

# National Infrastructure Commission: Second National Infrastructure Assessment: Baseline Report

## Response from Country Land and Business Association (CLA)

### Introduction

The Country Land and Business Association (CLA) represents 28,000 farmers and landowners in England and Wales. The importance of infrastructure in the future is absolutely critical for both rural businesses and communities, whether it be digital, transport or the green agenda as government infrastructure policies will determine the viability of the rural economy.

As importantly, it will determine how the productivity gap between rural and urban areas can, first, be narrowed and then overhauled. Our response focuses on the challenges set out by the Commission and what we believe is needed to meet these objectives.

**Challenge 1: The digital transformation of infrastructure – the Commission will consider how the digital transformation of infrastructure could deliver higher quality, lower cost, infrastructure services.**

The urban/rural digital connectivity divide is still acutely felt. In rural areas of England, 84% of homes have access to Superfast broadband services (against 96% nationally and 78% in rural areas in Wales). Two-thirds of the homes and businesses that are still unable to access a decent broadband service in England (240,000) are in rural areas. In Wales, 13% of rural premises (45,000) are unable to get decent broadband. Download speeds are 30% lower. In England 1% of rural areas have no 4G coverage at all, and while 89% have 4G coverage outdoors, it falls to a paltry 46% indoors. A staggering 30% of rural premises do not have voice mobile coverage indoors from two or more operators. The 4G figures in Wales are worse.<sup>1</sup>

For rural economies to perform to their full potential and increase productivity, they require ubiquitous connectivity. Businesses thinking of relocating from cities in the wake of coronavirus will rightly be expecting it and may be put off by its absence – this would deprive rural communities of new activity and potentially new and better paid jobs.

However, there is a disconnect between government digital policy and the practical implementation of digital transformation. Whilst we agree with the government's objectives towards ubiquitous coverage, policy is not matching the ambition. We remain concerned that the rural/urban digital divide will still be apparent in 2030 and beyond. Given that current policy is now targeted towards meeting 85% fixed line coverage by 2025, meaning that 15% will not be fully connected. In a modern society that wishes to exploit the benefits of digital connectivity, such a policy is not viable and will impact on those economic sectors where digital transformation can make a major difference.

Mobile connectivity is as important as fixed line digital deployment. The CLA has supported the creation of the Shared Rural Network and we will continue to work with the mobile industry to make it a success.

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<sup>1</sup> Ofcom Connected Nations (2020):  
[https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0024/209373/connected-nations-2020.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0024/209373/connected-nations-2020.pdf)

The COVID-19 outbreak has shone a light on the importance of access not only to digital and telecoms networks, but also to digital skills. Digital platforms allow greater collaboration between producers and retailers in finding alternative markets, and digital channels have provided direct access to consumers for businesses which had hitherto relied on business-to-business markets, for example in the food sector.

However, to exploit this technology, SME decision-makers need confidence and skills, which many do not possess.<sup>2</sup> This makes it difficult for them to procure the products and services that are right for their business at the right price. This lack of digital skills is particularly relevant to the rural productivity gap for two reasons: (i) although the proportion of SMEs is almost the same in both rural and urban areas, a much higher proportion of people employed by businesses registered in rural areas are employed by SMEs (71%) than in urban areas (41%)<sup>3</sup>; (ii) for some businesses in more remote areas, it is critical to be able to reach markets via non-physical means to manage costs.

We believe that government should invest in a national skills programme targeted at SMEs, tailored to their needs and widely available (modelled on the SME leadership programme<sup>4</sup>), to be overseen by DCMS and in Wales by the Welsh Government.

Equipped with up-to-date digital technology and effective digital skills, businesses and communities will be able to exploit the opportunities that have arisen from the disruptive effects of COVID-19, including:

- Increase in home working, reducing travel and thus carbon emissions;
- Greater business efficiency, particularly in terms of supply chain logistics, making cost savings while providing a more efficient service to the consumer;
- Potential new markets through online channels.

