



**RURAL  
ENGLAND**

NETWORKING / RESEARCH / LEARNING



# Change and Challenge in English Small Towns and Their Town Centres

September 2024

## Overview Report

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## Report Scope

The state of rural services has been a topic of increasing concern, especially following the transformative impacts of the Covid-19 pandemic. The "[State of Rural Services 2021](#)" report highlighted significant changes in retail and service provision within rural areas, driven not only by pandemic-related mobility restrictions but also by long-standing socio-economic shifts. This report aims to delve deeper into these changes, focusing particularly on small rural towns in England which serve as critical hubs for their surrounding areas.

Small rural towns have historically played vital roles as centres for agriculture, retail, and service provision. However, they have experienced considerable socio-economic changes over recent decades. These changes include declines in traditional employment sectors, shifts in retail landscapes, and evolving demographic patterns. The Covid-19 pandemic has further exacerbated some of these challenges, introducing new dynamics and accelerating existing trends.

This report examines the provision of government support to small rural towns, particularly through initiatives such as the Towns Fund and Future High Streets Fund. These programs were designed to support economic growth and revitalisation in town centres, yet their reach and impact on small towns, especially those with populations under 5,000, remain uncertain. The research presented here explores the distribution and efficacy of these funds, drawing on data from the 2021 Census, an extensive questionnaire survey conducted in 2023, and a series of localized studies and interviews.

The study begins by reviewing existing research on small rural towns and the policy initiatives aimed at supporting them. It then discusses the delimitation of small towns in England and analyses the distribution of government support through recent funding schemes. The core of the report presents a detailed analysis of the socio-economic character of these towns, informed by the latest census data and insights from local stakeholders. It is important to recognise that small rural towns serve the same purpose as larger towns in that they are the hubs for their (rural) hinterlands which look to them as centres for services and employment.

By providing a comprehensive overview of the socio-economic landscape of small rural towns and examining the impact of recent government initiatives, this report aims to inform future policy development and support targeted interventions that address the unique challenges faced by these critical rural settlements.

## REPORT OBJECTIVES



**Understand contemporary socio-economic conditions and challenges** facing rural small towns in England, with a focus on their central areas.



**Assess the lasting impacts of the Covid-19 pandemic** on these towns, especially concerning retail and service provision.



**Evaluate the engagement of local authorities, businesses, and community groups** with central government funding initiatives.



**Identify local policies, initiatives, and actions** that have emerged to address the challenges facing small rural towns and to capitalise on their assets and potential.



