areas is about a third of a kilometre. All ten local authority areas scoring worst on this measure are classified as 'predominantly rural'. In some the average resident lives about 1 kilometre from the nearest park, public garden or playing field;
- Number of parks, public gardens or playing fields within one kilometre: the average resident in a predominantly rural area has access to almost three spaces within that distance, compared with five spaces for those in predominantly urban areas. Nine of the ten worst scoring local authorities on this measure are classified as 'predominantly rural', the exception being an 'urban with significant rural' area;

- Size of parks, public gardens or playing fields within one kilometre: the average resident in a predominantly rural area has spaces that total almost 6 hectares within that distance, compared with almost 10 hectares for those in predominantly urban areas. Again, nine of the ten worst scoring local authorities on this measure are classified as ‘predominantly rural’, the exception in this case being a ‘predominantly urban’ area.

Therefore, in relative terms rural residents have poor access to parks, public gardens and playing fields. Such spaces are typically more distant, fewer in number and smaller in size. This may be one explanation for rural households visiting public parks less often than their urban counterparts.

<b>Access to parks, public gardens and playing fields: comparison of averages for residents in predominantly rural and urban local authority areas (2020)</b>		
Measures of access	Predominantly rural areas	Predominantly urban areas
Average distance to the nearest such space	512 metres	335 metres
Average number of such spaces within 1 kilometre radius	2.9 spaces	5.0 spaces
Average size of all such spaces within 1 kilometre radius	57,302 square metres	98,701 square metres

Source: RSN analysis (2021) based on Ordnance Survey data (2020)

<b>Access to parks, public gardens and playing fields: local authority areas where residents have the least access (2020)</b>			
Ten English areas with the least access	Average distance to nearest such space (metres)	Average number of such spaces within 1 kilometre	Average size of nearest such space (square metres)
1 (least of all)	East Lindsey (Lincs)	South Northants	Isles of Scilly
2	Ryedale (North Yorks)	Mid Suffolk	South Hams (Devon)
3	West Lindsey (Lincs)	East Lindsey (Lincs)	Hambleton (North Yorks)
4	Mid Suffolk	South Cambridgeshire	Ryedale (North Yorks)
5	South Norfolk	West Lindsey (Lincs)	Copeland (Cumbria)
6	South Northants	Broadland (Norfolk)	Selby (North Yorks)
7	Newark & Sherwood (Notts)	Rutland	South Holland (Lincs)
8	South Holland (Lincs)	South Norfolk	East Lindsey (Lincs)
9	East Cambridgeshire	South Hams (Devon)	City of London
10 (tenth least)	South Hams (Devon)	Ryedale (North Yorks)	West Lindsey (Lincs)

Source: Ordnance Survey (2020)

Also relevant is a piece of analysis shared by the Rural Services Network which looks at levels of expenditure by principal local authorities<sup>18</sup> on discretionary services. Although the categories for local authority services do not align that well with those covered in this chapter, there are two categories of interest, which are: open spaces and tourism; and recreation and sport.

As the table below shows:

- Expenditure by predominantly rural local authorities on these services has fallen over the past decade and quite dramatically so in the case of recreation and sport. Part of this may be explained by these services increasingly being managed by town or parish councils;
- Levels of expenditure on these services are lower in predominantly rural than in predominantly urban local authority areas, though the difference is modest for open spaces and tourism.

<b>Expenditure per resident on open spaces/tourism services and on recreation/sport services by predominantly rural local authorities</b>			
Service category	2020/21 spend per resident	Change in spend since 2010/11	2020/21 difference from urban authorities
Open spaces and tourism	£12.90	21% reduction	4% less
Recreation and sport	£5.50	57% reduction	13% less

Source: Rural Services Network (2021)

This may help to explain why a survey of young farmers found that the lack of local recreational facilities was a particular issue they highlighted (National Federation of Young Farmers' Clubs, 2020).

