

RSA FELLOWS

A report  
by



THE  
NORTHERN  
POWERHOUSE

Where do market  
towns fit in?

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Kate Dodgson FRSA  
March 2016

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## Acknowledgements

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The findings of this report are not necessarily the views shared by the RSA.

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## Foreword

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The RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) believes that everyone should have the freedom and power to turn their ideas into reality – we call this the Power to Create. Through our ideas, research and 27,000-strong Fellowship, we seek to realise a society where creative power is distributed, where concentrations of power are confronted, and where creative values are nurtured.

The Fellowship Council is a forum of the RSA in which the 14 regions in the UK are represented by a Regional Chair and a Fellowship Councillor. The role of the Council includes helping Fellows engage in and support the charitable mission of the Society, whether at national or local level, promote the Change Aim and support Fellows and staff in activities of social and civic good.

Early in 2015, Fellows from the North East, Yorkshire and North West met to consider how the three regions could work more closely together. At the time it was becoming obvious that the Northern Powerhouse was going to be an important part of the future of the north and, even at that stage, a number of Fellows were voicing their concerns about the focus on the City Regions at the apparent expense of the surrounding rural areas.

We decided this was a subject that deserved special treatment and commissioned a project that has cumulated in this report. The project consisted of desk research, round table discussions in the three regions and written submissions from Fellows. The objective was to generate some practical recommendations about how rural areas could both benefit from and support the Northern Powerhouse.

This report identifies a number of ways forward and many Fellows have engaged with the project already and want to be part of the follow up work. We now have some practical projects to scope and deliver and we hope you will support us and perhaps get involved.

We would like to thank Kate Dodgson FRSA who acted as project officer for the project. Kate has been involved in all the stages in the project including the research, attending all the discussion groups and writing this report.

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## Opening Statement

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Maximising productivity is the greatest challenge for the Northern Powerhouse, but the city focus ignores the role and value of rural communities.

Outdated centralised schemes that focus exclusively on city regions and physical connectivity overlook the unprecedented changes in the way we live and work.

Commuting is inefficient but face-to-face interaction is vital for innovation so we need to find new ways of working.

New style hubs in outlying areas that provide a balance between flexibility and human interaction have been shown to significantly improve productivity and reduce environmental impact.

We started this project asking where do market towns fit in?

There is no single solution but towns can draw inspiration from global businesses by better combining resources with technological changes and new ways of working. This will strengthen their Community Capital, helping to develop productive and sustainable futures and support the overall aim of the Northern Powerhouse.

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## Executive summary

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The aim of the Northern Powerhouse is to increase productivity across the north to be on a par with that of London and the south east of England. The focus is on the devolution of powers to city regions with the aim of igniting city led economic growth and improved physical connectivity between the core cities.

This report was commissioned by the northern regions of the RSA Fellowship to investigate the impact of the Northern Powerhouse on its surrounding rural regions. Through discussion and research we have developed an understanding of the threats to and opportunities for rural areas and have developed recommendations and follow on actions.

The current Northern Powerhouse proposals rely on the traditional industrial model of command and control where presence ‘at work’ is expected. They overlook the value and role of areas outside of the core cities and the dramatic changes in the way we live and work.

There are widespread concerns amongst northern businesses and rural communities that the Northern Powerhouse, instead of uniting the north, will prove divisive, widening the inequality gap by promoting city led growth at the expense of areas outside of the core cities.

National organisations have argued for decades that the value and role of rural communities are ignored by centralised schemes that are too generalised and fail to create impact at a local level. They argue that rural towns need to develop their own bespoke solutions, but towns face a multitude of challenges preventing them from creating change. The main barriers are centralisation of power, lack of trust, resources, infighting and an absence of collaboration, which result in further division and stagnation. As a result, most locally developed activity focuses on peripheral issues or ‘pet projects’, rather than focusing on addressing key threats and building productive, prosperous and sustainable futures.

Centralised strategies miss the specific nuances that make towns special and unique. A town’s essence, the things that attract people to live, visit and work there can be described as *Community Capital*. Community Capital is the unique blend of human, social, built and natural resources associated with that particular locality. Weaknesses in one or more of the four areas leads to decline and, if left unchecked impacts on future sustainability.

A town can contribute to increased productivity by developing solutions that make the most efficient use of its Community Capital. These solutions will help provide sustainable futures for our rural communities, but they will also support and complement the Northern Powerhouse.

In many communities, commuting is a key threat that is not currently being addressed. Commuting is inefficient but face-to-face interaction is vital for innovation so we need to find new ways of working. New style hubs in outlying areas that provide a balance between flexibility and human interaction have been shown to significantly improve productivity and reduce environmental impact. For some towns, the provision of a Smart Hub could both increase the region’s productivity and the town’s Community Capital. In other towns focus on and development of local employment is more appropriate.

Communities will need to develop new skills to enable them to identify core threats that impact on their sustainability and develop local solutions based upon their



Community Capital. To support and focus communities we recommend that Central Government:

- requires local plans to consider the impact of the Northern Powerhouse on northern communities
- considers the recommendations of The National Association of Local Councils (NALC) to implement some form of rural devolution

The RSA North Fellowship Councillors will support the development of local solutions with the following activity:

- Skills shortage and misalignment are linked to weak productivity. Local solutions are required that will provide clearer and more accessible pathways to more varied and relevant careers. Towns can play a role in developing relationships between businesses and education/training providers. In one of our next projects we will focus on skills alignment in rural communities. It will be focused on Frodsham and will develop and test ways in which local employers including enterprise sites such as Sci-Tech Daresbury, Thornton Science Park and Ince Recovery Centre can develop links with local education providers and influence local skills development.
- A second follow-up project will focus on hub working and business models that promote flexibility and optimise productivity. We will also consider what factors should be considered when deciding how to engage with City Regions. Our conclusions will inform the type of activity the Fellowship should support with time and financial resources. We will support local initiatives such as the exploration of Community Capital in Kendal and the viability of a Cultural Hub in Berwick upon Tweed.
- The Incredible Edible team has launched a project under the banner of *Incredible North* to explore a new type of prosperity, one that embraces health, wealth and happiness. They want to identify people with the will to change, people who want to find a better way and to help them. They want to enable individuals and whole communities to make best use of their resources (human, social, built and natural), combining them with new technology and exploring new ways of doing things that will help communities build sustainable futures. This fits with the RSA's existing work on Community Capital and the Northern Powerhouse focus on increasing productivity.

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## Introduction

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The aim of the Northern Powerhouse is to rebalance the UK economy away from London and the South East of England. The plan is to devolve powers to local government in City Regions to drive investment in transport, science and innovation that will act as catalysts to city led economic growth. The North West Business Leadership Team (NWBLT) warns however that the vision of a Northern Powerhouse as a truly competitive global economy will remain a “*distant dream until productivity is improved*”<sup>1</sup>.

So, how can devolution increase productivity? Will growth be focused solely on city regions, and if so, what about the rural areas that surround them, will they be left to decline socially and economically or can they benefit from and support the Northern Powerhouse by becoming more productive? What are the opportunities and threats for the regions’ rural areas and what are the barriers to success?

In Spring 2015, the northern regions of the RSA Fellowship launched a project to explore these questions. The proposed focus was on employment, education, skills and transport and the aim was to find some common themes and develop concrete actions.

The Market Town Initiative (MTI) process was designed and evolved to allow us to gather information from a wide range of sources:

1. Four northern towns were selected to be representative of the variety of market towns in the region.
2. Commissioned research
  - A body of data concerning employment, education, skills and transport was collected about the four towns to allow comparison and stimulate discussion. This data is available on the RSA website.
  - Following the discussions (see 3 below), further research was undertaken to test the anecdotal evidence collected during the discussions.
3. Round Table discussions were organised for each of the selected towns. The planned discussion in Kendal was initially postponed and then a second date was cancelled due to the flooding in December 2015. Discussions in Berwick upon Tweed, Frodsham and Todmorden did take place and were filmed.
4. Written contributions
  - Fellows and members of the public were invited via the RSA website and targeted emails to make written contributions.

The blogs detailing each of the round table discussions can be viewed on the RSA website <https://www.thersa.org/action-and-research/fellowship-projects/fellowship/market-towns-initiative/>

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<sup>1</sup> <http://www.downtowninbusiness.com/northern-powerhouse-and-productivity/>

*Northern  
Powerhouse: a  
“distant dream  
until productivity  
is improved”*

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## Productivity

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In July 2015 the Chancellor George Osborne set out his plan to reverse the UK’s long-term productivity problem<sup>2</sup>, declaring “*the only way to sustainably raise the living standards of the citizens of our nation is to confront the challenge of our lifetime, to raise productivity.*”<sup>3</sup>

The Northern Powerhouse is central to the Chancellor’s plan to increase productivity across the north and boost the UK economy. It is a vision based on the economic theory that while the individual cities and towns of the north are strong, if they were to pool their strengths, they could be stronger than the sum of their parts.