## Small Towns 2021, by Rural Urban Classification

### Rural Urban Classification

Urban major conurbation

Urban minor conurbation

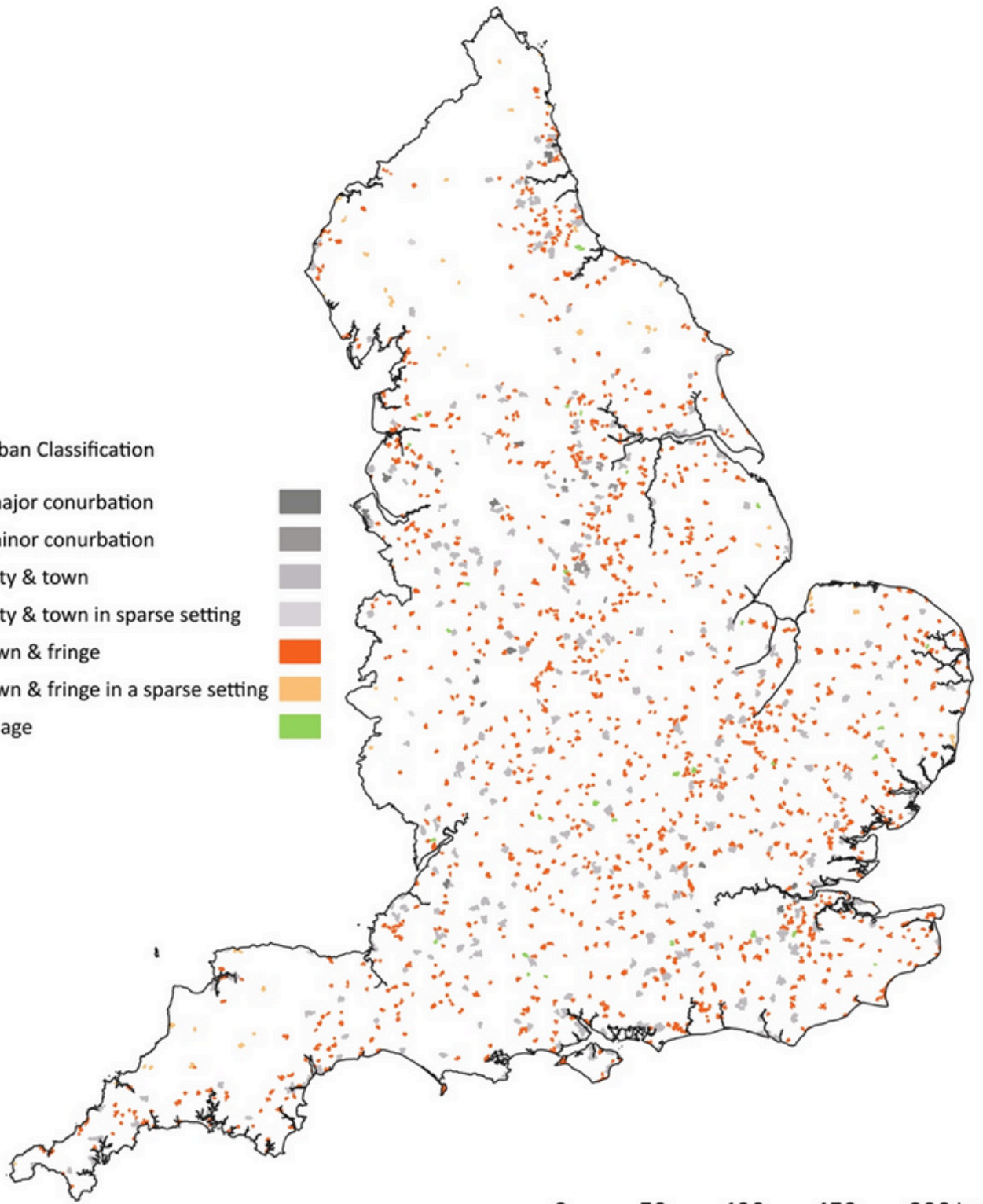
Urban city & town

Urban city & town in sparse setting

Rural town & fringe

Rural town & fringe in a sparse setting

Rural village



0 50 100 150 200 km

Central government support for rural towns has been multifaceted, encompassing a range of initiatives designed to drive economic growth, improve infrastructure, and enhance the quality of life in these communities. Key funding programs include the Towns Fund, the Future High Streets Fund, and the Levelling Up Fund, each with specific objectives and application criteria. Most have failed to reach smaller rural towns.

## Towns Fund

The Towns Fund was launched to stimulate economic growth and productivity in 101 selected towns across England.

However, its implementation has faced criticism, particularly regarding the selection process and its exclusion of many small rural towns. The then Ministry of Housing, Communities, and Local Government's methodology placed towns with populations under 15,000 in a **'low priority'** category and excluded those with populations below 5,000, despite these towns being crucial service centres in rural area.

**Only 17 small towns received allocations**

## Future High Streets Fund

The Future High Streets Fund aims to rejuvenate town centres by addressing challenges faced by high streets, such as declining retail activity and infrastructure needs.

The fund's competitive nature required towns to demonstrate significant structural challenges to qualify for support.

Although 101 towns were shortlisted, only a few small towns were selected, highlighting the limited reach of this initiative to smaller settlements.

## Levelling Up Fund

The Levelling Up Fund provides financial support for local regeneration, town centre improvements, transport, and cultural projects.

Despite its broad objectives, the engagement from small rural towns has been minimal, with many towns not receiving funding due to competitive application processes and the prioritisation criteria that favour larger urban centres.

