

Enhancing the Value of Rural Towns through Ecosystem Interventions

A report for the Local Enterprise Partnerships of Lancashire and Cumbria,
to inform ecosystem approaches to place-based policy (Phase II of III)

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2. Executive Summary

This in-depth case study of a Rural Hub Town delivers new evidence for place makers, with insights that have resonance across the 182 Hub Towns in England. As the UK government performs its 'pivot to towns' through multiple strands of place-based policy, we need to better understand these critical sites. Hub Towns, as identified by DEFRA and the ONS, play a critical role at the nexus of urban and rural economies and society, and need to be better studied and understood.

We break new ground by unpacking the ways in which economy, culture and environment can come together to support thriving communities and economic growth in Hub Towns. Building on a robust core of academic research, we draw together a substantial body of data including 49 interviews with key stakeholders in a single town, along with public engagement data (collected by the District Council) constituting the comments and feedback from 1,663 individuals and organisations.

By studying the entire rural town ecosystem, we reveal how Place Value is created. Furthermore, we propose two economic, one cultural, and one environment related intervention that each deliver significant, cascading benefits through the town and its rural hinterland. Taken together, these interventions represent a cohesive approach to Rural Hub Town development, applicable in this site, whilst offering a start point for ecosystem-level research and policy making across the other Hub Towns. The 14 key insights and actions identified in this report are summarised below:

Strengthening Rural Hub Towns

1. DEFRA/ONS have identified 182 Rural Hub Towns as having key roles beyond their own borders. These hubs need to be strengthened through ecosystem-oriented investment. The rural economy of regions has been identified as having strong interdependencies with these towns, which act as critical rural-urban linkages across the country. Yet the relatively small scale of the towns means that, despite their rich economic and cultural ecologies, they lack the keystone institutions that can underpin major investment, and support systemic growth. Place-based policies and place-specific funding mechanisms need to be designed to address these specific features of hub towns.

2. Rurality is in strong demand and Hub Towns should be developed as key destinations for inward investment, innovation and entrepreneurialism. Building a strong innovation ecosystem and clear business support offer for start-ups and established businesses can become a magnet for the rurally-inclined, whilst helping to secure the future productivity of those already committed to relocation (urban to rural) but who are not yet embedded in any place-specific business networks.

3. The sections of this report, when brought together, represent the power of a co-ordinated, multi-ecosystem infrastructure investments. The UK Government places strong emphasis on 'high value local infrastructure' projects in its *Levelling Up Fund Prospectus*¹, with a focus on transport, regeneration and culture. The recommendations in this report mirror those aspirations and

¹ <https://www.gov.uk/government/publications/levelling-up-fund-prospectus>

highlight the potential gains that are possible through integrated approaches: Tackling green infrastructure can deliver wellbeing, access to nature, and improved visitor numbers to the town. Yet the benefits of this would be much more significant if the cultural investments were also made, to generate a powerful, practice-led anchor institution that supports the local arts ecology. Together these provide new momentum for the town itself as an attractive site for inward investment, be that financial investment through new entrepreneurs, or human investment as skilled workers seek lifestyle improvements through relocation to a thriving, vibrant rural town.

4. National infrastructure projects need to have local ecosystem requirements embedded in them.

For Hub Towns to re-establish their position as the gathering place at the heart of regional economies, we must ensure that all investments pay attention to the interconnected nature of their social, cultural, environmental and economic prosperity. In Penrith, the implementation of the **A66 “Pathfinder Project”** must address the strongly expressed need for safe, ‘green corridors’ connecting the town to its rural hinterland, boosting zero-carbon travel, trade, and tourism.

5. Mid- to high- level skills are more mobile than ever, and those with these skills also have personal, social and lifestyle agendas that must be holistically addressed if we wish to build an employment ecosystem that is skills-rich. Environmental connectivity, cultural richness and the practice and performance of arts, all provide rural towns with USPs that enable them to attract footfall, inward investment, and growth in the competitive place-market for mobile business.

6. Town centre viability and vitality provide a double benefit to the economy of rural places. They create wealth and employment directly, and deliver a stabilising, focal place of value. Our research has shown that high innovation industries and professional services on the fringes of a town cannot easily separate their own long term performance from system-level town centre performance. The founders, employees and supply chains of these firms are not merely economic actors, they are woven into the fabric of a place and reliant upon that fabric for their wellbeing, which in turn delivers motivated, locally embedded and socially connected employees into the workforce.

Orchestrating roles of the LEPs

7. As the leading regional economic agencies, LEPs need to pro-actively adopt a more central orchestrating role in shaping, supporting and if necessary, leading on major investment projects. In this research we have seen the critical shortage of private sector keystones that might otherwise underpin major investments. To generate these keystones takes time and investment, not only in the projects themselves, but in partnership working as smaller entities come together with agencies in public-private collaborations as they build the necessary skills to take greater control.

8. This lack of keystone firms is a key difference between rural town policy and metropolitan policy, revealed through this perspective. Despite rich ecosystems spanning arts, culture, retail and environment-linked economies, rural towns frequently lack anchor institutions with the scale, scope, resources and capabilities to become stand-alone project leads when attracting major investment or grants. Without the state taking a more active role in system-wide orchestration and platform building, it is difficult to see how significant, system enhancing, infrastructure projects can proceed.

9. Business support is an aspect of government action that needs stronger orchestration. The role of the orchestrator is twofold – 1) to create and sustain relationships with firms and their leaders, so that support is offered when it is needed, not just when it is asked for, and 2) to collate and categorise all business support offerings and optimise the delivery, evaluation and impact of these offerings across the region.

10. The level or nature of innovation needs to be understood within its economic context, with the LEP's relational role designed and scaled accordingly. In this report we are not specific about 'how new' or 'how radical' or 'how big' the innovations are in an organisation, in order to justify the label 'innovation'. In different sub-regional places with different sectoral mixes, we are likely to see innovations coming through in very different forms; In some cases, the innovation may be hard to spot, yet equally transformative: a traditional high street deli may look unchanged to the casual observer, yet significant digital innovation may have created a sophisticated stock management system, integrated into a new online retail presence, delivering on major growth aspirations. For the LEP, it is critical to understand the innovation pathways, opportunities, challenges and required levels of support – through continuous, deep engagement across each sector.

Place Value and Ecosystem-oriented evaluation

11. Ecosystem evaluation is challenging because there are so many moving parts in an ecosystem, and many perspectives on what is valuable and why. Ecosystem-level investments generate cascading flows of value that may not be the primary concern of the funding body itself, or even the individuals who deliver the investment or intervention. Tracking value creation through time, space and multiple organisations poses real challenges, yet needs to be designed-in to projects from the start, to help generate more realistic understandings of where, when and how value is created.

12. Balanced scorecard approaches² proposed in the Levelling Up Fund Prospectus need to be ecosystem based. Whilst the 'Balanced Scorecard' in original form reflects flows of value within a single firm, Place Value and the ecosystems that support it should underpin current evaluations. This reflects our evidence that, from a place-performance perspective, a Hub Town's economic advantage is linked to its natural and cultural ecosystems, at the nexus of rural and urban life.

13. Town Deals represent a chance for early learning. With significant investments coming into the region, we need to focus on the first projects to move forwards, evaluating processes and outcomes carefully. The evaluative infrastructures need to reflect what is required by the region – not simply what is required by the funding bodies – to help guide place-based decision making in future.

14. Community engagement needs to be embedded in evaluation. This research has drawn heavily on data provided by individuals, business owners, officials and various organisations. This type of in-depth research allows deeper understanding of trophic cascades and value creating relationships. Continued engagement delivers ongoing learning and rapid policy adaptation, if required.

² <https://www.gov.uk/government/publications/levelling-up-fund-prospectus> 'Value for money', section 7.6, p20

3. Rural Towns and the Plan for Growth

There are over 1,000 towns in England, and they are home to over 32 million people, or some 56% of the population³. In 2019 a political ‘pivot to towns’ occurred following the general election and the rise of the Conservatives in the traditional ‘red wall’ seats: On 5th July the first 50 recipients of the £675m *Future High Streets Fund* were announced⁴; On 9th July the ONS published its first *Understanding Towns in England and Wales* report, incorporating new data and analysis to support policy making; On 1st November, the government published the prospectus for its £3.6bn *Towns Fund*, as “part of the government’s plan to level up our regions”⁵, which included a further £325m specifically for the *Future High Streets Fund*, to take that up to £1bn. Further funding has followed, including publication of a briefing paper⁶ on the proposed £1.5bn p.a. *UK Shared Prosperity Fund* on 29 January 2021 (with its 1-year £220m precursor, the *Community Renewal Fund*), and the £4.8bn *Levelling Up Fund* that had its prospectus published on 3 March 2021, focussing specifically on high-value infrastructure projects that can, “support town centre and high street regeneration, local transport projects, and cultural and heritage assets.”⁷

A deeper understanding of towns needs to accompany this surge of interest and funding, if towns are to benefit from, and play their part in, the government’s ‘Plan for Growth’⁸. This understanding is emerging now, with that first town-focused ONS publication, and the *High Street Task Force* commissioned in 2019⁹, out of the *Future High Streets Fund*. However, the curated database of 272 publications (including case studies, evidence, best practice and research)¹⁰ available from the task force contains no single publication that looks in depth at rural towns.

