1 Rural Economy

1.1 Rural businesses

1.1.1 Introduction

More than a third (36%) of Kent's businesses are based in the rural area[1]. This equates to over 18,000 businesses. The performance of Kent's economy is therefore directly influenced by the prosperity of its rurally-located businesses.

Table 1 South East urban and rural businesses by county

County	Urban	%	Rural	%	Total
Berkshire	26,300	75%	8,635	25%	34,935
Hampshire & Isle of Wight	46,475	70%	20,090	30%	66,565
Kent (KCC area)	**31,917**	**64%**	**18,190**	**36%**	**50,107**
Medway	6,209	87%	947	13%	7,156
M.Keynes, Oxon & Bucks	34,955	56%	27,290	44%	62,245
Surrey	41,025	79%	11,115	21%	52,140
Sussex	41,775	66%	21,120	44%	62,895
Total	**228,656**		**107,387**		**336,043**

Source:BLK Kent Business Database Sept 2005

Figure 1: Rural and urban businesses by district
Source: Source: BLK Kent Business Database Sept 2005

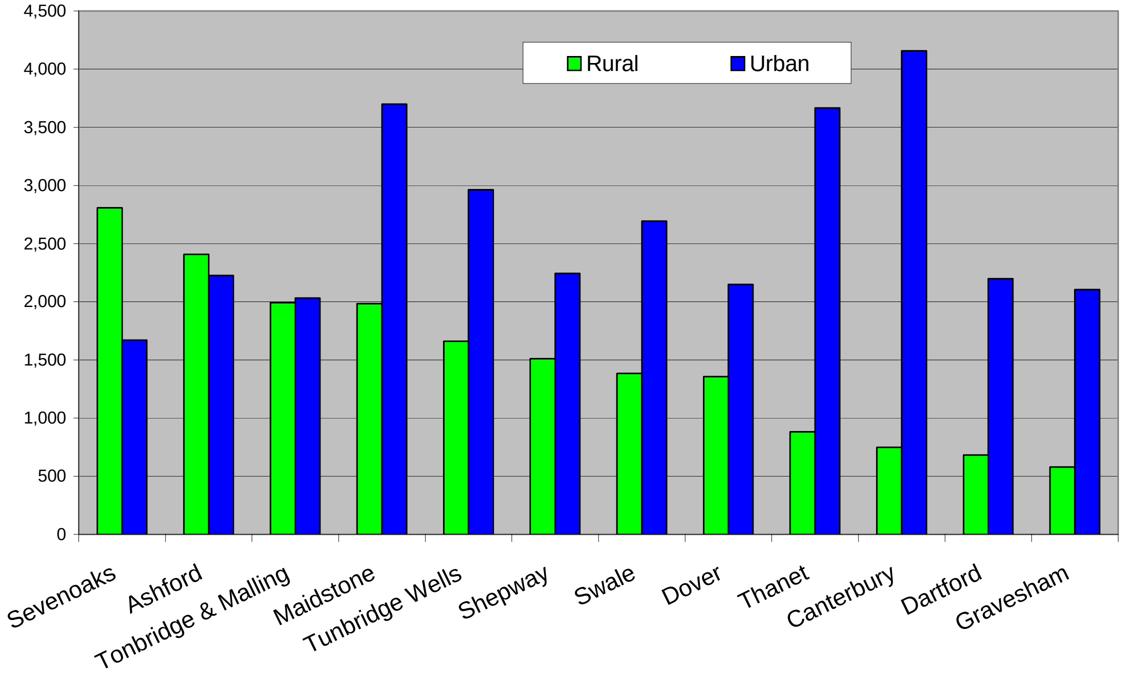


Table 2 Urban and rural businesses by district

[1] The Kent Business Database defines 'rural' on a post-code basis according to SEEDA criteria