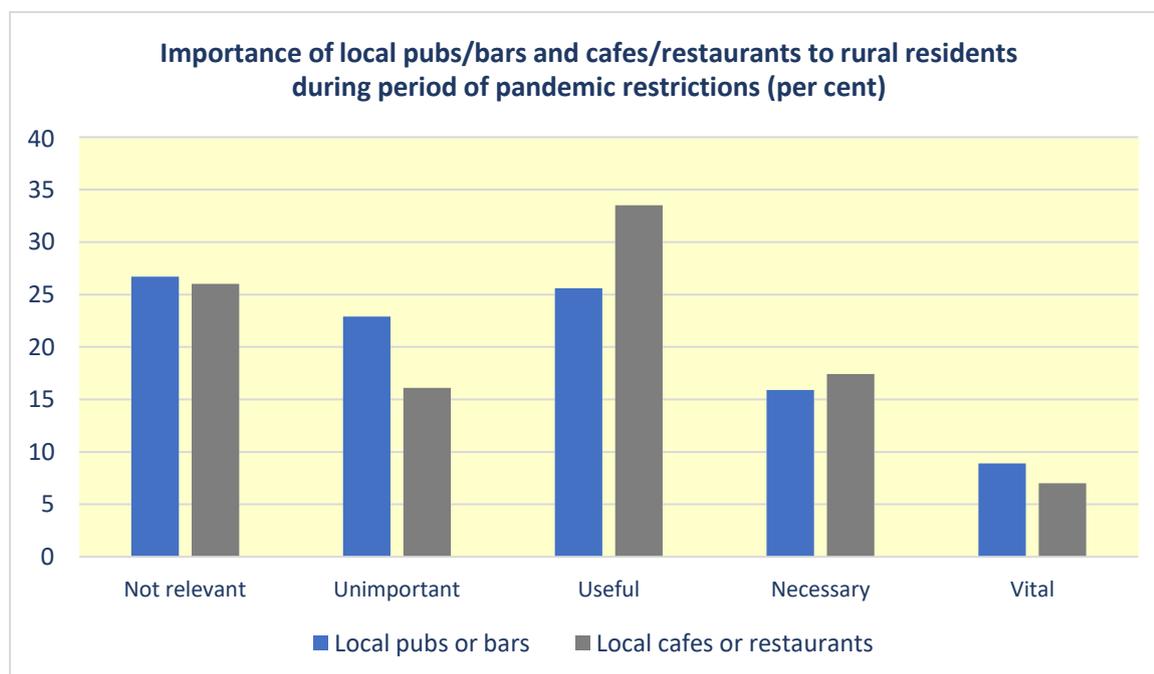
### **Value of hospitality and leisure services**

The survey of rural residents which was carried out for this report (between April and June 2021) asked people how important various services had been for them since pandemic restrictions commenced (in March 2020). As the chart below shows, for hospitality services the findings are that:

- During this period, half the rural residents (50%) considered pubs or bars to be not relevant or unimportant, whilst 42% considered cafes or restaurants to be not relevant or unimportant. This may be because the pandemic caused people to prioritise essentials, such as food shops and health services, and it may be because many outlets were temporarily closed;
- Nonetheless, a quarter of the rural residents (25%) considered pubs or bars to be vital or necessary, whilst an almost identical share (24%) considered cafes or restaurants to be vital or necessary during this period. For these residents such facilities presumably offered social value even in extraordinary circumstances;
- A notable additional finding is that men were less likely than women to consider pubs and bars to have been not relevant or unimportant.

<sup>18</sup> Principal local authorities are county, district, borough and unitary councils.

One further point of clarification is that some of the ‘not relevant’ answers appear to have been given where respondents stated that such services simply did not exist in their rural area.