Manchester is considered to be the heart of the Northern Powerhouse, yet its GVA per job is £39,328, falling well below the UK national average of £45,093, the greatest shortfall of any of the core cities<sup>4</sup>. Only Cheshire and Warrington are performing above the national average in the North.

The number of low paid jobs in the North West has risen over the last decade, with 58% of young workers below the age of 24 earning below the low pay threshold. Low pay is traditionally linked to low skills attainment, yet some low pay sectors have better than expected skill levels. Labour Force Survey data also shows workers moving down into low paid work over a 15 month observational period<sup>5</sup>.

Increasing productivity is not about “working harder” but about “working smarter”. It relies on better combining resources (human skills, equipment, land and financial capital) with new technologies and new business models to produce more output.

Whilst productivity is commonly viewed as an economic issue, the OECD stresses that productivity goes beyond driving economic growth and prosperity. The new concept of productivity should foster a “*new era of efficiency that drastically shrinks our footprint on the environment*”<sup>6</sup>, a key point for Greater Manchester which is currently in breach of EU NO<sub>2</sub> emission levels<sup>7</sup>.

The current Northern Powerhouse strategy focuses on city led growth and improving physical connectivity between the core cities, relying on the industrial model with workers physically present “at work”. To rely on the traditional business model that workers must physically travel to a place of work overlooks the unprecedented shifts

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<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/443897/Productivity\\_Plan\\_print.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443897/Productivity_Plan_print.pdf)

<sup>3</sup> <https://www.gov.uk/government/news/productivity-plan-launched>

<sup>4</sup> [https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&cad=rja&uact=8&ved=0ahUKEwi5yJ\\_yxMDLAhUBVBQKHRkYDAgQFggmMAI&url=http%3A%2F%2Fwww.manchester.gov.uk%2Fdownload%2Fmeetings%2Fid%2F20520%2F10\\_low\\_pay\\_low\\_productivity\\_and\\_the\\_living\\_wage&usq=AFQjCNHAYtFLuht6gHg-LI7Jzb6CSwW-zA&sig2=p\\_ehl6THTfPIf1G0EjpRgg](https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&cad=rja&uact=8&ved=0ahUKEwi5yJ_yxMDLAhUBVBQKHRkYDAgQFggmMAI&url=http%3A%2F%2Fwww.manchester.gov.uk%2Fdownload%2Fmeetings%2Fid%2F20520%2F10_low_pay_low_productivity_and_the_living_wage&usq=AFQjCNHAYtFLuht6gHg-LI7Jzb6CSwW-zA&sig2=p_ehl6THTfPIf1G0EjpRgg)

<sup>5</sup> [https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&cad=rja&uact=8&ved=0ahUKEwi5yJ\\_yxMDLAhUBVBQKHRkYDAgQFggmMAI&url=http%3A%2F%2Fwww.manchester.gov.uk%2Fdownload%2Fmeetings%2Fid%2F20520%2F10\\_low\\_pay\\_low\\_productivity\\_and\\_the\\_living\\_wage&usq=AFQjCNHAYtFLuht6gHg-LI7Jzb6CSwW-zA&sig2=p\\_ehl6THTfPIf1G0EjpRgg](https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&cad=rja&uact=8&ved=0ahUKEwi5yJ_yxMDLAhUBVBQKHRkYDAgQFggmMAI&url=http%3A%2F%2Fwww.manchester.gov.uk%2Fdownload%2Fmeetings%2Fid%2F20520%2F10_low_pay_low_productivity_and_the_living_wage&usq=AFQjCNHAYtFLuht6gHg-LI7Jzb6CSwW-zA&sig2=p_ehl6THTfPIf1G0EjpRgg)

<sup>6</sup> <http://www.oecd.org/eco/growth/OECD-2015-The-future-of-productivity-book.pdf>

<sup>7</sup> [https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=0ahUKEwitoqHGGuO\\_KAhWCuBQKHW-cAmcQFgg0MAQ&url=https%3A%2F%2Fwww.greatermanchester-ca.gov.uk%2Fdownload%2Fmeetings%2Fid%2F368%2Fitem\\_12&usq=AFQjCNGSTbtT3sbqnl6tqYhBQKwvKZOxcw&sig2=VCOD4a9UyjjVlrijbCKCwtQ](https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=0ahUKEwitoqHGGuO_KAhWCuBQKHW-cAmcQFgg0MAQ&url=https%3A%2F%2Fwww.greatermanchester-ca.gov.uk%2Fdownload%2Fmeetings%2Fid%2F368%2Fitem_12&usq=AFQjCNGSTbtT3sbqnl6tqYhBQKwvKZOxcw&sig2=VCOD4a9UyjjVlrijbCKCwtQ)

*a new era of  
efficiency that  
drastically  
shrinks our  
footprint on the  
environment*

in the way we live and work, with dramatic increases in:

1. non-employing businesses
2. self employment
3. commuting
4. migration from urban to rural
5. ageing population

1. Business Population Estimates (BPE)<sup>8</sup> estimates that 76% of UK businesses do not employ anyone other than the owner. The Small Business Survey<sup>9</sup> reveals that around a quarter of these non-employing firms currently make zero profits or operate at a loss, while a fifth are anticipated to close in the next five years. Not only does this represent an enormous waste of skills and resources but it greatly impacts on local, regional and national productivity and prosperity.
2. The RSA's Report *Boosting the Living Standards of the Self Employed*<sup>10</sup> reveals that the number of people in self-employment has grown by 39% since 2000, with the result that a record one in seven of the labour force now say they work for themselves. ONS employment statistics reveal 30% of the increase in employment since 2010 has come from self employment. The decline of big rural employers has also led to a geographical split, with nearly 20% of rural residents being self employed, compared to 12% of urban residents. Within sparsely populated rural areas, home based self employment increases further to 26% of residents.

There are many reasons why people become self employed but HMRC's latest figures for the year 2013/2014 show that 66% of self employed workers earn £10,000 or less per annum and 75% earn less than £15,000<sup>11</sup>. The RSA and Institute for Fiscal Studies have both raised concerns about the living standards of the self employed and their lack of access to basic benefits such as statutory sick pay and maternity leave.

During this project, we heard from self employed individuals, frequently well educated men and women in their 30's and 40's trying to build up a business whilst juggling childcare and other family commitments. They cited the desire for flexibility, lack of local opportunities, childcare and geographical barriers as the main reasons why they had left their previous careers to become self-employed. The majority we spoke with were the primary carer of children or older relatives whilst their partners commuted out of the area to higher paid employment. Many were struggling to turn a real profit, with many being subsidised by their partners' incomes or savings. The reasons given for continuing with weak micro businesses related to lack of alternatives, independence and personal satisfaction. These weak micro businesses do however represent wasted human talent which negatively impacts on overall productivity.

3. According to the 2011 Census a total of 11,260,336 working residents commuted from one local authority to another for work<sup>12</sup>. The TUC reported in November

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<sup>8</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/467443/bpe\\_2015\\_statistical\\_release.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/467443/bpe_2015_statistical_release.pdf)

<sup>9</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/414963/bis-15-151-small-business-survey-2014-sme-employers\\_v1.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/414963/bis-15-151-small-business-survey-2014-sme-employers_v1.pdf)

<sup>10</sup> <https://www.thersa.org/discover/publications-and-articles/reports/boosting-the-living-standards-of-the-self-employed/>

<sup>11</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/503458/Table\\_3\\_10\\_14.xlsx](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/503458/Table_3_10_14.xlsx)

<sup>12</sup> <http://www.neighbourhood.statistics.gov.uk/HTMLDocs/dvc193/index.html>

*a quarter of  
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2015<sup>13</sup> that the number of commuters spending more than two hours travelling to and from work is up by 72% from 1.7 million in 2004 to 3 million in 2014. The number of commuters travelling for three or more hours a day has risen by 75% over the same decade. Commuting has significant environmental, social and economic impact and evidence shows that shorter commutes boost employee motivation, productivity and work life balance<sup>14</sup>. A study by 2e2 in 2011 also revealed that commuting and traditional 9-5 working hours cost UK businesses £2.24 billion in lost productivity<sup>15</sup>.

4. In 2013/2014 alone the net migration from urban to rural areas was 60,600 people<sup>16</sup>, creating a more dispersed workforce.
5. The population of the UK is ageing. Over the 40 year period 1974 to 2014, the median age of the UK population has increased from 33.9 years to 40.0 years; an increase of over 6 years.

