



Library Note

Rural Economy: Key Statistics and Recent Developments

The rural economy is diverse and includes many different types of industry. It includes those industries traditionally associated with rural areas, such as agriculture, forestry and rural affairs. The rural economy also has much in common with other areas of the UK, with a high number of people employed in the service sector. In terms of gross value added (GVA), the largest sector in rural areas of England is public administration, education and health, which contributed 20 percent of rural England's total GVA. Agriculture, forestry and rural affairs contributed 2 percent of rural England's total GVA.

Statistics broken down by areas identified as rural on the basis of population density and for employment by sector indicate the following characteristics of the rural economy:

- Rural areas of England contributed an estimated £229 billion to England's total economy in terms of GVA, approximately a fifth of England's total economic activity. Agriculture, forestry and fishing accounted for 15.6 percent of the local units of registered businesses in rural areas in England. In rural areas classified as being in a sparsely populated setting, the proportion was 32 percent.
- Of Scotland's 32 local authority areas, 13 have a population of more than 50 percent living outside urban areas. In 2014, these local authority areas contributed 20.6 percent of total Scottish GVA.
- In 2008, the Welsh Government estimated that 85 percent of the land in Wales was used for either agriculture, forestry or was common land. In 2014, the agricultural, forestry and fishing sector was estimated to have produced £363 million, 0.7 percent of the total GVA of Wales.
- In 2015, agriculture, forestry and fishing accounted for 25 percent of all VAT and/or PAYE registered businesses in Northern Ireland. With the exception of Belfast, agriculture, forestry and fishing was the largest industry group in all local government districts.

This briefing provides an overview of the key economic statistics available on rural areas of the UK. It also focuses on two industries associated with rural areas—agriculture and tourism—and provides a summary of some of the recent developments affecting the rural economy.

I. Economic Statistics

Policy for rural areas is a devolved matter in Scotland, Wales and Northern Ireland. Statistics indicating the size and composition of the rural economy are therefore calculated separately for each of the countries of the UK. The system used to classify areas as rural and urban is also based on different methodologies covering England, England and Wales, Scotland and Northern Ireland. Where possible, this briefing provides like-for-like figures to provide an overview of the rural economy across the UK.

I.1 England

The Department for Environment, Food and Rural Affairs (Defra) publish statistics on the rural and urban population of England categorised on the basis of the proportion of the resident population living in rural areas or rural hub towns.¹ Hub towns are built-up areas with a population of 10,000 to 30,000. According to the 2011 Census, a fifth of the population of England, 20.9 percent, lived in local authorities defined as predominantly rural areas, while two thirds, 66.1 percent, lived in predominantly urban areas.²

Economic Activity

Rural areas of England contributed approximately a fifth of England's total economic activity. In 2014, predominantly rural areas contributed an estimated £229 billion to England's total economy in terms of gross value added (GVA), constituting 17 percent of total GVA.³ Predominantly urban areas, excluding London, contributed 45 percent of GVA.⁴ London contributed a 26 percent share of GVA in England, while primarily urban areas with a significant rural population contributed 12 percent.

Public administration, education and health has been identified by Defra as the largest sector in terms of GVA in predominantly rural areas. For England as a whole, the largest sector was distribution, transport, accommodation and food.⁵ Agriculture, forestry and fishing formed a larger proportion of the rural economy than across England as a whole, contributing 2 percent of GVA in rural areas, compared to 1 percent of GVA for the whole of England.

While agriculture, forestry and fishing is a relatively small sector of the economy of rural areas in terms of total GVA, it is one of the dominant industries in rural hamlets and rural villages in terms of the number of registered businesses as measured in local units. Local units includes sites that belong to an enterprise where the headquarters of that businesses is located elsewhere. Agriculture, forestry and fishing accounted for 15.6 percent of the local units of registered businesses in rural areas.⁶ In rural areas classified by Defra as being in a sparsely populated setting, the proportion was 32 percent.

¹ Government Statistics Services, [The 2011 Rural-Urban Classification for Local Authority Districts in England](#), May 2015.

² *ibid*, p 4.

³ Department for Environment, Food and Rural Affairs, [Productivity Measured by Gross Value Added](#), 28 January 2016, p 1. Predominantly rural areas are classified by Defra as being those with at least half of their population living in rural settlements or large market towns.

⁴ *ibid*, p 2.