The ONS has noted a huge upsurge in interest in migration to rural areas¹¹, including 19% of first time buyers stating a preference for rurality. Rural towns may be poised to play a very particular role in the Plan for Growth. We suggest that it is crucial, therefore, that we dedicate specific attention to the study of rural towns. The recent identification and classification of *Rural Hub Towns* by DEFRA and the ONS suggests that there is something particular about these places that needs to be understood, then managed through place-specific policies.

182 rural Hub Towns have been identified and classified, playing important roles in the rural-urban relationships of the 145 Local Authority Districts that contain at least one such town. Until the 2001 Census there was a clear distinction between *urban* areas (population over 10,000) and *rural* areas (population below 10,000). However, the analysis and classification of 2001 census data introduced the concept of ‘Larger Market Towns’ which evolved into ‘Hub Towns’ in the

³<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/understandingtownsinenglandandwales/anintroduction>

⁴<https://www.gov.uk/government/collections/future-high-streets-fund>

⁵<https://www.gov.uk/government/publications/towns-fund-prospectus>

⁶<https://researchbriefings.files.parliament.uk/documents/CBP-8527/CBP-8527.pdf>

⁷<https://www.gov.uk/government/publications/levelling-up-fund-prospectus>

⁸<https://www.gov.uk/government/publications/build-back-better-our-plan-for-growth>

⁹<https://www.highstreettaskforce.org.uk/about/who-are-the-task-force/>

¹⁰<https://www.highstreettaskforce.org.uk/resources/>

¹¹<https://www.ons.gov.uk/economy/inflationandpriceindices/articles/priceseconomicanalysisquarterly/january2021>

classifications of 2011 Data. In 2014 DEFRA identified the critical role of these **'Hub Towns'** within rural economies: towns that were essentially rural yet had a population between 10,000 and 30,000, and which ***"play very important roles as 'hubs' in the rural areas around them (rural hinterland) in terms of providing services, employment and businesses."***¹² The DEFRA / ONS user guide reinforces this point: *"...patterns of rural-urban interdependence are such that some urban settlements can play a particular role in the lives of rural residents and that recognition of this interdependence should be embedded in the classification of LADs."*¹³

Also important is the role played by the rural hinterland in the lives of these hub towns. The natural infrastructure – the green spaces for leisure pursuits, cultural landscapes of rural England, the beaches and coast, and the connection to growers and produce - these aspects of rural life are components of the environmental and cultural ecosystems drawn on by residents of hub towns.

Yet we see, too often, that these relationships and dependencies are poorly understood, or ignored, or misrepresented. Two recent examples are the "Corona Shock" report on the early impacts of Covid-19 on towns and cities¹⁴, and the high profile Halifax Quality of Life Survey¹⁵.

The Corona Shock report uses ONS Travel to Work Area (TTWA) data as a proxy for town data. The travel to work data may be suitable for urban areas where the green space between hubs is insignificantly small, but for rural areas this methodology is fundamentally flawed. For example, Penrith TTWA includes two of the three other towns of Eden District, the entirety of Lake Ullswater and its surrounding hotels, caravan parks and touristic sites, most of the Eden Valley, plus Center Parks in Whinell Forest with its 4600 person capacity (almost a third of the size of Penrith itself). Whilst the economic links between Penrith and its surroundings are in no doubt, this methodology skews the data significantly, leaving the industrial activities of the town underrepresented.

The Halifax methodology uses average annual rainfall, and annual hours of sunshine as the only two variables assessed under "physical environment" – rating an urban area such as Walsall as having a better physical environment than Keswick, located within a National Park and UNESCO World Heritage Site. The three variables assessed under "lifestyle" are number of pubs and bars, number of health and fitness centres, and availability of ultra-fast broadband. So again, if you live in a rural town with easy access to outdoor recreation, whether it's surfing at Newquay or walking and cycling in the Lakes and Dales, you do less well than the urban proxies for such activities: the pools, treadmills and cycle machines in leisure centres. By ignoring both the proximity and the value-in-use of our natural environment, the 'Best Places to Live' methodology is skewed against some of the most defining, and beneficial, features of rural towns.

Policies developed for rural towns must reflect whole-ecosystem needs, balancing economic growth with cultural, environmental and social value creation. Analysis performed by the

¹²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/307939/2011_Rural-urban_statistical_classification_for_local_authorities_interim_results_-_hub_towns_.pdf

¹³ <https://geoportal.statistics.gov.uk/datasets/0560301db0de440aa03a53487879c3f5>

¹⁴ <https://www.tortoisemedia.com/2020/04/20/corona-shock/>

¹⁵ <https://www.lloydsbankinggroup.com/assets/media/press-releases/halifax/2020/halifax-quality-of-life-2020/halifax-quality-of-life-survey-2020.pdf>

Government Statistical Service and DEFRA¹⁶ shows rural areas already significantly outperform urban areas across a range of key performance metrics covering: employment rates, educational attainment, crime, deprivation, relative low income both before and after housing costs, and homelessness. Rural areas also outperform urban areas on every measure of health and wellbeing, including longer life expectancy, 25% lower infant mortality, and a significantly stronger sense of belonging, trust, mutual support and feelings of safety in the area where they live.

Andy Haldane highlighted this disparity between wealth and wellbeing in his 2019 speech¹⁷. His visuals highlight the economic surplus, but wellbeing deficit, that London suffers on behalf of the rest of the UK. As we 'level up' economically we must be extremely careful to build Ecosystem Evaluation approaches that protect and enhance rural life across a range of non-financial metrics.

The case study town: Penrith in Cumbria

This report looks at the town of Penrith in Cumbria, population 15,487¹⁸, one of five rural 'Hub Towns' in the county, that has many typical features of such mid-sized settlements: it has good road and rail infrastructure links, access to an attractive rural hinterland, a surviving-but-not-thriving town centre with increasing numbers of empty units, a number of relatively successful industrial estates, and a professional services economy that supports a wide geography of businesses with particular strength in agriculture and tourism.

A key issue for the town, and wider region, is the challenge of outward migration, with thin levels of mid and high level skills in the workforce, and a corresponding need to attract such workers to the region. There is a recognition that workers are increasingly mobile, and in higher skilled domains such as the digital economy they are hypermobile as these adaptable businesses have few static fixed assets, dispersed knowledge-based supply chains, and national or global client bases for non-physical products. These features enable these businesses to be located almost anywhere they choose, but at present they are significantly under-represented in this region. This presents a rationale for the current place branding and promotion strategies: if these businesses are essentially place-neutral and do not need to be next to an anchor institution (like the supply chain for BAE or Sellafield might wish to be) then perceived place value, based on the full social and economic offer of the place, may come in to play in shaping patterns of migration.

Data from rightmove¹⁹ suggests that this is a time of significant opportunity for rural locations. It is critical to understand the (potential) strength of the offer at the individual-place level. It is already well accepted that there are micro-markets for employment, because of the scale of the region and the very different economies that dominate in different areas. Therefore, the ecosystem management approaches need to reflect the particularities of the place, its interdependencies, and the needs of existing and future citizens.

