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The All-Party Parliamentary Group for
Rural Business and the Rural Powerhouse

Devolution and Its Impact on Rural Areas



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The views expressed in this report are those of the All-Party Parliamentary Group (APPG) for Rural Business and the Rural Powerhouse. All-Party Parliamentary Groups are informal groups of Members of both Houses with a common interest in particular issues.

This report was researched and funded by the Secretariat to the APPG, the Country Land and Business Association (CLA). This is not an official publication of the House of Commons or the House of Lords. It has not been approved by either House or its committees.

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Contents

1. Foreword 5
2. Recommendations 6
3. Rural areas, the devolution agenda and what has come before 8
4. The impact of devolution on rural housing 12
5. The impact of devolution on nature recovery and land use 16
6. The role of mayors in rural devolution and local delivery 20
7. The impact of devolution on rural areas 23
8. Conclusion 29
9. Appendix 1 – List of acronyms 31
10. Appendix 2 – Acknowledgements 32



1. Foreword

This report, *Devolution and Its Impact on Rural Areas*, lands at a pivotal moment for local government in England. The recently-elected Prime Minister, Andy Burnham, has announced a major devolution package, with greater powers over transport, planning, skills and investment, and mayors set to receive a share of income tax and business rate revenues for the first time. We're expecting further detail at the Autumn Budget.

The All-Party Parliamentary Group (APPG) for Rural Business and the Rural Powerhouse publishes this report against that backdrop. As the Member of Parliament for Horsham, a constituency with both a market town and a large rural area that has not yet been through the devolution process, I know how easily rural needs can be overlooked once decisions are made at a scale where urban areas dominate. Since the turn of the year, we've heard evidence from across the sector making the same point again and again. Rural areas will be left behind unless devolution is designed with them in mind from the start. Rural councils simply aren't funded properly for the services they're required to deliver, and with social care already eating up an ever-larger share of budgets, there's little left over for growth or investment.

Much of that comes down to the practical realities of rural life. Services cost more to deliver across long distances and dispersed populations, while lower density and lower wages mean a smaller tax base than in towns and cities. And with only 18 Mayoral Strategic Authorities established so far, there's a genuine risk of "not-spots" opening up as devolution rolls out, areas that miss out on the powers and investment reaching mayoral areas. Under the current Fair Funding model, rural councils are set to see spending power rise by just 2% by 2029-30, compared with 20% for urban councils.

This isn't only about protecting what rural areas already have, though. Productivity in majority-rural authorities sits around 8% below the England average, and closing that gap could add an estimated £22.5 billion to the economy. Devolution is one of the clearest ways to unlock that, provided rural areas are actually given the tools to do it.

Our witnesses were clear about what needs to happen. Rural proofing should be made a statutory requirement, with a dedicated Rural Commissioner and mandatory impact assessments, so rural effects are tested before policy is signed off, not after. Rural representation can't be left to chance either; it needs to be built in through Rural Business Boards, district-level involvement, and governance structures that guarantee rural areas a voice. Funding formulas need to change too, reinstating the remoteness adjustments that were recently stripped out and reflecting the true cost of delivering services to dispersed communities. And mayors need a standard set of core powers, so residents everywhere know what their mayor can actually do for them.

I'd like to thank the CLA, Secretariat to this APPG, for its support in producing this report, and the witnesses listed in the appendix for their time and expertise.



John Milne MP
Chair of the APPG inquiry into devolution and its impact on rural areas
Member of Parliament for Horsham

2. Recommendations

In order to successfully implement devolution across rural areas, the All-Party Parliamentary Group (APPG) for Rural Business and the Rural Powerhouse recommends the following.

Chapter 3: Rural areas, the devolution agenda and what has come before

The APPG urges the Government to:

1. strengthen local authority capacity and leadership, particularly in rural and semi-rural areas, to improve strategic planning and delivery;
2. establish Rural Business Boards within combined authorities to formalise engagement between rural businesses and local policymakers;
3. require evidence-led local growth plans, co-produced with business communities and grounded in a clear long-term vision for the local economy;
4. promote integrated rural-urban economic strategies, recognising the interdependence of towns, cities, and their rural hinterlands.

Chapter 4: The impact of devolution on rural housing

The APPG urges the Government to:

5. embed a comprehensive rural housing strategy within national frameworks;
6. strengthen rural planning capacity and long-term funding for delivery partners;
7. develop an integrated rural infrastructure framework aligning key services;
8. support rural partnerships, community engagement models, and Community Land Trusts (CLTs).

Chapter 5: The impact of devolution on nature recovery and land use

The APPG urges the Government to:

9. establish clear national direction by publishing a national coordination framework for Local Nature Recovery Strategies (LNRS), a single national data portal, and statutory guidance clarifying environmental responsibilities;
10. treat nature recovery as critical national infrastructure by embedding natural capital into national infrastructure planning and providing long-term, stable funding for nature recovery programmes;
11. strengthen local authority capacity through national training programmes for ecologists and environmental planners, funding for shared ecological hubs, and explicit protections for environmental functions during Local Government Reorganisation (LGR);
12. improve cross-boundary coordination by supporting regional nature partnerships, requiring Local Nature Recovery Strategies (LNRS) alignment across borders, investing in national environmental data systems, and helping develop nature markets with lower transaction costs.