⁵ Department for Environment, Food and Rural Affairs, [Statistical Digest of Rural England: March 2016](#), March 2016, p 36.

⁶ *ibid*, p 44.

Types of Employment

The size of the agricultural workforce in England and Wales has continuously declined since 1840, when it employed 22 percent of the UK workforce, to 1 percent in 2011.⁷ Professor Neil Ward, former director of the Centre for Rural Economy, has described how a decline in agriculture as a driver of the rural economy has taken place at the same time as a growth of knowledge-based industries.⁸ According to the 2011 Census of England and Wales, 3.4 percent of usual residents aged 16 to 74 of England and Wales were employed in the agriculture, forestry and fishing sector, compared with 0.3 percent in urban areas.⁹ The largest sector in terms of people employed was the same for both urban and rural areas, with 16.1 percent of urban residents and 14.9 percent of rural residents employed in the wholesale and retail trade sector.¹⁰

The size of business in rural areas is also different compared to urban areas. In terms of the number and size of businesses in rural areas, there are more registered businesses per head of population in rural areas than in urban areas.¹¹ However, the average turnover of those businesses is less than in urban areas. The average turnover of businesses in rural areas was £771,000, compared to £2,655,000 in urban areas.¹² The proportion of businesses that have a small number of employees is larger in rural areas, with 29 percent of businesses employing up to nine employees overall, compared with 18.7 percent in urban areas.¹³

Workforce

Defra has also published statistics on the levels of employment in rural and urban areas of England. A greater proportion of the rural population are economically inactive than is the case for the urban population: in the fourth quarter of 2015, 61.2 percent of the urban population over the age of 16 were employed and 5.2 percent were unemployed, while in rural areas 59.2 percent of the population were employed and 3.1 percent were unemployed.¹⁴

Home workers account for 14 percent of those who worked in England in 2013.¹⁵ Home workers are classified as those who usually spend “at least half of their work time using their home, either within their grounds or in different places or using it as a base”.¹⁶ 12 percent of those that worked in urban areas were home workers compared to 22 percent in rural areas. The proportion of home workers was highest in rural hamlets and other isolated dwellings, where it accounted for 33 percent of workers.

⁷ Office for National Statistics, [170 Years of Industrial Change across England and Wales](#), 5 June 2013.

⁸ Neil Ward, ‘[England Should Embrace its Rural Economy](#)’, *Financial Times*, 5 June 2008.

⁹ Office for National Statistics, [Rural-Urban Census Analysis](#), 22 November 2013, p 34.

¹⁰ *ibid.*

¹¹ Department for Environment, Food and Rural Affairs, [Statistical Digest of Rural England: March 2016](#), March 2016, p 42.

¹² *ibid.*, Table: ‘Registered Businesses (Single-Site or Headquarters), By Rural-Urban Classification, in England, 2014/15’, p 43.

¹³ *ibid.*, Table: ‘Percentage Of People Employed within Local Units by Size Bands of Registered Businesses and Rural-Urban Classification, in England, 2014/15’, p 47.

¹⁴ Department for Environment, Food and Rural Affairs, [Quarterly Rural Economic Bulletin: October–December 2015](#), 10 March 2016, p 3.

¹⁵ Department for Environment, Food and Rural Affairs, [Statistical Digest of Rural England: March 2016](#), March 2016, p 27.

¹⁶ *ibid.*

Demographics

A trend in most OECD countries has been identified where younger and better educated people have tended to migrate from rural areas to urban areas, leading to a decline in the economic growth of rural areas.¹⁷ However, while in the UK young people have continued to leave rural areas for the cities, for over 40 years the UK has had a net migration from urban to rural areas, driven by people in their mid-to-late forties moving to the country either before retirement or after retirement.¹⁸ This process has been described as ‘counter-urbanisation’. In terms of demographics, the population in rural areas in England tends to be older, with over 50 percent aged 45 years and above, compared to 40 percent in urban areas.¹⁹

Retired people make up a larger proportion of people not in work in rural areas. According to Defra, 38.9 percent of the rural population were classified as economically inactive, of whom 27.1 percent were retired.²⁰ In urban areas, 19.2 percent of the 35.4 percent of the population that were classified as economically inactive were retired. While unemployment was higher in rural areas, the claimant count was also lower, with 0.6 percent of the rural working age population claiming job seekers allowance, compared to 1.7 percent of the working age population in urban areas.²¹ A larger proportion of the rural population are eligible to claim their state pension than in England as a whole, representing over a fifth of the rural population in 2012.²² However, Defra estimated that 11.4 percent of the older population living in rural areas were employed or self-employed, a larger proportion than was the case in urban areas.²³