¹⁶ <https://www.gov.uk/government/statistics/statistical-digest-of-rural-england>

¹⁷ <https://www.bankofengland.co.uk/-/media/boe/files/speech/2019/is-all-economics-local-speech-by-andy-haldane.pdf>

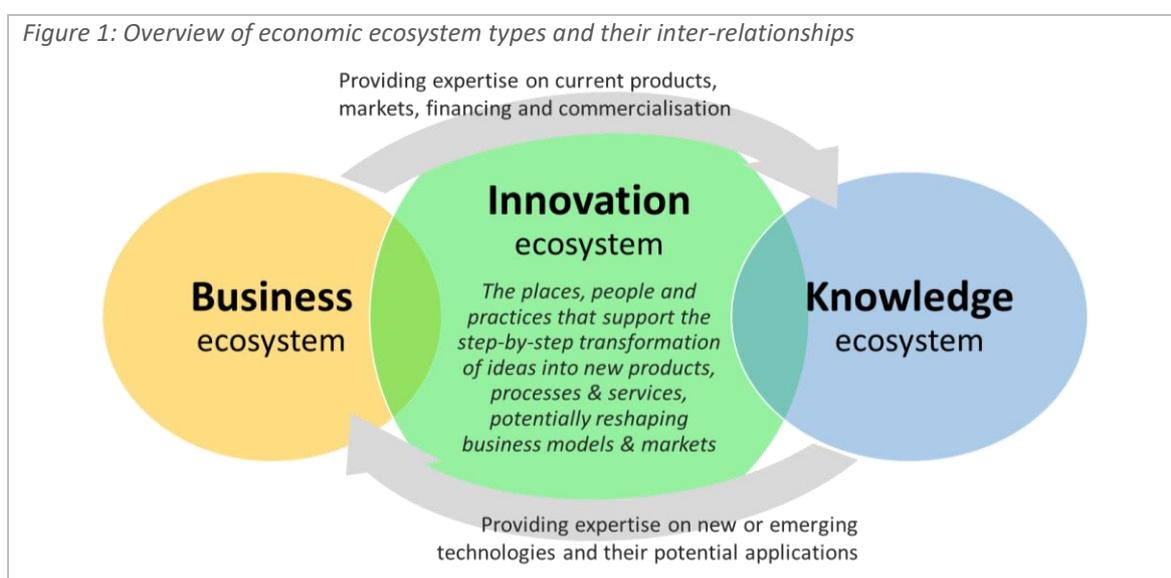
¹⁸ <https://www.eden.gov.uk/media/3100/eb001-penrith-area-profile-september-2015.pdf>

¹⁹ The 8 October 2020 article online highlights a significant shift in property searches towards rural locations across the UK. <https://www.rightmove.co.uk/news/articles/property-news/most-popular-countryside-hotspots>

4. Ecosystems and Places

The term ‘ecosystems’ is frequently used, yet not always with the clarity needed to support decision making. Working with the Cumbria and Lancashire LEPS, we identified a need to explore what ecosystems are, how they function, and how they can be better managed in this region. The aim: to shape research-informed, but contextually grounded, ecosystem policies for innovation and growth.

In our Part I report entitled “*Regional Innovation Ecosystems: Understanding their nature, identifying their value*”²⁰ we looked closely at the different types of ecosystems that matter to businesses, and developed three in-depth case studies of regions across Europe and the US where ecosystem-oriented policies had proven successful. We presented a summarised visual of the key components and relationships within an innovation ecosystem:



What we emphasised in our last report is that innovation is not a single act, but a drawn out process of identifying new opportunities, seeking knowledge, and the piece-by-piece integration of new insights into established practices. Ecosystem building, as our case studies showed, is the imagining of new arrangements of industries and organisations, and investing in the infrastructure that enables new innovation pathways to emerge. This puts ‘Place’ at the heart of ecosystem building. The features of a place that drive innovation, growth, and wellbeing need to be unpacked. In order to do this, we must extend our ecosystem thinking and vocabulary.

Concepts we need to address for sustainable, resilient ecosystems

When ecosystem theory and language moved from biology to business, only a small number of the many well-developed ideas were brought with it. The focus of ecosystem thinking at this stage was at the firm level, and research focused on how individual firms could build strategies and systems that gave them sustainable competitive advantage. Only more recently have policy makers adopted

²⁰ This report can be downloaded here: https://pure.lancs.ac.uk/files/309949135/REGION_1.PDF

this approach to think about the health of the system as a whole, rather than any one (dominant) player within it. The following concepts are well established in theory, and will be useful in this broader practice of building successful, resilient ecosystems:

Apex and Interactor Keystones

- **Apex keystones** are the large, system-dominating entities that may control the system-wide value proposition (e.g. the final supply of cars from a major manufacturing site), or anchor the system in a place and underpin its attractiveness to user-customers (e.g. the department store in a retail centre, the cultural centre and theatre in a small town, the national park within which a collection of businesses operate). They need only be large in relation to the system itself, such that they capture a disproportionate share of the value created through the system, and are therefore well positioned to invest systemically and not just individually.
- **Interactor keystones** are less well described in business, but these are the essential catalysts that drive activity across a network. Strong interactors can play a keystone role through their ability to identify value creating opportunities, shape new relationships, and reveal the pathways to innovation. However, they have a challenging business model to monetise, as the value they create is distributed across organisations, space, and time. Interactors may be funded by apex keystones to help them remain part of a thriving, diverse ecosystem.
- **Ecosystem health and long-term resilience requires both forms of keystone.** Having an apex keystone will not necessarily drive innovation. If the apex keystone is focussed on its own ambitions or responsibilities, it may secure its own position in the economic order, without driving tangential or emergent innovation across the system.
- **Major innovation assets often need to be ‘unlocked’.** In some sectors, for example bioscience, anchor institutions realise that their efforts to drive interactions need additional investment. GSK, for example, secured £50m of investment to build an Innovation Catalyst at the site of its UK R&D centre in Stevenage in 2010. The ambition was multi-faceted – to support emergent technologies and their emergent business models, to drive interactions across the start-ups, but also between entrepreneurs and established scientists within GSK itself, to generate a more engaged, external facing, ‘strong interaction’ internal culture.

Meta-ecosystems

- **Interactions across economy, environment, and society are important aspects of place.** We may choose to study these systems separately, to allow for in-depth review and deeper understanding of key players or key relationships. However, we also need to investigate relationships and value creation at the intersections of these systems.
- **Meta-ecosystem studies can reveal the value that traditional economics may miss.** Ecosystem oriented approaches in ecological economics highlight the notion of ‘total value’ being comprised of ecological, socio-cultural, and economic values whilst simultaneously acknowledging the problem of aggregation and weighting across different measures.²¹
- **Rural towns need to be viewed as meta-systems.** The green infrastructure *embedded inside* an urban landscape is, instead, *wrapped around* a rural town and plays a key role in its

²¹ A useful and highly cited framework can be found at: De Groot, R. S., Wilson, M. A., & Boumans, R. M. (2002). A typology for the classification, description and valuation of ecosystem functions, goods and services. *Ecological economics*, 41(3), 393-408.

economy and society; Residents of rural towns are further from the cultural assets of their neighbours than networked urban settings, so the town's cultural assets play a more integrated role in the life and economy of the place; The economies of rural towns intimately link to their rural hinterlands through tourism, agriculture, and lifestyle, with the town providing a hub for trade, education, transport, health, and social connectivity.

Meta-keystones

Recent advances in ecology address the role of meta-keystones in shaping activity across multiple ecosystems. Whilst the terminology may not always be used in business settings, we know, for example, that the sustainability of a national park is critical for the local economy, or that major cultural assets can drive footfall and inward investment into the places where they are located. 'Meta-keystones' provides a conceptual language to describe and explain these phenomena.

Trophic cascades

- **The cause and effect chain of events** that flows out from a change in an ecosystem is what we term a trophic cascade. Frequently such effects are unforeseen, and can be both positive and negative as an ecosystem adjusts to a new equilibrium following a shock.
- **A critical concept in ecology, the study of cascades is less well developed in business.** The fact that economic ecosystem research has tended to focus on firm-level success means that the long tail of impacts caused by major change are seldom studied in depth or detail.
- **Understanding trophic cascades across meta-ecosystems can reveal key intervention points.** If we can unravel not only the relationships within a system, but also the likely chains of events that different interventions may cause, we can begin to unpack the long tail of value creation that would emerge from different investment strategies.

Place Value

- **The term 'Place Value'** refers to the combination of economic, social and environmental factors that define how good a place is to live and work in, and to what extent the place is capable of sustaining the wellbeing of its population. The concept has emerged from work done at the Bartlett School of Planning at UCL, led by Professor Matthew Carmona.
- **Rooted in urban geography²², Place Value seeks to unpack the features that create Place Quality**, drawing systematically on evidence to reveal how place shaping can yield quality, and thus value – in multiple forms that may reflect economy, culture, environment and society.

²² See an excellent explanation of this concept here: Carmona, M. (2019). Place value: Place quality and its impact on health, social, economic and environmental outcomes. *Journal of urban design*, 24(1), 1-48.

5. Data & Method

“As with the body, to understand the dynamics of a complex system it is crucial you study the micro-level moving parts.” Andrew Haldane, Chief Economist at the Bank of England.²³

The use of qualitative data is essential if we want to move past knowing ‘what’ happens, to understanding ‘how’ and ‘why’ it happens. Quantitative methods let us count business start-ups or grow-ups, and monitor trends. But only through multiple discussions with business owners can we unpack the challenges, risks and opportunities they have faced, the support structures they have drawn on, the rationales they have constructed for key decisions, and the thoughts they have for the future. As Andrew Haldane explained it *“Intelligence-gathering means extracting economic narratives, rather than facts, about the forces shaping people’s lives and decisions.”* From this depth of insight, viewed through a range of theoretical lenses, we can build a picture of how a town ecosystem functions, and might function better with specific interventions.

