

Rural businesses

Challenges and market failures:

- **Micro business/local business landscape:** Small and micro businesses dominate the business landscape in West Lindsey. There are 305 small businesses, 60 medium businesses and only five large businesses (employing more than 250 people) in the area [West Lindsey District Council]. This is not necessarily a negative, but it does determine the type of support that is needed for businesses to thrive. In particular, the agriculture sector in West Lindsey is typified by new-start, micro enterprises which are often ideas rich but asset poor with little resources available for investment and development.
- **Productivity:** The gap in gross value added (GVA) per hour worked between West Lindsey and the England average is growing, from a £3.1 difference in 2004 to a £5.2 difference in 2019 [LUF White Paper]. This has a particular impact on West Lindsey's agricultural businesses with low levels of innovation and skilled workers keeping productivity low. The Greater Lincolnshire Food Board has determined that it is a strategic priority to invest in automation, robotics, and new skills to increase productivity [Greater Lincolnshire AgriFood Investment opportunities, 2021].
- **Recruitment challenges and labour market:** West Lindsey has low levels of job creation with the number of unique job postings decreasing by 15% between 2016 and 2021 whereas all neighbouring districts recorded higher numbers when compared to 2016 [Greater Lincolnshire LEP]. This is a limiting factor in the necessary innovation in the agricultural sector in West Lindsey and is a threat to their sustainability. Areas of Hemswell and Market Rasen are in the 20% most deprived nationally for employment opportunities [Indices of Multiple Deprivation, 2019]. In August 2020, a survey of Greater Lincolnshire Food Board members identified their priority for future investment as a need to focus on productivity to ensure profitability, enabled by three other key factors: innovation; workforce supply; supply chain resilience. Member comments included: 'without access to a ready supply of labour the region will potentially suffer extraordinary wage inflation' and 'skills are fundamentally going to have to change as innovation in digitalisation/robotics increases' [Greater Lincolnshire Food Board October 2020].
- **Pressure on farm finances:** There are pressures on farm incomes from multiple environmental and structural changes such as climate change, the war in Ukraine, and fluctuations in operating costs and incomes following the UK leaving the European Union. Labour costs have risen by 10% this year; fertiliser costs have risen by over 300% in the last year; some energy tariffs have risen by over 300%; and logistics costs rose by 30% in 2021 [Greater Lincolnshire Food Board January 2022]. These pressures are pushing farmers to diversify their businesses. This is a national trend with turnover from non-farming activities increasing from 11% in 2020 to 16% in 2021 [NFU Mutual Diversification Report, 2021]. However, all diversification activities incorporate risk, especially for small and micro businesses. The provision of publicly funded capital grant support can help to reduce this risk to businesses, particularly during periods of increased commercial borrowing interest rates, which improves the likelihood of project success.
- **Low number of highly skilled roles:** West Lindsey has a lower proportion of high-skilled jobs compared to Rural and England averages. The gap between West Lindsey and the England average increased from 2.1% in 2004 to 6.3% in 2021 [LUF White Paper]. This restricts the potential to respond to opportunities to grow and limits innovation – which

is necessary for the future sustainability of businesses in the agriculture sector in West Lindsey.

Opportunities:

- **Business support:** West Lindsey District Council has extensive experience of and a successful track record in providing business support programmes. The Rural England Prosperity Fund provides an opportunity to build on this, and as an extension of the UK Shared Prosperity Fund there is an opportunity to provide a capital funding stream. There are opportunities to support rural businesses with investment in research and development with funding to support innovation, new ideas and entrepreneurship, as well as funding to support the 'green' agenda and improvements to environmental sustainability.
- **Tourism and diversified activities:** There are opportunities to support the diversification of farms and rural businesses and to support the growth of new business activities. This is a national trend that presents as an opportunity in West Lindsey. There is an opportunity to support the growth of West Lindsey as a visitor destination and increase the number of leisure activities available to meet unfulfilled demand. This could include visitor accommodation, farm shops and cafes, and leisure attractions.
- **Key sector development:** Through working with the Lincolnshire Agricultural Society and the established farm sector there is an opportunity to develop diversification and innovation activities for farms and rural businesses. West Lindsey can leverage existing strength in Agri-Tech through the Lincoln University Riseholme Campus, the local Agri-Tech cluster based around the 'A15 corridor' and build on the UK Food Valley and potential Agricultural Enterprise Zone.

Rural communities

Challenges and market failures:

- **Physical isolation and limited accessibility of services:** As a rural district, West Lindsey has issues with accessibility to services and travel and transport. This is both a cause and an effect of inequality. Only 27% of West Lindsey residents are able to access further education via public transport or on foot (compared to the Lincolnshire average of 65%) and only 69% are able to access food stores (versus 80%) [Department for Transport]. Multiple areas (8 LSOAs) are in the 10% most deprived nationally for barriers to services and housing [Indices of Multiple Deprivation, 2019].
- **Social isolation and loneliness:** Over 12% of adults in West Lindsey said they felt lonely 'often' or 'always', much higher number than the average across Britain (7.2%) [ONS]. This is both a cause of and result of poor mental and physical health. Loneliness disproportionately affects the young who are 3 to 5 times more likely to experience loneliness than the over 75s.
- **Growing and ageing population:** In West Lindsey the number of people aged 84+ is projected to nearly triple over the next 20 years [ONS]. This will lead to an increase in demand for services, accessible amenities, and infrastructure as well as increasing the number of economically dependent citizens.
- **Sustainability of community hubs:** West Lindsey is a large district with 97 parishes and covering 1,156km². Community hubs are spread out and many local communities not having a recognised hub [West Lindsey State of the District 2020 Report]. This means that access to services is limited and the existing community hubs do not currently have the capacity or capability to service the whole district.