Earnings and Skills

Average annual employee earnings for those working in predominantly rural areas have tended to be lower than those working in predominantly urban areas. In 2013, the median gross annual earnings for those working in predominantly rural areas was £19,900, compared to £24,500 for those working in predominantly urban areas.²⁴

In terms of education, in 2011, 94.6 percent of the UK population working in rural areas had at least one qualification at NVQ2 or above, compared to 93.8 percent of those working in predominantly urban areas.²⁵ 35.8 percent of the working age population with a NVQ4 or equivalent qualification or above worked in predominantly rural areas, compared to 39.8 percent who worked in predominantly urban areas.

¹⁷ Neil Ward and David L Brown, ‘[Placing the Rural in Regional Development](#)’, *Regional Studies*, December 2009, vol 43 no 10, pp 1237–44.

¹⁸ *ibid.*

¹⁹ Department for Environment, Food and Rural Affairs, [Statistical Digest of Rural England: March 2016](#), March 2016, p 11.

²⁰ Department for Environment, Food and Rural Affairs, [Quarterly Rural Economic Bulletin: October–December 2015](#), 10 March 2016, p 3.

²¹ *ibid.*

²² Department for Environment, Food and Rural Affairs, [March 2012 Statistical Feature Report: Economic Activity of the Older Population](#), March 2012, p 1.

²³ *ibid.*

²⁴ Department for Environment, Food and Rural Affairs, [Earnings](#), 13 March 2014.

²⁵ Department for Environment, Food and Rural Affairs, [Statistical Digest of Rural England: March 2016](#), March 2016, p 128.

According to the 2015 Employer Skills Survey, conducted by the UK Commission for Employment and Skills, there was a 5.5 percent increase in the number of people employed in agriculture between 2013 and 2015.²⁶ Employers in the agriculture sector reported relatively low instances of having staff with unused skills—20 percent—compared to 40 percent of employers in the hotel and restaurant sector.²⁷

1.2 Scotland

The Scottish Government has a different system of categories to that of England when comparing the proportion of the population living in urban and rural areas.²⁸ Urban areas are classified in Scotland as being settlements with a population over 10,000, while rural areas are categorised as settlements with a population of less than 3,000. Settlements of sizes in-between these two figures are classified as small towns. According to the June 2014 mid-year population estimates, 12.3 percent of the Scottish population lived in small towns, while 18.5 percent were living in rural areas.²⁹ 69 percent of the population lived in urban areas. In total, rural areas constituted 98 percent of the land mass of Scotland.

The Scottish Government also classify settlements on the basis of remoteness, with areas that are more than a 30 minute drive time from a settlement with a population of 10,000 or more classified as remote. In terms of land use in 2013, 6 percent of the Scottish population lived in remote rural areas, making up 70 percent of the land by geographic area.³⁰ 12 percent of the population lived in accessible rural areas, constituting 27 percent of the land.

Economic Activity

In terms of Gross Value Added (GVA), it is possible to estimate the size of Scotland's rural economy on the basis of statistics for local authority areas. Of Scotland's 32 local authority areas, 13 have a population of more than 50 percent living outside urban areas.³¹ In 2014, these 13 local authority areas contributed 20.6 percent of total Scottish GVA.³² In five of Scotland's 32 local authority areas, a majority of the population were classed as living in rural areas. These were Aberdeenshire, Argyll and Bute, Eilean Siar, the Orkney Islands and Shetland. These five local authority areas contributed 7.7 percent of total Scottish GVA.

Types of Employment

Information is published by the Scottish Government on the proportion of people in different types of employment working in remote rural areas of Scotland, accessible rural areas of

²⁶ UK Commission for Employment and Skills, [Employer Skills Survey 2015: UK Results](#), January 2016, Table 1.2: 'UK Business and Employment Population by Sector, 2013–15', p 27.

²⁷ *ibid*, p 3.

²⁸ Scottish Government, [Scottish Government Urban/Rural Classification: 2013–14](#), November 2014, p 18. The six-fold category system is used in this briefing.