Throughout history, technological advances have disrupted society's previous cultural norms. Fossil fuels, industrial and heavy engineering advances, transport and now communication advances bring with them new threats and opportunities but cultural change takes time. Electrification of US factories began in the 1890's but productivity did not increase significantly until 30 years later, with the arrival of a new generation of managers that invented new work practices and redesigned factories in order to fully exploit electricity's possibilities<sup>17</sup>.

We are currently in a transitional period where industrial business models which demand physical presence at the place of work are not necessarily the most effective use of resources. Technological advances mean that work is something you do, not necessarily somewhere you go and the most productive companies know it and are embracing new ideas, technological advances and adapting business models accordingly. They assess work and results, not presence and hours. The main challenge for the Northern Powerhouse is to drive businesses across the north, in both urban and rural locations, to develop new ways of working that focus on increasing productivity by making most efficient use of resources.

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<sup>13</sup> <https://www.tuc.org.uk/workplace-issues/work-life-balance/number-commuters-spending-more-two-hours-travelling-and-work-72>

<sup>14</sup> <http://www.workplacefocus.co.uk/article/hour%E2%80%99s-commute-no-thanks>

<sup>15</sup> <http://www.hrmagazine.co.uk/article-details/commuting-and-traditional-working-hours-cost-employers-1-21-billion-in-lost-productivity-research-shows>

<sup>16</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/443234/Rural\\_population\\_and\\_migration\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443234/Rural_population_and_migration_2014.pdf)

<sup>17</sup> <http://www.oecd.org/eo/growth/OECD-2015-The-future-of-productivity-book.pdf> Brynjolfsson and McAfee, 2011

*Rural communities have slowly but relentlessly become less and less sustainable and less and less self-sufficient*

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## Rural now

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On the surface, rural areas with their beautiful market towns, picturesque villages and more business start ups per capita than urban areas look to be doing just fine. Many rural communities however lack local employment opportunities and suffer from a chronic misalignment of skills with jobs, leading to un- and under-employment, high levels of low paid self employment, out migration of young people and increased commuting.

During this project, representatives in each case study town expressed concern at their town's social and economic decline and frustration at the irrelevance of national and regional strategies at a local level. They felt centrally designed strategies were too simplistic and generalised and overlooked the nuances that make their communities so special and unique. They recognised that they needed to develop their own solutions to their specific problems but cited numerous barriers including the centralisation of power, lack of resources, strategic vision, leadership and collaboration.

Rural areas have been undervalued for decades, with regeneration policies focusing on urban developments. Defra's Report on *The potential of England's rural economy*<sup>18</sup> acknowledges that rural issues

*“do not figure much in discussions of national or regional economic performance nor even in most rural action plans and strategies, which tend to be poorly informed of the contemporary realities of rural economics.”*

Defra also raised concerns that the city region movement will exacerbate the situation with even more focus on economic development in city regions at the expense of rural areas.

The Rural Coalition<sup>19</sup> highlighted in *The Future is Rural Too* that

*“For fifty years or more, policy has undervalued the countryside and failed to meet the needs of rural communities - and therefore of the nation. In hindsight, the result is starkly apparent. Rural communities have slowly but relentlessly become less and less sustainable and less and less self-sufficient.”*<sup>20</sup>

The Co-operative Councils Innovation Network (CCIN) also argued in their report *Unlocking Our Wealth* that *“local problems require local solutions, and solutions must be developed with and in response to the needs of the community at hand.”*<sup>21</sup>

The concept that rural communities need to innovate from within is far from new, but still they continue to decline socially and economically. The discussions held in the

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<sup>18</sup> <https://books.google.co.uk/books?id=mXSjbryDCvYC&pg=PA68&lpg=PA68&dq=rural+communities+outside+city+regions&source=bl&ots=Y-I9IVm4zW&sig=aOmLgyEsl8U2dzYvJfjNec0dTcQ&hl=en&sa=X&ved=0ahUKEwjHIIIdiaTKAhUBnxQKHUXqCFYQ6AEIYDA#v=onepage&q=rural%20communities%20outside%20city%20regions&f=false>

<sup>19</sup> (comprising 14 national member organisations: Action for Communities in Rural England, Action for Market Towns, Arthur Rank Centre, Campaign to Protect Rural England, Country Land & Business Association, County Councils Network, National Association of Local Councils, National Farmers Union, National Housing Federation, Plunkett Foundation, Royal Institution of Chartered Surveyors, Royal Town Planning Institute, Rural Services Network and the Town and Country Planning Association)

<sup>20</sup> [http://www.buckscc.gov.uk/media/134528/The\\_future\\_is\\_rural.pdf](http://www.buckscc.gov.uk/media/134528/The_future_is_rural.pdf)

<sup>21</sup> [http://www.coopinnovation.co.uk/wp-content/uploads/2015/02/CCIN\\_Unlocking\\_Our\\_Wealth\\_FINAL.pdf](http://www.coopinnovation.co.uk/wp-content/uploads/2015/02/CCIN_Unlocking_Our_Wealth_FINAL.pdf)

## *Local problems require local solutions*

case study towns revealed that rural communities face numerous barriers and sources of resistance preventing change, resulting in:

- Redundant buildings left empty whilst small businesses struggle for workspace
- micro businesses stagnating through isolation
- rivers bursting their banks and flooding towns and villages whilst flood defence schemes are postponed
- wasted talent pool with parents unable to return to work due to childcare and/or transport barriers
- community groups struggling to engage volunteers
- school students struggling to secure meaningful work experience placements
- school leavers lacking core employability skills
- high street initiatives and parking issues masking the long term social, environmental and economic impact of the rise in commuting

Just as Barber<sup>22</sup> argued that upper tiers of government are paralysed by resentment, anger and rivalry, case study towns cited similar examples where town and borough councils failed to make progress because of a refusal to collaborate stemming from personal animosity and exacerbated by a lack of power and authority.

Matthew Taylor, Chief Executive of the RSA emphasised in his December 2015 blog that

*“deep collaboration should be the superconductor of civic energy. But in reality the energy flow is far from perfect. Improvement and innovation will be less than we want or need until we recognise these sources of resistance and set about removing them<sup>23</sup>.”*

The main barriers to change we identified during this project included:

- failure to identify the cause of local social and economic decline resulting in short termism or ‘pet projects’
- failure to identify available resources and opportunities
- tribalism, lack of trust and dislike/distrust of ‘newcomers’ resulting in rivalry preventing collaboration
- centralisation of decision making, leading to lack of power and authority at local level
- competition for funding exacerbating rivalry and resentment
- poor communication leading to a lack of engagement and decline in levels of trust
- reliance on a small group of people leading to burnout, demotivation and exclusivity
- lack of training and expertise, particularly data literacy
- general inertia where it is easier to leave things as they are

It is important to point out though that not all change is good. Opposition to change is perfectly valid if the case for change has not been made and does not have support of the community. To develop robust tailored solutions, rural communities need to be asking themselves three key questions:

1. What is the cause of the biggest threat to the sustainability of our community?
2. How can we make more efficient use of our resources to tackle the threat?
3. What additional resources do we need to develop/attract in order to mitigate the threat?

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<sup>22</sup> [https://www.ted.com/talks/benjamin\\_barber\\_why\\_mayors\\_should\\_rule\\_the\\_world#t-7113](https://www.ted.com/talks/benjamin_barber_why_mayors_should_rule_the_world#t-7113)

<sup>23</sup> <https://www.thersa.org/discover/publications-and-articles/matthew-taylor-blog/2015/12/collaboration-as-superconductor/>

## Frodsham case study

One resident attending the MTI's Frodsham round table event, referred to Frodsham as a "Cinderella" town - it's never really anyone's priority because its historic affluence masks areas of deprivation and need. Frodsham's own social and economic decline is evidenced through:

- the decline of local big employers: BICC, ICI and Shell
- lack of affordable housing: Frodsham's property prices are amongst the highest in the borough when compared to local average incomes
- lack of well paid local employment opportunities evidenced by the rise in commuters: 72% of working residents commute out of town<sup>24</sup>
- out-migration of young people: 30.3% of Frodsham's residents are aged 16-44 compared to 38.5% nationally
- ageing population: 25.3% of Frodsham's residents are aged over 65 compared to 17.3% nationally<sup>25</sup>
- lack of influence: just 27.6% of residents felt they could influence local decisions
- lack of long term strategy focusing on the social and economic impact of the rise in commuters, lack of local employment opportunities, housing and ageing population. Progress hampered due to rivalry and in-fighting