Although a range of delivery mechanisms are already in place to deliver this (e.g. Growth Hubs, Small Business Charter, local farm training groups) an audit of the present skills offerings is needed to identify gaps in provision. Consideration also needs to be given to a rapid extension of the Local Digital Skills Partnerships in England and regional digital skills partnerships in Wales. These digital skills partnerships, delivered locally and regionally should be seen as the main delivery vehicles.

## **Returning to Net Zero**

**Challenge 2: Decarbonising electricity generation – the Commission will consider how a decarbonised, secure and flexible electricity system can be achieved by 2035 at low cost.**

**Challenge 3: Heat transition and energy efficiency – the Commission will identify a viable pathway for heat decarbonisation and set out recommendations for policies and funding to deliver net zero heat to all homes and businesses.**

**Challenge 4: Networks for hydrogen and carbon capture and storage – the Commission will assess the hydrogen and carbon capture and storage required across the economy, and the policy and funding frameworks needed to deliver it over the next 10-30 years.**

<sup>2</sup> Ofcom SME research, 2018: <https://www.ofcom.org.uk/research-and-data/multi-sector-research/general-communications/sme-research>

<sup>3</sup> Defra (2020): *Statistical Digest of Rural England*

<sup>4</sup> <https://smallbusinesscharter.org/small-business-leadership-programme/>

*Grid connectivity in rural areas for decarbonised power, heat & transport*

Rural power grids are weak relative to the future demands to be placed on them. This means disproportionately high costs of electricity upgrades for rural businesses looking to install 'power hungry' plant (e.g. value adding vegetable processing facilities), future proof with electric vehicles and heat pumps or diversify into power generation or battery storage projects. Renewable power generation projects as well as development projects which need 'demand connection' upgrades, are often quoted grid connection sums by Distribution Network Operators (DNOs) which are prohibitively expensive. Connection costs often involve extensive local grid reinforcement, a significant cost on top of capital expenditure, which can make projects unviable and lead to abandonment. For 'demand connection' upgrades (e.g. new grain stores or electric vehicles charge-points), the many microbusinesses in rural areas are disadvantaged because of costs being a function of distance to substations.

Greater use by network operators of 'flexible connections', negotiated with projects to control the profile of generation or demand, are needed. These reduce the strengthening works required, reducing connection costs and enabling more 'active network management' by the DNO.

We support OFGEM's proposals in their Access & Forward Looking Charges Significant Code Review to reduce up front grid reinforcement charges for generation connections, remove them altogether for demand connections and provide more choice on type of connections offered by DNO's (i.e. giving choice over import/export capacity, timing, duration and curtailment of connections to help businesses design their connections round their specific needs.

However, overall, the current process for project proposers to apply for grid connections remains too opaque, 'arms-length' and uncertain, deterring much needed investment. DNO's should be required by OFGEM to be more open and adopt a collaborative and solutions-focussed role - working with project proposers to facilitate workable, affordable and mutually beneficial connections based on what is feasible given the local network constraints and possibilities.

Our electricity grids – and the network operators themselves - must adapt if they are to cope not only with a more decentralised model of future power generation, but also greater demand as we transition to an electric economy. The 2020 Energy White Paper states power demand could double by 2050 with roll out of electric vehicles and heat pumps. This is a real challenge for the country but for rural areas in particular.

Network operators should be required to plan ahead of the need for electrification of vehicles and heating, and greater distributed power generation and storage to ensure rural grids are resilient and fit for future purpose. Government should require that this rural proofing is embedded into DNO planning and that proportionate investment in rural grid infrastructure is forthcoming.

'Flexibility' - shifting power demand and supply in time and location - will help. But there is still a requirement for significant investment in rural grid infrastructure. Costs are difficult to quantify because DNO business plans do not specifically quantify the investment required in rural areas ahead of need. But it is likely to be measured in billions. The issue is analogous to the need for investment in rural broadband provision over the past decade or so. A workable and sustainable model to share grid investment costs between the public and private sector needs to be developed.