²⁹ National Records of Scotland, [Population Estimates by Urban Rural Classification](#), 3 December 2015, [Table 1: Population Estimates for Six-Fold Urban Rural Classification By Sex and Single Year of Age: June 2014](#).

³⁰ Scottish Government, [Rural Scotland: Key Facts 2015](#), March 2015, Figure 1: 'Percentage of Population and Land by Geographic Area, 2013', p 9. This includes places in both the 'small town' and 'rural area' categories.

³¹ Scottish Government, [Scottish Government Urban/Rural Classification: 2013–14](#), November 2014, p 16, Table 5.2: 'Percent of Population in Each Six-Fold Urban/Rural category, by Local Authority'.

³² House of Lords Library calculations based on local estimates of GVA for Scotland by Cogentsi, provided by the Scottish Parliament Information Centre.

Scotland and for the rest of Scotland:

- In 2014, the largest employer in terms of workforce in non-rural areas of Scotland was the public sector, constituting 24 percent of those employed.³³
- The public sector was also the largest employer in remote rural areas, constituting 18 percent of those employed. The second largest sector by proportion of people employed was agriculture, forestry and fishing.
- In accessible rural areas, the largest group—17 percent—were employed in a combination of private sector jobs, classified as ‘other activities’: professional, scientific and technical activities; administrative and support service activities; and arts, entertainment and recreation, and other service activities. The second largest group in accessible rural areas was the public sector.

In remote rural areas, 21 percent of those aged 16 to 74 worked mainly at or from home, according to the 2011 Census.³⁴ This compared to 15 percent of people in accessible rural areas and 9 percent in the rest of Scotland.

1.3 Wales

According to the 2011 census, 67.2 percent of the population of Wales lived in urban areas, while 32.8 percent lived in rural areas.³⁵ The proportion of economically active people aged 16 to 74 who were unemployed in rural areas of Wales was 5.3 percent, compared to 7.2 percent in urban areas of Wales.³⁶ The proportion of unemployed people in rural Wales was higher than any of the English regions, with the exception of the North East of England.

The Welsh Government has produced statistics for rural areas of Wales based on those areas covered in the [Welsh Rural Development Plan](#), a programme of funding provided by the European Union’s European Agricultural Fund for Rural Development and the Welsh Government for the period 2014–20.³⁷ The programme covers: the Isle of Anglesey; Gwynedd; Conwy and Denbighshire; South West Wales; and Powys. The Welsh Government has stated that the employment rate in these areas was higher in 2014, at 71 percent, than the total for Wales, which was 69.5 percent.³⁸

In 2008, the Welsh Government estimated that 85 percent of land in Wales was used for either agriculture, forestry or was common land.³⁹ In 2014, the agricultural, forestry and fishing sector was estimated to have produced £363 million, 0.7 percent of the total GVA of Wales.⁴⁰ This compares to 0.6 percent in England. Within Wales, the area where agriculture, forestry and fishing formed the largest proportion of local area GVA was Powys, where the sector produced

³³ Scottish Government, [Rural Scotland: Key Facts 2015](#), March 2015, p 50.

³⁴ *ibid*, p 33.

³⁵ Office for National Statistics, [2011 Census Analysis—Comparing Rural and Urban Areas of England and Wales](#), 22 November 2013, p 9.

³⁶ *ibid*, pp 32–3.

³⁷ Welsh Government, [‘Welsh Government Rural Communities: Rural Development Programme 2014–20’](#), 18 April 2016.

³⁸ Welsh Government, [‘Percentage of People Employed in Rural Areas \(OU079\)’](#), accessed 20 April 2016.

³⁹ Welsh Government, [A Statistical Focus on Rural Wales](#), 2008, p 5.

⁴⁰ Welsh Government, [‘Gross Value Added by Area and Industry’](#), accessed 20 April 2016.

3.2 percent of GVA.⁴¹ The next largest was South West Wales, where this sector represented 2 percent of GVA.