## Other Funding Initiatives

Additional support mechanisms include:

- [The UK Shared Prosperity Fund](#)
- [The Rural England Prosperity Fund](#)
- [The Coastal Communities Fund](#)
- [The Community Ownership Fund](#)
- [The High Streets Task Force](#)

These programmes collectively aim to enhance economic, social, and cultural infrastructure. However, their competitive nature means that many small towns are often left without much-needed support.

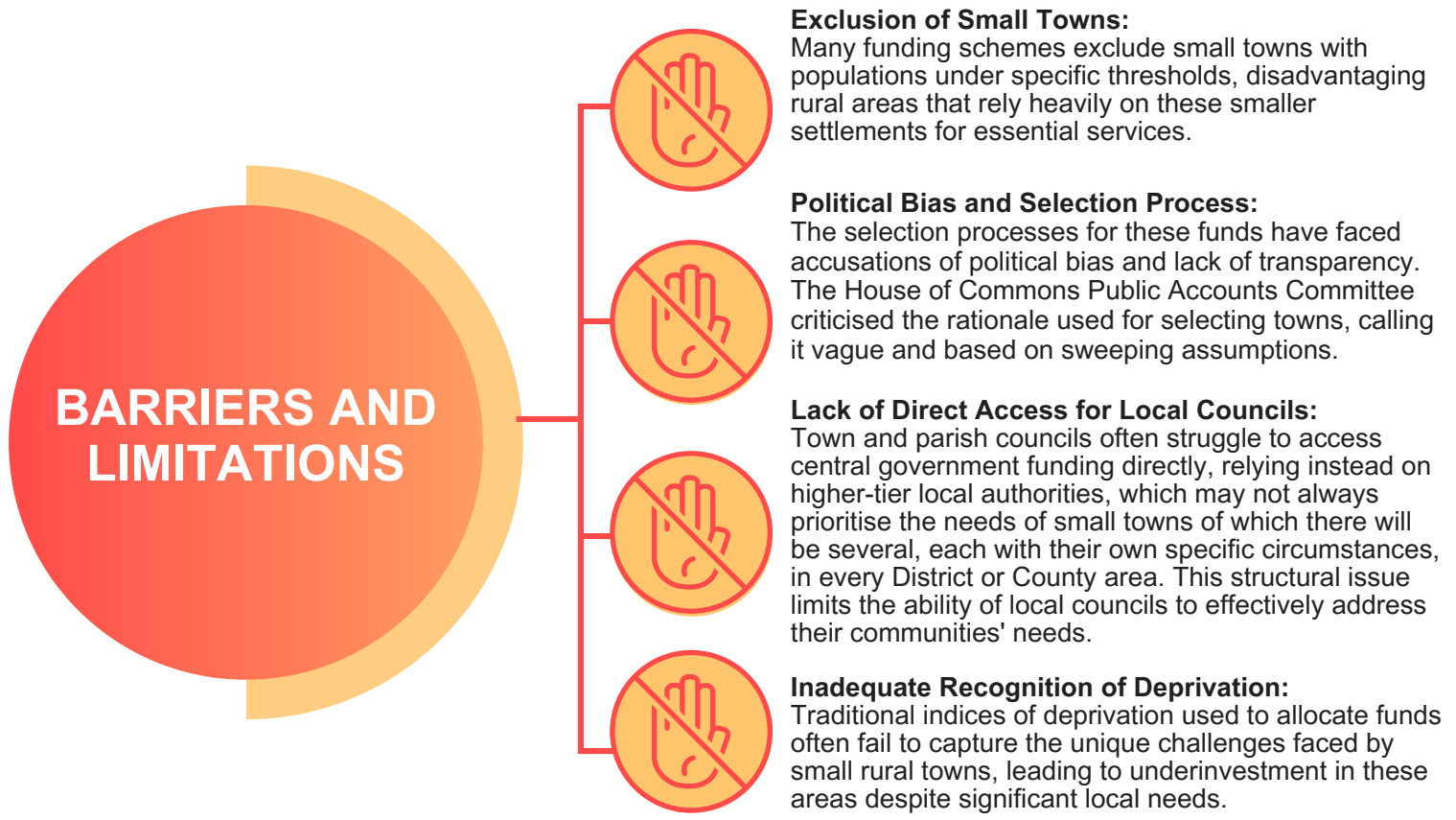
An often-overlooked aspect of central government support is the need for tailored engagement strategies that address the unique needs of small rural towns. These towns frequently suffer from a lack of visibility and advocacy at higher governmental levels, resulting in underrepresentation in funding allocations. Enhancing local government capacity and fostering stronger partnerships between central and local authorities can bridge this gap.