We draw on two bodies of data to inform this report:

1. Research carried out by Chris Ford and Steve Wright of Lancaster University in conjunction with retail expert Cathy Hart of Loughborough University. The researchers collected and analysed 27 interviews with businesses and council officials, combined with online survey responses and written comments (representing 1663 people and organisations in total) that formed the 2018 public engagement exercise carried out by Eden District Council.
2. A total of 22 further interviews conducted between February and August 2020 with retail, food and drink, professional services and industrial businesses located in or near Penrith. Interview data was supplemented with reviews of company materials including website, latest filed accounts and additional documents made available to the research team.

Analysis of the data followed an iterative approach as evidence from interviewees was combined with theoretical ideas, step by step, to reveal deeper insights. These insights did not follow a pre-determined format or topic area: we were led by the data and used the evidence from fieldwork to guide us. As themes emerged we incorporated theory to develop rich understandings. The four interventions that follow have emerged from this process of analysis, and we hope they will stimulate further debate. **These are data-driven ideas, they are not fully costed proposals and they do not account for the economic constraints that may be relevant in specific settings.**

- Retail-led economy: **Local-Virtual retail incubator**
- Industry and technology-led economy: **Integrated innovation support**
- Arts & Culture-led economy: **Practice-led performance art**
- Environment-led economy: **Creating a green infrastructure advantage**

²³ <https://www.bankofengland.co.uk/-/media/boe/files/speech/2019/is-all-economics-local-speech-by-andy-haldane.pdf>

6. Integrated Innovation Support

Key Ecosystem Findings & Recommendations

- 1. A single high-interaction keystone entity does not exist in the business support landscape.** Consequently, there is a significant time cost to businesses of identifying the right support, assessing whether they are eligible, and whether it delivers the right insights, networks, and value.
- 2. The main providers of innovation support funding are geographically located outside of the main ecosystem** and removed from the long tail of SMEs, making it hard for them to understand the specific challenges and funding needs within a rural ecosystem. More local control over funding process, and more local creativity in designing funding streams and structures, would be beneficial.
- 3. Creating a single keystone entity, potentially within the LEP, that has oversight of all activities may enable faster routes to support and funding** for businesses of all sizes, and stages in their lifecycle. Rapid development of the business support offer can reflect conditions ‘on the ground’ in the very different parts of the region. In particular, there is a need to develop approaches that can support high performing clusters that exist without anchor or large keystone entities at their centre.
- 4. There is a real need for long term system orchestration that can ensure the correct blend of business function and social function across the support offer.** Much clearer curation of the entire suite of business support can ensure that ecosystem-building social functions are properly embedded where required, and educative offerings are matched against accessible and rapidly deployable expert advice (e.g. on intellectual property, legal issues, taxation).

Challenges

The evidence provided to us through in-depth interviews with business leaders and owners has revealed a great deal about their perceptions on the structure, value and potential future of business support in the region.

Business advice and support services have proved invaluable in recent months, with many businesses turning to them for the first time and telling us that they have benefitted greatly. However, the region spans a wide geography with multiple, very different economic areas each dominated by very different sectors, placing very significant challenges on those who seek to provide targeted, fit-for-purpose innovation support and to build meaningful, place-based ecosystems through collaborative engagements. Business owners and managers have expressed both positive feedback and a range of concerns in relation to some aspects of the collective offering. The concerns have predominantly related to one of these three issues:

- **Fragmentation of provision.** With multiple providers distributed over a wide geography and wide array of organisational types, very few advisors can offer a full customer-centric picture of what is available and appropriate for a specific business.
- **Poor structuring of rewards leads to dysfunctional behaviours.** Whilst provision is generally good, some have commented that a ‘tick-box’ approach to recruitment and delivery left them feeling under-served: the suggestion has been that number-based short-term targets (for example, number of attendees on a programme) are driving attention away from quality delivery, targeted delivery, and longer term measures of business impact arising from interventions. At the more bespoke end, the commonly used freemium business model has not

always been effective: in some cases, advisors acting as independent agents have little incentive to signpost alternative forms of business support, using the 'one hour free' to promote their own services.

- **High level, extended duration, business growth support skills are very difficult to locate.** There is some private sector provision, but this type of highly engaged, specialist offering is not integrated into the public sector offering, and businesses with advanced technologies in need of investment or grant funding do not always have an obvious place to turn to for dedicated support.

The last point here is possibly the most important when we consider the role played by innovation managers in places such as science and technology incubators or accelerators. Here, co-located businesses benefit from longitudinal, highly engaged support from an Innovation manager or Entrepreneur-in-Residence, who gets to know their business needs, their plans and trajectory, and can then put forward business support interventions in a timely, efficient, and highly impactful way.

This highly relational approach to innovation support is important for at least two reasons: Firstly, the SMEs who draw on this resource are generally time poor, and cannot scour the range of support offerings available to them in order to identify, classify, evaluate, then fit-in-with the best opportunities; Secondly, many small business owners are limited by their own knowledge – they may have very advanced technical skills but be trying to enter a new market, or create a new technology, or shape a new business model, without fully knowing the steps they need to take, or the order in which to take them. Having an expert guide on the innovation journey has been proven, over and again, to be extremely valuable to SMEs who can draw on such a resource.

At present, however, there are cross cutting funding and delivery relationships that span different levels of government, different quasi-governmental organisations such as the Chambers, Growth Hubs and LEPs, as well as university providers who themselves have a proliferation of offerings, each with their own restrictions depending on where funding comes from. This is a potentially confusing picture for businesses but also for providers, who have little hope of offering comprehensive advice on where to go for the most efficient, effective and timely support.

Opportunity

If one county-wide organisation can review all the business support services, map them, identify gaps and overlaps, then present them in a cohesive way there should be an increase in uptake, a reduction in waste, and an ability to channel funds into services that are needed but currently not part of a full-spectrum offer.

This orchestration role, which could be played by the LEP, should act as an enabler of all different forms of support – it does not seek to replace them, but more to act as an agreed, shared, co-ordinating resource that gives business users a single point of reference. The LEP can then focus on identifying region-level needs and trends, eliminating overlaps, and seeking opportunities to secure funding and target interventions based on deeper, more complete, insight.

Throughout our research, business respondents called for a much more relational approach to support, alongside or in place of productised, ad-hoc service. They want advisors and economic policy makers to spend time with them inside their businesses, to build up a deeper understanding of business needs and concerns. Many do appreciate networking events and educational seminars, but suggest that these should go hand in hand with business-centric rather than topic-centric advice.

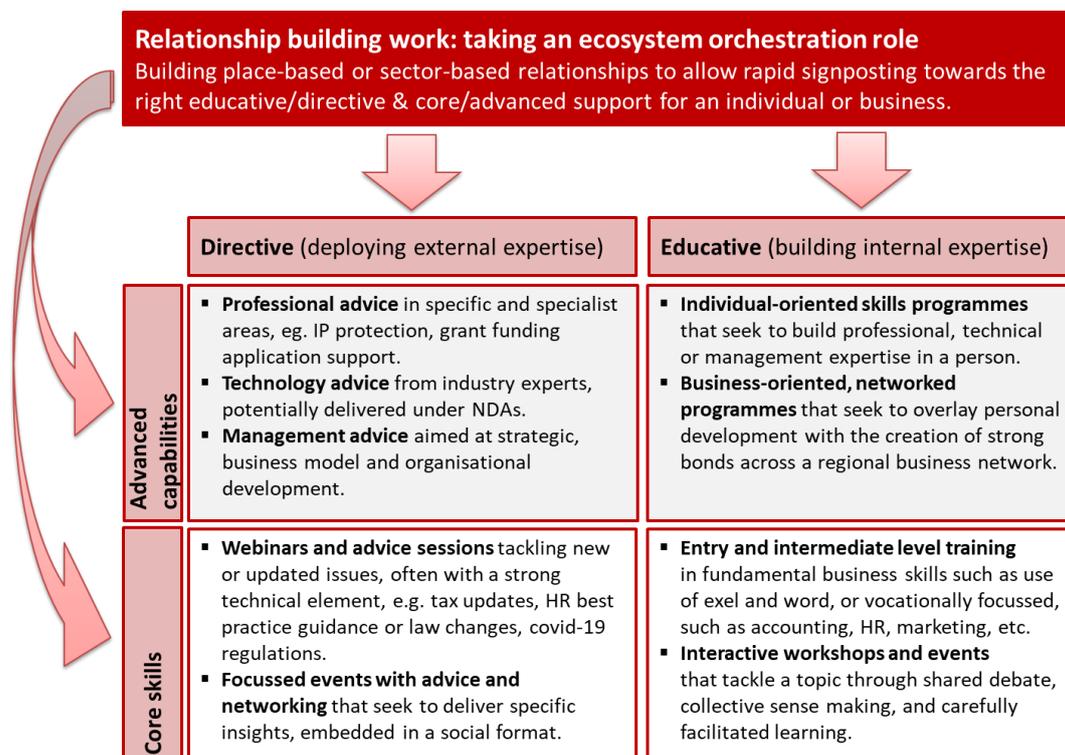
The ambitions of the region need to be much more carefully mapped into the performance management and control measures used with training providers. This requires a radical rethink of how these providers, both individual and organisational, are funded and evaluated: much greater emphasis needs to be placed on process metrics that reflect value creation in the eyes of business, rather than outcome metrics that reflect tasks completed by the provider.