Government should also consider the potential benefits of allowing more localised grid and electricity supply arrangements. The costs and complexity of being a licensed electricity supplier are high and together with grid connection costs, act as a barrier to greater deployment of low carbon power generation. These projects could be enabled to sell generated power to nearby customers in the local area. This could boost renewable power deployment, reduce emissions and reduce pressure on grid supplied power.

Given the projected sharp rise in the number of electric vehicles (EVs) over the next decade, action is urgently needed: if the perception takes hold that there is nowhere to charge up electric cars, economic activity across many sectors will be sucked out of rural areas. This would have a debilitating effect on the investments in rural workspace, retail and tourism infrastructure of recent decades. The £500m Rapid Charging Scheme to equip motorway and A road networks with charging points will, unfortunately, not help rural areas.

A rural grid network that shares costs between the public and private sectors needs to be created, much in the same way as the telecommunications Shared Rural Network. OFGEM's work on how to address the often prohibitively high grid connection costs will constitute a useful input.

Increased funding for EV charging points grant schemes and extending eligibility rules to allow spend on electrical connections and upgrades is needed to enable the full range of rurally based businesses to pre-emptively install charging points to retain trade and grow. Distribution Network Operators (DNOs) need to be engaged in planning for this to ensure resilience of local grid networks as a demand for additional connections will rise sharply. Synergies with possible decentralised power generation and battery storage need to be part of their planning.

#### *Clean heat and incentives for heat pump deployment*

According to the English Housing Survey, c.768,600 rural homes are heated by oil.<sup>5</sup> The main barrier to transitioning to low-carbon heating is cost. For off-gas grid older homes, heat pumps can be disproportionately expensive, as they most often require upgrading the electrical grid connection, improving the fabric of the building, larger radiators, obtaining listed building consent and making good. Even without these additional costs, according to the Energy Saving Trust, the cost of installing a typical ground source heat pump is £14,000-£19,000; for air source heat pumps it is £9,000-£11,000. In contrast, the potential annual bill saving from switching from an average oil boiler to a ground source heat pump is only £20, increasing to £80 when switching to an air source heat pump. Unsurprisingly, the uptake of low carbon heating systems is very low: less than 30,000 installations in 2019, whereas the Government's Ten Point Plan for a Green Industrial Revolution pledges to install 600,000 heat pumps every year by 2028.

But there is little to incentivise take up:

- Consideration needs to be given to a reformed voucher system which would cover energy efficiency measures as well as heat pumps;
- Increase the proposed flat rate grant (£5,000 per property) for heat pumps, or biomass if a heat pump is unsuitable under the forthcoming Boiler Upgrade Scheme for households and small non-domestic buildings. Heat pumps are unsuitable for some larger off gas 'hard to treat' rural properties which are ideally suited to biomass – but a £5,000 grant is far too low given the costs of biomass systems. **Flat rate**

<sup>5</sup> <https://www.gov.uk/government/statistical-data-sets/energy-performance> - Table DA6102: heating - areas

**grants of £7,000 for air source heat pumps and £10,000 for ground source heat pump and biomass systems** would be much more likely to speed up installations.

### *Rural heat networks*

Planned government schemes for low carbon heating are being designed with system size limits which exclude rural properties and small rural heat networks altogether. But the system size upper limit of 45kW under the Boiler Upgrade Scheme is set far too low, excluding larger rural properties and small district heating schemes serving the typically clustered pattern of many rural buildings, which could previously get support to decarbonise through the Renewable Heat Incentive.

Conversely, eligibility under the proposed Green Heat Networks Scheme is set at a minimum heat demand of 2GWh/year – equivalent to a system size of 800kW - far too high for typical rural heat networks. Larger rural properties and small rural heat networks – which would typically install systems of 100-250kW in size - are therefore excluded from planned government support schemes. BEIS data to December 2020 for the Non-Domestic Renewable Heat Incentive shows that the average size of system supported was around 250kW. Yet these are the very sizes of system now excluded from support.