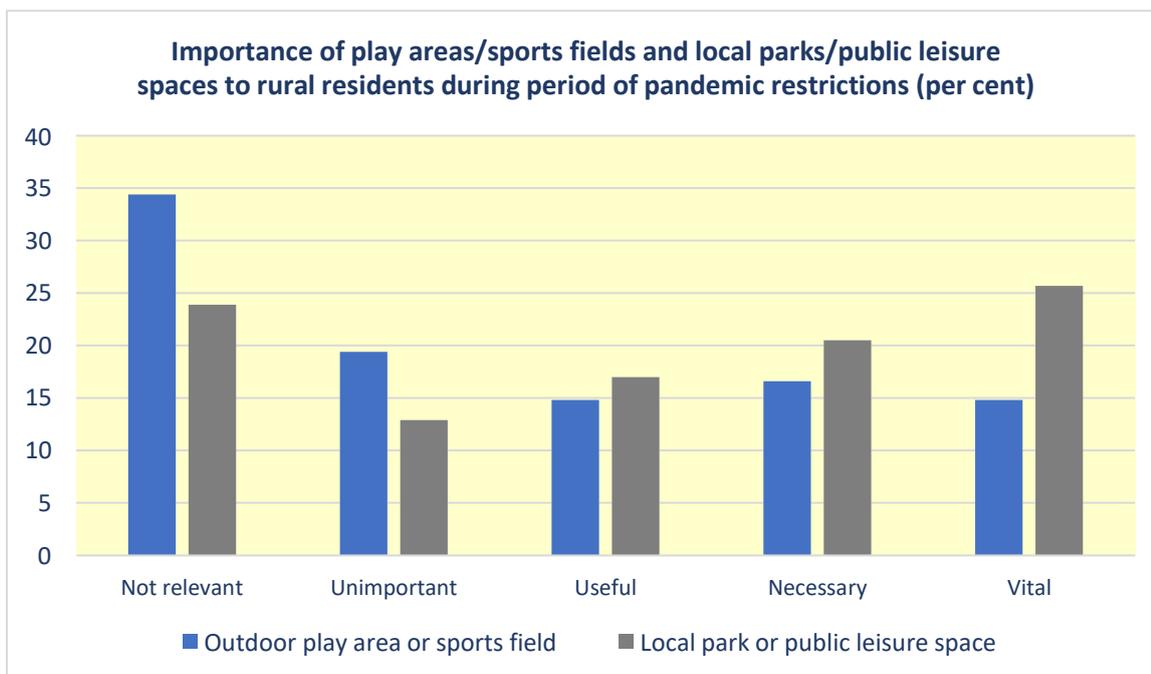


Source: CCRI and Rural England CIC rural residents survey (2021)

The same survey question about importance was asked with respect to outdoor leisure spaces. As the chart below shows, the findings for these are that:

- Approaching half of the rural residents (46%) considered local parks or public leisure spaces to be vital or necessary for them during the pandemic. This is balanced by a similar sized group (47%) who considered them not relevant or unimportant;
- The results for outdoor play areas and sports fields is less even, with 31% who considered them to be vital or necessary and 54% who considered them not relevant or unimportant during the pandemic;
- A notable feature is that all these facilities were considered more important by those from younger than by those from older age groups. This different (age-related) perspective is especially true for play areas and sports fields.

Despite the mixed views, the implication is that outdoor leisure areas – local parks and public leisure spaces, in particular – have been important for a large segment of the rural population. Having access to open space has been highly valued by this group during the pandemic, when travel and socialising have both been restricted. It cannot be assumed that nearby countryside meets the same need: it may not be widely accessible or suited to many leisure activities.



Source: CCRI and Rural England CIC rural residents survey (2021)

### Pandemic impacts on use of hospitality and leisure spaces

Our survey then asked these rural residents whether they had visited certain hospitality venues and leisure spaces since the restrictions began in March 2020. As the table below shows, the findings are that:

- A sizable majority of the rural residents had visited a local café or restaurant (62%) and a majority of them had also visited a local pub or bar (54%);
- However, only a small proportion of the rural residents had visited a cinema or public film show (6%) and even fewer had visited a theatre or music venue (4%).

Of course, cafes and pubs are generally more visited than cinemas and theatres. Moreover, it seems likely that larger and enclosed venues such as theatres have been closed for longer spells during the pandemic. Nonetheless, given these figures count visits made over a period which exceeds a year, they indicate how far larger venues, such as cinemas and theatres, have been impacted.

Per cent of rural residents who had visited hospitality or leisure services since the pandemic restrictions commenced in March 2020			
Type of leisure service	Visited more than twice	Visited once or twice	Never visited
A local pub or bar	30%	24%	46%
A local cafe or restaurant	33%	29%	38%
A cinema or public film show	1%	5%	94%
A theatre or music venue	1%	3%	96%

Source: CCRI and Rural England CIC rural residents survey (2021)

The figures could also be viewed as indicative of a rather widespread desire among rural residents to return to venues such as pubs and cafes. This, notwithstanding the widely reported negative impacts of the pandemic on these hospitality businesses.

Indeed, the survey asked the rural residents if they were aware of services which had closed down permanently within five miles of where they live and since March 2020. Their responses included closed pubs, cafes and restaurants. Of course, some of these may have closed for reasons unconnected with the pandemic. With that proviso, the findings are that:

- 29% were aware of nearby pubs or bars which had closed down permanently;
- 22% were aware of nearby cafes which had closed down permanently; and
- 15% were aware of nearby restaurants which had closed down permanently.

The rural hospitality sector would thus appear to have taken a pretty substantial hit during the pandemic. This view is further supported by findings in an earlier chapter (on local retail outlets and centres) that cafes, takeaways and restaurants were the type of service most frequently cited as having closed down within rural market town centres.

