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Labour Rural Research Group
London
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Dear Jenny Riddell-Carpenter,

I am pleased to have the opportunity to share Plunkett UK's insights and policy suggestions to tackle deprivation in rural areas.

For too long, successive governments have failed to recognise the unique challenges facing rural areas – where people live without access to basic services, affordable transport, or even a place to gather and socialise. We have been disappointed by the current government's policies which have resulted in a deterioration in the viability of rural community-owned businesses and risks of associated job losses, and to the quality of life in general in rural areas.

Plunkett represents 10% of all independent co-operatives in the UK and the fastest growing segment of the movement. Therefore, we welcomed the Government's commitment to doubling the size of the co-operative sector, and the much anticipated £5bn *Pride in Place* programme, but the latter risks bypassing rural communities altogether due to the funding formulas being applied. In addition, reforms to Business Rates, National Insurance and Minimum Wage thresholds are placing existing community-owned businesses under increased pressure and significant risk of closure. Together, these measures risk being counterproductive to the stated policy objectives: if the operating environment is made more challenging, it raises the question of why communities would be encouraged to establish new co-operatives in the first place.

We are therefore grateful to you, and to other rural Labour MPs, for recognising the lack of effective rural proofing in government policy and for launching this call for evidence.

I am pleased to enclose insights into how Plunkett's work supports the reduction of deprivation in rural areas through the development and sustainability of community-owned businesses, alongside policy recommendations to strengthen and scale this impact.

Our submission demonstrates how Plunkett and its growing network of rural community-owned businesses can contribute to key Government priorities, including:

- Doubling the size of the co-operative sector.
- Building stronger communities, creating thriving places and empowering local people.
- Granting community groups enhanced right-to-buy powers to save and take ownership of vital local assets and businesses for community benefit.

- Providing a sustainable solution for the future of the Post Office service in remote rural areas.
- Helping to overcome local opposition to the delivery of 1.5 million new homes.

Plunkett would welcome the opportunity to engage with you further on these proposals and to support the development of more effective, rural-proofed policy solutions.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'J. R. Alcock', written in a cursive style.

James Alcock, Chief Executive Officer

Rural Poverty: Insights and Proposals from Plunkett UK

About Plunkett UK

Plunkett UK is a national charity and member organisation with a vision for resilient, thriving and inclusive rural communities. We achieve this by supporting people to set up and run a wide range of businesses - from shops and pubs through to woodlands, farms and fisheries - which are owned by local communities, where members have equal and democratic control. We are the only organisation dedicated to supporting rural community-owned businesses UK-wide and currently represent over 850 community-owned businesses currently trading and a further 1150+ in our pipeline.

Rural community businesses supported by Plunkett are:

- **Resilient** – celebrated for 94–99% long-term survival rates
- **Economically impactful** - collective turnover of £166 million in 2024
- **A sound investment** – generating £437m GVA in 2024
- **Community-driven** – powered by 143,000 members and 20,000 volunteers
- **Life-changing** – providing services to over 2 million people and employing 5,000 individuals
- **Inclusive** – with over 50% supporting people living with disabilities and 37% supporting young people with additional learning needs

In short, rural community businesses thrive in areas of market decline and address challenges unique to rural life, such as poverty, isolation, lack of employment and service withdrawal.

Executive Summary

Rural deprivation is frequently hidden within national datasets, masked by averages and low population density. Yet rural communities face persistent and interconnected challenges across income, employment, access to services, housing, health, and skills. Drawing on Plunkett UK’s evidence from over 850 community-owned businesses, this submission demonstrates how **community ownership offers a proven, cost-effective policy response** to multiple domains of rural deprivation identified in the 2025 Indices of Deprivation.

Community-owned businesses sustain essential services, create local employment, reduce isolation, and retain wealth locally. With targeted government support and rural-sensitive policy design, they can play a central role in tackling deprivation and supporting inclusive rural growth.

Policy Submission: Tackling Deprivation in Rural Areas through Community Ownership

Income Deprivation
<i>Challenges</i> <ul style="list-style-type: none">• Higher living costs in rural areas (‘rural premium’) for transport, fuel, and energy.• Hidden poverty among households in insecure or seasonal work.• Acute fuel poverty due to off-grid housing and poor energy efficiency.• Limited access to advice services suppressing benefit take-up.
<i>Community Ownership Solutions</i> <p>Rural community businesses:</p>

- Retain local services enabling people to continue living locally, without the need to relocate or to travel further afield.
- Act as multi-service hubs, providing much more than a traditional shop or pub for example
- Keep prices affordable, due to the role of volunteering which subsidises the general running costs.
- Exist for the benefit of their community – not just their members – and they typically take care of local residents through tailored initiatives and schemes which support those less affluent households e.g. pay it forward schemes, luncheon clubs etc.