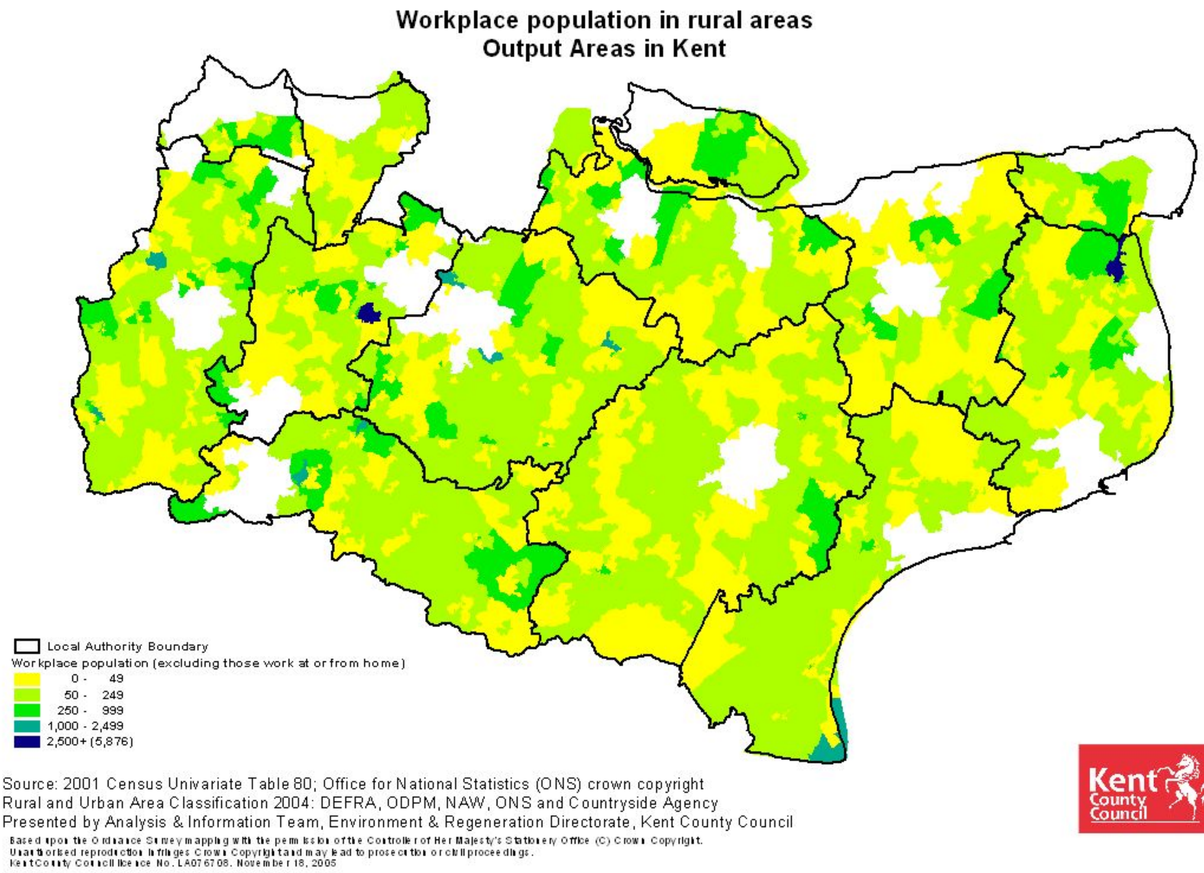
Business by District	Urban		Rural					
	Total	%	Rural Total	%	Town	%	Village	%
Ashford	2226	7%	2407	13%	455	19%	1952	81%
Canterbury	4157	13%	749	4%	21	3%	728	97%
Dartford	2199	7%	683	4%	308	45%	375	55%
Dover	2150	7%	1356	8%	358	26%	998	74%
Gravesham	2105	7%	580	3%	1	0%	579	100%
Maidstone	3699	12%	1985	11%	862	43%	1123	57%
Sevenoaks	1670	5%	2808	16%	1855	66%	953	34%
Shepway	2245	7%	1511	8%	550	36%	961	64%
Swale	2693	8%	1385	8%	125	9%	1260	91%
Thanet	3667	12%	883	5%	0	0%	883	100%
Tonbridge & Malling	2031	6%	1992	11%	960	48%	1032	52%
Tunbridge Wells	2963	9%	1661	9%	825	50%	836	50%
Total	**31805**	**64%**	**18000**	**36%**	**6320**	**35%**	**11680**	**65%**