### **Future use of hospitality and leisure spaces**

Finally, the survey of rural residents asked about likely future use of hospitality and leisure spaces, after (legal) pandemic restrictions are removed. Compared with their use of these services prior to the pandemic, the survey found that:

- 21% of the rural residents expect to visit pubs and bars less often in future;
- 20% of the rural residents expect to visit cafes and restaurants less often in future; and
- 26% of the rural residents expect to visit cinemas, theatres and music venues less often in future.

The consistency of these statistics indicates there is a sizeable group – around a fifth to a quarter – who are, as yet, reluctant or unwilling to return to social settings (or at least to indoor settings). For this group, the pandemic experience may have brought about a longer-term or permanent change to their lifestyle and habits. This would, of course, have consequences for rural hospitality businesses and leisure venues.

That said, it can also be concluded from these figures that a sizeable majority of the rural residents expect to return to these outlets and venues, if they have not already done so, and to use them just much as they did in the past<sup>19</sup>. Hence, the prospect for rural hospitality and leisure services which survive through this difficult period may yet prove to be a largely positive one.

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<sup>19</sup> Note, however, that 21% saying they will use pubs less often in future does not mean that all the remaining 79% will use pubs in future. Some of this 79% will be people who never used pubs even before the pandemic.



#### FUTURE USE OF PUBS AND BARS

Twenty-one per cent of rural residents expect to visit pubs and bars less often after the pandemic than they did before the pandemic.

**21%**



#### FUTURE USE OF CAFES AND RESTAURANTS

Twenty per cent of rural residents expect to visit cafes and restaurants less often after the pandemic than they did before the pandemic.

**20%**



#### FUTURE USE OF CINEMAS, THEATRES AND MUSIC VENUES

Twenty-six per cent of rural residents expect to visit cinemas, theatres and music venues less often after the pandemic than they did before the pandemic.

**26%**

### Conclusions

As noted in the chapter on local assets, there is still concern about the financial state of much of the rural hospitality sector. Findings indicate that a fair number of rural pubs, cafes and the like closed down permanently as result of the pandemic. Although most rural residents seem keen to return to these venues, there are some who remain reluctant to do so.

The number reluctant to return is greater still for larger leisure venues such as cinemas, theatres and music venues. Their viability – where they are found, typically in larger rural towns – may remain uncertain for some while yet. If some were to close, it would deal a blow to the affected rural towns as well as leaving rural residents worse off in terms of access to the arts and entertainment.

It is evident that, during the pandemic, many rural residents have really valued being able to visit a park or outdoor public space on a regular basis. The provision of nearby, accessible open spaces in smaller rural settlements is arguably an overlooked concern which deserves greater recognition. Not least, since analysis for this report shows, on average, that rural residents are not well served in terms of their access to such spaces.

Given these conclusions the following policy actions are recommended:

- Ensuring that grants made available to the arts sector, such as those awarded by Arts Council England and various trusts, pay particular attention to the needs of smaller venues which are important in rural settings and to arts touring schemes or groups which perform at rural venues;

- Improving the provision of public open space in rural settlements through National Planning Policy Guidance and Local Plans. Assessments of need for new open spaces, made by local planning authorities, should not be based solely (or simplistically) on population numbers, as this disadvantages rural provision. Neighbourhood Plans are useful means to address open space needs and communities should be encouraged to use them for that purpose.

## CONSOLIDATED LIST OF RECOMMENDED POLICY ACTIONS

Based on the evidence set out in this report, policy messages are presented in the summary and policy actions are recommended at the end of each theme chapter. For ease of reference, this chapter brings that material together in one consolidated list.

### Summary – policy messages

There are some positive messages from this report, including that many rural town centres proved resilient and many rural retail outlets acquired new custom during the pandemic. However, this is not true everywhere and is not the whole picture. Other rural places and service businesses have struggled during the pandemic and may need ongoing support to recover. It would be a mistake to assume the apparent resilience of rural communities is universal and to overlook such needs.

Indeed, local resources and capacity for recovery will be unevenly spread, leaving some places more dependent on external assistance. This rural need should be reflected in the targeting of national economic support, through ‘levelling up’ programmes such as the UK Shared Prosperity Fund which is due to commence in 2022. Such support should go beyond funding for capital projects.