Employment Deprivation

Challenges

- Limited access to stable, well-paid employment.
- Underemployment and reliance on insecure or part-time work.
- Decline of agriculture, forestry, fishing, and related industries.
- Housing and transport barriers restricting labour mobility.
- Lack of apprenticeships and training opportunities – especially for people with additional needs and disabilities

Community Ownership Solutions

Rural community businesses:

- Employ nearly **5,000 people** and engage **20,000 volunteers**.
- Typically employ people facing barriers to work.
- Offer local, flexible employment and skills development.

Education, Skills and Training Deprivation

Challenges

- Limited access to further education, apprenticeships, and adult learning.
- Transport and digital connectivity barriers.
- Skills leakage as young people leave rural areas.

Community Ownership Solutions

Community businesses provide:

- Informal and formal training through employment and volunteering.
- Employment mobility, especially for people experiencing mental health, disability and additional needs.
- Board-level governance experience and leadership pathways.
- Opportunities for lifelong learning embedded in place.

Health and Disability Deprivation

Challenges

- Reduced access to primary care, pharmacies, and social care.
- Social isolation, particularly among older and disabled residents.
- Mental health impacts of service withdrawal and loneliness.
- High mileage trips or expensive public transport to access alternative support

Community Ownership Solutions

Community businesses provide:

- Act as social infrastructure, reducing isolation and providing trusted local spaces.
- Provide satellite health care
- Work in partnership with health care providers to deliver essential prescriptions and/or co-ordinate transport to health centres.

Barriers to Services

Challenges

- High closure rates of GP surgeries, post offices, food shops, and schools.
- Resulting in high transport costs, infrequent public transport, and car dependency.
- Digital exclusion limiting access to services and opportunities.
- Removal of informal places for people to gather and socialise

Community Ownership Solutions

- Community businesses are often the last remaining access point for food, postal services, cash, and social interaction in rural areas.
- Their long-term survival rates (94–99%) demonstrate resilience where the market fails.
- They act as multi-service hubs – with over one in five hosting a Post Office service, supporting access to cash, banking, and advice.
- They reinvest surpluses locally - £2.4M in 2024
- For every £1 spent, 56p remains in the local economy, supporting the resilience of other local businesses and the economy in general.

Housing and Living Environment Deprivation

Challenges

- Severe shortages of affordable rural housing and family homes.
- Poor housing quality driving increases in fuel bills.
- Poor housing supply causes workforce recruitment challenges for essential industries.
- Hidden rural homelessness.

Community Ownership Solutions

- Plunkett works with partners such as the Community Land Trust and ACRE – seeking to increase the supply of affordable housing for local people e.g. Hook Norton CLT
- Increasingly, Plunkett is working with major housebuilders and land promoters to integrate the inclusion of community-owned businesses into new developments – helping to overcome resistance to housing development and creating resilient communities people want to live in
- Community pub projects often integrate an element of housing within ancillary outbuildings and car parks – cross subsidising schemes and increasing housing supply for local people

Policy Suggestions to overcome Rural Deprivation

Supporting the growth of rural community businesses offers a practical, cost-effective way to revitalise rural areas. It allows residents to take ownership of local services and shared spaces, rebuild community ties, and drive local economic development. It also sends a clear signal that the government recognises the value and potential of rural communities. Crucially, policymakers must

acknowledge that rural disadvantage - whether in terms of poverty, employment, or access to services - is often dispersed and hidden within national statistics. A place-based approach to growth must uncover and address these inequalities. Only by doing so can the government deliver on its promise of inclusive economic growth and ensure that no community is left behind.