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<sup>24</sup> [http://www.cheshirehive.co.uk/wordpress/wp-content/uploads/2015/02/goods\\_shed\\_response.pdf](http://www.cheshirehive.co.uk/wordpress/wp-content/uploads/2015/02/goods_shed_response.pdf)

<sup>25</sup> <https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0ahUKEwir4-DfvzKAhVB0hoKHef2BTsQFggtMAI&url=http%3A%2F%2Finside.cheshirewestandchester.gov.uk%2FGetFile%3FfileUrl%3D%2FKeyStatistics%2FWardSnapshotFrodsham.pdf%26extension%3Dpdf&usq=AFQjCNHaf6iRnSc8IGiWX3Z8i1M5XgYMBQ&sig2=b9siT8sLBCvmZ9LQAjtjmeQ>



## Berwick-Upon-Tweed case study

The discussion group in Berwick-upon-Tweed provided additional insights:

- The Northern Powerhouse is seen as being very remote by the towns at the edge of the region. Being excluded from regional strategic plans is not a new experience for a town like Berwick-upon-Tweed and there was a recognition that change must come from within.
- Many market towns find that they are not a priority for local government. Funds have been and continue to be cut and there are other priorities. Although market towns generally have areas of deprivation, the needs in other parts of a borough will be higher and so any market town regeneration project that requires substantial public funds is unlikely to be sanctioned.
- The Berwick discussion group was aware of the potential in the town and showed a high level of frustration, exasperation, anxiety and even anger when describing the lack of activity.
- The people around the table talked about the need to work together and have a more joined up approach but that requires trust. Introducing a café culture as a catalyst was mentioned; there are many coffee shops in town but no platform to engage with like-minded people and build trust.
- Should the town rely on a handful of volunteers to make a difference? Many of us have experienced volunteer burnout and many volunteer initiatives prove to be unsustainable. But here is a quote from Margaret Mead to respond to the world-weary cynic: *“A small group of thoughtful people could change the world. Indeed, it's the only thing that ever has.”*

*“For fifty years or more, policy has undervalued the countryside and failed to meet the needs of rural communities”*

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## Rural threats

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Local communities don't have the resources and power to determine threats and opportunities and then deal with them. As a result many local initiatives focus on peripheral issues or 'pet projects', only treating the symptoms, rather than the root cause of decline.

Identifying the cause of decline is challenging. For instance, each of the case study towns raised parking as an issue and the impact a perceived lack of parking has on their high streets. Many people shop online, in supermarkets and in out of town centres because of convenience, driven by time pressures and busy lifestyles. The traditional 'peripheral' approach would be to bring in loyalty cards promoting local independent shops but this would overlook the fact that the way we live and work has fundamentally changed.

According to the 2011 Census 11,260,336 working residents commuted from one local authority to another for work<sup>26</sup>. The TUC reported in November 2015<sup>27</sup> that the number of commuters spending more than two hours travelling to and from work is up by 72% from 1.7 million in 2004 to 3 million in 2014. The number of commuters travelling for three or more hours a day has risen by 75% over the same decade.

With over 11 million commuters is it really any surprise that our rural high streets are struggling when working residents leave their rural homes early in the morning, returning in the evening when the traditional businesses have closed for the day? Is it any surprise that car parks around rural rail stations are congested by 9am, limiting the supply of parking later in the day for shoppers which then further impacts on high street footfall?

The Northern Powerhouse strategy of driving growth by clustering employment in urban centres does not take into account the UK's widely distributed workforce. 10.3 million people live in rural locations, and the number is increasing annually, with 60,600 net migration from urban to rural areas in 2013/2014<sup>28</sup>.

This migration from urban to rural confirms the attractiveness of rural areas. However, The Taylor Review *Living Working Countryside*<sup>29</sup>, argues that the strong trend for in-migration has led to an increase in rural house prices, rendering them unaffordable in relation to local wages, resulting in those working locally no longer being able to afford to live in the community, and those living there having limited opportunities to work locally. Taylor adds that the migratory trend has social, environmental and economic implications that are

*“undesirable from a perspective of fairness and social equity, but also run contrary to the aims of creating and maintaining sustainable communities. In time, such communities will become increasingly unsustainable in every sense.”*

Increasing numbers of urban residents are migrating to rural communities in the hope of improving their quality of life, but well paid, fulfilling rural employment opportunities are lacking. Rural poverty levels increased between 2011 and 2013

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<sup>26</sup> <http://www.neighbourhood.statistics.gov.uk/HTMLDocs/dvc193/index.html>

<sup>27</sup> <https://www.tuc.org.uk/workplace-issues/work-life-balance/number-commuters-spending-more-two-hours-travelling-and-work-72>

<sup>28</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/443234/Rural\\_population\\_and\\_migration\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443234/Rural_population_and_migration_2014.pdf)

<sup>29</sup> [http://www.wensumalliance.org.uk/publications/Taylor\\_Review\\_Livingworkingcountryside.pdf](http://www.wensumalliance.org.uk/publications/Taylor_Review_Livingworkingcountryside.pdf)

*commuters spend less in their home towns than other local residents*

whilst urban poverty decreased over the same period<sup>30</sup>. People working in rural areas earn on average £4,600 a year less than those working in urban areas and the gap is widening. In 2003 workplace based rural earnings were 16.56% lower than urban earnings (£16,300 compared to £19,000). By 2013 the gap had increased to 23.12% (£19,900 rural compared to £24,500 urban)<sup>31</sup>.

Although rural commuters earn on average £1,700 more than those working in rural area<sup>32</sup> the elevated wages are subsequently consumed by commuting costs, with the average season ticket costing £2,115 for Manchester commuters<sup>33</sup>.

Newcastle University studies also show that commuters spend less in their home towns than other local residents, spending more on retail and leisure in the urban areas in which they work and online. This negatively impacts on the rural economy, particularly rural high streets.

In addition to the financial impact of commuting, evidence also shows that commuting negatively impacts on employee motivation, productivity and work life balance<sup>34</sup>. A study by Ze2 in 2011 also revealed that commuting and traditional 9-5 working hours cost UK businesses £2.24 billion in lost productivity<sup>35</sup>.

Commuting, low levels of rural pay, high rates of self employment and levels of poverty amongst the rural self employed are just some underexposed but major issues facing rural communities. This exemplifies why communities must identify the cause of the decline, rather than simply, as is too often the case, treat the symptoms. But currently communities do not have the resources or power to deal with these problems.

In the spirit of the times, devolution of resources, power and responsibility to local levels would seem an appropriate response to this analysis. In fact this is the solution recommended by The National Association of Local Councils (NALC)<sup>36</sup>. However this is no quick fix, many local councils are not ready for this level of responsibility and NALC recognises that a set of checks and balances would be needed to give rural devolution a chance of success.

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<sup>30</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/428604/RuralPovertyStats\\_May2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/428604/RuralPovertyStats_May2015.pdf)

<sup>31</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/288977/Earnings\\_March\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/288977/Earnings_March_2014.pdf)

<sup>32</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/288977/Earnings\\_March\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/288977/Earnings_March_2014.pdf)

<sup>33</sup> <http://www.haygroup.com/uk/press/details.aspx?id=32108>

<sup>34</sup> <http://www.workplacefocus.co.uk/article/hour%E2%80%99s-commute-no-thanks>

<sup>35</sup> <http://www.hrmagazine.co.uk/article-details/commuting-and-traditional-working-hours-cost-employers-1-21-billion-in-lost-productivity-research-shows>

<sup>36</sup> <http://www.nalc.gov.uk/library/publications/1798-devo-local-12-nov-2015/file>

*Many local initiatives focus on peripheral issues, only treating the symptoms, rather than identifying the root cause of the town's social and economic decline*

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## **Community capital**

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Towns are shaped by their unique blend of resources, or capital, that can be broken down into four categories:

**Social capital** - the connections in a community, the ways in which people interact and relate to each other

**Human capital** - individual's personal skills and abilities

**Natural capital** - natural resources such as food, water and energy, ecosystems such as wetlands that filter water and soak up flood waters and aesthetics/beauty of nature such as mountains, seashore and parks

**Built capital** - roads, heavy equipment, buildings as well as basic necessities such as food and clothing and luxuries such as cars, telephones and computers

Each element is an important component of *Community Capital*. The strengths and weaknesses of each of the four areas shape the challenges the community will face, as well as the opportunities to grow and develop.

Local solutions therefore need to build on local resources and invest in weak areas. We saw during this project that developing Community Capital is challenging and takes several years. Factions can form within communities and issues such as funding can be divisive.