Chapter 6: The role of mayors in rural devolution and local delivery

The APPG urges the Government to:

13. standardise a core set of mayoral powers nationwide while preserving flexibility for rural and coastal areas;
14. improve public communication on devolution through coordinated national and local messaging;
15. reform funding formulas to reflect higher delivery costs in rural and sparsely populated areas;
16. strengthen strategic planning by giving mayors stronger statutory mechanisms to convene utilities and national agencies;
17. increase local government capacity through long-term funding settlements and reduced reliance on competitive bidding.

Chapter 7: The impact of devolution on rural areas

The APPG urges the Government to:

18. make rural proofing a statutory requirement for all strategic authorities, including mandatory rural impact assessments and a dedicated Rural Commissioner;
19. protect rural representation within devolution and Local Government Reorganisation (LGR) by ensuring district-level involvement and governance structures that guarantee the rural voice;
20. reform funding formulas to reflect rural service delivery costs and dispersed deprivation, reinstating remoteness adjustments and ensuring transparency;
21. strengthen rural capacity and continuity through bridging funds and support for rural expertise during the transition to new structures.

"Rural areas continue to be poorly understood and insufficiently prioritised within current governance structures."



3. Rural areas, the devolution agenda and what has come before

The first session of the APPG focused on hearing what the picture currently looks like for rural businesses, and what lessons could be learned from the past.

The evidence presented to the APPG highlighted a consistent and pressing concern. While devolution has the potential to deliver more responsive and effective local policymaking, rural areas continue to be poorly understood and insufficiently prioritised within current governance structures.

Witnesses described a persistent "policy vacuum" between local decision-makers and rural businesses, with Dr Charles Trotman (CLA) noting that rural interests are routinely "diluted by urban" priorities, even in authorities with extensive rural hinterlands. This disconnect has contributed to slow planning processes, underinvestment, and a lack of tailored economic strategy for rural communities.

Several witnesses emphasised that the current devolution model has largely evolved in urban areas, leaving rural economies to adapt to frameworks not designed with their needs in mind. Matthew Fright (Institute for Government) described devolution as a "race where the firing gun's been fired at different times", with rural areas often joining late and lacking the capacity to undertake the rigorous analysis required to shape effective local growth plans. Even in areas with established combined authorities, such as Cambridgeshire and Peterborough, early dysfunction and limited strategic capability hindered progress.

Leadership and institutional capacity emerged as critical determinants of success. Lord Inglewood (former Local Enterprise Partnership (LEP) Chair), warned that "there is not enough quality and high-calibre people engaged to provide a quality and high-calibre service" within local government, and stressed the importance of competent, visionary mayors who can convene stakeholders and drive coherent strategies. Witnesses pointed to examples such as former Manchester Mayor Andy Burnham to illustrate how strong leadership can overcome structural limitations.

The APPG also heard that rural businesses often struggle to engage meaningfully with local authorities. Dr Trotman argued that the lack of structured engagement mechanisms has left rural businesses without a clear route to influence policy, contributing to planning delays and missed opportunities for economic diversification. He cited cases where planning applications took years or decades to progress, undermining growth and investment. In contrast, areas such as Sussex were highlighted as examples of good practice, where councils have taken an "active interest" in rural business models and recognised the importance of rural-urban economic interdependence.

Despite these challenges, witnesses identified opportunities for improvement. The East Midlands Combined Authority's approach of dividing its geography into distinct economic areas such as the Peaks and Dales, demonstrates how devolution can support more tailored rural strategies. Similarly, the North East Combined Authority's Coast and Rural Task Force was cited as an emerging example of rural-focused policymaking. However, witnesses stressed that such progress remains uneven and dependent on local initiative rather than national design.

A recurring theme was the need for clearer statutory recognition of rural issues. Dr Trotman argued that the English Devolution Bill should explicitly include rural competence, warning that without this amendment, rural areas will continue to rely on ad-hoc advocacy: "we have to go to every single local authority ... and get the message out there". Since then, the Government put into the now titled English


Shropshire
County
Council

Devolution and Community Empowerment Act 2026 a statutory competence of "rural and coastal affairs" for strategic authorities, which the APPG supports.

Witnesses also emphasised the importance of evidence-led local growth plans, co-produced with business communities, to ensure that strategies reflect real economic conditions rather than generic aspirations or central government wish lists.

Written evidence from Britain's Leading Edge (BLE) pointed to a longstanding "policy corridor" bias favouring metropolitan areas, alongside funding thresholds and programme design that limit participation from rural areas. Its evidence emphasised that rural regions are strategic national assets – supporting clean energy generation, food security, and nature recovery – but argued that this potential will only be realised where devolution settlements include long-term funding, rural impact assessments, and appropriate powers for non-metropolitan areas.

The APPG concludes that meaningful rural devolution requires structural change, improved capacity, and stronger engagement mechanisms. Without these reforms, rural areas risk being left behind as devolution accelerates elsewhere.

RECOMMENDATIONS

In order to support meaningful devolution in rural areas, the All-Party Parliamentary Group (APPG) for Rural Business and the Rural Powerhouse recommends the following.

1. Strengthen local authority capacity and leadership, particularly in rural and semi-rural areas, to improve strategic planning and delivery.
2. Establish Rural Business Boards within combined authorities to formalise engagement between rural businesses and local policymakers.
3. Require evidence-led local growth plans, co-produced with business communities and grounded in a clear long-term vision for the local economy.
4. Promote integrated rural-urban economic strategies, recognising the interdependence of towns, cities, and their rural hinterlands.