Public policies and programmes supporting individual businesses, whilst they return to a sustainable footing, can also play an important role in rural areas: in particular, underpinning recovery across parts of the service sector, such as leisure, hospitality and entertainment, where many businesses took a significant hit from the pandemic.

The trends outlined in this report will impact unequally across different groups of service users. Some may notice little change of consequence and a return to ‘normality’. Those who find it hard to adapt to the rapid growth of online service provision and cashless payments risk losing out.

This report underlines the value of physical infrastructure in rural areas, not least to give access to those services typically not found at the local community level. The provision of fast, reliable digital networks is key, so rural communities can benefit from online services. Dependable transport networks are similarly necessary so that all rural residents can reach larger service centres.

This report also highlights the importance of social infrastructure within rural communities. Village halls, village pubs and the like, many of which have faced considerable pandemic disruption, are a core part of rural community life and help to address isolation. Their future viability should not be taken for granted and many facilities may need further help.

Given the points made above, it can be concluded that all policies which aim to help businesses and communities rebound from the pandemic should be properly ‘rural proofed’, to ensure they take proper account of rural circumstances and will prove effective when applied in rural areas.

## Use of local retail outlets and centres – recommended policy actions

- Using Government programmes which support town centres, such as the Towns Fund and Future High Streets Fund, to target struggling small rural towns (and not just larger towns), helping those smaller towns to adapt to changing consumer trends and demands;
- Monitoring the extension of relief on Business Rates for smaller retail, hospitality and leisure outlets during 2022/23, to ensure recovery in those sectors before introducing any return to normal Rate levels;
- Taking forward, as a matter of priority, proposals for a new online sales levy to level the playing field with outlet-based businesses. The case for such a levy has been strengthened by the pandemic, with online retailers enjoying further significant growth.

## Value of community assets – recommended policy actions

- Strengthening existing legislation which allows the registering of local facilities as assets of community value, since this has had limited impact. Communities would have a more realistic chance of taking ownership of assets if there was a Community Right to Buy, giving them a right of first refusal when those assets come up for sale;
- Improving the Community Ownership Fund so that, in addition to providing capital funding, it can cover associated revenue costs such as groups receiving business development advice and support;
- Introducing a universal business rate discount for community-run businesses and social enterprises, similar to that which already applies to charities;
- Funding to cover the provision of some additional support to groups which manage village halls and community buildings, to help them recover from the pandemic and restrictions (logically delivered through the ACRE Network). This could cover things such as business planning, marketing and finding new hall uses;
- Revisiting and updating the Government's Hospitality Strategy to determine what further assistance can be provided to rural pubs, to help them through the quieter winter months and restore their financial viability. This could include help with linked issues, such as staff recruitment.

## Use of online services – recommended policy actions

- Ensuring that everyone has an opportunity to acquire basic digital skills, so all those that wish to can use online services. Digital inclusion projects exist in many places, but not everywhere. A national digital skills strategy would enable more consistent provision, which is accessible to rural communities. It could also address issues for those who cannot afford equipment costs or connection charges;
- As noted in a previous chapter, taking forward proposals for an online sales levy is justified by recent market trends and would level the fiscal playing field between online and outlet-based retailers. The planned Government consultation about this should be progressed swiftly;
- One message for rural retailers is that there are tangible benefits to be had from adaptation and innovation, for example by offering home deliveries or click-and-collect services to their local communities, where they do not already have them in place.

## Cashless payment and access to cash – recommended policy actions

- Introducing, as a matter of urgency, proposals which the Government has been considering for a minimum standard of geographical access to cash. This should be specified so it ensures accessible provision for smaller and remote communities. It should include some round-the-clock cash access, for example at free-to-use ATMs;
- Confirming that the Government subsidy which sustains the rural Post Office network at its current size will be extended and kept at (at least) its current level. Post Offices are increasingly the only local place where rural people can withdraw or deposit cash into bank accounts. A three year subsidy agreement from 2022/23 would offer much needed stability;
- Providing greater protection for key cash infrastructure. The Post Office Banking Framework should be strengthened so that individual banks cannot unilaterally withdraw. The level of the interchange fee, used across the ATM network, should be tiered or variable, so it supports the retention of sole ATMs at locations with few residents and thus low footfall.