Action

A business support audit can identify and categorise the full range of offerings across the region. A clear typology is required for this audit that can be agreed by all delivery partners, to ensure that the outcomes are clear and can support the identification of gaps, duplication, and an understanding of how the entire portfolio is structured and funded. One approach is to categorise support by:

- **Business Function**, summarised on two axes: *skills level*, and *educative intent*. The skill level may be aimed at important but less advanced knowledge, or it may be targeted at advanced capabilities that support innovation strategies and growth. The educative intent identifies whether the aim is to deploy external expertise in a directive way to rapidly and efficiently tackle a specific need, or whether the aim is to build internal capabilities through education.
- **Social Function**, which can be categorised in one of three ways: *Individual-focus* is the delivery of advice or education aimed primarily at one person, for implementation in the business; *Network-focus* is when short interventions such as events draw together a range of different individuals and industries and encourage networking, or where educative offerings work with cohorts from multiple sectors, who build high trust relationships with each other; *Ecosystem-focus* takes the network building intentions and stretches them further, purposefully connecting similar or related businesses to reveal opportunities for within-group collaborative innovation and ecosystem building.

A central orchestration and advisory team is required to co-ordinate the offer. Examples of support they might signpost, focussing here on their Business Functions, is shown below:



Some support activities may be strong on their core functionality, but represent a missed opportunity to deliver social functionality. For example, a technical seminar could overlay its core function with network building goals (across a specific place) and/or ecosystem goals (across firms within related industries that could lead to new business opportunities). Education and events designers need to be explicit in their planning about whether these are aimed at developing sectoral ecosystems, building place-based generic support structures, or giving knowledge to individuals.

It is important to differentiate between directive and educative offerings as these are not always good substitutes for each other. Universities, for example, are often able to provide highly engaged, community building educational programmes yet in some cases these are not at all appropriate – sometimes a business owner needs rapid advice and should be advised to outsource this capability, rather than try to develop in-house expertise.

Spanning the boundary between businesses and the support ecosystem is the role of higher level, centralised advice teams: building business relationships enables these advisors to operate across the full spectrum of offerings, signposting but also helping businesses to make good choices.

The reorganisation of business support is a political charged process, as it may involve significant resource reallocations and a change in the power relationships between different bodies. This needs careful thought and collaborative decision making, with early stakeholder engagement.

Impact

The joining up of business advisory and support services will impact across all sectors, by generating clear pathways to support, reducing wasted time, human resource, and missed opportunities. It is highly likely that duplication will be identified across the region, as well as varying qualities and quantities of service provision. This is an opportunity to generate peer-learning networks across the advisory bodies to ensure that there is constant improvement, linked to transparent reward structures and appropriate levels of accountability for the quality and impact of any intervention.

Some specific impacts across sectors may include:

<p>Retail & Town Centre</p> <ul style="list-style-type: none"> ▪ A separate, dedicated support offering for retail is discussed elsewhere in this report, but remains a key component of the overall support system. 	<p>Industry & Technology</p> <ul style="list-style-type: none"> ▪ Having rapid access to dedicated, advanced advice can be critical to start-ups or rapid growth businesses. ▪ A highly visible, well promoted support service will encourage both inward migration of entrepreneurs and businesses, and a greater number of local start-ups.
<p>Arts & Culture</p> <ul style="list-style-type: none"> ▪ A sector dominated by smaller players with limited time to collaborate or seek support – so will benefit from streamlined access to more targeted advice. 	<p>Environment</p> <ul style="list-style-type: none"> ▪ Geographically diverse businesses often with creative plans, yet limited knowledge of each other. The ecosystem function of interventions may drive powerful new collaborations (eg between town, lake, and mountain retail and leisure providers)

7. Local-Virtual Retail Incubator

Key Ecosystem Findings & Recommendations

1. All towns have suffered through long term shifts in consumer behaviour, then Covid, making the shift to experiential centres ever-more important. The impacts of changing shopping habits have been accelerated as consumers have created new online habits, that may persist as towns re-open. This has accelerated the need to develop the experiential offer of towns, whether through independent retail, daytime and evening dining, arts and culture, or improved social spaces.

2. Rural town ecosystems have resilient features that may accelerate recovery. Local, loyal populations with a sense of shared responsibility for the life of their town centre can support regeneration post-covid. Rural towns that can increase their attractiveness to domestic tourism (and were therefore hit hard during lockdowns) may now benefit from increasing trade, driven by suppressed demand for travel, retail experiences, and uncertainty over international travel.

3. Regular markets and events can become low-cost keystones by combining locally-focussed retail features alongside arts and culture offerings. This strategy is relatively quick to implement, inexpensive, and responds to strong local demand. Markets can draw on local, independent, high quality producers of food, drink and hand-made products, and simultaneously become an outlet for local performance artists. Combined, the food culture and arts culture create a keystone assemblage that can re-attract both locals and visitors.

4. A retail incubator may act as a strong-interactor keystone, enabling business support that attracts startups, while growing both local and digital demand for current businesses. Rural towns contain many self-taught retail entrepreneurs, with widely varying skills and appetites for investment, particularly in digital learning and infrastructure. Structured, long-term network building and support can unlock the digital potential of extant stores, while helping start-ups to thrive, enabled by localism, low cost base, year-round trade, and the potential growth in tourism.

The Specific Ecosystem Features of Rural Towns

Town centres across the UK are in need of an injection of innovation. Retail experts suggest novel ways to re-organise around an increasingly important experience economy, whilst simultaneously changing the retail / residential / business mix within the centre itself. Yet these are, for the most part, still emergent ideas: towns are wrestling with how to put these ideas in to practice, while facing the combined threats of online retail, out-of-town retail, and the challenge of understanding and adapting to changed behaviours driven by Covid-19. Latest thinking suggests that towns utilising their outdoor space to attract visitors may, in fact, benefit from a reluctance to spend time indoors (e.g. large shopping centres) due to safety concerns, combined with an increased appetite for the social and experiential aspects of retail visits.

For rural towns in particular, a thriving retail and experience economy can underpin not only the town centre itself, but also the industrial and professional service firms in surrounding business parks, and the wider rural economy that uses the town as its hub. Unlike commuter towns within easy reach of large urban centres, rural towns need to 'stand on their own feet' as liveable places with a comprehensive offer to an increasingly mobile workforce. The town centre sits at the heart of an economic, social, cultural and environmental meta-system that combines to make it a place

worthy of investment, be that in terms of investing one's life here, or directly investing in starting or growing a business here.

This central position within the meta-system means the centre of a rural town is responsible to a much wider group of stakeholders than those based in the centre; Likewise, it is very much in the interests of all businesses located in or near the town, to invest time, energy and resources to ensure that the centre prospers. A thriving town attracts and retains the skilled and motivated workforce that enables economic growth, draws in tourism, and allows a place to continue to attract investment.

Innovating rural town centres, supporting existing businesses, while enabling start-ups with business models that can compete (differently) with mainstream online retail, is fundamentally important to the town centre and to the economy of the wider town-region. Whilst functional online retail is here to stay, the relational aspects of in-person retail, such as the connection to producer-makers or access to local expertise, can bring new experiences, a stronger identity, and new growth to rural towns.

Understanding Penrith (and similar national-park-fringe rural towns)

Penrith town centre has seen some erosion of its 'market town' identity that many respondents commented on, with the gradual loss of its regular farmers market. The town supermarkets and banks play key functional roles to a broader geography, servicing the local population and self-catering tourism. Many visitors are drawn first to these anchor stores for their holiday provisions, then set out to explore the town centre on foot, seeking interesting shopping, entertainment or dining experiences.