- **Broadband and connectivity/digital isolation:** Low levels of connectivity contribute to social isolation and low access to services. 85.4% of premises in West Lindsey have superfast broadband. This is significantly lower than the rural average of 91.6% and the England average of 96% [LUF White Paper]. This is a priority challenge to address as it holds people back from the modern workforce and limits growth and innovation in the district.
- **Access to cultural activities:** Rural communities across West Lindsey report challenges in accessing a wide range of cultural activities including heritage, live music, museums, sport and art. Cultural deprivation is evident in pockets of West Lindsey and a recent report by ‘Art’ Professional’ highlighted that people living in deprived areas (as set out above) are less likely to engage in cultural activity because there are fewer opportunities.¹ This is supported by the Arts Council England report ² which shows that less funding is invested in rural areas compared with urban counterparts.
- **Young people – barriers to accessing activities:** There are low levels of youth provision and lack of opportunities for young people. This contributes to social isolation, loneliness, and youth unemployment. Four wards of West Lindsey are eligible for the Youth Investment Fund. This is a DCMS fund aiming to ‘level up’ youth provision in the UK. These areas are included due to high scores on the Income Deprivation Affecting Children Index, high levels of NEET (not in employment, education or training) young people, and low levels of youth provision [Youth Investment Fund].

Opportunities:

- **Community services:** There is an opportunity to address the challenges through a coordinated approach that focuses on improving the capacity and capability of community hubs in West Lindsey. This will enable them to increase reach into hard-to-reach areas without existing provision and develop new community facilities in areas that currently do not have them. This is an opportunity to reduce the ‘postcode lottery’ of community provision. Through improving the capacity and capability of community hubs this will increase the accessibility and provision of services.
- **Digital connectivity:** There is an opportunity to improve the digital infrastructure of community hubs as a targeted approach to improve digital inclusion and access to online services. Whilst connected to improving the capacity and capability of community hubs, it is an opportunity in its own right.

Interventions

Rural businesses:

Intervention 1.1: capital grant funding for small scale investment in micro and small enterprises in rural areas.

Intervention 1.1 will be delivered as an extension to ‘Project 2.1: Flagship West Lindsey Business Support Programme’ in the initial UK SPF Investment Plan. This will provide a capital grant stream as part of the wider business support programme.

This grant stream will enable increased funding for rural businesses and farms to invest in new capital assets, innovative technologies, and infrastructure. Examples could include investment in Agri-Tech and purchasing new farming technologies to improve productivity or sustainable energy sources such

¹ [Deprived areas benefit most from culture | News | ArtsProfessional](#)

² [Rural evidence and data review 0.pdf \(artscouncil.org.uk\)](#)

as solar panels. Capital investment in infrastructure is a key and necessary part that will enable the business support programme to be successful and have the desired impact on rural communities in West Lindsey.

This is in line with the opportunities, market failures, and challenges with the focus on supporting farms and rural businesses in innovation and diversification.

Through this intervention, there will be increased funding in the breadth of business portfolios and income streams leading to an increased capacity and capability for local micro and small businesses and improved business security. This diversity of business activities and income streams will help to address the pressures on farm costs and incomes. The introduction of new technologies and commercial activities will improve productivity and increase the demand for highly skilled jobs. Furthermore, through supporting the development and introduction of innovation and diversification this will improve general business adaptability and foster a culture and ability to explore future opportunities for diversification and innovation.

In this way, Intervention 1.1 and the provision of a capital grant stream to the Flagship West Lindsey Business Support Programme will address local rural business challenges, market failures, and opportunities in West Lindsey.

Rural communities:

Intervention 2.1: capital grant funding for investment and support for digital infrastructure for local communities' facilities.

Intervention 2.8: capital grant funding for impactful volunteering and social action projects to develop social and human capital in local places.

Interventions 2.1 and 2.8 will be delivered as an extension to 'Project 1.1. Flagship Community Grant Programme' in the initial UK SPF Investment Plan. This will provide a capital grant stream as part of the wider investment in capacity building and infrastructure support for local civil society and community groups.

This grant stream will increase funding for community hubs to develop their capacity and capability and to provide investment in digital infrastructure and broadband. Community hubs are a central feature of local communities in West Lindsey and are essential for social interactions, pride in place, and the delivery of services. In remote rural areas of West Lindsey they provide a lifeline to communities. Through developing the capacity and capability of community hubs to provide more services and improve their digital infrastructure this will address the challenges, market failures, and opportunities.

Through these interventions, there will be new and improved community facilities that boost community engagement. There will be increased provision, quality, impact, attendance, and perception of local events as well as improved capacity and capability of community hubs to plan for the sustainable management of community spaces and improved community infrastructure. This will improve the accessibility of services including the introduction of services to new areas. This will increase engagement in community events and activities and improve social capital and reduce isolation.

Investment in improving digital connectivity will also increase the number of people accessing services and the use of community hubs and facilities. This will enable more communities to be reached and more people to access services.

In this way, Interventions 2.1 and 2.8 and the provision of a capital grant stream to the Flagship Community Grant Programme will address rural communities' challenges, market failures, and opportunities in West Lindsey.

Outcomes

Rural businesses:

- Jobs safeguarded.
- Number of new businesses created.
- Number of businesses adopting new to the firm technologies or processes.
- Number of businesses experiencing growth.

Rural communities:

- Increased perception of facilities and amenities.
- Improved engagement numbers.