If progress is to be made, system size limits need to be reviewed to ensure that appropriate support is provided to help decarbonise heat in traditional rural properties and small rural heat networks.

### *A niche role for biomass in decarbonising heat in off gas rural areas*

It is important that the long-term UK Government Biomass Strategy provides for the particular role that biomass plays in decarbonising heat in ‘hard to treat’ traditional properties in off gas rural areas given that oil heating is to be phased out. Any ‘blanket’ policy to limit biomass heating due to (urban) air quality concerns poses a disproportionate threat to rural areas. Biomass heat is well suited to hard-to-treat buildings in rural areas, particularly for larger buildings or in a heat network of clustered properties, which are commonplace in rural areas. Biomass boilers and wood burners must be appropriately recognised in the SAP/RdSAP and Energy Performance Certificates (EPCs).

Also, not only is using of local firewood sustainable, but its commercial production underpins, finances and drives the management of local woodlands - one of the key long-term aims of Defra’s England Trees Action Plan. Furthermore, air quality risks associated with biomass heating – a key concern with biomass deployment in urban areas - are far reduced in rural areas due to lower population and building densities. It is also critical for rural tenants to have some form of heating, which is not reliant on electricity, as recently demonstrated by events such as Storm Arwen in November 2021, where many rural occupants in northern England were without electricity for up to 10 days during the winter.

## **Climate resilience and the environment**

**Challenge 5: Asset management and resilience – the Commission will consider how asset management can support resilience, barriers to investment, and the use of data and technology to improve the way assets are maintained.**

**Challenge 6: Surface water management – the Commission will consider actions to maximise short-term opportunities and improve long term planning, funding and**

**governance arrangements for surface water management, while protecting water from pollution from drainage.**

**Challenge 7: Waste and the circular economy – the Commission will examine the role of the waste sector in enabling the move towards a more circular economy.**

*Transitioning to Net Zero*

The challenge which the UK Government has set itself, and which landowners support, is to leave the environment in a better state than it found it, and to grow the country's natural capital. The Welsh Government, through the Wellbeing of Future Generations Act 2016 and Environment (Wales) Act 2016, also seek to ensure the future sustainability of the environment.

The value of the ecosystem services which the land-based sector could offer in terms of carbon sequestration, energy and material substitution, habitat and biodiversity restoration and flood protection - and the well-being benefits this all brings – is huge. According to ONS estimates<sup>6</sup>, the total value of natural capital in the UK is some £822 billion, which is nearly half the size of the whole UK economy, and the total annual value of ecosystem services is nearly £32.5 billion (see table 1 below).

Some of these services are already part of markets (e.g. outputs from agriculture, fishing, mineral extraction, renewables). Crucially, carbon sequestration and pollution removal by vegetation are not. Recreation benefits are based on expenditure incurred to travel to the natural site and expenditure incurred during the visit. This results in a massive underestimate, as the value of visits that have incurred no cost - for example, a walk along a local riverbank or a public rights of way path - is not captured. The significant benefit to the economy which the natural world provides in terms of health and wellbeing is as yet unmonetised.

**Table 1 - UK Natural Capital Monetary Valuations (source: ONS, 2020)**

	<b>Annual Flow, £ millions</b>	<b>Asset Value, £ millions</b>
<b>Provisioning Services</b>	<b>£21,179</b>	<b>£316,693</b>
Agriculture	£4,277	£138,130
Fishing	£298	£8,605
Timber	£371	£10,171
Water	£3,635	£93,529
Mineral	£640	£9,152
Fossil Fuels	£11,125	£48,277
Renewable Energy	£833	£8,829
<b>Regulating Services</b>	<b>£3,214</b>	<b>£155,326</b>
Carbon Sequestration	£1,960	£110,447
Pollution Removal	£1,254	£44,879
<b>Cultural Services</b>	<b>£8,013</b>	<b>£350,218</b>
Recreation	£8,013	£350,218
<b>Total</b>	<b>£32,406</b>	<b>£822,237</b>