With the right support and investment, we believe we could grow the opening rate of rural community businesses from 30 to 60 a year over a period of 10 years. This would represent a total growth equivalent to:

- 1,075 rural community businesses trading in 2029 with a GVA equivalent of £567m
- 1,350 rural community businesses trading in 2034 with a GVA equivalent of £713m

This growth would be dependent on the following interventions:

- **Maintain growth via FREE core advice and support services**

As the only UK-wide organisation dedicated to supporting the creation of new rural community businesses, Plunkett's support is critical to achieving the current growth rate of 30+ new community businesses annually. Operating at a cost of £1.3m annually, we rely entirely on fundraising, with no endowment or sustainable income source. An annual grant of £250,000 would help maintain the current growth and would generate an estimated £15.8m in GVA.

- **Accelerate growth via a Rural Community Ownership Fund (COF)**

A rural-focused COF would raise awareness of the community ownership model, develop a larger pipeline of start-up groups, build the capacity and confidence of pipeline groups to progress to trading stage and provide blended finance with significant levels of community match-funding. A £10m investment over 10 years would establish 500 rural community-owned businesses with a total estimated GVA of £264m. This contrasts with the former £150m COF, saving £140m while supporting 100 more businesses – achievable due to rural areas having lower costs of assets, an existing pipeline of 1,150 groups, stronger traditions for self-help, and with greater access to community share capital.

- **Power up existing community businesses via Revenue Funding**

A £1.5m fund could provide critical support to over 50 'at risk' rural community businesses each year. Revenue funding would enable community businesses to invest in temporary staffing to maintain operations – providing breathing space and avoiding reduced opening hours or scaled-back services - while allowing time to engage more widely with the community, to identify new opportunities to evolve services, broaden impact, and ultimately grow sales and profitability. Further revenue funding, in the form of grants and loans, could be critical to support business growth and diversification. A 10-year fund worth £5m, for example, could support over 250 rural community businesses – such as a community shop expanding to open a café, or a pub investing in energy-efficient upgrades that both reduce costs and increase income.

- **Ensure the Community Right to Buy regulations are strengthened**

We propose a strengthened Community Right to Buy, enshrined in law across the UK, giving community groups the first right of refusal on Assets of Community Value. This includes a 12-month moratorium period (with a 6-month review) to raise funds, preventing sales at inflated "hope value" through independent valuation, and protecting at-risk local assets and businesses. While existing

rights since 2011 have supported ownership, stronger legislation would ensure fairer pricing, adequate time for fundraising, and greater empowerment for communities to secure vital local assets.

- **Fairer taxation and appropriate rate relief**

Plunkett members sometimes qualify for business rate relief due to their rural location, small business status, or operation within retail, hospitality or leisure. While welcome, this support is applied inconsistently and is under constant threat of withdrawal. We advocate for all businesses trading primarily for community or social benefit to receive consistent rate relief, assessed through their legal structure or governance. The resulting savings would allow these enterprises to reinvest in improving services for disadvantaged groups, or in green energy generation and energy efficiency measures, amplifying their positive impact on communities.

- **Legislative reform to embed placemaking within new developments:**

Plunkett has seen growing interest from landowners, master planners, and housebuilders to embed community businesses (like shops or cafés) into new housing developments. However, this remains voluntary. We advocate for mandatory consultation for community-owned infrastructure in new developments. Where this is not viable, Section 106 contributions should ensure funds are pooled for community infrastructure elsewhere in the local area. This approach ensures new developments become thriving places to live and work, with inclusive local economies and strong social connections.

- **Tailoring new Post Office Contracts to Partner with Community Business operators:**

Plunkett has submitted [proposals to the government's green paper consultation](#) on the future of the Post Office. One in five of our members host Post Office services, in order to safeguard the essential services they offer including access to cash in the countryside. However, the overwhelming feedback is the current contract types are unworkable for volunteer led enterprises – often requiring one individual to be legally and financially liable for losses, requiring Post Offices to be services for long opening hours, and requiring volunteers to operate a wide range of complicated services. To overcome this, many community businesses staff the Post Office causing it to be financial drain on the business, rather than a contributor. Plunkett have made recommendations to redesign contracts for community businesses on the basis they are likely to be the main host organisation in the future, and if government which to retain the network, they will be reliant on the goodwill on community operators.

Conclusion

Rural deprivation cannot be addressed through urban policy models alone. Community ownership provides a **place-based, inclusive, and resilient response** that tackles multiple deprivation domains simultaneously. By embedding community-owned businesses within rural economic, social, and service strategies, government can deliver meaningful progress against the 2025 Indices of Deprivation and ensure rural communities are no longer left behind.

Plunkett UK stands ready to work with government to implement these solutions and support thriving, resilient rural places.