Additionally, introducing more flexible funding criteria and streamlined application processes could empower smaller towns to access essential resources more effectively.

Such initiatives would not only bolster economic resilience but also ensure that the socio-cultural fabric of these rural communities is preserved and strengthened for future generations.

While central government initiatives provide a framework for supporting town regeneration and economic development, the current approach often overlooks the specific needs of small rural towns. Ensuring equitable distribution of funds and recognising the unique socio-economic challenges of these communities are essential for fostering sustainable development in rural England.

Addressing these issues requires more inclusive policies and a nuanced understanding of rural deprivation and economic potential.



## Socio-Economic Changes and Challenges

Small rural towns in England have faced significant socio-economic changes and challenges over recent decades. These shifts have been influenced by broader economic trends, demographic changes, and the specific impacts of the Covid-19 pandemic. This section outlines the major socio-economic transformations and the persistent challenges these towns face, with a focus on central areas and their broader implications for rural communities.

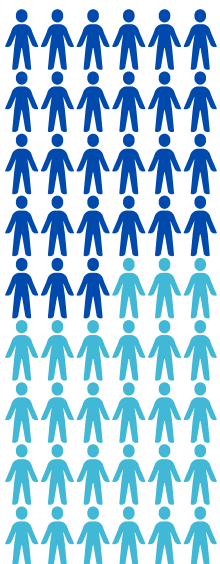
### Demographic Changes

#### Ageing Population

Many small towns, especially those in coastal and former coalfield areas, have a high proportion of residents aged 65 and over. Coastal towns often attract retirees, leading to a growing elderly population, while former coalfield towns see out-migration of younger, working-age individuals.

#### Household Dynamics

Analysis of the 2021 Census indicates a rise in the number of households despite declining populations. This suggests a decrease in household size, likely driven by an ageing population, increases in single-person households, and housing availability constraints.



## Economic Shifts

### Decline in Traditional Sectors

Small towns historically served as hubs for agriculture, retail, and local services. However, the significance of agriculture has diminished, with many marketplaces and halls falling into disuse. The decline in these traditional economic activities poses a challenge for local economies.

### Retail Sector Changes

The rise of online shopping and out-of-town retail centres has significantly impacted small town high streets. Independent retailers, which dominate small town retailing, struggle with viability due to competition from larger retail chains and changing consumer habits.



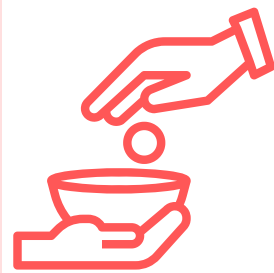
## Social Inequalities and Deprivation

### Hidden Poverty

Social inequalities in small towns often result in 'invisible' poverty. Affluent residents can obscure the presence of disadvantaged groups, leading to challenges in addressing social needs. Areas with high deprivation coexist with wealthier neighborhoods, creating stark contrasts within small towns.

### Access to Services

Limited public transport, high housing costs, and insufficient access to essential services like healthcare and education exacerbate social inequalities. These issues are particularly pronounced in towns with significant seasonal economies dependent on tourism.



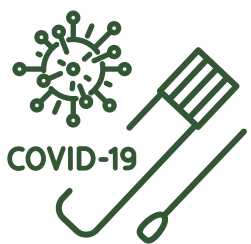
## Impact of the Covid-19 Pandemic

### Short-Term Economic Impact

The pandemic led to temporary declines in tourism and retail footfall, resulting in business closures. However, many small-town economies have since rebounded, although some pandemic-induced changes, such as increased online shopping, may have lasting effects.

### Long-Term Challenges

The pandemic accelerated existing socio-economic trends, highlighting the need for adaptive strategies to support small town economies. This includes addressing long-term structural changes and preparing for future economic disruptions.