Source:BLK Kent Business Database Sept 2005

These rural businesses are concentrated in the western and central parts of the county (Sevenoaks, Ashford and Tonbridge & Malling). In these areas, the number of rural businesses exceeds or matches the number of urban businesses.

The map below shows the distribution of employment in rural workplaces[2]. Employment is spread widely across the rural areas of all districts in Kent. There are higher concentrations in the smaller rural towns and a few “hot spots” where large employers are located (e.g. Pfizer at Sandwich).

Figure 2: Distribution of employment in rural workplaces



Kent County Council

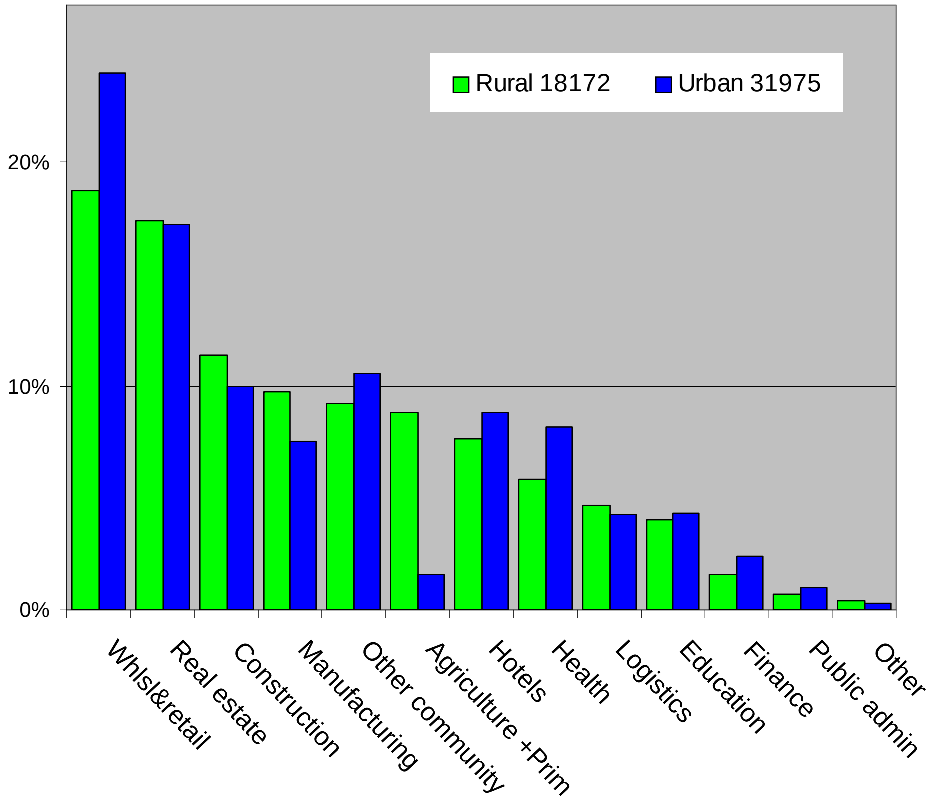
2 Excludes those working at or mainly from home

1.1.2 Business types

The majority of businesses in rural Kent are rurally located as opposed to land-based. Indeed, as shown below, the profile of rural businesses is broadly similar to that of urban-based businesses. As in the urban area, over half of all rural businesses are to be found in the real estate, construction, manufacturing and health and public services sectors. This mirrors the situation nationally.

Small and micro businesses tend to be a particular feature of rural economies and Kent is no exception. Three-quarters (74%) of Kent's rural businesses are in the 0-5 employees category, compared to two thirds (66%) of urban businesses. These small businesses are to be found across the rural area. In contrast, the 200 larger businesses with more than 100 employees tend to be concentrated in rural town and town fringe locations.