1.4 Northern Ireland

670,000 people in Northern Ireland—37 percent of the population—live in rural areas, compared to 63 percent who live in mainly urban areas.⁴² The proportion of those of working age in employment in rural areas is 70 percent, compared to 67 percent in urban areas.⁴³

In 2015, agriculture, forestry and fishing accounted for 25.3 percent of all VAT and/or PAYE registered businesses in Northern Ireland, the largest proportion of businesses according to Northern Ireland's [Inter Departmental Business Register](#).⁴⁴ The second largest was construction at 13.2 percent. With the exception of Belfast, agriculture, forestry and fishing was the largest industry group in all local government districts.⁴⁵

2. UK Agriculture

Defra has identified agriculture as fundamental to the landscape of the UK, with 71 percent of land in the UK—17.2 million hectares—being used for farming.⁴⁶ Agriculture and fishing contributed £10.7 billion to the UK economy in 2014 and 476,000 people worked on agricultural holdings in the UK in 2015.⁴⁷ Defra has estimated that the UK is 76 percent self-sufficient in food grown in the UK, based on a production to supply ratio.⁴⁸

UK wide statistics for the size of farming sector income, as distinct from the size of the agricultural sector as a whole, have also been compiled by Defra. Defra define the income of the farming sector as the income of those “with an entrepreneurial interest in the agricultural industry, typically farmers and partners”.⁴⁹ The Department has stated that the total income from farming in the UK in real terms fell by £122 million between 2013 and 2014 to £5,413 million, a 2.2 percent decrease.⁵⁰

Defra has summarised the factors currently affecting the UK agricultural sector as follows:

Falling global commodity prices (as producers in the UK, EU and globally responded to earlier higher prices and increased production ahead of global demand) and reduced demand for some products (reflecting, for example, the effects of the ban on agricultural

⁴¹ Welsh Government, '[Gross Value Added by Welsh NUTS3 Areas and Industry](#)', accessed 20 April 2016.

⁴² Northern Ireland Department of Agriculture and Rural Development, [Northern Ireland Rural Statistics](#), 24 February 2016.

⁴³ *ibid.*

⁴⁴ Northern Ireland Department of Enterprise, Trade and Investment, [VAT and PAYE Registered Businesses in Northern Ireland](#), 27 January 2016, p 2.

⁴⁵ *ibid.*, p 7.

⁴⁶ Department for Environment, Food and Rural Affairs, [British Food and Farming at a Glance](#), March 2016, p 1.

⁴⁷ *ibid.*; Department for Environment, Food and Rural Affairs, [Farming Statistics: Final Crop Areas, Yields, Livestock Populations and Agricultural Workforce, June 2015](#), 17 December 2015.

⁴⁸ Department for Environment, Food and Rural Affairs, [British Food and Farming at a Glance](#), March 2016, p 1.

⁴⁹ Department for Environment, Food and Rural Affairs, [Total Income from Farming 2014: Second Estimate—United Kingdom](#), 26 November 2015.

⁵⁰ *ibid.*

imports to Russia and changing consumer tastes), have had a significant impact on farmers worldwide.⁵¹

Detailed information on the structure of UK farming in 2015 is provided by Defra in [Farming Statistics: Final Crop Areas, Yields, Livestock Populations and Agricultural Workforce, June 2015](#) (17 December 2015).

Defra has also estimated the size of the farming and food industry on the basis of jobs related to farming and food production, which included economic activity that crosses over into both the agriculture sector and the manufacturing sector. Defra has stated that farming and food together were worth over £100 billion a year to the UK economy and supported one in eight jobs.⁵²

Agriculture and UK GDP

Agriculture is identified as a primary industry in terms of measuring a country's gross domestic product (GDP). It was one of two sectors of the UK economy, alongside the service industries, to grow in terms of GDP in the period October to December 2015.⁵³ Agriculture grew by 0.6 percent in the fourth quarter of 2015, while the service industries grew by 0.7 percent. In the same period, production decreased by 0.2 percent, while construction output decreased by 0.1 percent. However, over the longer term, between the period October to December 2014 and October to December 2015, agricultural output had decreased by 1.8 percent.

The UK has a smaller farming sector compared to other large EU economies, in terms of GDP. Eurostat estimate that the output of the agricultural industry in the UK was 1.1 percent of GDP in 2015.⁵⁴ This compares to 1.7 percent of German GDP, 3.4 percent of French GDP and 3.3 percent of Italian GDP.

3. UK Tourism

The Office for National Statistics (ONS) has stated that overseas residents made 34.4 million visits to the UK in 2014, resulting in earnings for the UK tourism industry of £21.8 billion.⁵⁵ Defra has calculated that between 2003/04 and 2009/10, tourism in rural and urban areas in England increased between 11 percent and 44 percent respectively in terms of the number of enterprises, the amount of turnover and the levels of employment.⁵⁶ In rural areas, tourism was related to 10.2 percent of enterprises, 7.3 percent of total turnover and 12.6 percent of employment in rural areas in 2009/10. The largest division of the tourism industry was food and beverage service activities.