"If designed well, with rural needs embedded into governance, planning, investment, and capacity building, devolution can unlock a new era of rural housing delivery."



4. The impact of devolution on rural housing

Devolution has the potential to reshape rural housing delivery by empowering local leaders to take a more integrated, place-based approach to planning, infrastructure, and investment. Yet the evidence presented to the panel reveals a complex landscape where opportunities sit alongside systemic risks. Rural housing providers, planners, and representatives from combined authorities described a system that is both structurally constrained and highly sensitive to the design of devolution settlements. For many, the question is not whether devolution can support rural housing but whether it will, without deliberate policy safeguards.

The testimony heard makes clear that rural areas face distinct pressures that are not mirrored in urban centres. These differences shape the way development occurs, how communities engage, and what governance structures can deliver sustainable outcomes. Witnesses emphasised repeatedly that unless devolution actively recognises rural needs, new powers may unintentionally entrench existing disparities rather than resolve them. This chapter explores those concerns, drawing on evidence from housing associations, planners, MPs, and combined authority leaders, and outlines how devolution can be designed to strengthen, rather than sideline, rural housing delivery.

A consistent theme in the evidence session was that delivering housing in rural areas is inherently more complex and more expensive than in urban settings. Dr Demelza Jones (University of Gloucestershire) explained that small-scale rural schemes face "increased costs and complexity … and the very long timeframes that are often involved", making such developments less attractive to providers and harder to bring forward at scale. These timeframes are compounded by capacity challenges within planning departments. Martin Collett (English Rural) highlighted that it is "not unusual … to have exception site opportunities in planning for 12 to 18 months", during which rising costs and expiring land options often undermine viability.

These difficulties are reflected in delivery data. As Collett told the panel, completions on rural exception sites have fallen to around "550 across the whole of England", a strikingly low figure given the scale of rural housing need. Mechanisms that should enable rural development such as rural exception sites are used inconsistently, with one study showing only 17% of rural planning authorities making use of them in 2021-22.

Infrastructure emerged as one of the most significant determinants of whether communities accept or resist rural housing. Witnesses emphasised that local opposition often stems not from opposition to homes themselves, but from concerns that development will exacerbate existing infrastructure shortfalls. Aphra Brandreth MP (Conservative MP for Chester South and Eddisbury) reflected this clearly, noting that "a lot of the concerns … are more around the surrounding infrastructure" than the principle of housing growth itself.

The panel heard that many rural areas lack adequate transport options, water and wastewater capacity, energy infrastructure, or primary care provision, challenges that can delay or prevent development. Catriona Riddell (Director of Catriona Riddell & Associates) linked local attitudes to these deficits, arguing that without a "coherent approach to rural areas", investment will continue to flow to larger urban centres, leaving rural communities without the infrastructure needed to support growth.

The fragility of on-the-ground delivery infrastructure was a recurring concern. Rural housing enablers often based in voluntary sector organisations play a critical role in

building community trust, identifying opportunities, and bringing partners together. But as Dr Jones warned, "their funding is in jeopardy", with some organisations already closing their doors due to a lack of sustainable financial support.

Local authority capacity is similarly stretched. Years of budget pressures have hollowed out planning teams, leaving councils unable to respond quickly to rural schemes or to develop the proactive planning needed to unblock sites. These challenges are exacerbated by the fact that devolution, in many areas, is occurring at the same time as Local Government Reorganisation (LGR).

Devolution can provide powerful tools for addressing these barriers, particularly through integrated strategic planning and pooled investment. Riddell described the potential for devolution to "look at places in a coherent, integrated way", aligning housing with transport, nature recovery, and economic development. Witnesses welcomed the promise of statutory Spatial Development Strategies and the renewed focus within Homes England which Judith Barker (Cambridgeshire and Peterborough Combined Authority) noted is beginning to recognise that rural housing "will cost differently" and requires tailored support.

Yet the panel was equally clear that the risks are substantial. Several witnesses warned that rural areas could be left behind without explicit safeguards. Robbie Calvert (Royal Town Planning Institute (RTPI)) highlighted the need for a "statutory duty to consider the needs of rural areas", expressing concern that without such provisions, rural needs could be marginalised in mixed urban-rural combined authorities.

A specific structural oversight identified during the session is that national parks' key rural planning authorities currently have no guaranteed seat within devolved governance structures. Riddell described this as "a massive oversight" with significant implications for rural strategy and decision-making.

Overall, witnesses stressed that the opportunity presented by devolution will only be realised if rural considerations are embedded into structures, funding, and accountability mechanisms from the outset.

Effective rural housing delivery depends on strong partnerships and genuine community engagement. Witnesses highlighted how rural housing partnerships involving local authorities, housing associations, enablers, and community organisations create continuity and shared purpose. Dr Jones explained that where such partnerships exist, "it becomes easier to make the case" for rural housing and to build community support for schemes.

Riddell pointed to citizens' panels as a promising method for embedding rural voices, explaining that "having them embedded in the structure … will help enormously" in maintaining visibility and trust. Community Land Trusts (CLTs) were also recognised as a mechanism for ensuring local ownership and long-term stewardship of rural homes, though witnesses stressed the need for strong governance models.