## Travel and transport services – recommended policy actions

- At the appropriate time (when infection trends allow), making a consistent and sustained effort, jointly across Government and the transport industry, to encourage back both pre-pandemic users and new users onto public transport, not least on financially marginal rural bus and rail routes. As well as allaying fears and addressing concerns over public safety, this could emphasise carbon emission reduction benefits;
- Strengthening the statutory requirement placed on local transport authorities, regarding support for bus service provision. Indeed, measurable guidelines or standards could be developed, for example for a minimum service frequency and operating hours expected on routes that connect smaller rural towns with their nearest large town or city;
- Using the new Bus Service Improvement Plans and the extra funding associated with them to bring about a step change in rural provision. Local authorities could use their annual updates of those Plans to progress towards standards such as that outlined above. This will require long term effort and sustained funding provision;
- Using active travel funding, which is made available to local transport authorities for walking and cycling networks, to place greater emphasis on investment that improves networks in and around small rural towns. These have not, in the past, received much focus.

## Demand for welfare services – recommended policy actions

- Monitoring closely trends in rural employment and poverty. Government should watch how the job market implications of the pandemic continue to play out, not least as its support measures come to an end and cost of living increases impact. Some impacts may only be felt in 2022 or later, for example when emergency business loans need repayment;
- Using that and other information to inform the support that is made available to job seekers through the Jobcentre Plus network. That network is centralised with a physical presence often limited to larger towns or cities. Its services must be accessible to those living in rural areas, which could include online or outreach provision;
- Through grant funders, giving priority, over the coming period, to voluntary and community sector organisations which deliver support to households in poverty or with welfare needs.

Such organisations play a key role in rural areas, where statutory agencies are generally less accessible.

### **Use of leisure spaces and outlets – recommended policy actions**

- Ensuring that grants made available to the arts sector, such as those awarded by Arts Council England and various trusts, pay particular attention to the needs of smaller venues which are important in rural settings and to arts touring schemes or groups which perform at rural venues;
- Improving the provision of public open space in rural settlements through National Planning Policy Guidance and Local Plans. Assessments of need for new open spaces, made by local planning authorities, should not be based solely (or simplistically) on population numbers, as this disadvantages rural provision. Neighbourhood Plans are useful means to address open space needs and communities should be encouraged to use them for that purpose.

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## APPENDIX A – SURVEY OF RURAL RESIDENTS

### Description of the survey

A bespoke survey of rural residents in England was run online as a key input to the State of Rural Services 2021 report. This was managed for Rural England CIC by the Countryside and Community Research Institute at the University of Gloucestershire. The survey gathered responses between April and June 2021, at a point when (legal) pandemic restrictions – including lockdowns – had been in place for over a year and not long before they were due to be lifted.

The survey received 567 responses. These came almost equally from two sources. Some came from a Rural Panel that had been established earlier of people willing to be contacted about surveys from time to time. The rest came in as a result of Rural England CIC stakeholder organisations publicising the survey through their networks. The survey was managed in a way which was compliant with the university’s ethical procedures and with GDPR regulations.

The responses do not represent a statistically valid sample that is matched to the age structure and other characteristics of the whole rural population. Nevertheless, the number of responses is sizeable and can thus be seen as providing insight about rural service use during the pandemic as well as people’s future intentions. The responses are well spread geographically across the regions of England. However, there are more female than male survey respondents and most respondents fall into the 50 to 79 age bracket. A sizeable majority of the respondents are residents from villages.

### Question asked by the survey

The following questions were the by the survey of rural residents questionnaire:

What is your gender?

- Male
- Female
- Other

Which of the following age groups describes your age?

- 19 or younger
- 20 to 29
- 30 to 39
- 40 to 49
- 50 to 59
- 60 to 69
- 70 to 79
- 80 to 89
- Prefer not to say

Which of the following describes your household income during the last year?

- Not managing. I'm not keeping up with bills and falling behind
- Just about managing. But I can only afford the basics
- I'm OK. But I need to be careful
- Fine. I have enough to have some extras and save a little
- Good. I have enough for luxuries and to put some savings aside

Which region of England do you usually live in?

- North East region
- North West region
- Yorkshire and Humber region
- West Midlands region
- East Midlands region
- South West region
- Eastern region (including East Anglia)
- South East region
- Other

How would you describe the community where you usually live?

- A farm or an isolated dwelling
- A village or a hamlet
- A small rural town (up to 10,000 population)
- Either a large town or city or suburb

Thinking about the period since March 2020, when Covid-19 restrictions first came into force, how important would you say the following services have been for you to use?