<sup>6</sup> [UK natural capital accounts - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

The maintenance and enhancement of these public benefits come up against a growing number of competing uses for land and are not cost-free. This is recognised by government through the move to public payments for public goods, and could also be supported through private sector markets (e.g. for Biodiversity Net Gain and voluntary carbon offsets). These markets require clear standards and incentives to get them going, in England and in Wales.

*Nature based solutions for Net Zero: developing the forestry and woodland economy and restoring peatland*

Farmers and other rural land managers manage 70% of the land in the UK. They will be at the heart of delivering the tree planting and peatland restoration targets recommended by the Committee on Climate Change to contribute to the Net Zero targets.

Much of England's lowland peatland is productive agriculture land, so large scale restoration would impact food production. However, if the costs and income gap can be covered, trees and peatland will sequester carbon, deliver multiple environmental benefits, and result in new jobs.

In both England and Wales, afforestation plans are ambitious compared to what is currently being achieved, and management of existing woodland for habitats and other benefits is very limited: it is not a commercial proposition. As Defra's England Trees Action Plan recognises, multiple levers need to be actioned for successful afforestation. The Forestry Commission's England Woodland Creation Offer (EWCO) is a real step forward, providing a more attractive offer to landowners covering capital costs and paying on a basis of public benefits delivered (biodiversity, flood resilience, water improvements, public access, etc). This should boost woodland creation rates. But it is only an interim scheme. Defra's Environmental Land Management schemes (and parallel ones in Wales) take over from 2024. But with only two years until launch there is a dearth of clarity or specifics on how tree planting will fit into these schemes. Woodland creation is an irreversible commitment with long lead in times to work up proposals and get approval because of the dense regulatory regime surrounding it.

Realising long term Government tree planting ambitions depends not only on attractive, properly funded and accessible incentive schemes but on a proportionate regulatory regime that is fit for purpose.

In addition, it needs to be supported by measures to get the supply chain ramped up. The next three years will be crucial in building long term capacity in nursery stock and forestry workers, woodland managers and professionals right across the supply chain, which are essential to achieving government targets.

*Maintaining flood management infrastructure*

The Met Office estimates that climate change has increased the risk of floods in England and Wales by at least 20% and up to 90%.<sup>7</sup> With the increase in severe weather events, effective flood prevention and mitigation are equally important. The £5.2 billion announced in the last Budget will help reduce flood risk. However, this money has been earmarked for new infrastructure, not maintenance. In many rural areas, flood risk is exacerbated by a lack of maintenance on main rivers and existing flood defence infrastructure. The Environment Agency is allocated £172m per year to maintain main rivers and flood assets. This is clearly

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<sup>7</sup> <https://www.metoffice.gov.uk/research/climate/understanding-climate/uk-extreme-events-heavy-rainfall-and-floods>

insufficient given the degradation of flood defence assets owing to climate change. The lack of maintenance on main rivers is having up and downstream impacts, impeding the ability of Internal Drainage Boards, Lead Local Flood Authorities and landowners to uphold their own flood risk mitigation responsibilities. This is all the more disappointing as preventative maintenance delivers a healthy benefit–cost ratio of 7:1<sup>8</sup>.