Figure 3: Kent urban and rural businesses by sector
Source: BLK Kent Business Database Sept 2005



The data also reveals the importance of homeworking and home-based businesses in Kent's rural areas. Some 23% of the rural workforce (34,977) work from home. This compares to just 14% (57,924) of the urban workforce.

The map below shows that all districts in Kent have concentrations where the percentage of home working is high. This may be a combination of the degree of rurality, the nature of small rural businesses and a sparsity of rural businesses with employees.

Table 3 Urban and rural businesses by size

Business by Size	Urban		Rural					
	Urban Total	%	Rural Total	%	Town	%	Village	%
0-5	21101	66%	13340	74%	4465	33%	8875	67%
6-10	4724	15%	2262	12%	859	38%	1403	62%
11-19	2122	7%	955	5%	378	40%	577	60%
20-49	2476	8%	1040	6%	423	41%	617	59%
50-99	936	3%	318	2%	137	43%	181	57%
100-199	221	1%	94	1%	41	44%	53	56%
200-499	229	1%	68	0%	27	40%	41	60%
500+	107	0%	25	0%	13	52%	12	48%
Total	**31916**	**64%**	**18102**	**100%**	**6343**	**35%**	**11759**	**65%**

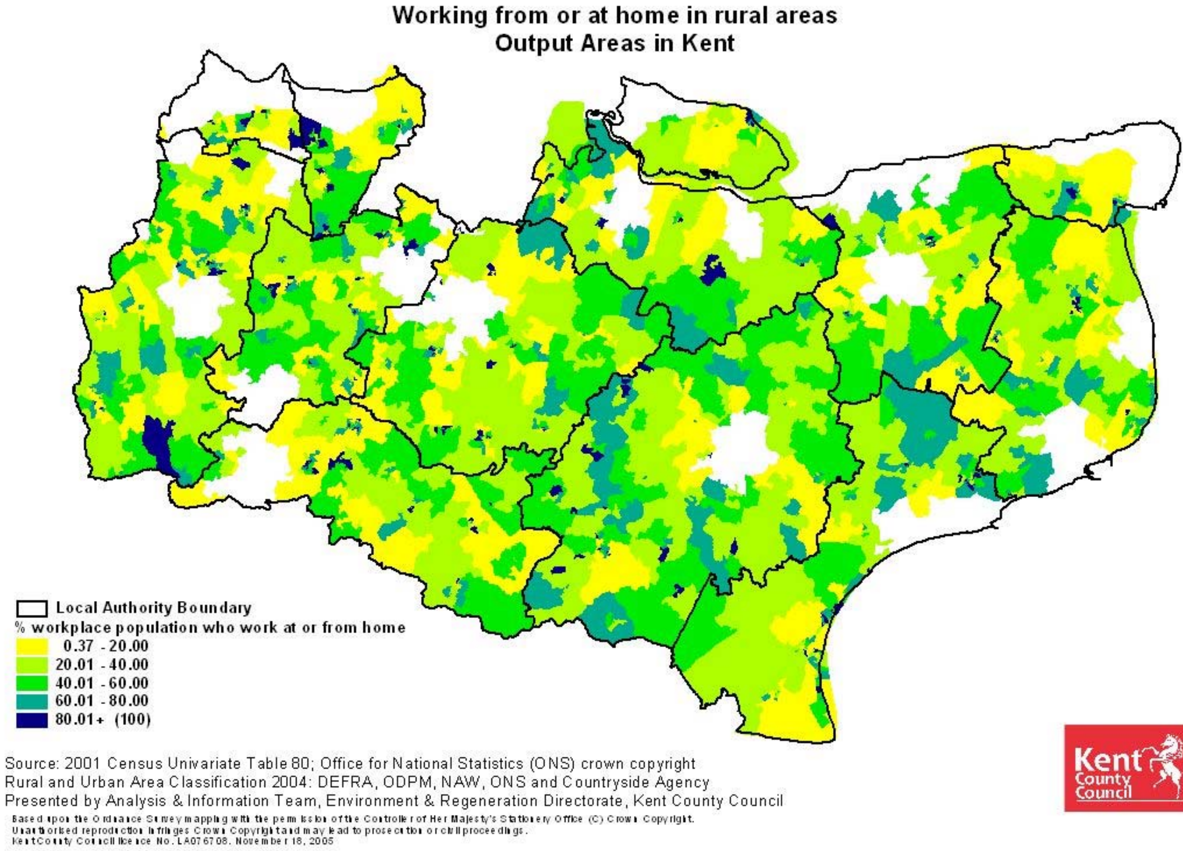
Source: BLK Kent Business Database Sept 2005