Answer options – vital, necessary, useful, unimportant, not relevant

- Small food/convenience shop
- Supermarket
- Farm shop
- Local bank/building society branch
- Local post office
- Nearby GP surgery or health centre
- Pharmacy
- Church or place of worship
- Community centre or village hall
- Outdoor play area or sports field
- Local park or public leisure space
- Local pub or bar
- Local café or restaurant

Since March 2020, when Covid-19 restrictions first came into force, how has your use of following services changed by comparison with the previous period?

Answer options – use has increased, use is unchanged, use has decreased, use has stopped

- Local food shop e.g. convenience or village store
- Supermarkets

Since March 2020, when Covid-19 restrictions first came into force, have you started using any online or internet-based services for the first time?

- Yes
- No

If answered yes: Which of the following online or internet-based services have you started to use for the first time since March 2020?

- Online shopping for food and drink – supermarket
- Online shopping for food and drink – local store
- Online shopping for clothing or housewares
- Online or virtual consultation with a local doctor (GP)
- Online banking
- Other online services

Did you use any online or internet-based services before March 2020?

- Yes
- No

If answered yes: Can you identify any you were already using before March 2020 where your use has increased significantly since that date?

- Online shopping for food and drink
- Online shopping for clothing or housewares
- Online or virtual consultation with a local doctor (GP)
- Online banking
- Other online services

Before the first lockdown in March 2020, how often did you use the transport listed below?

Answer options – used at least weekly, used less, but at least monthly, never used

- Journeys by private car (as a driver or passenger)
- Journeys by taxi
- Journeys by local bus
- Journeys by community transport e.g. minibus or car scheme
- Journeys by bicycle (pushbike or e-bike)
- Journeys on foot
- Journeys by train

Since the first lockdown in March 2020, how has your local use of transport changed?

Answer options – use has increased, use is unchanged, use has decreased, use has stopped

- Car (as a driver or passenger)
- Taxi
- Local bus
- Community transport
- Bicycle (pushbike or e-bike)
- By foot
- Train

Are you aware of any of the following services which have closed down permanently within 5 miles of where you live and since March 2020?

- A shop selling food and drink
- A shop selling clothing
- A shop selling housewares
- A pub (public house) or bar
- A café
- A restaurant
- A personal service e.g. hairdresser, beauty salon
- A hotel or B&B
- Any other type of service

Since March 2020, have you made use of any of the following?

Answer options – visited once or twice, visited more than twice, have not visited

- A cinema or public film show
- A theatre or music venue
- A pub or bar
- A café or restaurant
- A church or place of worship
- A hotel or B&B

Since March 2020, have you received help from a support group or an organisation with any of the following to help you manage with Covid-19 and its impacts? (Please do not count informal help from relatives, friends or neighbours.)

- Food shopping
- Prescription from a pharmacy
- Welfare application of payment e.g. universal credit
- Housing issue or need
- Other
- Prefer not to say

Looking ahead to when restrictions are finally lifted, which of the following statements describe your future likely use of services?

- I will use online services more often than I did before the pandemic
- I will have shopping delivered to my home more often than I did before the pandemic
- I will use my local shops more often than I did before the pandemic
- I will use farm shops more often than I did before the pandemic
- I will visit town centres less often than I did before the pandemic
- I will use public transport less often than I did before the pandemic
- I will visit cafes and restaurants less often than I did before the pandemic
- I will visit cinemas, theatres and music venues less often than I did before the pandemic
- I will visit pubs and bars less often than I did before the pandemic
- Other

If you have identified any impacts of the pandemic which have not been discussed above, please use this space to explain them.

### **Additional comments made by survey respondents**

Respondents to the survey were given an opportunity (see the final question above) to mention any impacts of the pandemic they felt were not addressed by other questions. A sizeable minority mentioned some impact or related issue. Their comments are fully summarised below, starting with the points cited most frequently.