Flooding can have long-term implications on agricultural land and cause widespread damage, but in many instances, landowners will allow farmland to flood to avoid further, more costly damage to villages or communities downstream. Internal Drainage Boards (which have strong local support), lead local flood authorities and local landowners are often the best-placed and most cost-effective flood risk mitigators for local flood risk and ordinary watercourses. Therefore, the CLA advocates:

- A new fund to compensate farmers whose land is used as a washland ('planned' flooding) or deliberately allowed to flood without their consent ('unplanned' flooding). This is distinct from the Farm Recovery scheme, which only covers remedial costs after the fact, and does not deal with repeat or long-term damage to food production. A methodology such as the Ecoactuary<sup>9</sup> tool should be adopted to compensate landowners fully for the long- and short-term damage to rural land, proportionate to the value of downstream assets protected.
- An allocation of £100,000 per catchment area per year, to help facilitate collaboration between landowners, Internal Drainage Boards and Lead Local Flood Authorities to come up with the right solutions at catchment level. This funding can be used for the administration costs involved in bringing people and organisations together, and/or to kickstart natural flood risk management or collaborative projects.

New housing and commercial development can change both the likelihood and the impact of flooding. So where possible, financial support should be secured from developers to mitigate this, thereby reducing pressure on the public purse.

### *Investment in water storage*

The demand for water is increasing, and, without intervention, will outrun supply within the next 30 years. The Environment Agency predicts that a drier climate and growing population will increase demand the UK by an extra 3,435 million litres of water a day by 2050<sup>10</sup>. There is no silver bullet to build resilience in the system; alongside water use and leak reduction measures, more water storage is needed. Here we only focus on the cost of creating new on-farm reservoirs and infrastructure for irrigation use, rather than national infrastructure for public supply. The cost of maintaining or operating the reservoirs is not included.

Assuming a 40% increase in agricultural irrigation is required by 2050, and in the context of tightened rules on abstraction which are proposed under the Environment Bill, we estimate that we need to build 840-890 small reservoirs<sup>11</sup>. The capital costs of reservoirs go beyond what most individual farming businesses can finance, and there are significant wider benefits alongside food supply resilience – for habitats creation, biodiversity, relief on public water supplies – that are public goods.

<sup>8</sup> <https://www.nao.org.uk/wp-content/uploads/2014/11/Strategic-flood-risk-management.pdf>

<sup>9</sup> <http://www.policysupport.org/ecoactuary>

<sup>10</sup> <https://www.gov.uk/government/speeches/escaping-the-jaws-of-death-ensuring-enough-water-in-2050>

<sup>11</sup> A small raised reservoir is defined as a reservoir with a capacity of between 10,000 and 25,000m<sup>3</sup>: [https://assets.publishing.service.gov.uk/media/60377c138fa8f5049645de5e/14762\\_FD2701-Objective2report.pdf](https://assets.publishing.service.gov.uk/media/60377c138fa8f5049645de5e/14762_FD2701-Objective2report.pdf)

But reservoirs cannot be built overnight: the average reservoir takes between 2 and 3 years from the planning stage to actual build. There should be significant investment targeted at new and upgraded on-farm reservoirs and irrigation infrastructure as part of the Transformation Fund under the Farming Investment Fund, and for fast-track planning permission (particularly where abstraction licenses are being withdrawn) and winter abstraction licenses approvals.

*Maintaining a dedicated funding stream for new trees and woodland*

The England Trees Action Plan needs to be underpinned by support for woodland management over the two decades before the timber produces any income. Both peatland restoration and tree planting are long-term commitments, and the latter involves an irrevocable change in land use. Both have profound commercial and tax consequences. Uncertainty over the long term is a significant barrier to new planting.

Calls on the non-productivity part of the £2.4bn agriculture budget for England are many, and the same will be true for the £337m budget in Wales.

- In England, the Environmental Land Management schemes (the Sustainable Farming Incentive, Local Nature Recovery and Landscape Recovery) will be a key mechanism for delivering the UK Government's ambitious 25-Year Environment Plan;
- As targets get set under the Environment Bill, and Local Nature Recovery Strategies get agreed, they will need proper resourcing;
- The National Food Strategy recommends significant investment in transforming the food system, including farming, some funded from BPS cuts. Some of the resulting productivity improvements will translate into higher margins and profitability, which will make its way back to the Exchequer through taxes, but the investment is large-scale and needs pump-priming.