The evidence demonstrates clearly that devolution presents both a major opportunity and a profound risk for rural housing. If designed well, with rural needs embedded into governance, planning, investment, and capacity building, devolution can unlock a new era of rural housing delivery. But without statutory protections, investment in planning capacity, and strong rural partnerships, the gaps between rural and urban areas could widen further.

RECOMMENDATIONS

In order to support the delivery of housing in devolved areas, the All-Party Parliamentary Group (APPG) for Rural Business and the Rural Powerhouse recommends the following.

5. Embed a comprehensive rural housing strategy within national frameworks.
6. Strengthen rural planning capacity and long-term funding for delivery partners.
7. Develop an integrated rural infrastructure framework aligning key services.
8. Support rural partnerships, community engagement models, and Community Land Trusts (CLTs).

"The emerging picture is not one of failure, but of potential constrained by structural gaps."



5. The impact of devolution on nature recovery and land use

Nature recovery and land-use planning sit at the heart of rural economic resilience, food security, and environmental stewardship. Yet across England, these agendas are being shaped in a policy environment marked by rapid institutional change, resource constraints, and evolving responsibilities. The panel session brought together local government leaders, environmental practitioners, and representatives of combined authorities to examine how the emerging devolution landscape is affecting Local Nature Recovery Strategies (LNRS), the development of a national Land Use Framework, and the ability of rural areas to meet statutory environmental targets. Their evidence paints a picture of committed local leadership operating within a fragmented and underpowered national system that too often lacks clarity, coordination, and long-term investment.

Many witnesses described confusion around the relationship between LNRS, spatial planning, and the responsibilities created under the English Devolution Bill (now the English Devolution and Community Empowerment Act 2026). In Surrey, Carolyn McKenzie (Surrey County Council) noted that her authority was working to ensure its LNRS could "overlay on our Spatial Development Strategy", but emphasised the difficulty caused by the fact that "it's not mentioned in the [Devolution] Bill" despite expectations set out in the earlier white paper. This lack of statutory clarity has contributed to uneven implementation across the country. Others highlighted the structural problems created by LNRS boundaries that do not align with combined authority geography. Ross Lowrie (North East Combined Authority (NECA)) described the situation as a "complete dog's dinner", with NECA responsible for LNRS only for the northern part of its geography, while neighbouring authorities were responsible for the rest, creating inconsistent expectations and duplicated processes. Despite these challenges, witnesses were clear that publication of LNRS is only the start; the true test lies in implementation, funding, and cross-boundary delivery.

Throughout the session, participants repeatedly argued that nature must be treated as critical national infrastructure. Several cited the need for nature recovery, water security, biodiversity, and soil health to be placed on an equal footing with transport or energy. Sarah Mukherjee (Institute of Environmental Management and Assessment (IEMA)) stressed that without viewing nature this way, decision-makers risk underestimating its economic contribution and failing to invest in long-term resilience. She warned that local authorities too often lack the ecological literacy required to make sound decisions: "How do you know you're making the right decision for nature if you don't have the basic skills?". Her evidence aligns closely with the recommendations that national government publishes a formal coordination framework for LNRS, creates a single national data portal, and introduces a statutory duty for nature recovery across government departments.

Skills and capacity gaps were among the most urgent issues raised. Witnesses described a system that is "one deep" in critical roles such as county ecologists, with councils routinely losing staff to the private sector due to higher salaries and greater stability. McKenzie noted that even with five ecologists on her team, retaining them was a "constant struggle", particularly during LGR, when authorities prioritise statutory "safe and legal" services, leaving environmental functions exposed or deprioritised. Mukherjee explained that professionals with "green skills" can command up to 15% higher salaries in the private sector, making retention in local government increasingly difficult. These pressures undermine the foundations of LNRS delivery and highlight the need for national programmes to train ecologists, environmental planners, and land-use specialists.

Alongside the capacity challenge, witnesses described a policy landscape characterised by overlapping initiatives and unclear expectations. Mukherjee captured this problem forcefully, calling the current system an "acronym soup" with LNRS, Biodiversity Net Gain (BNG), Environmental Land Management schemes (ELMs), 30x30 commitments, Environmental Improvement Plan (EIP) targets, net zero obligations, and more. She argued that farmers and land managers "do not have the bandwidth to cope with all of that", and called for national government to provide a clearer articulation of how these schemes fit together and what outcomes are expected and economically viable – on the ground.

The need for better coordination both vertically between central and local government, and horizontally between neighbouring areas was another major theme. Matthew Browne (The Wildlife Trusts) highlighted that LNRS were originally intended to provide a consistent national framework for delivering The Environment Act 2021 targets, but this "hasn't really happened". He pointed to the lack of a national data platform and the absence of guidance on how LNRS commitments should align across borders, describing this as a "major gap" in the system. Similarly, Lowrie emphasised that landscape-scale challenges such as nature corridors, river catchments, and protected sites cannot be addressed within single administrative boundaries. His team had already undertaken shared consultation across multiple LNRS areas because, as he put it, "there's no point in being quite hard on your nature borders because that's not how it works".

Funding emerged repeatedly as a structural constraint. Lowrie highlighted that while his combined authority had committed £17 million of its own investment fund to support rural business and nature recovery, this was to compensate for severe national funding gaps. He noted that of a £575 million integrated settlement, only £185,000 was allocated to nature recovery and "nothing" for rural, calling this a clear sign that "we're not yet using devolution for rural, nature or environment" despite the framework existing to do so. Witnesses also stressed that the success of nature markets, such as carbon credit or BNG marketplaces, depends on reducing transaction costs, improving data transparency, and providing long-term certainty – none of which currently exist at scale.