#### Summary of additional points raised by survey respondents:

- Loneliness and isolation have been a feature either for respondents or those they know (referred to in 20 responses)
- Services or service outlets did not exist in the respondent's rural area before the pandemic, so there was nothing further to close (17)
- Community interaction, neighbourliness and support have increased as a result of the pandemic (11)
- The respondent has lost confidence during the pandemic and so is not going out much or using services much (10)
- There have been negative impacts on the local environment due to pandemic pressures, such as more litter, fly tipping and dog fouling (9)
- Working from home – liked by some, but not all - has had an impact on the use of local services (8)
- Poor broadband connectivity has limited online access to services, schooling, home working, etc (8)
- More people are walking in or enjoying the countryside and natural environment (8)
- Trying to access and use GP services during the pandemic has been difficult or frustrating (5)
- There has been a loss of activities that took place in the local village hall (5)
- There has been less traffic on and less road noise from local roads, which has been a positive impact (4)
- Respondents have been volunteering or spending more time volunteering during the pandemic (4)
- Online interaction and socialising with family and friends has proved to be a lifeline (4)
- The closure of local outlets or loss of bus services has meant spending more time driving to service centres (4)
- Local house prices have risen sharply (in part due to second homeowners), which is especially problematic for young people (3)
- Very little has changed about the respondent's use of services as a result of the pandemic (3)
- The respondent has become more self-sufficient as a result of the pandemic (2)
- The respondent considers that the pandemic restrictions and regulations have been disproportionate (2)
- Sports centres have been closed and there has been less participation in sport during the pandemic (2)
- The business owned or managed by the respondent has closed down as a result of the pandemic (2)

- The respondent considers it is too early to tell what the impacts of the pandemic will be (2)
- The respondent feels that the pace of life has been calmer during the pandemic, with more time to pursue interests (2)
- School closures during the pandemic have been very disruptive for families (1)
- The business owned or managed by the respondent has been busier than ever during the pandemic (1)
- Shop closures are more evident in the nearest (urban) town than in the villages (1)
- The respondent's spending pattern has altered during the pandemic e.g. less on luxuries, more on food (1)
- The pandemic has brought home just how important local services are to quality of life (1)
- Lower levels of funding for public services in rural areas is a problem, especially for health services (1)
- It has been almost impossible to have work done by (over-busy) tradespeople during the pandemic (1)
- The respondent has switched to using outdoor services wherever possible e.g. at the local garden centre (1)
- It has been hard to access welfare and support services during the pandemic (1)
- Local shops and outlets have done well to adapt the way they deliver services during the pandemic (1)
- Accessing services is likely hardest of all for those in rural areas who are not online and who would be unable to complete this survey (1)

## APPENDIX B – SURVEY OF RURAL MARKET TOWNS GROUP

Another short survey was used to gather information about the impact of the pandemic restrictions on shops and businesses located in English rural market towns or larger villages. This was managed online for Rural England CIC by the Rural Services Network (RSN) and was targeted at members of the RSN's Rural Market Towns Group. These members are Town or Parish Councils and responses were received from a mix of their Councillors, Clerks and other officers.

The survey was live from June to July 2021 and it gathered 83 responses. However, once duplicate responses from the same member organisations had been removed, that gave responses from 72 different rural market towns or larger villages. All figures quoted in this report are based on those 72 responses. The responses came from places spread quite widely across rural England (from all regions) and from different sized settlements (some with fewer than 5,000 population, some with more than 10,000 population).

The timing of this survey was therefore shortly before all (legal) pandemic restrictions were lifted, but after all lockdown restrictions had been dropped. This was adjudged to be a useful time at which to take stock of the resilience of these rural town or large village centres.

The survey of rural market towns or larger villages asked them the following questions:

Please state the town/parish council name, your name and job role.

Please name the district, unitary and/or county in which your town/parish is situated.

Please provide a population estimate of your town/parish.

- Over 10,000
- Over 5,000 but less than 10,000
- Less than 5,000

In your high street or town centre area how many shops or hospitality businesses, to the best of your knowledge, have not reopened following the recent lifting of pandemic restrictions? Please exclude any that are known to have closed for reasons unconnected with the pandemic.

- All of them have reopened
- Between 1 and 5 have not reopened
- Between 6 and 10 have not reopened
- More than 10 have not reopened
- Don't know

Thinking about any shops or hospitality businesses that have not reopened in your high street or town centre area, which of the following categories describes them?

- Supermarket
- Small food shop
- Clothing chain store

- Clothing independent store
- Housewares or DIY store
- Personal services e.g. hairdresser, beautician
- Charity shop
- Bank or building society
- Pub or bar
- Café, takeaway or restaurant
- Other (please specify)

How would you say the number of people visiting and using your high street or town centre area now compares with the number that used it prior to March last year (2020), when the pandemic first started?

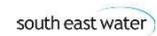
- Many more people are using it now than before
- Slightly more people are using it now than before
- The same number of people are using it now
- Slightly fewer people are using it now than before
- Many fewer people are using it now than before
- Don't know

Please tell us anything else you think we need to be aware of in respect of the impact of Covid-19 on your high street or town centre area.

## Stakeholders



## Supporters





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