There also appears to be a sequence to developing Community Capital. Built projects are unlikely to gain community support if social capital is lacking. Social networks, support and drive are essential to success. Without first developing social capital, any investment in built or natural capital is more fragile and more susceptible to opposition from the opposing factions.

Change makers in rural towns need to be able to identify strong and weak areas of Community Capital. They need to identify the areas that need investment and articulate to the wider community why and how those areas need to be focused on.

*Centrally  
developed  
strategies  
overlook unique  
local  
opportunities*

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## **Rural solutions**

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Centrally developed strategies have little impact at local level as they fail to recognise the specific challenges and overlook unique opportunities facing rural towns. As shown in previous sections there is widespread consensus that rural communities must develop their own tailored solutions.

Communities will need to develop new skills to enable them to identify core threats that impact on their sustainability and develop local solutions based upon their Community Capital. To support and focus communities we recommend that Central Government:

- requires local plans to consider the impact of the Northern Powerhouse on northern communities
- considers the recommendations of NALC to implement some form of rural devolution

Even without this intervention, the RSA Fellowship can support the development of local solutions. The Incredible Edible team is adopting this approach with Incredible North. They want to identify people with the will to change, people who want to find a better way, and then help. The Incredible Edible team are experienced change-makers and understand both bottom up and top down approaches. Pam Warhurst's, FRSA, previous experience as Council Leader, Natural England board member and Chair of the Forestry Commission has given the team a leading advantage in understanding top down approaches. Combining this knowledge with their seven years of grassroots activity makes them a natural choice to help and support other groups and individuals to develop Community Capital and redefine prosperity.

In addition we have identified two other follow on projects that are detailed in the two next sections of this report.

58.8% of UK graduates are in non-graduate jobs, a percentage only exceeded by Greece and Estonia

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## Skills misalignment

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Skills are a key driver of productivity. The misalignment between skills and jobs leads to an increase in commuting, un- and under-employment and low paid self employment, all contributing to lower productivity and weaker Community Capital.

The OECD highlights, there is “*much scope to boost productivity and reduce inequality simply by more effectively allocating human talent to jobs*”, although the OECD does recognise that “*the knowledge economy increasingly requires skills that education systems struggle to provide*”<sup>37</sup>.

Although skills attainment is lacking, the UK has more graduates than ever before. The Chartered Institute of Personnel and Development’s (CIPD) report *Over-qualification and Skills Mismatch in the Graduate Labour Market 2015*<sup>38</sup> highlights however the misalignment of skills with jobs with its analysis that 58.8% of UK graduates are in non-graduate jobs, a percentage only exceeded by Greece and Estonia. Yet, nationally we have a critical shortage of engineering and digital graduates. Whilst there is national recognition that closer alignment between skills and employment opportunities will increase productivity, there needs to be a better understanding of the changing demand for labour. Although City Regions are working at developing relationships between businesses and education providers, these relationships are weak, if not non-existent in rural localities.

Local Enterprise Partnerships, Local Authorities, Combined Authorities, Skills Funding Agency, Youth Federation, Work and Skills Boards and the newly formed Careers and Enterprise Company are just a few of the organisations that have adopted strategies to address the misalignment of skills and education. There are however significant areas of duplication and gaps in provision and many rural towns are not seeing the impact of these strategies at a local level.

Young people as young as 13 are making career choices with GCSE options, dismissing or pursuing subjects without understanding what potential careers entail and the diverse opportunities available to them, potentially limiting their own future human capital. Many decisions are based on the individual’s socio-economic environment - occupations of their relatives and media influences, exposing many deep seated and out dated perceptions about careers and highlighting the need for inspiration as much as advice. During our round table discussions, employers and education providers alike felt a need to challenge current perceptions of certain careers, particularly engineering, and a need to promote inspiring role models, identifying a need to alter terminology and language that historically deterred some young people from following particular career routes.

Employers in the case study towns also stressed a need for rounded and grounded individuals, with well-developed employability ‘soft’ skills. Soft skills such as teamwork, time management, leadership, problem solving and communication skills were considered essential traits. According to a YouGov poll in 2015 of more than 600 senior managers, 97% believe soft skills are important to their current business success, yet 75% identified soft skills gaps in the UK workforce and found that the majority of job applicants failed to include soft skills in their CVs.

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<sup>37</sup> <http://www.oecd.org/eco/growth/OECD-2015-The-future-of-productivity-book.pdf>

<sup>38</sup> <https://www.cipd.co.uk/binaries/over-qualification-and-skills-mismatch-graduate-labour-market.pdf>

*The knowledge economy increasingly requires skills that education systems struggle to provide*

The Confederation of British Industry's *Education and Skills Survey 2015*<sup>39</sup> reported that by far the most important factors employers weigh up when recruiting school and college leavers are attitudes (85%) and aptitudes (58%), ranking well ahead of formal qualifications. According to the CBI's survey results, employers believed the top priority for schools and colleges should be developing awareness of working life for the 14-19 age group with support from businesses. At their 2015 annual conference in November the CBI stressed that when it comes to getting a job and succeeding in the workplace, the right attitudes and attributes in people, such as resilience, respect, enthusiasm and creativity are just as important as academic or technical skills.

The Gatsby Charitable Foundation, having reviewed career guidance in other countries, has developed eight benchmarks for providing good career advice<sup>40</sup>:

1. A stable careers programme known and understood by pupils, parents, teachers, governors and employers.
2. Learning from career and labour market information with the assistance of an informed adviser to access good quality information about future options and opportunities.
3. Addressing the needs of each pupil with advice and support tailored to the needs of each pupil, ensuring equality and diversity throughout.
4. Linking curriculum learning to careers. STEM (Science, Technology, Engineering and Maths) teachers in particular should highlight the relevance of STEM subjects for a wide range of future career paths.
5. Multiple encounters with employers and employees should be available to every pupil including a range of visiting speakers, mentoring and enterprise schemes.
6. Experiences of workplaces through visits, work shadowing and/or work experience should be available to every pupil to help expand their networks and horizons.
7. Encounters with further and higher education, vocational and academic routes so that pupils understand the full range of learning opportunities.
8. Personal guidance for every pupil with either internal or external careers advisers.

Schools and colleges are however experiencing unprecedented real cuts in funding at the same time as being subject to ever changing academic targets. Resources are stretched to capacity and many schools have ceased to offer work placements. The schools that do continue to offer placements do not have the capacity to support the students in securing worthwhile and meaningful placements and will struggle to meet the eight career guidance benchmarks identified by the Gatsby Foundation.

In the past, many large companies took responsibility to develop links with schools and expand the career knowledge base. This is no longer the case with budgets tightened, company outlooks are less paternalistic. If business growth is focused on the city regions, at the cost of our rural localities, our rural schools and their students will be further removed from big businesses. Rural communities can however invest in their social and human capital, build on networks and goodwill to develop solutions that strengthen relationships between employers and education providers. Failure to develop these networks and invest in rural human capital will result in pathways to varied and diverse careers becoming more obscure, opportunities for part time and work experience will decline even further and students will lack contact with inspirational individuals, their career choices becoming even more dominated by the media and peer pressure.

How rural communities can develop these relationships is challenging and beyond the scope of this Report, however in response to this analysis of the UK's skills misalignment and specific problems of rural areas, one of our next projects will focus

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<sup>39</sup> <http://news.cbi.org.uk/business-issues/education-and-skills/gateway-to-growth-cbi-pearson-education-and-skills-survey-2015/>

<sup>40</sup> <http://www.gatsby.org.uk/uploads/education/reports/pdf/gatsby-sir-john-holman-good-career-guidance-2014.pdf>

*employers believe  
the top priority  
for schools and  
colleges should  
be developing  
awareness of  
working life for  
the 14-19 age  
group with  
support from  
businesses*

on skills alignment in rural communities. It will be focused on Frodsham and will develop and test ways in which local employers including enterprise sites such as Sci-Tech Daresbury, Thornton Science Park and Ince Recovery Centre can develop links with local schools and influence local skills development.



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## Agile workforce

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Whilst rural communities can help improve pathways to careers and the alignment of skills and jobs through locally led solutions, this activity could simply exacerbate the decline of towns if employment opportunities remain centred in cities. There needs to be a cultural change, nationally, regionally and locally away from the traditional industrial command and control business model to develop new ways of working that make more efficient use of human capital. Otherwise, our rural towns will simply become dormitory towns, supplying commuters to work in city businesses.

Building social capital by engaging commuters is challenging. The Centre for Rural Economy at Newcastle University highlights that 50% of commuters spend no time participating in voluntary and community sector activities, with 72% stating that commuting prevents them from participating more fully.