Some witnesses raised wider political risks around the devolution agenda. Mukherjee stated that in some local authorities, "the first thing that happens is that anything to do with climate change is removed immediately", with staff losing their roles as political priorities shift. While acknowledging this risk, Browne argued that public support for nature is increasing across the political spectrum and that councils choosing to deprioritise nature recovery "will pay an electoral price", given the consequences for flooding, water quality, and farm productivity. Lowrie added that devolution inevitably involves political diversity, noting his combined authority cabinet includes multiple parties, and emphasised that central government must trust regions to lead.

Taken together, the evidence suggests that while local leaders are innovating and collaborating effectively, national government has not yet provided the statutory clarity, financial certainty, or cross-departmental coordination needed to fully unlock nature recovery through devolution. The emerging picture is not one of failure, but of potential constrained by structural gaps: fragmented geography, insufficient skills, short-term funding, unclear responsibilities, and a lack of integration between environmental and land-use frameworks. Witnesses

repeatedly emphasised that with clearer national direction, properly resourced local expertise, and stronger cross-boundary collaboration, LNRS and the Land Use Framework could drive meaningful environmental and economic gains for rural areas.

RECOMMENDATIONS

In order to support Local Nature Recovery Strategies (LNRS) and the Land Use Framework to drive meaningful environmental and economic gains for rural areas, the All-Party Parliamentary Group (APPG) for Rural Business and the Rural Powerhouse recommends the following.

9. Establish clear national direction by publishing a national coordination framework for Local Nature Recovery Strategies (LNRS), a single national data portal, and statutory guidance clarifying environmental responsibilities.
10. Treat nature recovery as critical national infrastructure by embedding natural capital into national infrastructure planning and providing long-term, stable funding for nature recovery programmes.
11. Strengthen local authority capacity through national training programmes for ecologists and environmental planners, funding for shared ecological hubs, and explicit protections for environmental functions during Local Government Reorganisation (LGR).
12. Improve cross-boundary coordination by supporting regional nature partnerships, requiring Local Nature Recovery Strategies (LNRS) alignment across borders, investing in national environmental data systems, and helping develop nature markets with lower transaction costs.

"Without systemic reforms and clearer national frameworks, rural communities risk falling further behind."



6. The role of mayors in rural devolution and local delivery

The rapid expansion of devolution across England is reshaping the governance landscape in ways that present significant opportunities for rural communities but also substantial risks. The evidence presented to the APPG revealed a picture of emerging mayoral institutions grappling with uneven powers, structurally unfair funding systems, and deep public confusion about what devolution means and what it can deliver. While the panel offered examples of promising innovation, particularly in convening partners and aligning economic and social priorities, witnesses were clear that the system remains too fragmented to meet the needs of rural and coastal areas. Their testimony highlighted the urgent need for clarity, consistency and rural-proofed policy design as new combined authorities begin to form.

The discussion began with the fundamental issue of powers. As Mayor David Skaith (York & North Yorkshire Combined Authority) explained, mayoral responsibilities differ so widely across the country that even engaged residents "don't understand what mayors actually have powers over", noting that "only me and [former] Mayor Burnham have police and fire" while others have different combinations of functions. This inconsistency has created a confusing system in which the public and stakeholders assume that all mayors resemble Greater Manchester leading to unrealistic expectations and unhelpful comparisons. The result is that new authorities, particularly rural ones, are held to standards built around long-established metropolitan models rather than the realities of dispersed geographies, stretched infrastructure, and limited institutional capacity.

Witnesses also emphasised that a one-size-fits-all policy is inappropriate for rural areas. Mayor Skaith pointed to housing as a prime example: while every combined authority has responsibilities for brownfield development, delivering affordable homes "in the middle of the Moors or the Dales" is fundamentally different from doing so in Stockport or Barnsley. Rural delivery costs are higher, land supply is more constrained, and the impact of even small developments is magnified: "three or four homes in a very small rural community is a massive deal … it keeps the village alive". This perspective echoed the recommendations that powers may be standardised, but flexibility must be preserved to reflect rural and coastal realities.

Communication emerged as a significant barrier to public engagement with devolution. Cllr Hannah Dalton (Local Government Association (LGA)) described striking levels of confusion in Surrey, recalling a resident who believed a statutory consultation was a "referendum", illustrating the communication gap. She noted that people "don't know what's happening, don't know the benefit, and why it's happening so quickly". In newly reorganised areas, where residents are still adapting to unitary structures, adding mayoral layers without clear messaging "busts people's brains", she said. The panel agreed that poor communication leads to mistrust, misinformation, and a sense that devolution is something being done to communities rather than for them.

Funding inequality was a dominant theme. Witnesses described a system in which rural areas receive far less investment despite facing significantly higher delivery costs across transport, housing and public services. Mayor Skaith noted that York and North Yorkshire's transport settlement is "about one-tenth" of that allocated to core city regions, despite the area's travel distances, sparse population and poor connectivity. He observed that in some areas, per-capita investment is "ten times more per head" than his own, highlighting structural inequities in funding formulas that still fail to recognise rural cost pressures.