Penrith has no other anchor institutions, other than these functional ones, and so its geographic catchment is relatively limited. Whilst there are some day visitors due to holidays in the nearby Lake District, respondents from a range of stores indicated that 60-80% of their trade was with local residents. This is not to suggest that tourism is unimportant – the town is embedded in a tourism-dominated District – but it indicates two things: firstly, a more resilient, year round customer base than towns located within the national park, and secondly, opportunities for growth if the town is able to create stronger keystones that can attract visitors in greater numbers.

There are many small independent retailers, cafes, delis and boutique stores in Penrith and despite the slowly increasing number of empty units, these stores, when mixed with functional retail, present an attractive offer for those seeking to browse and explore. However, stores vary in their operational expertise and many lack the resources, or knowledge, or networks to improve.

Business support infrastructures are multiple and sometimes confusing. Whilst there are both local and regional support services available, they tend to be generic business advice, whereas many interviewees highlighted a lack of dedicated retail expertise available to support and enhance the sector. Rather than having to locate then attend a defined programme of support, some shop owners wish for a more engaged, relational approach from local business support officers.

Opportunity

Penrith has the potential to become a rural town exemplar, as a dedicated incubator of local-virtual retailers. Small start-up retailers with boutique offerings are increasing already, but they lack the structured support to help them thrive, and to draw other firms in to strengthen the ecosystem. Some independent retailers have a strong web presence, but with purposeful support Penrith could become a low cost platform from which to reach national markets, whilst also benefitting from community support and a culture of localism.

Penrith already exhibits many of the features of an incubator, with low rents, many small units available, a regular customer base that is not tourism-dependent, and excellent formal and informal business networks. What it lacks, however, is the 'entrepreneur-in-residence' or 'business support manager' that would exist in a physical incubator, whose extended relationship with a tenant helps them to identify pathways to growth, and the necessary support they need along the way.

The orchestrating role of this central person or team requires them to build trusting relationships within the town, whilst also having access to a network of relevant expertise, training and funding opportunities from across the UK. This boundary spanning role is typical of incubator management, and could be embedded in a LEP-level team, giving support locally while building regional expertise.

Interventions in the quality of the retail offer need to be supported with enhanced efforts to attract customers, for example through more events, seasonal markets, increased promotion, and better utilisation of existing infrastructures (roads, signage, car parks etc.) With no anchor retailer in town, no single entity can make these significant investments, and with the success of the town being critical to a much wider catchment of businesses it should not fall on the BID alone to fund these interventions. Fortunately, certain large private sector firms outside of the centre are already sponsoring events and festivals to some extent, so there is scope to explore new public-private funding partnerships to boost the vitality of the town centre.

Action

A detailed audit of business support services available to town centre retailers would reveal the extent to which innovation and growth are currently being actively supported. Alongside this work there needs to be a process of co-creation with retailers to determine what kind of innovation support platform is actually required – what services, support, facilities or networking is going to have greatest impact.

The multiple governing groups need to be aligned. The BID, Town Council, Town Chamber, District Council, County Chamber and County Council can all align themselves behind a retail strategy for rural towns, and determine who-does-what but also, critically, who does-not. Streamlining of roles will create clarity for businesses and should enable more purposeful, quicker action.

On the customer side, these multiple bodies also need to consider how they will build and promote the identity of the town. Investments in markets, events and publicity to draw in shoppers and those seeking an interesting market town experience need to be co-ordinated, long term, and linked to the retail innovation strategy. This should run alongside the town identity work to build an integrated retail incubation platform that will attract increasing numbers of start-ups.

Impact

The impact of a high performing retail centre in a rural town is the subject of current academic papers being developed by the authors of this report. The vitality and viability of the town centre plays a critical ecosystem role, as described below:

<p>Retail & Town Centre</p> <ul style="list-style-type: none">▪ Strong functional retail remains a key draw for local and visitor groups▪ Successful retail start-ups will provide the USP that a modern market town needs, enabling it to retain local shoppers and attract increasing numbers of visitors.▪ Local food and drink producers will benefit from enhanced routes to market.	<p>Industry & Technology</p> <ul style="list-style-type: none">▪ Attracting a skilled workforce is a key challenge in many sectors. The vitality of the town centre underpins place value, which is a key component of a job offer.▪ Start-ups draw directly on professional service firms for legal, accounting, digital and other services.
<p>Arts & Culture</p> <ul style="list-style-type: none">▪ A thriving town centre and thriving arts scene within that centre are almost inseparable. Retail enables and supports cultural activity through the provision of goods and services, the generation of footfall for performers and events, and creates valuable social spaces that extend cultural experiences.	<p>Environment</p> <ul style="list-style-type: none">▪ A rural town becomes a more legitimate hub for travel into the wider environment if it has a thriving centre.▪ Retail enables many new place-based experiences to take place, providing equipment, provisions, knowledge and the motivation to explore the region.

8. Practice-led Performance Art

Key Ecosystem Findings & Recommendations

1. Arts and Culture have an increasing meta-keystone role in rural towns such as Penrith. Digital, industrial and professional service sectors all struggle to recruit the talent needed to drive growth. All point to the importance of Place Value as being a critical component of their recruitment strategies, and their ability to deliver wellbeing to existing and prospective employees. Our findings suggest a trophic cascade of value creation can flow out from arts and culture investment, reinforcing the need for greater shared investment in the arts, to reflect the shared returns.

2. A distributed arts ecology presents a risk to any new strategy, and needs new public-private solutions. Funding mechanisms for major arts projects tend to assume that there is an existing organisation, operating at sufficient scale, that can be supported through funding to deliver major projects. Rural towns have a rich but distributed arts community, including many small enterprises and community groups, and no single entity can therefore afford to make ecosystem-level investments, without putting their own organisation at risk. Public sector leadership is required, followed by a transition into co-management with private/3rd sector organisations.

3. Arts and Culture investment in town centres needs to support the creation of apex and interactor keystone roles. A performance venue can generate attention, visitor numbers and improve the brand of a place (the apex role); the routine practice of performing arts delivers health and wellbeing and increases footfall into town centres (the interactor role), also offering greater financial sustainability through significantly higher, more commercial, space utilisation rates. Practice of the arts also underpins interest, which (with collaborative programming between practitioners, educators, and event producers) can drive up audience numbers.

Challenges

There is a rich, diverse but widely distributed and somewhat disconnected arts and culture offering in Penrith. There are many small organisations offering performance arts practice in multiple forms, spanning music, dance and theatre for all ages. These are the grass-roots organisations that embed an arts culture in a place, as well as having the ability to generate significant footfall within the town. For example, 1,000+ sessions of dance are being delivered each week to residents of Penrith and nearby villages. However, the infrastructure they rely on is primarily the village hall network and other out-of-town, often ill-suited, venues connected by the road network as adults take themselves, or taxi their children, all over the district.

Importantly, this need to travel out from the town, combined with the low wage economies of tourism and agriculture, creates division and inequity: Our interviews reveal that a significant number of primary school children are unable to attend cultural events, competitions or classes if they take place outside of the town, as their families have at most one car, which is often used for getting to work, and therefore unavailable for other journeys.

There are two arts organisations in the town: one is Arts Council funded and supported, delivering strategic projects and place-making events such as the Winter Droving, with significant links to the private and public sector across the north of England; the other is a community arts organisation representing over 150 artists and organisations, with a focus on visual and material arts. These organisations do not regularly collaborate, and many of the commercially successful performance art education providers are not closely linked to either of them.

This development of multiple strands of artistic activity has generated a strong arts and culture offer, overall, but with no central, linking organisation or place. At the present time, none of these entities is acting as a keystone within the arts ecology: none has the resources, scale, or scope of influence (across the wide network of different artist groups and organisations). From the perspective of many residents and businesses interviewed, nearby rural towns benefit from some high quality arts facilities, while Penrith is felt to be lacking the infrastructure that it needs and deserves.

Opportunity

Creating a practice-led cultural meta-keystone entity. The value of an arts and culture hub to both individuals and the business community was a strong theme emerging from our field research. From an ecosystems perspective, we believe the practice of performing arts is pivotal not only in the arts ecosystem of a rural town, but also in its ability to offer significant cascading benefits across the town centre and industrial economy. The high levels of civic engagement with the arts, the proximity of a major tourism destination (The Lake District) that can generate footfall for events, and the current lack of any major facility to match that of other nearby towns, all point to the value of, and need for, such a site.

The rich but disconnected arts ecology of the town requires the public sector to take a lead role in this venture. They can then co-develop the business model and funding plan with local groups to ensure high levels of utilisation, and long term sustainability. A major town centre arts hub with high quality facilities, provides a home of multiple performing arts practitioners, place-makers, and arts-led strategic thinking for the wider region.