## Policy and Community Responses

### Government Initiatives

While central government funding initiatives like the Towns Fund and Future High Streets Fund aim to support economic growth, many small towns struggle to access these resources due to stringent eligibility criteria and competitive application processes.

### Local Adaptations

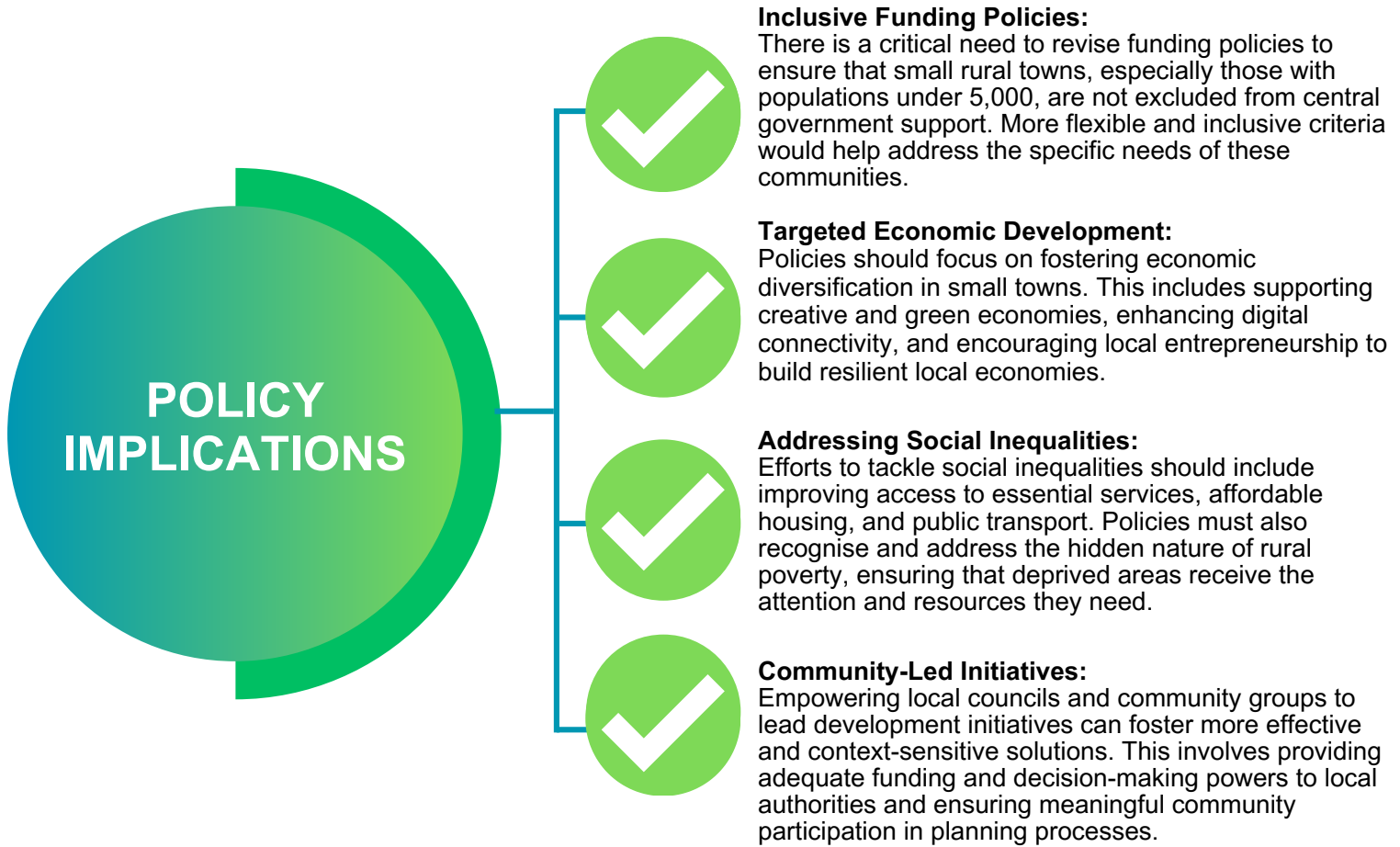
Small towns have initiated various local policies and projects to address their unique challenges. These include developing creative and green economies, repurposing vacant properties, and enhancing local amenities to attract both residents and visitors.