Strategic planning and infrastructure coordination were also identified as major gaps. Witnesses described persistent difficulties bringing utilities such as water, energy, and broadband into early planning discussions. Dalton warned that even when councils have sites, plans and community support, "getting the utilities in place … can be a real challenge", and argued that mayors need "more powers to bring them to the table" so infrastructure does not hold back rural housing or economic development. Mayor Skaith agreed, describing the ability to convene as "one of the biggest strengths" of combined authorities, but acknowledged that convening power alone is insufficient without clearer statutory levers.

Beyond infrastructure, witnesses stressed the need for increased capacity and skills throughout local government. Years of funding pressures have eroded planning, economic development and financial teams. Dalton pointed out that bidding for competitive funds requires specialist staff that many rural authorities do not have, reinforcing inequalities. She argued that "bidding becomes divisive", and that without long-term funding certainty, councils cannot attract or retain the staff needed to deliver devolution's ambitions.

Transport was repeatedly highlighted as a particularly acute challenge for rural areas. In York and North Yorkshire, bus services often fail to align with working patterns, hindering employment and productivity. Mayor Skaith explained that rural residents "accept they're not going to get four or five buses an hour", but rely heavily on the "one or two buses" available and those must be reliable. In many places, bus timetables have been designed around tourism rather than employment, providing late-morning services for visitors but few early services for workers.

Taken together, the evidence reveals that while the devolution agenda holds genuine promise for rural areas, the potential achievements of devolution continue to be limited by: structural flaws, uneven powers, poor public understanding, unfair funding formulas, insufficient planning and infrastructure coordination, and chronic capacity shortages.. Witnesses were optimistic about the convening role of mayors and the potential for rural-proofed approaches, but were equally clear that without systemic reforms and clearer national frameworks, rural communities risk falling further behind.

RECOMMENDATIONS

In order to support mayors to use their powers effectively, the All-Party Parliamentary Group (APPG) for Rural Business and the Rural Powerhouse recommends the following.

13. Standardise a core set of mayoral powers nationwide while preserving flexibility for rural and coastal areas.
14. Improve public communication on devolution through coordinated national and local messaging.
15. Reform funding formulas to reflect higher delivery costs in rural and sparsely populated areas.
16. Strengthen strategic planning by giving mayors stronger statutory mechanisms to convene utilities and national agencies.
17. Increase local government capacity through long-term funding settlements and reduced reliance on competitive bidding.

7. The impact of devolution on rural areas

Devolution has reshaped the governance landscape of the United Kingdom, promising to bring decision-making closer to communities and enabling more responsive, place-based policy. Yet for rural areas, which are home to millions of people, thousands of small businesses, and a significant proportion of the nation's natural capital, the experience of devolution has been mixed. While the potential benefits are substantial, the risks are equally significant, particularly where governance structures, funding formulas, and engagement fail to reflect rural realities.

The panel session featuring responses from charities and the District Councils' Network, provides a candid insight into how rural leaders, practitioners, and community organisations perceive the current trajectory of devolution. Their testimony reveals a consistent narrative: rural areas are at risk of being overlooked, underfunded, and structurally disadvantaged unless deliberate action is taken to embed rural considerations into the heart of the devolution agenda. This chapter expands on those insights, exploring the distinctive challenges facing rural communities, the implications of current devolution proposals, and the reforms needed to ensure rural areas benefit from the opportunities devolution presents.

Rural areas are not simply smaller versions of urban ones. They are fundamentally different in geography, demography, infrastructure, and economic structure. These differences shape the way services are delivered, how communities function, and what governance arrangements are effective. One of the most persistent challenges for rural councils is the higher cost of delivering statutory services. Sparse populations, long travel distances, and dispersed settlements create inefficiencies that urban areas do not face. Kerry Booth (Rural Services Network) illustrated this vividly when she explained that refuse collection routes may involve "5 miles between homes" and require "4x4 vehicles to get down those country roads". These vehicles must return to depots more frequently, increasing fuel, staffing, and maintenance costs. This is not an isolated example. Whether it is adult social care workers travelling between clients, housing officers covering large territories, or emergency services navigating remote areas, rural service delivery is inherently more expensive. Yet funding formulas rarely reflect this reality.

Demographic pressures compound these challenges. Rural populations tend to be older, with higher health and social care needs. As Cllr Bridget Smith (South Cambridgeshire District Council and Local Councils Network, previously the District Councils' Network) noted, "They're quite often older, so higher health and social care needs". At the same time, many rural areas experience youth out-migration, leaving gaps in the workforce and reducing the pool of volunteers who often underpin community resilience. This demographic imbalance places additional pressure on local services while simultaneously reducing the tax base and labour supply needed to sustain them.

Access to services and infrastructure is also more limited in rural areas. The panel identified five consistent challenges facing rural communities: lack of affordable housing, poor transport and digital connectivity, loneliness and isolation, inadequate access to public services, and energy insecurity. These issues are deeply interconnected. Poor transport limits access to healthcare; lack of digital connectivity restricts access to online services; and limited housing supply pushes younger people out of rural areas, weakening local economies. Corinne Pluchino (Action with Communities in Rural England (ACRE)) emphasised that these challenges are not

"Rural communities are diverse, resilient, and essential to the nation's social and economic fabric. Ensuring that devolution works for them is not a niche concern."



isolated incidents but "remarkably consistent across the piece". This consistency underscores the need for systemic, rather than piecemeal, policy responses.