Table 4 Urban and rural workplace

Kent workplace	Urban	Rural	Total
Workplace (not home)	357,245 (86%)	114,275 (77%)	471,520
Working from home	57,924 (14%)	34,977 (23%)	92,901
Total	**415,169**	**149,252**	**564,421**

Source: ONS 2001 Census

Figure 4: Working at home

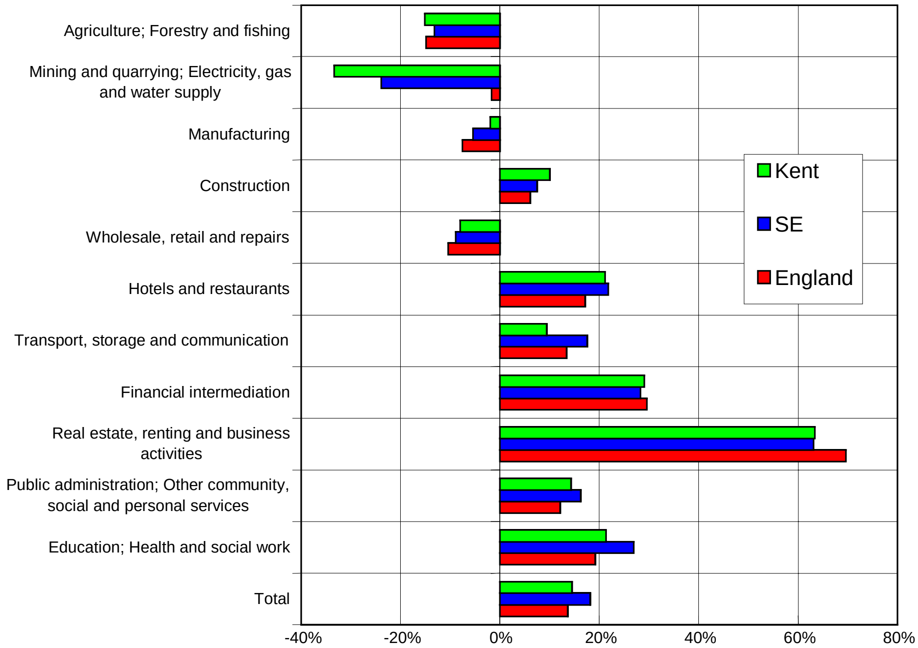


1.1.3 Business trends[3]

Trends in business change over the last ten years have been consistent across Kent, the South East and England with some sectors in decline and others growing. There are now fewer businesses registered in agriculture, mining and utilities, manufacturing and wholesale retail and repairs than ten years ago (primary and secondary sectors). The largest growth in registered businesses has been within the service sector including hotels and restaurants & real estate, renting and businesses activities, and in knowledge-based businesses[4] (financial intermediation, communications and education).

Figure 5: Business change 1994 to 2005

Source: Net change in VAT stock by broad industry group ONS SBS 2005



The rate of business start-ups in the South East is higher per head of population than in England as a whole. However, the picture varies across the region with data for 2003 showing that the rural districts of Kent have a lower business start-up rate than average.