The ONS Report on *Commuting and Personal Wellbeing 2014*<sup>41</sup> also reveals that commuters have lower life satisfaction, a lower sense that their daily activities are worthwhile, lower levels of happiness and higher anxiety than non-commuters. The ONS Report also shows that non-commuters who worked from home had higher personal wellbeing across all three positive measures of wellbeing, not only compared to people with long commutes but also compared to those with commutes of less than 15 minutes.

A Swedish study into the *Relationship between Commuting and Social Capital*<sup>42</sup> also reveals that commuting by car is significantly linked to lower social participation and low general trust compared with public commuting, and the association increased with the duration of commuting time.

Having identified that commuting for example is weakening local social capital, the key challenge is developing solutions that improve those social networks. All case study towns identified a reduction in the volunteering pool - community groups struggle to attract volunteers, continually drawing on a shrinking volunteer pool. Not only does this lead to volunteer 'burnout' but it was also seen to lead to further division, rivalry and exclusion where small numbers of people dominated multiple groups.

New flexible and remote ways of working have received considerable media coverage recently. Global Workplace Analytics has reviewed over 4000 studies, reports and articles about more agile working strategies<sup>43</sup>, concluded that there are many benefits to changing the way we work to more decentralised systems:

- Over two thirds of employers report increased productivity amongst their teleworkers. American Express teleworkers produced 43% more than their office based colleagues
- Expands the talent pool and redistributes wealth by removing geographic boundaries and offering better employment options for rural workers, disabled workers and those with young families or other family members requiring care
- Provides new employment opportunities for the un- and under-employed by removing geographical and transport barriers

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<sup>41</sup> [http://www.ons.gov.uk/ons/dcp171766\\_351954.pdf](http://www.ons.gov.uk/ons/dcp171766_351954.pdf)

<sup>42</sup> <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC4509867/>

<sup>43</sup> <http://globalworkplaceanalytics.com/resources/costs-benefits>

*Home working  
can significantly  
increase  
productivity and  
reduce business  
and  
environmental  
costs*

- Reducing commuting reduces congestion, traffic accidents, wear and tear on infrastructure, saves employees money and reduces carbon emissions
- Supports local economies as the cost savings from reducing commuting circulate within more local economies
- Saves employers money. IBM slashed real estate costs by \$50 million through telework e.g. reduced office costs including rent, rates, heating, cooling, lighting
- Slows the brain drain due to retiring employees by enabling them to carry on working by reducing tiring commutes
- Improves employee satisfaction and empowerment by enabling employees to be more independent and self directed
- Reduces employee 'churn' - 72% of employers say teleworking has a high impact on employee retention
- Equalises personalities and reduces potential for discrimination - people are judged by what they do versus what they look like
- Reduces unscheduled absences by 63%. According to the GWA review, 78% of employees who call in sick aren't - they call in sick because of family issues, personal needs and stress
- cuts down on wasted meetings and increases collaboration by removing logistical barriers of face to face meetings
- Ensures continuity of operations in the event of a natural disaster
- Improves performance measurement systems that focus on results

GWA do however highlight some common concerns regarding teleworking

- Management mistrust
- Not for everyone
- Career fears from being "out of sight out of mind"
- Co-worker jealousy
- Security issues
- IT infrastructure changes may be necessary
- Collaboration concerns

Leading global businesses have embraced flexible and home working with impressive results. Chinese travel agency Ctrip employs 16,000 people and has seen a 22% increase in the productivity in its employees who work from home<sup>44</sup>. Ctrip also saves around \$2,000 a year per employee due to a reduction in office space, further adding to the company's total productivity.

Other businesses combine flexible working with home working. BT has over 70,000 flexible workers, from senior managers to contact centre staff. Seven out of 10 people work flexibly and nearly 10% are home based. This combination has resulted in:

- home based call operators handle up to 20% more calls than their office based colleagues
- home based workers take 63% less sick leave than their office based colleagues
- increased staff motivation
- decreased stress
- improved staff retention (post maternity leave retention rose from the national average of 47% to 99%)
- access to skills in the communities where geographical locations and other factors such as childcare prevented a traditional 9-5 working day
- reduced estate costs by nearly 40%, saving 725 million Euros a year
- reduced CO<sub>2</sub> emissions by 60%

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<sup>44</sup> <https://web.stanford.edu/~nbloom/WFH.pdf>

*For creativity and ideas, 47% say best ideas come when in a pub, restaurant or coffee house*

Homeworking isn't however the answer for all employers or indeed all employees. Many manufacturing, maintenance, security and health care jobs have only limited opportunities for teleworking, depending largely on a physical presence at the place of work. Homeworking can also present challenges for employees in other sectors due to the lack of human interaction which can lead to isolation and a lack of innovation and creativity. Many workers also struggle to manage the boundaries between home and work life.

Some large businesses such as Virgin have moved on from outdated ways of working and encourage the use of smart work hubs to promote a more distributed way of working with impressive results<sup>45</sup>. These new style hubs are providing the balance between flexibility and human interaction by providing professional facilities in easily accessible locations away from city centres.

Other large employers such as Vodafone have located their main headquarters in less central locations. The Vodafone HQ is a 15 minute commute from Newbury Station, Berkshire with a shuttle bus running every 8 minutes during peak time. Vodafone is the town's biggest employer, employing over 6,000 staff. The company encourages remote working and is using more video conferencing than ever before with the aim of reducing their carbon footprint by 50% by the end of the decade<sup>46</sup>.

The Ministry of Justice has also developed strategically placed 'Commuter Hubs' across London and the South East to increase options for staff, recognising that many still feel the benefit from 'going to work' compared to working from home. Staff feedback to the MoJ cited factors such as the need for a clear distinction between home and work life, as well as the workplace providing facilities difficult to provide at home and the opportunity to interact with colleagues. The MoJ now has 24 commuter hubs and aims to have 1000 hub places by the end of 2016<sup>47</sup>. Feedback from staff has been "overwhelmingly positive" and the initiative came joint winners with Deloitte in the innovation category of the Top Employers for Working Families Awards<sup>48</sup>.

The 2e2 study<sup>49</sup> echoes the MoJ staff feedback by revealing that almost half the workers felt that home working led to a loss of valuable human interaction with work colleagues. Over three quarters of workers however felt that the best forum for discussing business ideas and collaborating with colleagues was away from the office, with 47% stating that the best ideas come when in a pub, restaurant or coffee shop. The report concludes that the negative impact the daily commute can have on productivity should not be underestimated but that if you want creativity and ideas from your workforce then a "drink and a chat in the pub might yield the best results".

Hubs could also provide an answer for many self-employed workers who struggle to separate work from home and who are isolated and lacking human interaction. They could also provide significant environmental benefits, aside from reducing the environmental cost of commuting, they could reduce the environmental impact of thousands of people working from home individually using increased amounts of heating and lighting.

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<sup>45</sup> <https://www.virgin.com/entrepreneur/fighting-back-against-the-daily-commute-how-to-boost-employee-satisfaction>

<sup>46</sup> <http://blog.vodafone.co.uk/2012/04/03/life-on-campus-step-inside-our-space-age-hq-2/>

<sup>47</sup> <http://www.workingfamilies.org.uk/employers/case-studies/innovation/ministry-of-justice-joint-winner-2015-the-dtcc-best-for-innovation-award/>

<sup>48</sup> <https://civilservice.blog.gov.uk/2015/07/24/commuter-hubs-bridging-the-gap-between-home-and-work/>

<sup>49</sup> <http://www.hrmagazine.co.uk/article-details/commuting-and-traditional-working-hours-cost-employers-1-21-billion-in-lost-productivity-research-shows>

*hubs can provide  
the balance  
between  
flexibility and  
human  
interaction*

Hubs could also support and strengthen relationships between businesses and local education and training providers by hosting workshops and debates. They could also support the wider community by providing employment, advertising job opportunities and providing public spaces that promote collaboration.

Clearly a hub will not be the answer for every commuter, every business, or indeed every rural community. A further follow on project will therefore investigate the different types of hub business models around the world and how these can be tailored to meet local requirements, reducing commuting at the same time as boosting productivity and strengthening Community Capital. We will support local initiatives like the exploration of Community Capital in Kendal and the viability of a Cultural Hub in Berwick upon Tweed. We will also be examining how hubs can be used to support home based self-employed in rural locations and whether, by encouraging human interaction and collaboration in rural hubs, productivity rates for the rural self employed can also be improved.

We will be engaging with businesses, commuters, rural self-employed and rural communities to identify key requirements and threats. We welcome individuals and organisations interested in taking part in this next study.

*the only way to sustainably raise the living standards of the citizens of our nation is to confront the challenge of our lifetime, to raise productivity*

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## Conclusions

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We started this project by asking how rural areas can benefit from and support the Northern Powerhouse? What are the opportunities and threats for the regions' rural areas and what are the barriers to success?