Rural communities also rely heavily on a small number of key institutions – pubs, shops, post offices, and village halls that serve as social and economic anchors. When these institutions fail, the impact is profound. As Gordon Hector (Plunkett UK, previously Plunkett Foundation) explained, "In rural areas, individual businesses … are much more fundamental". Community ownership models offer a lifeline, but they require supportive policy frameworks and funding.

Despite its prominence in national policy, devolution remains poorly understood by many rural residents. This lack of understanding is not simply a communications issue; it reflects deeper concerns about representation, distance, and trust. The panel highlighted widespread confusion between devolution and LGR. Booth noted that many rural residents fear that devolution will "move decisions further away from them", particularly when combined with proposals to create large unitary authorities with fewer councillors. This confusion is understandable. Government policy has often linked devolution deals to structural reforms, creating the impression that devolution is synonymous with consolidation and centralisation rather than empowerment.

Public awareness of devolution is low. Cllr Smith cited polling showing that "three-quarters of the population had no idea about devolution or what the benefits might be". This lack of awareness is particularly acute in rural areas, where engagement structures are weaker and where residents may already feel distant from decision-making. Hector drew on Scottish and Welsh experience to argue that devolution must be experienced to be understood: "If they experience a change … then they will understand that it's a good thing". This insight suggests that visible improvements in transport, housing, or economic development are essential to building public trust.

The design of combined authorities and mayoral structures is central to whether devolution works for rural areas. The panel expressed deep concern that current proposals risk marginalising rural voices. District councils are often the closest tier of government to rural communities. Their removal from combined authority boards would, in Cllr Smith's words, be "deeply concerning … the opposite of devolution". Without district representation, rural areas risk being overshadowed by larger urban centres within combined authority boundaries. Cllr Smith described the Cambridge and Peterborough Combined Authority as a positive example because district leaders sit on the board, enabling information to flow directly to communities. This structure ensures that rural concerns are not lost in regional decision-making.

Parish and town councils could play a significant role in rural engagement, but their coverage is inconsistent, and their relationship with new neighbourhood structures remains unclear. Pluchino warned that without clarity, engagement risks becoming fragmented or ineffective. The panel also noted that individual mayors can make a significant difference positively or negatively. Pluchino cited York and North Yorkshire as a positive example due to a mayor who is "particularly passionate about the agenda". But relying on personality rather than structure is inherently fragile and risks inconsistency across regions.

Funding inequities emerged as one of the most urgent concerns raised by the panel. The removal of the remoteness adjustment from the new funding formula

was described as inexplicable. Cllr Smith noted that it was "really difficult to understand how the fair funding consultation justified its removal". The adjustment now applies only to adult social care, despite rural cost pressures across all services. Booth highlighted that by 2026-27, "urban councils will get 32% more in government-funded spending power per head compared to rural". This disparity undermines the principle of fairness and threatens the sustainability of rural services.

Rural deprivation is often dispersed rather than concentrated, meaning it is not captured by the Index of Multiple Deprivation (IMD). Booth noted that government uses IMD 2025 for the formula but allocates £400 million using outdated IMD 2019 data – suggesting political rather than evidence-based decision-making. The consequences are stark: discretionary services are being cut, internal drainage board levies are consuming large portions of rural budgets, and councils face cliff-edge financial risks. Cllr Smith warned that South Cambridgeshire's District Council previously distant financial cliff edge has "come a whole lot nearer".

Capacity challenges further threaten the success of devolution in rural areas. Devolution is occurring alongside the winding down of key rural funding streams such as the Rural England Prosperity Fund (REPF) and the UK Shared Prosperity Fund (UKSPF). Booth warned that councils are "concerned that they will lose those staff when we get to the end of March". Without continuity funding, rural capacity will collapse just as new strategic authorities are expected to take on greater responsibilities. This is compounded by recruitment challenges in rural areas, where specialist skills are scarce and competition from urban centres is strong.

A recurring theme was the need for clear, accessible, and well-publicised engagement mechanisms. Pluchino emphasised that rural areas have "far fewer people and organisations to draw on", meaning engagement must be structured, predictable, and easy to navigate. Without this, rural voices risk being drowned out by larger urban populations within combined authority areas.

Despite the concerns, the panel was clear that devolution has real potential. If designed well, it could bring decision-making closer to communities, enable more integrated transport and housing planning, support rural economic development, strengthen community ownership of assets, and improve coordination across local and regional levels. Hector highlighted the potential of the community right-to-buy provisions in the English Devolution Bill, which could "save lots of businesses that would otherwise go to the wall". But he also warned that without funding, these powers would be "hollow".

Devolution offers a genuine opportunity to reshape governance in ways that empower local communities, improve service delivery, and support economic growth. But without deliberate action, rural areas risk being sidelined – victims of structural misunderstandings, funding inequities, and decision-making frameworks that privilege urban centres. The testimony captured in the panel session is a powerful reminder that rural communities are diverse, resilient, and essential to the nation's social and economic fabric. Ensuring that devolution works for them is not a niche concern. It is fundamental to the success of the entire devolution project.

RECOMMENDATIONS

In order to ensure all strategic authorities consider the needs of rural areas, the All-Party Parliamentary Group (APPG) for Rural Business and the Rural Powerhouse recommends the following.