The South East also has a higher output measured as workplace Gross Value Added (GVA) of £16,758 per head compared with £15,614 per head in the UK (based on 2002 figures). In Kent the figure was £12,074 which was the lowest within the South East. The business and productivity statistics published by the Office for National Statistics and Small Business Service do not distinguish between urban and rural businesses and further processing of the data would be required to provide a detailed analysis of the trends in rural businesses and productivity.

Having considered the businesses that are located within rural Kent, the next section will examine the data from the perspective of rural residents. It will describe the nature and extent of the economic contribution made by those who live in a rural location, some of whom work in a rural business; many of whom do not.

[3] It is not currently possible to break information on business registration and de-registration down on a rural/urban basis. Therefore the following sections record trends across all businesses.
[4] The Knowledge economy includes publishing & media production; ICT goods production, telecommunications, financial services, knowledge-based business services, higher education/R&D, audio-visual & news services, libraries, museums & scientific interest

Figure 6: Business start-up rates 2003

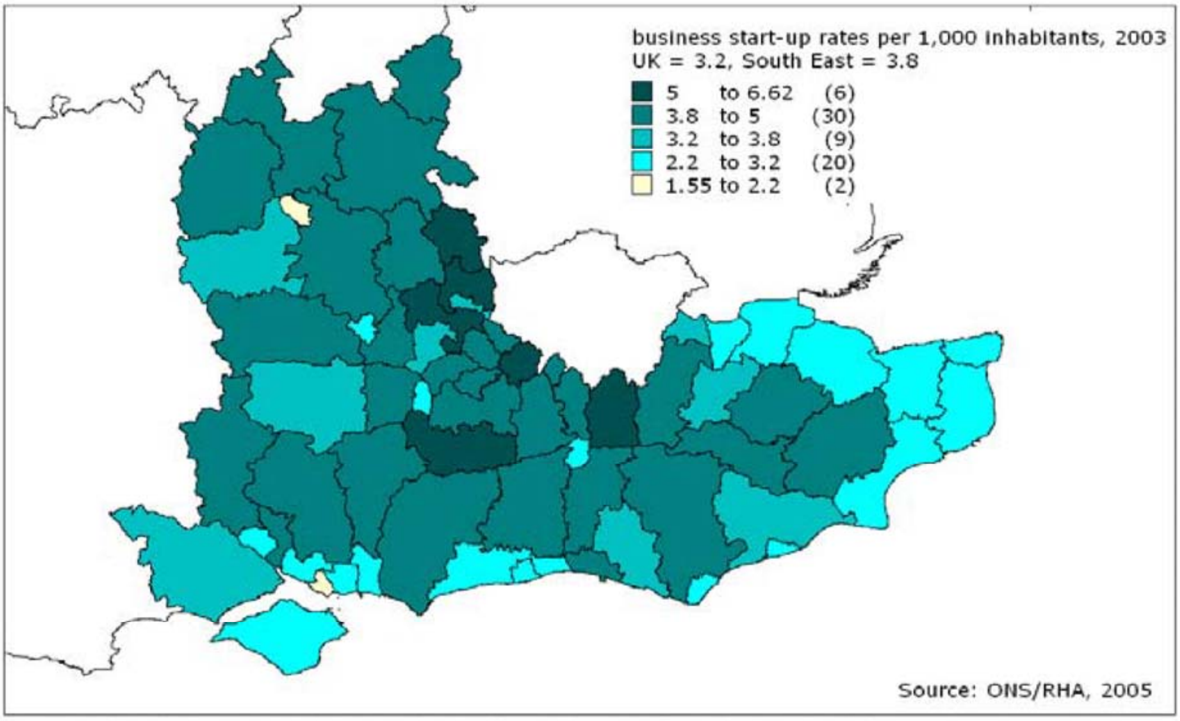
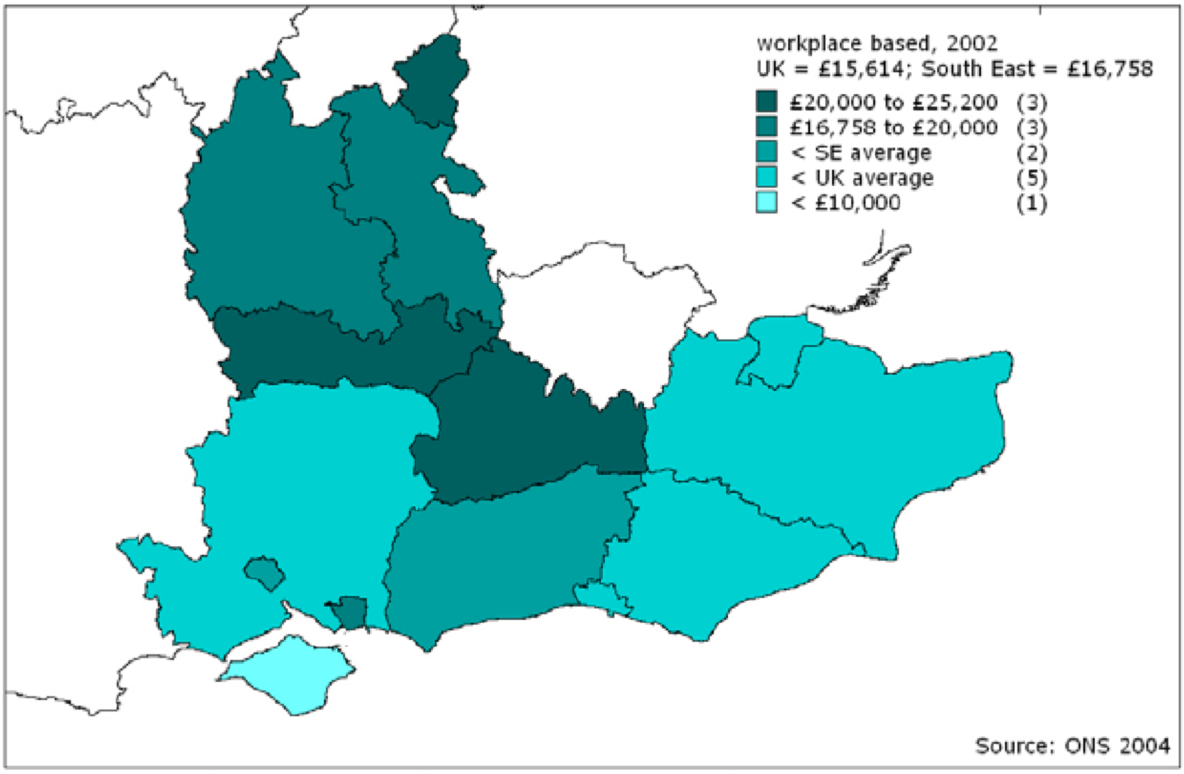