Focus on town centre footfall and arts visibility. Rural towns can and should draw their populations in to the town centre as much as possible for cultural activities of all types – from performing arts to exercise classes, book clubs to crafts – all those cultural, community activities that are routine and social. Changing patterns of movement is critical if we wish to have thriving town centres – relocating weekly sessions from dispersed, unseen and oversubscribed rural locations, to a purpose built, town centre venue would have significant knock on effects on local retailers and cafes. It would also make visible the arts infrastructure: enabling visitors and would-be relocators or investors to appreciate it, and new residents to engage with it more readily.

Building performance capabilities and audiences for incoming acts. Practice also leads to performance on two levels: most obviously, the growing arts ecosystem itself will put on more performances for local audiences, and in rural towns such events tend to be well attended due to the rich social capital and familial networks in place. What is less well observed is the ability of arts practitioners to ‘create the audience’ for major touring companies to justify a stop in a town. We have seen, for example, world class virtuoso performers draw limited audiences while Fodens Brass Band packed St Andrews Church in Penrith – because the town has a strong tradition of brass music and Fodens worked with the Penrith band to both generate the audience, and deliver workshops to young players on the afternoon prior to the concert. Penrith could exploit its location in the national transport infrastructure to ‘punch above its weight’ in attracting major acts, as they travel between England and Scotland, with guaranteed audiences and significant benefits to the town economy.

Connecting strategy, community, and practice through co-location. Co-locating regular arts practice with the offices and studios of strategic arts organisations, and community organisations, would enable new forms of collaboration and improved communication as ideas are being formed. We see many examples of co-location across high innovation sectors, and it underpins the notion of the serendipitous meeting of minds that can spark new ideas.

Action

Rural town arts policy needs to reflect the fact that, unlike major urban areas, most arts organisations are too small to take on major infrastructure projects. There are no anchor institutions of sufficient scale or scope for such a venture. Performance arts entities in particular are generally owner-managed with no additional staff, or a small number of part time staff, and these organisations don't have the free human resource, or the necessary capabilities, for such a venture.

Given these limitations, and the fact that arts infrastructure delivers value across multiple economic ecosystems, the public sector needs to take a long-term orchestration role. Local and regional government needs to move beyond the securing of funds, working to create a stable organisational platform that can, in time, transition into non-profit ownership. The precise nature of this infrastructure needs to be co-designed with local arts organisations, businesses and the community, with a focus on adaptability and high levels of routine use.

Impact

Potential cascading impacts of this arts-led economic intervention are summarised below:

Retail & Town Centre <ul style="list-style-type: none">▪ High utilisation of arts and culture centre for routine practice can drive up the routine footfall of the town centre.▪ Increased number and range of performances drives evening food and drink economy.▪ Summer workshops and events create full-day and multi-day tourism offer and a further town centre magnet.▪ Constantly revised programme of activity generates multiple return trips to the town from local and regional visitors.	Industry & Technology <ul style="list-style-type: none">▪ Cultural offer of rural towns can be a key failing point when seeking to attract and retain talent, in particular later in life when partners move together, have different interests and expectations, and require a rich and varied arts offer.▪ A highly visible cultural venue is a powerful signal to inward investors and relocators.▪ Cultural venues may be a key point of interest in a town, creating new place attachments or sustaining existing ones.
Arts & Culture <ul style="list-style-type: none">▪ The rich arts offer can benefit from highly visible, known, easily accessible and fit-for-purpose infrastructure that supports sustained growth.▪ Scaling up performing arts practice in town generates stronger audiences and community engagement.▪ The town can 'punch above its weight' as an arts venue: exploiting its position on transport routes to attract major acts and high profile personalities.	Environment <ul style="list-style-type: none">▪ An enhanced cultural offer goes hand-in-hand with improved cycle infrastructure project: Safe and easy daytime cycle access to nature combines with a stronger daytime and evening cultural economy to redefine Penrith as a 'hub' rather than a 'gateway' for the Lake District, and the Eden Valley.▪ Significant drop in routine car use as more people walk or cycle to the arts hub.▪ Increased local and visitor usage may generate a viability tipping point for new forms of green community transport.

9. Creating A Green Infrastructure Advantage

Key Ecosystem Findings & Recommendations

1. Rural towns exist at the nexus between urban and rural, and should capitalise on this. Access to green spaces can be a key place-based advantage of rural towns. These places must ensure that environment-related concerns reflect much more than a responsibility to protect ‘the environment’, by focusing on easy, traffic-free access to high quality, within-town and near-town natural spaces.

2. Road infrastructure needs to be developed alongside, not instead of, green infrastructure. Towns such as Penrith are well served, economically, by major road networks yet poorly served socially and environmentally by those same networks. Frequently such roads have little or no provision for cycles or walking, are difficult to cross, and cut off the natural environment from the town in ways that encourage reliance on the car for both leisure and work-based transport.

3. New battery technologies are revolutionising cycling and transport in general, rural towns should be planning their adaptations now. Remote rural communities can be connected in new ways by electric cycles and the next generation of electric vehicles. Tourism can change dramatically as towns on the periphery of national parks can switch from ‘gateways’ to ‘hubs’ that offer attractive places to stay, cultural activities, and a launch point into a wider hinterland. Collaboration across sectors and policy domains is required if rural towns are to capitalise on these new technologies.

4. Creating green place-brands requires significant keystone investments, but can create important meta-keystone value. Locating a national park visitor centre outside of the park, in a nearby town such as Penrith, can tackle traffic issues in the park, disperse visitors more widely across the region, and – if co-ordinated with new infrastructure – establish towns on park fringes as viable hubs for longer stays, not mere gateways into the park itself. Such an investment would act as a meta-keystone, enhancing Place Value in ways that can underpin recruitment and retention of staff, as well as the attractiveness and vitality of the town centre, as a multi-experience destination. These benefits would not accrue if a visitor centre is located outside of the town.

Challenges

Rural towns link *rural* with *urban* in unique ways, and their location at this nexus can be a powerful USP: through this research we noted some of the most forward-looking recruiters in this region deliberately intertwine messaging about job roles, nature, culture, adventure, and the quality of the town, in their marketing to highly skilled prospective employees. However, understanding and managing the rural-urban connectivity of a rural town reveals very different, sometimes polarised perspective. A rural town can be the worst of each world (a small urban area with little going on, cut off from the green spaces by roads, industrial estates, and traffic) or the best of each (a culturally rich town centre, well networked to wider urban areas, and easily escaped by bike, on foot or by car to quickly access natural environments, cultural landscapes and a range of experiences for all).

The respondents in our research presented a consistent, deeply-held belief that their rural town needed to address the challenge of building a cohesive **green infrastructure network** that connects them outwards and inwards across multiple forms of travel. This integration needs to work across multiple spatial scales: with road, rail and air links that connect the region to the nation integrating with rural road networks, cycle networks, and walking networks that work for residents, workers, visitors, and tourists alike.

We call it Green Infrastructure for two reasons: it is infrastructure that seeks to deliver low carbon transport, but in addition, **it seeks to connect towns to their surrounding rural environments in ways that enable easy, safe, green access for all.** It is this easy flow from urban centre to national parks, fields and forests, to rural villages, country pubs and cultural assets embedded in the landscape, that epitomises the lifestyle value of the rural town.

Penrith is currently designated in the LDNP 2040 Smarter Travel Vision as a 'Gateway' and 'transport interchange' for access to The Lake District National Park. To realise this, the town needs to establish itself as a green transport and lifestyle hub. The ambition is to reverse Penrith's hub-and-spoke relationship with the national park: encouraging visitors to make sustainable journeys to the national park that use an integrated, complete, green transport network that extends from the mainline railway station in Penrith. With the town becoming an increasingly rich cultural and retail centre, it becomes a more viable tourism hub, enabling outward exploration on foot, bike, or local transport. Furthermore, our data suggest strong local demand for residents to be embedded in a rich network of traffic-free bicycle and walking networks that begin from the town itself.

Building on the success of cycling

We focus in this report on the value creating potential of cycling, although we recognise the importance of other forms of green transport and community transport for a growing hub town. Penrith has prospered significantly from cycling, being located as the key town in the centre of the UK Coast to Coast Cycle Ride, and almost mid-way on the Lands End to John O'Groats route. Eden is the least densely populated District in England, and the town has a thriving cycling community, supported by a strong retail and tour operator offer. The region is also becoming a hub for cycle-based business model innovation, as new collaborations based on the enabling technology of the electric cycle lead to upgrades in rural trails, increased availability of rental cycles, and new, dedicated cycle route signage on newly built trails that start a few miles outside of the town centre, and connect in to the Lake District network of backroads and bridleways.