⁵¹ Department for Environment, Food and Rural Affairs, [Written Evidence to the House of Commons Environment, Food and Rural Affairs Committee Inquiry on Farm Gate Prices](#), 21 October 2015.

⁵² *ibid.*

⁵³ Office for National Statistics, [Gross Domestic Product Preliminary Estimate: Quarter 4 2015](#), 28 January 2016.

⁵⁴ Eurostat, [Agriculture in the European Union and the Member States: Statistical Factsheets](#), accessed 20 April 2016.

⁵⁵ Office for National Statistics, [Travel Trends: 2014](#), 20 May 2015.

⁵⁶ Department for Environment, Food and Rural Affairs, [September 2011 Statistical Feature Report: Tourism](#), December 2011 p 1.

Liverpool John Moores University and the Sport and Recreation Alliance have compiled survey data on the number of people involved in outdoor recreation in the UK.⁵⁷ Outdoor recreation included visiting any outside space, which might include outdoor space in urban areas.

However, these figures provide an indication of the popularity of the types of outdoor pursuits that feature as part of the rural economy. These include:

- In regard to horse riding, an estimated 3.5 million people in Britain had ridden during 2010–11.
- In 2004, an estimated 480,000 participants were involved in shooting sports.
- 28.8 percent of the UK population over the age of 16 had taken part in water sports including boating, surfboarding or body boarding.
- Approximately 1.4 million rod licenses were sold to freshwater coarse and game anglers in England and Wales in 2010–11.⁵⁸

4. Recent Issues

4.1 EU Referendum

One of the key issues in the debate prior to the referendum on whether the UK should leave or remain a member of the EU has been how this might affect the rural economy in the context of EU trade, the provision of funding and the Common Agricultural Policy. The Secretary of State for the Environment, Food and Rural Affairs, Liz Truss, has argued that a vote to remain in the EU would enable the UK to continue to benefit from access to the single market.⁵⁹ The Minister for Farming, Food and the Marine Environment, George Eustice, who supports the UK voting to leave the EU, has argued that the UK would be able to negotiate its own free trade agreements outside the EU which could create a more beneficial export environment for UK farmers.⁶⁰

On 18 April 2016, the National Farmers Union (NFU) voted to support a remain vote in the June 2015 referendum, following the publication of a statement by the NFU Council that it was its view that the interests of farmers were best served by the UK's continued membership of the EU.⁶¹ A poll of 350 farmers published by the website Farming Online in February 2016 found that 50 percent of respondents said they were in favour of leaving the EU, compared to 41 percent who said they were in favour of the UK remaining in the EU.⁶²

⁵⁷ Liverpool John Moores University and the Sport and Recreation Alliance, [Reconomics—The Economic Impact of Outdoor Recreation in the UK: The Evidence](#), 2014.

⁵⁸ *ibid*, pp 20–5.

⁵⁹ Fiona Harvey, '[Liz Truss Urges Farmers to Stay Within the EU](#)', *Guardian*, 23 February 2016.

⁶⁰ Vote Leave, '[NFU Report Shows That a Free Trade Deal and Support for Farmers Will Boost Farm Incomes](#)', 5 April 2016.

⁶¹ BBC News, '[EU Referendum: National Farmers' Union Backs Staying in EU](#)', 18 April 2016.

⁶² Farming Online, '[EU Vote: Opinion Split Between Farmers](#)', 19 April 2016.

4.2 Rural Broadband

In 2013, the House of Commons Environment, Food and Rural Affairs Committee, in its report [Rural Communities](#), stated that broadband access for businesses, schools and households in rural areas had fallen behind that available in urban areas.⁶³ In 2013, the House of Lords Communications Committee, in its report [Broadband for All: An Alternative Vision](#), argued that access to the internet should be seen as essential and considered to be a key utility.⁶⁴ The UK Government's target for superfast broadband, as part of its Superfast Rollout Programme, is to achieve 90 percent coverage in the UK by early 2016 and 95 percent by December 2017.⁶⁵ Further information on the Government's policy to increase access to broadband is provided in the House of Commons Library briefing, [Fixed Broadband: Policy, Coverage and Speeds](#) (11 January 2016).