<b>Marketplaces and Public Spaces in Small Towns</b>	<p>Traditional markets are often being replaced with farmers markets and craft markets. Many small towns are seeking to renovate and repurpose their market areas.</p> <p>Many marketplaces and public spaces have ceased to function and are in disrepair. Local councils face challenges maintaining or repurposing these spaces, impacting service accessibility for residents.</p>
<b>Changing Retail and Service Provision</b>	<p>The shift to online retail is a significant challenge, with many towns repurposing vacant retail spaces. Small towns with a high proportion of independent shops are faring better.</p> <p>Additionally, there has been significant change in retail and service provision since the 1990s, with concerns about the impact of out-of-town shopping centres and online shopping. Small towns often rely on independent retailers, but face challenges from vacant premises.</p>
<b>Festival or Event Economies</b>	<p>Many small towns view their heritage and cultural offer as a key component of their economic future.</p> <p>Festivals and their scheduling are enabling many towns to extend the length of their tourist season.</p>
<b>Public and Private Transport</b>	<p>The decline in public transport services is significantly impacting small towns, contributing to concerns about traffic congestion, pollution, and car parking. This reduction also affects residents from town hinterlands by limiting their access to employment and services. In response, many small towns are actively pursuing initiatives to encourage more walking and cycling (active travel) to mitigate these issues.</p>
<b>Environmental Sustainability and Economic Development in Small Towns</b>	<p>Small towns are increasingly focusing on integrated approaches to environmental sustainability and economic development.</p> <ul style="list-style-type: none"> <li>• <b>Climate Resilience:</b> Enhancing preparedness for climate change impacts, particularly the scale and frequency of flood events. This involves implementing robust flood management and disaster readiness strategies to safeguard communities and critical infrastructure.</li> <li>• <b>Green Economy and Jobs:</b> There is a strong drive to attract investments in the green high-tech sector and promote job creation within the circular economy. These efforts aim to achieve net zero targets by fostering industries that are both environmentally sustainable and economically beneficial.</li> <li>• <b>Community Initiatives:</b> Emphasising local initiatives that contribute to both environmental resilience and economic vitality. This includes supporting start-ups and businesses that specialise in green technologies, renewable energy solutions, and sustainable practices.</li> </ul> <p>This unified approach allows small towns to effectively address the dual challenges of environmental change and economic transformation, ensuring a resilient and prosperous future.</p>
<b>Long-term Impact of the Covid -19 Pandemic</b>	<p>Many small towns have bounced back well though some report a long-term loss of footfall. Many towns report that bus service patronage remains lower, further undermining service viability. Some towns consider that the pandemic experience resulted in greater community resilience.</p>
<b>Central Government Support</b>	<p>Central government support often excludes small towns under 5000 residents. The allocation processes for Towns Fund and Future High Streets Fund have been controversial, with many small towns not receiving support.</p>
<b>Socio-Economic Change and Challenge in Rural Small Towns</b>	<p>The economic structure of small towns has changed significantly, with declines in traditional activities like agriculture and the rise of new economic functions. Pockets of high levels of deprivation and social inequalities are present in many small towns.</p>

The socio-economic landscape of small rural towns in England is complex and evolving. Addressing the challenges these towns face requires a nuanced understanding of their specific needs and targeted support that recognises their diverse characteristics. Sustainable development strategies must balance economic growth, social equity, and environmental sustainability to ensure the long-term vitality of small rural towns. This report highlights a number of key implications for Policy and Practice, namely (not exclusively):



**The future of small rural towns in England depends on the ability to understand and address their unique challenges through inclusive, targeted, and flexible policies.**

**Central government support must be recalibrated to ensure equitable access for all towns, regardless of size.**

**By fostering economic diversification, addressing social inequalities, and empowering local communities, it is possible to create sustainable and resilient rural towns that can thrive in the face of ongoing and future challenges.**



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Supporters



**Read the full report, for Rural England CIC, written by Professor Martin Phillips, University of Leicester [HERE](#)**