Beyond its green credentials, cycling in particular is seeing significant growth across the UK, enabled by the normalisation of the e-bike, which brings places closer together, flattens hills, and draws older or less fit individuals (back) into cycling.

Our respondents identified a number of key challenges facing the region for cyclists include:

- **At town level** there is a 'first mile' problem, with locals and visitors alike hemmed in by major roads, cutting them off from the footpath and backroad infrastructure in the river valleys, and the natural infrastructures of the Lake District around Askham, Helton and Pooley Bridge.
- **At district level** attempts have been made to launch programmes such as the Eden Circular cycle ride, but with limited co-ordination, investment and integration into more established national networks.
- **At the regional level**, a lack of co-ordinated investment, brand building and orchestration across diverse business groups (cycle providers, pubs, cafes, highways, parish councils...) and across county lines between Cumbria and Lancashire means that the full potential of a cycle arc from Preston City to Carlisle City has yet to be explored.

Cycle Infrastructure Opportunities

The rural towns of Cumbria and Lancashire can exemplify what it means to be successful at the nexus of urban and rural lifestyles and work practices. Green infrastructure that enables on-foot and on-bike travel into the rural hinterland is impossible to replicate in urban areas.

Some of the necessary physical and organisational infrastructures to enable cycle tourism are already well developed by high-innovation local businesses²⁴. As yet, the direct benefits to the town remain limited, as many cyclists choose to drive out to a start point no more than one or two miles away to avoid the heavy traffic and poor cycle infrastructure on the town's fringes.

The dualling of the A66 presents an ideal opportunity for Penrith to reappraise its infrastructure needs for green travel and green tourism. Creating a flagship North Lakes & Eden Visitors Centre on the south side of Penrith town centre, within easy walking distance of the station, would provide a visible, accessible start and end point for cycle journeys, and an information hub for other forms of green transport and tourism.

This would need to go hand-in-hand with infrastructure investments that 'break through' the A66 and Eamont River barriers to generate seamless connectivity for safe, family friendly and elderly-friendly journeys. It would define Penrith as a hub that supports tourism, which in turn supports the town centre economy.

Eden District can build on the strength of Penrith as an eco-town, located on a mainline rail link and major road intersection. The economies of Alston and the Fellside already stand to benefit from the renewal of Hartside Café, which should be part of a district-spanning active lifestyle network. **The link between Cumbria and Lancashire** has not been fully exploited through joined up cycle infrastructure development. With the advent of the e-bike, broader geographic areas can be viewed as cycle regions, opening these spaces up to commuting, local exploration, and greater tourism including older visitors and retirees.

Building such infrastructure enables smaller local businesses to thrive, trading off the brand-platform, improved signage, destination-based promotion and shared regional identity. Cycle tourism (and whatever builds upon it) is a key enabler for the accommodation and restaurant trade, with a long season and high average spend.



²⁴ Lowther Estates and Arragons Cycles formed a collaboration in 2019 that secured long term provision of regular and electric cycle rentals out of Lowther castle, combined with a commitment from Lowther Estates to dramatically transform the tracks, trails and signage across their estate. Gates were made smaller to give space for dedicated cycle cattle grids to promote free-flowing journeys, and paths that were previously private land were opened to the public to make new routes and connections possible across a wide geographic area.

Cycling in these regions can also be associated with wellbeing and lifestyle choices made by current and potential future residents. As the need for inward migration increases, the region needs a place-based competitive advantage to attract mobile entrepreneurs, and higher skilled technical and professional workers. The ‘cycle life’ of the three valley region could be a key regional USP.

Action

The value of these ideas needs to be carefully appraised, as they do require significant, long term commitment from the public sector. The lack of large-scale and broad-scope anchor institutions in the cycle and wider electric vehicle domain mean that there is no commercial player able to take on a keystone role. In other words, no one entity can afford to lead these developments, because they cannot deliver sufficient value overspill to the wider ecosystem and capture it as ROI.

The role of the state has to be in platform identification, valuation, then development. In 1994 Sustrans ‘built’ the Coast-to-Coast cycle route through signage, strategic investments in bridges and trails, and then integrated online and press-based promotion. This provided the platform for a multi-million pound industry that brought significant and sustained cyclist income to the region. Sustrans now has other priorities and cannot be the key player designing regionally critical green infrastructure. A joined-up governing coalition spanning the public and private sectors can draw together key players, identify key investment needs, then work with local and regional policy makers to identify the resources and funding routes that will enable investments.

Impact of cycle infrastructure investments

<p>Retail & Town Centre</p> <ul style="list-style-type: none"> ▪ Cycling is not only an activity, it is a major industry and local providers of clothing, equipment, food and drink will service both visitors and resident cyclists. ▪ A cycle hub economy brings ‘rest day’ opportunities for retail spend, as well as spend by non-cycling partners. ▪ Wider networks of pubs, cafes and destinations provide motivations for exploration, and benefit accordingly. 	<p>Industry & Technology</p> <ul style="list-style-type: none"> ▪ High profile cycle infrastructure reinforces the message that Penrith, Eden, and the broader region are forward-looking, environmentally friendly places to live, work and invest. ▪ Employers can invest in cycle to work schemes, electric bike recharge facilities, and staff cycle schemes to build their own ecological brands on the back of the improved cycle infrastructure.
<p>Arts & Culture</p> <ul style="list-style-type: none"> ▪ Transforming ‘gateways’ into ‘tourism hubs’ increases the use of accommodation in towns on the national park fringe, which feeds into the visitor economy, bringing investments into performance art. ▪ Better connectivity by bicycle enables younger people to have safe, traffic free, year round access to cultural sites including practice hubs and performance venues. 	<p>Environment</p> <ul style="list-style-type: none"> ▪ Boosting cycling allows the sustainable, sensitive deployment of underutilised regional assets: the backroads, rural countryside, village greens and open space of this environment. ▪ LDNP has significant concerns about traffic over the next 20 years, and this approach tackles this issue inside the park, while supporting broader economic activity outside the park.

10. Conclusion

We reveal the possible impacts of four ecosystem-level interventions in the Rural Hub Town of Penrith. Further, we believe that these interventions and the underpinning rationales present a powerful case study for other such towns across the country. Two interventions focus directly on the economy, one on the arts, and one on green infrastructure and cycling.

Individually these interventions can deliver significant value, and become important USPs for a thriving market town. However, it is together that these forms of investment have the ability to deliver super-normal Place Value gains.

Integrated ecosystem investment ties the meta-ecosystem together in new and powerful ways. A keystone arts and culture centre provides a magnet for visitors but also a habit-changing force for residents that drives town centre footfall. Green infrastructure increases local access to natural environments, whilst unlocking the town's potential as a hub for visitors, rather than a mere 'transport interchange' or single-visit supermarket shopping venue. Furthermore, these green routes out from town offer an integrated 'net zero' offer for visits to The Lake District National Park, connecting mainline rail to safe, sustainable, and healthy onward travel and tourism options.

These lifestyle enhancing investments deliver a vibrant town centre that can sustain existing stores, and become a magnet for increased independent, experiential retail. With the right form of business support and retail incubation offer, this Rural Hub Town can become a blueprint for how community embedded, experience led, yet digitally enabled retail can thrive in both local markets and online, digitally enabled national markets.

A vibrant town centre, visibly rich arts ecology, and green transport links, are three strong USPs that can be a disruptive force in the competition for inward investment. Disruptive Innovation theory is based on the notion that emergent rivals (like rural towns) refuse to compete on the same lines, on the same bases of competition, as larger incumbents. Adding this rich lifestyle offer to a strong, well-orchestrated, business support offer, creates an attractive package for inward investors: a whole ecosystem offer that cannot be matched by most – if any – urban conurbation.

DEFRA and the ONS highlight the critical role played by Rural Hub Towns in their wider rural hinterland. A thriving town will not only deliver ecosystem goods and services, but it will also generate new opportunities for better connectivity. The emergence of novel transport solutions, such as on-demand electric bus services, become viable as the attractiveness of a town increases, and a critical mass of incoming trade and tourism develops.

The evidence we have gathered is compelling, in terms of the demand, the strongly felt local need, and the indications from business about how decisions are made in relation to recruitment and retention of staff, or the inward migration of funding, entrepreneurs, and essential skills. However, there is no doubt that each of these investments would be an experiment – there is not sufficient data to show how each one would work in this context, at this time. The opportunities presented in this report represent our judgement as to the right ecosystem interventions in this Rural Hub Town, which build on existing USPs to develop a strong, community led offer.