Defra has reported that in 2014, superfast broadband was available to 75 percent of UK premises.⁶⁶ In terms of speed, broadband is on average slower in the majority of rural areas than in urban areas, with the average broadband speed in rural hamlets and isolated dwellings in a sparse setting being 5 Mbit/s compared to 27 Mbit/s in major urban conurbations.⁶⁷ Defra stated that:

Speeds vary because it is harder for network operators to recoup the fixed costs necessary for upgrading exchanges and cabinets in rural areas, where there are lower population densities, and therefore fewer end subscribers.⁶⁸

Data from the Scottish Household Survey indicate that a larger proportion of people in rural areas have access to internet at home than in Scotland as a whole. 85 percent of people in remote rural areas and 82 percent in accessible rural areas stated that they had home internet access, compared to 77 percent in the rest of Scotland.⁶⁹ 97 percent of those in both remote and accessible rural areas of Scotland with an internet connection had broadband, compared to 96 percent for the rest of Scotland.⁷⁰

4.3 Farmgate Prices

Farmgate prices are the price of an agricultural product on leaving the farm that farmers are able to charge prior to its mark up by the retailer. In March 2016, the House of Commons Environment, Food and Rural Affairs published a report on farmgate prices which identified volatility in the prices paid to farmers as having caused significant difficulty to the industry over recent years.⁷¹ The Committee's recommendations included that the Rural Payment Agency

⁶³ House of Commons Environment, Food and Rural Affairs Committee, [Rural Communities](#), 24 July 2013, HC 602 of session 2012–13, p 3.

⁶⁴ House of Lords Communications Committee, [Broadband for All: An Alternative Vision](#), 31 July 2012, HL Paper 41 of session 2012–13, p 5.

⁶⁵ Department for Culture, Media and Sport, '[Broadband Delivery UK](#)', 21 December 2015.

⁶⁶ Department for Environment, Food and Rural Affairs, [Statistical Digest of Rural England: March 2016](#), March 2016, p 71.

⁶⁷ *ibid.*

⁶⁸ *ibid.*

⁶⁹ Scottish Government, [Rural Scotland: Key Facts 2015](#), March 2015, 'Table 10: Households with Home Internet Access by Geographic Area, 2013', p 27.

⁷⁰ Scottish Government, [Rural Scotland: Key Facts 2015](#), March 2015, 'Table 11: Households with Broadband (Households with Internet Connection Only) by Geographic Area, 2013', p 28.

⁷¹ House of Commons Environment, Food and Rural Affairs, [Farmgate Prices](#), 2 March 2016, HC 474 of session 2015–16, p 1.

needed to be more effective in providing compensation to UK farmers suffering cash flow problems as a result of fluctuations in farmgate prices.

According to Defra statistics, in February 2016 UK average farmgate milk prices increased to 25.57p per litre, a rise of 10.8 percent on the previous month.⁷² However, over the course of the previous twelve months, the average price had reduced, with milk price per litre 5.8 percent lower than in February 2015.

4.4 2015–16 Winter Floods

In the winter 2015–16, a series of storms caused flooding to areas of the north west of England, southern Scotland, north Wales and parts of Northern Ireland. In terms of the scale of the physical damage of these floods to households and businesses, the Association of British Insurers has estimated that its members would have to pay out about £1.3 billion for claims.⁷³ The Government have announced £200 million of additional investment to help areas affected by the floods recover.⁷⁴ Measures in the 2016 Budget included a raising of the standard rate of Insurance Premium Tax from 9.5 percent to 10 percent, intended to help support an increase in flood defences, and an increase in spending on flood defences to £700 million by 2020–21.⁷⁵ Further information on the floods is provided in the House of Commons Library briefing [Winter Floods 2015–16](#) (21 January 2016).

⁷² Department for Environment, Food and Rural Affairs, [UK Price, Volume and Composition of Milk: February 2016](#), 31 March 2016.

⁷³ London School of Economics, [‘Economic Impacts of Flooding in the UK’](#), 14 January 2016.

⁷⁴ House of Commons Library, [Winter Floods 2015–16](#), 21 January 2016.

⁷⁵ HM Treasury, [Budget 2016](#), March 2016, HC 901 of session 2015–16, pp 55 and 64.

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