Those attending the MTI round table discussions, voiced concern that the Northern Powerhouse focus on city led growth will simply displace jobs and wealth, widening the inequality gap between cities and rural areas in the north and ultimately fail to increase productivity. We saw how increased commuting and migration weakens Community Capital, exacerbating social and economic decline, reducing opportunities for rural young people, negatively impacting on productivity and impact on future sustainability.

We found that national and regional strategies, designed centrally to overcome economic decline, are usually too generalised, overlooking the specific challenges and opportunities of rural communities and ultimately failing to create impact at local level. Towns therefore need to identify what human, social, natural and built resources are currently available and how they can strengthen them. Towns can help increase productivity by developing solutions that make the most efficient use of inputs (human capital, materials, financial capital and equipment) to create maximum outputs. Not only will such Community Capital led solutions help provide sustainable futures for our rural communities, but they will support and complement the Northern Powerhouse.

The role of rural communities within the Northern Powerhouse is clear. Individually and collectively our urban and rural communities need to focus on smarter ways of combining resources (particularly human resources) with technological changes and new business models to increase productivity. The way we live and work has changed dramatically in the last decade and we need to find a new way of doing things.

Communities will need to develop new skills to enable them to identify core threats that impact on their sustainability and develop local solutions based upon their Community Capital. To support and focus communities we recommend that Central Government:

- requires local plans to consider the impact of the Northern Powerhouse on northern communities
- considers the recommendations of NALC to implement some form of rural devolution

The RSA Fellowship could support such a wide reaching and generalised policy by producing guidelines and toolkits that would enable local change makers to understand the significance of the four components of Community Capital. The toolkits and guidelines could demonstrate why communities need to invest in Community Capital, how to identify weak areas and how to build on strengths. They could also assist communities to understand how, by developing better local combinations of resources, that they can develop sustainable futures not only for their towns but that they would be supporting and complementing the Northern Powerhouse aims of increasing productivity, in its widest sense incorporating environmental impact as well as prosperity and economic growth.

Some towns may benefit from and be able to support the Northern Powerhouse if they are able to increase local productivity. Solutions may include developing facilities that enable residents to reduce the amount of commuting, by providing flexible work space within the town.

*more effectively  
allocating human  
talent to jobs will  
boost productivity  
and reduce  
inequality*

Some towns may be able to draw on more local employment opportunities rather than focusing on city led growth. Frodsham for example is well located close to Sci-Tech Daresbury, Thornton Science Park and Ince Resource Recovery Park. By developing closer links between the town and businesses based in these three science parks commuting time may be reduced, enabling the town to develop its Community Capital and improve community cohesion.

The Northern Powerhouse needs to address productivity in its widest sense, combining new ideas, technological advances and new business models to increase economic growth, improve prosperity (health, wealth and happiness) and reduce environmental impact. To ignore the value of rural communities is shortsighted and will greatly impede productivity.

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## Recommendations and agreed further activity

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Communities will need to develop new skills to enable them to identify core threats that impact on their sustainability and develop local solutions based upon their Community Capital. To support and focus communities we recommend that Central Government:

- requires local plans to consider the impact of the Northern Powerhouse on northern communities
- considers the recommendations of NALC to implement some form of rural devolution

The RSA North Fellowship Councillors will support the development of local solutions with the following activities:

- Skills shortage and misalignment are linked to weak productivity. During the round table discussions, it was agreed that local solutions are required that will provide clearer and more accessible pathways to more varied and relevant careers. Towns can play a role in developing relationships between businesses and education/training providers. In one of our next projects we will focus on skills alignment in rural communities. It will be focused on Frodsham and will develop and test ways in which local employers including enterprise sites such as Sci-Tech Daresbury, Thornton Science Park and Ince Recovery Centre can develop links with local schools and influence local skills development.
- A second follow-up project will focus on hub working and business models that promote flexibility and optimise productivity. We will also consider what factors should be considered when deciding how to engage with City Regions. Our conclusions will inform the type of activity the Fellowship should support with time and financial resources. We will support local initiatives like the exploration of Community Capital in Kendal and the viability of a Cultural Hub in Berwick upon Tweed.
- The Incredible Edible team has launched a project under the banner of Incredible North to explore a new type of prosperity, one that embraces health, wealth and happiness. They want to identify people with the will to change, people who want to find a better way and to help them. They want to enable individuals and whole communities to make best use of their resources (human, social, built and natural), combining them with new technology and exploring new ways of doing things that will help communities build sustainable futures. This fits with the RSA's existing work on Community Capital and the Northern Powerhouse focus on increasing productivity.

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## Example initiatives

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The following examples identify a number of successful local solutions, reveal barriers they overcame and highlight lessons to be learnt.

Examples include:

Transition Town Totnes and beyond page 33

Incredible North page 35

Sustainable Frome page 36

Campbell Park page 37

BT Workstyle page 38



## 1: Transition Town Totnes and beyond

Totnes in Devon is probably best known as the original Transition Town, a concept developed by environmentalist Rob Hopkins who moved to the town from Ireland in 2005 to develop his idea that permaculture gardening could be scaled up to bring food resilience to town centres.

In September 2006, after a couple of film-showings of 'The End of Suburbia' and 'The Power of Community', residents came together in a local hall to have some 'open space' meetings about areas they thought were particularly concerning regarding peak oil and climate change. The Totnes discussions grew into theme groups that concentrated on: food, transport, energy, business and livelihoods, health and wellbeing, building and housing, and inner transition.

The theme groups met regularly, and from them many projects took shape, from Transition Tales (who worked with pupils in the local secondary school) to Gardenshare and Nut Planting projects and Co-housing schemes. Some projects have arisen autonomously, some have been fledgling ideas from theme groups. Many, such as TRESOC, are projects that came about through the networking at TTT meetings and events, and are completely independent.

The Transition Initiative did however face significant local opposition through the Take Back Totnes campaign, an anti-Transition movement in October 2012. The Take Back Totnes campaign stated *“We celebrate the alternative and diverse community Totnes has become. However, we do not believe those who choose to live in our wonderful town should impose their idea of the rural idyll upon the vast majority of local people. These ideas are creating long term damage to the local economy and the town’s reputation”* and *“we also believe TTT stepped beyond its fundamental remit to promote alternative energy use by claiming to represent all Totnes in its fight against Costa Coffee and promoting a false image of Totnes to the national media.”*

Repeated rumours and speculation were raised about sources of Transition funding with anti-Transition campaigners looking for evidence of corruption, despite accounts being readily available on the Transition website. Attempts to personally undermine Rob Hopkins were also made with rumours that his homes in Kinsale had burnt down - implying that he had been ‘drummed out of Kinsale’. One supporter of the anti-Transition campaign wrote *‘just quit and let us real locals run this town the way we have for years before you mindless arrogant people moved in.’*<sup>50</sup>

During this period of local infighting, Devon County Council carried out research into the workspace needs of local residents and businesses. Identifying that the private sector was not developing the popular city centre co-working spaces in Devon’s smaller market and coastal towns, it decided to provide small scale financial support to develop rural work hubs with local partners who would own and run the facilities with the aim of supporting the growth of the micro business community to generate further jobs and growth.

South Devon Rural Housing Association was subsequently awarded £50,000 funding by Devon County Council in 2012 to develop a new work hub in Totnes. The Totnes Workhub<sup>51</sup> provides:

- short term office accommodation
- meeting spaces
- access to 54MB internet
- printing facilities
- desk space - regular or ad hoc
- promotes collaboration and co-working
- skill sharing
- refreshments
- postal address for business mail

<sup>50</sup> <https://www.facebook.com/TransitionTownTotnes/posts/496362700382940>

<sup>51</sup> <https://www.devonworkhubs.co.uk/better-for-the-environment/>

- space to meet and work with other like minded people
- tailored business support and free training workshops
- reduces the need to travel to do business and meet clients
- environmentally efficient - sharing heating, lighting and water
- supports the local community, e.g. lunch in the local cafe or financial advice from the local accountant
- promotes local employment opportunities
- prices start at £21 per month which include business rates

Lessons learnt:

- Community participation on its own was not enough to deeply embed Transition in the community, engagement of the local authorities was also vital
- Communities have diverse needs and aspirations - there will be conflicts but multiple initiatives can be developed within one community provided there is collaboration and good communication. A failure to collaborate and lack of joined up thinking leads to division and stagnation
- The pilot work hub scheme was successful and Devon County Council has gone on to develop a further nine hubs across the county, with an additional five hubs in the planning stage

## 2: Incredible North and the Power of Small Actions

Incredible North is the next step for the Incredible Edible Network. Co-founded by Pam Warhurst in 2008, Incredible Edible began as a grassroots movement in Todmorden. It is a food based partnership that engages the local community to participate in sustainable food growing initiatives. Using the 'three plates': Community, Learning and Business, Incredible Edible outlines how communities could run themselves in order to be more resilient and promote well being. Although Incredible Edible started small, the network now spans across groups who are based all across the UK and around the world.