18. Make rural proofing a statutory requirement for all strategic authorities, including mandatory rural impact assessments and a dedicated Rural Commissioner.
19. Protect rural representation within devolution and Local Government Reorganisation (LGR) by ensuring district-level involvement and governance structures that guarantee the rural voice.
20. Reform funding formulas to reflect rural service delivery costs and dispersed deprivation, reinstating remoteness adjustments and ensuring transparency.
21. Strengthen rural capacity and continuity through bridging funds and support for rural expertise during the transition to new structures.



8. Conclusion

Devolution is not inherently good or bad for rural areas. What matters is whether the structures now being built are designed with rural communities in mind from the outset, or whether rural areas are once again left to fit themselves around a model built for cities.

That was the concern running through every session of this inquiry, whether the panel was discussing housing, nature recovery, mayoral powers, or local growth. Rural services cost more to deliver, and rural authorities have less capacity to plan for or bid for the funding they need; there is a real risk that in larger strategic authorities, rural interests simply get outvoted. The funding numbers bear this out. By 2026-27, urban councils will receive 32% more government-funded spending power per head than rural ones, despite rural services costing more to deliver in the first place.

None of this is inevitable, though. Witnesses were clear about what would fix it: rural representation built into combined authority boards, funding formulas that reflect the real cost of serving dispersed populations, rural proofing with teeth, more capacity in rural authorities, and clearer direction from national government – on nature recovery as much as on housing and growth. That is what the recommendations in this report are trying to secure.

The Government, through the English Devolution and Community Empowerment Act 2026, is undertaking the biggest overhaul of local government in a generation. That gives it a chance to make devolution work for the whole of England, not just its largest cities. Whether it succeeds will come down to a simple test: do rural communities come out of this with a stronger voice, stronger institutions, and a fairer share of what devolution is supposed to deliver?



9. Appendix 1

List of acronyms

ACRE	Action with Communities in Rural England
APPG	All-Party Parliamentary Group
BLE	Britain's Leading Edge
BNG	Biodiversity Net Gain
CLA	Country Land and Business Association
CLTs	Community Land Trusts
EIP	Environmental Improvement Plan
ELMs	Environmental Land Management schemes
IEMA	Institute of Environmental Management and Assessment
IMD	Index of Multiple Deprivation
LEP	Local Enterprise Partnership
LGA	Local Government Association
LGR	Local Government Reorganisation
LNRS	Local Nature Recovery Strategies
NECA	North East Combined Authority
REPF	Rural England Prosperity Fund
RTPI	Royal Town Planning Institute
UKSPF	UK Shared Prosperity Fund

Acknowledgements

The APPG would like to thank all parliamentarians who were part of the panel for this inquiry:

John Milne MP – Liberal Democrat, Horsham (Chair)

Jayne Kirkham MP – Labour, Truro and Falmouth (Co-Vice Chair)

Rachel Gilmour MP – Liberal Democrat, Tiverton and Minehead (Co-Vice Chair)

Aphra Brandreth MP – Conservative, Chester South and Eddisbury

The APPG would like to thank the following individuals who gave oral evidence.

Judith Barker – Cambridgeshire and Peterborough Combined Authority

Kerry Booth – Rural Services Network

Aphra Brandreth MP – Conservative, Chester South and Eddisbury

Matthew Browne – The Wildlife Trusts

Robbie Calvert – Royal Town Planning Institute (RTPI)

Martin Collett – English Rural

Cllr Hannah Dalton – Local Government Association (LGA)

Matthew Fright – Institute for Government

Gordon Hector – Plunkett UK (previously Plunkett Foundation)

Lord Inglewood – former Local Enterprise Partnership (LEP) Chair

Dr Demelza Jones – University of Gloucestershire

Ross Lowrie – North East Combined Authority (NECA)

Carolyn McKenzie – Surrey County Council

Sarah Mukherjee – Institute of Environmental Management and Assessment (IEMA)

Corinne Pluchino – Action with Communities in Rural England (ACRE)

Catriona Riddell – Director of Catriona Riddell & Associates

Mayor David Skaith – York & North Yorkshire Combined Authority

Cllr Bridget Smith – South Cambridgeshire District Council and Local Councils Network (previously the District Councils' Network)

Dr Charles Trotman – Country Land and Business Association (CLA)

The APPG would like to thank the following for providing written evidence.

Aurora Eastwood

Barnaby Lawrence

Better Food Traders

Campaign to Protect Rural England (CPRE)

Chartered Institute of Housing

Countryside Alliance

Exmoor National Park

Institute of Grocery Distribution

Local Government Association (LGA)

National Association of Local Councils

National Farmers' Union (NFU)

National Federation of Young Farmers' Clubs

Royal Town Planning Institute (RTPI)

Rural Housing Solutions

Rural Services Network

South Downs National Park Authority

Staffordshire County Council

Transport East

Wessex Partnership

York and North Yorkshire Combined Authority


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The views expressed in this report are those of the All-Party Parliamentary Group (APPG) for Rural Business and the Rural Powerhouse. All-Party Parliamentary Groups are informal groups of Members of both Houses with a common interest in particular issues.

This report was researched and funded by the Secretariat to the APPG, the Country Land and Business Association (CLA). This is not an official publication of the House of Commons or the House of Lords. It has not been approved by either House or its committees.

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Devolution and Its Impact on Rural Areas



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Rural Business and the Rural Powerhouse