Figure 7: Workplace GVA per head 2002



1.2 Rural people and work

1.2.1 Introduction

In Kent over half (51%) of the rural population is employed, a further 13% are self employed, 2% are students, 2% unemployed and almost a third (32%) are economically inactive. This is consistent with figures for the rural South East and rural England.

Table 5: Rural economic activity

Economic Activity	Rural Kent		Rural SE		Rural England	
Employees	144,215	*51%*	675,485	*52%*	3,543,584	*51%*
Self Employed	35,579	*13%*	173,470	*13%*	865,838	*13%*
Student	5,662	*2%*	27,106	*2%*	135,971	*2%*
Unemployed	6,070	*2%*	23,272	*2%*	152,814	*2%*
Economically Inactive	91,809	*32%*	395,943	*31%*	2,208,786	*32%*
Total	283,335		1,295,276		6,906,993	

Source: ONS, 2001 Census

Figure 8: Rural economic activity
Source: ONS, 2001 Census

Self-employment is a significant feature of Kent's rural economy with 13% of rural residents being classed as self-employed (this represents 19% of the working population). It is interesting to note that in Kent 40% of those who are self-employed live in the rural area compared to the regional average of 31%. Self-employment is then a significant feature of Kent's rural economy. Over a quarter (27%) of Kent's self-employed live in villages and hamlets, making the prospects for rural self-employed business a significant economic opportunity.