Regionally, the ambition of Incredible North is to link up northern cities and smaller towns across England from Liverpool to Hull, with greater collaboration and integrated networks of people and organisations.

Incredible Edible will stay true to its roots but will be more ambitious, supporting groups throughout the North, across sectors in community led regeneration. The leaders behind Incredible North are attempting to redefine prosperity: it is not about your economic life, it is about feeling good about yourself. Incredible North want to identify people with the will to change, people who want to find a better way, and then help.

Co-founder of Incredible Edible and RSA Yorkshire Chair, Pam Warhurst will be investigating whether Todmorden is a suitable location for the development of a creative hub, supporting local micro businesses and creative start ups.

Lessons learnt:

- The project was only possible because of strong relationships, evidenced by the joined up and inclusive approach to local food production. It's a movement for everyone - the motto is 'If you eat, you're in'
- Believe in the Power of Small Actions - start small, collaborate, share ideas and grow
- Avoid bureaucracy - think about things differently and be prepared to change public policy by using what you have - space, land, people etc. Show what ordinary people can do for themselves, not to turn up at the door with a begging bowl

### 3: Sustainable Frome, Somerset

Sustainable Frome was founded in 2008 by Peter Macfadyen, with the aim of building a greener future. Sustainable Frome became a CIC in 2010 with the aim of increasing the overall resilience of the people of Frome to future environmental, economic and social shocks and challenges.

Macfadyen ran Sustainable Frome for 5 years, co-founding Food Frome and The Frome Slow Food Convivium. His main role in Sustainable Frome was however liaising with the Council, which identified a complete lack of relevant 'green' thinking. Macfadyen had a deep understanding of both the missed opportunities and potential of local government which led him to establishing Independents for Frome (IfF) in 2011. From this strategic position the group was able to reinvent local (Parish/Town) ambition ethos and structures. They brought together a group of like-minded residents and set about introducing an 'active democracy'. Macfadyen, along with 9 other Independents took control of Frome Town Council in the 2011 elections and Macfadyen served as mayor 2014 - 2015. In the 2015 elections, the IfF took all 17 seats on Frome Town Council.

Frome Town Council has now become one of the greenest local councils in the UK with very close links to Sustainable Frome. Frome Town Council won the National Association of Local Council's 'Council of the Year 2015 Award'. It has appointed an Energy and Recycling officer, installed 80 solar panels on the roof of the Cheese and Grain social enterprise venue<sup>52</sup>, provided an electric car charging point and begun a programme offering local schools a free energy audit of buildings and operations. The Town Council has also supported the Introduction of Incredible Edible Frome, granting permission to plant fruit, veg, and plants for bees and butterflies in the public planters around town, and also in beds in Victoria Park.

Frome is also home to a range of co-working hubs:

- Silk Mill Studios - a vibrant hub of 22 studios for artists and artisans and a large gallery
- Forward Space Hub @ The Old Church School providing hot-decking, open plan shared office space and private studio offices with 100Mbps super fast fibre line, VoIP phone services and IT support, free business support, workshops, debates and social events
- Frome Hub @ The Cheese and Grain - 12 work stations and 3 large meeting rooms with WiFi, colour copying and printing, cafe bar and staffed reception desk. Monthly schemes start at £30
- Black Swan Arts - a busy hive of gallery space, artists studios and workshops. Its development during a period of high local unemployment provided an opportunity to create employment for young people in the building's restoration and by providing affordable studios where emerging artists could work and sell to the public

Lessons learnt:

- By taking control of the local Town Council, with other like-minded residents, Macfadyen was able to reinvent local democracy and ensure that Sustainable Frome aims were firmly embedded in local policy
- A range of work/creative hubs can operate in one town, meeting the diverse needs of the community

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<sup>52</sup> <http://www.cheeseandgrain.com/about/>

## 4: Campbell Park, Milton Keynes

Campbell Park Parish Council was a runner up in NALC's 'Council of the Year' awards (Frome Town Council above won) recognising "*its innovative approach to the problems and challenges that it has faced in recent years, for the way that it manages the huge amount that it takes on and for the successes that it has had.*"

NALC highlighted CPPC as an example of *Devo Local in Practice* due to their focus on developing social capital which has seen them work with their local equality council and college to promote integration and community cohesion and enable young people access to training and work; partner with the NHS on educational programmes on healthy living and wellbeing; produce a video with the local academy on refuse collection, litter and fly tipping now used by Keep Britain Tidy; taking on a derelict sports field and work with Sport England and the Premier League on a new sports facility; working on a Neighbourhood Plan; and develop a new emergency plan.

The five residential wards are very different and together make for a parish of huge diversity with each area requiring totally different things and with differing needs. The social challenges have been growing over the past 10 to 12 years, following an incident caused by racial tensions in the Fishermead ward. In response, CPPC partnered with Milton Equality Council and put on a series of 'Spotlights on Culture' evenings; an opportunity to highlight and celebrate the range of nationalities, ethnicities, age groups and cultures that live side by side on the estate.

Another example of CPPC's innovative work can be found in neighbouring ward, Springfield, where the council has just completed the re-build of a dilapidated Community Centre. CPPC paid just one pound to Milton Keynes City Council to take the run-down facility on. Following a £250,000 three-month make-over – £50,000 of that provided by landfill tax-distribution charity WREN – it has been valued by insurers at £620,000.

With this work complete, CPCC now have two further projects in the pipeline:

1. They are in conversation with Sport England and the Premier League about building a Sports Hall to complement a derelict football field of which they've also taken ownership.
2. They are about to start work on building a new Parish Headquarters with halls/rooms which will produce an income stream – replacing their office that is no longer fit for purpose.

Lessons learnt:

- The catalyst was escalating racial tensions
- Under the right circumstance, a Parish Council can be an agent for change
- Focused investment in redundant buildings can meet local needs, attract inward investment from organisations such as WREN and increase the value of community assets

## 5: BT Workstyle

BT has over 70,000 flexible workers, from senior managers to contact centre staff.

*“At BT, flexible working is business as usual. Already seven out of 10 people work flexibly and nearly 10% are home based. It has saved the company millions in terms of increased productivity and cut costs. It has also motivated our people and released more potential.”* said Sir Christopher Bland, Chairman BT Group<sup>53</sup>.

BT have seen increased productivity, with home working call centre operators handling up to 20% more calls than their office-based colleagues and greater employee satisfaction, motivation and retention. BT home workers take 63% less sick leave than their office-based counterparts and the retention rate following maternity leave is 99% (compared with the UK average of 47%). In addition, BT has reduced its office estate by nearly 40%, saving over 725 million Euros a year.

Environmentally, the BT Workstyle has resulted in BT reducing its fuel consumption by 12 million litres of fuel per year, resulting in 54,000 tonnes less CO<sub>2</sub> being generated in the UK. Since 1996, flexible working has helped BT to minimise the environmental impact of its operations globally by 60%<sup>54</sup>.

Finally, BT can reach out to people for whom the traditional 9-5 day has been a barrier - for geographical or other reasons, tapping skills in neglected or under-utilised communities.

Security was however identified as the greatest source of concern. With an increase of company data now being stored on portable devices, the security and integrity of sensitive company information is a growing concern. For the majority of companies, security is non-negotiable and flexible working solutions must have robust security systems such as firewall management, virus detection and protection, spam prevention, disaster recovery and remote device deactivation.

BT's Workstyle project concludes “Flexible working is something that no company can afford to be without.”

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<sup>53</sup> [https://www2.bt.com/static/i/media/pdf/flex\\_working\\_wp\\_07.pdf](https://www2.bt.com/static/i/media/pdf/flex_working_wp_07.pdf)

<sup>54</sup> [https://www2.bt.com/static/i/media/pdf/flex\\_working\\_wp\\_07.pdf](https://www2.bt.com/static/i/media/pdf/flex_working_wp_07.pdf)

The RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce) believes that everyone should have the freedom and power to turn their ideas into reality – we call this the Power to Create.

Through our ideas, research and 27,000-strong Fellowship, we seek to realise a society where creative power is distributed, where concentrations of power are confronted, and where creative values are nurtured.

The RSA Action and Research Centre combines practical experimentation with rigorous research to achieve these goals.

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