As the £500m Nature for Climate allocation for trees recognises, the costs of planting and management on the scale governments in England and Wales are seeking will require sustained resources, especially when cumulative management costs are considered. If the current woodland creation schemes are to fold into ELM, there is a real risk that other priorities and targets – including access and heritage but also crucially sustainable farming – would be underfunded. It is essential that government gives itself the means to deliver its ambitions. Carbon sequestration through trees, peatland and other types of biomass need their own, separate investment.

*Pump priming environmental markets at home and becoming a global centre*

Combining the UK's expertise in financial services and world-leading environmental policy, the UK could become a world leader in carbon and environmental markets and green finance. Rural areas in the UK are ideally suited to supply into these new markets. The UK should also develop and leverage its competitive advantage in sustainably produced food on global markets.

Carbon markets are already established in some sectors, while other types of environmental markets and green finance are in the early stages of development. For these markets to develop, government must support the market design, development of appropriate standards and governance. This foundation, alongside seed funding for a number of demonstration projects, should unlock private investment needed to deliver the 25-Year Environment Plan goals and could give the UK a competitive advantage.

More widely, the ability to develop a UK trade policy, away from the confines of the EU and the Common Customs Tariff, should provide a platform for UK businesses to trade more freely and exploit market openings on a global scale. The CLA believes that the quality of the food and agricultural goods produced in this country is our strongest selling point, and we have a competitive advantage in some sectors in terms of embedded carbon emissions. For example, UK-produced beef from dedicated beef herds produce half as much CO<sub>2</sub>e per kilogram than the global average, and beef from dairy herds around half that again.<sup>12</sup> Mitigating the risks of the change in trading regimes while maximising the benefits will require equivalent production standards on imported goods that avoid our home production being undercut by products which are cheaper but have been produced with lesser standards of safety, environmental protection or animal health and welfare.

Consistency in the valuation and measurement of carbon and other environmental outputs (for example water quality, carbon emissions and storage including in soils, wildlife habitat and flood risk alleviation) is needed to ensure credibility and trust in the value of the environmental benefits delivered. This is vital to public policy and to the development of environmental markets, where investors need confidence in the quantity and value of environmental goods and services.

Building on the experience of the Woodland Carbon Code (a government-endorsed standard for measuring carbon sequestration from UK woodland creation) and the Defra Biodiversity Metric (used to deliver biodiversity net gain in the planning system), the UK Government should invest in the development and roll-out of further standards and an accreditation system to underpin environmental markets, in collaboration with the Devolved Administrations.

### **Levelling up and infrastructure investment**

We want the economy in rural areas to be better connected, more diverse and thus more resilient, able to make the most of its natural capital to offer better jobs with higher skills, in a way that mitigates or adapts to climate change.

Investment in the rural economy will deliver jobs and economic growth, alongside contributing to the Government's goals on improvement of biodiversity, climate and food security.

As Defra's recent [Rural Proofing Report](#) notes, in 2018 the rural economy was 18% less productive than the national average. Closing that gap would add an estimated £43bn to the economy creating hundreds of thousands of skilled jobs in communities everywhere. This would be on top of the £260bn rural businesses already contribute to GVA in England, around 16% of total GVA<sup>13</sup>.

Levelling up economic opportunities for rural areas is not only about GVA. It is also about taking pressure off urban centres and making rural communities more sustainable, with better quality of life and lower greenhouse gas emissions to boot. In most parts of England and Wales, deprivation affects rural as well as urban areas; our proposals would contribute to government's aim to strengthen communities.

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<sup>12</sup> <https://www.theccc.org.uk/wp-content/uploads/2020/01/Land-use-Policies-for-a-Net-Zero-UK.pdf> p. 47

<sup>13</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1050177/01\\_Statistical\\_Digest\\_of\\_Rural\\_England\\_2022\\_January\\_edition.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1050177/01_Statistical_Digest_of_Rural_England_2022_January_edition.pdf)