Table 6: Urban and rural self-employment

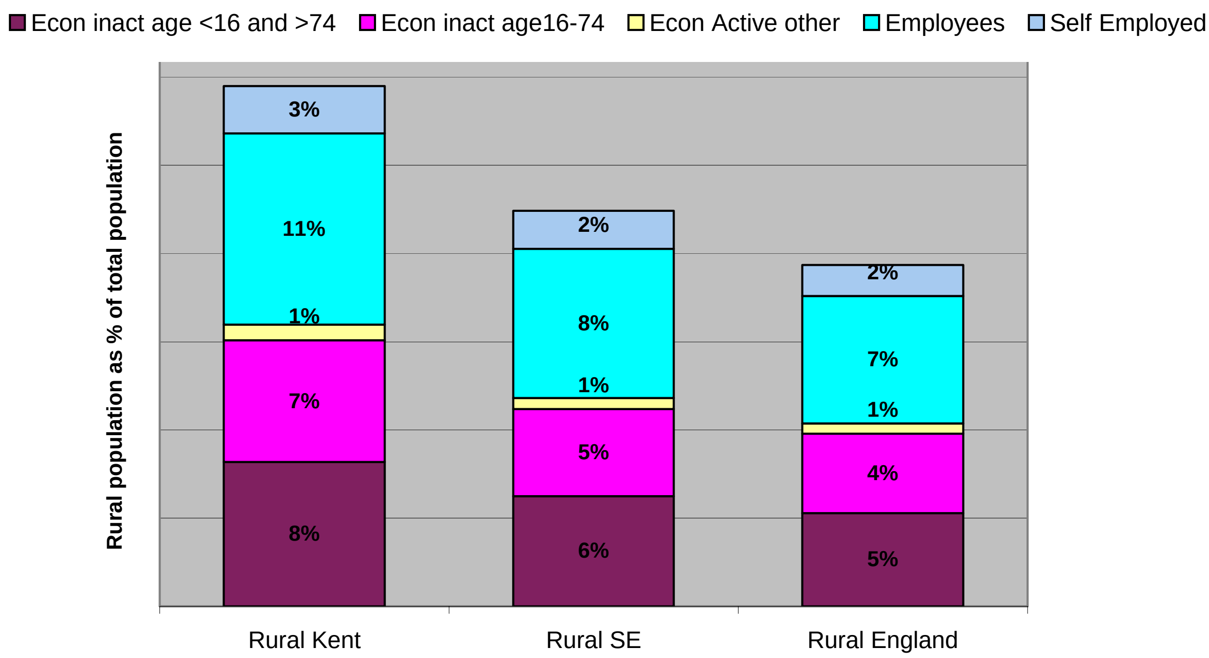
Self Employed	Kent		SE		England	
Urban	53,126	*60%*	378,768	*69%*	2,089,150	*71%*
Rural	35,579	*40%*	173,470	*31%*	865,838	*29%*
Town & Fringe	12,322	*14%*	58,707	*11%*	293,691	*10%*
Village	13,789	*16%*	72,381	*13%*	362,061	*12%*
Hamlet and Isolated dwellings	9,468	*11%*	42,382	*8%*	210,086	*7%*
Total	88,705		552,238		2,954,988	
Source ONS, 2001 Census						

1.2.2 Rural employment

In Kent, the rural population forms a higher proportion of total population than in the South East and England (29% compared to 22% and 19% respectively). This is shown in figure 9 by the different column sizes for rural Kent, the rural South East and rural England. As Kent has proportionately more rural residents it also has more working rural residents. Indeed, its 185,000 working rural residents represent just over a fifth (21%) of the 874,000 working rural residents in the South East as a whole.

Figure 9: Rural population economic profile

Source: ONS, 2001 Census



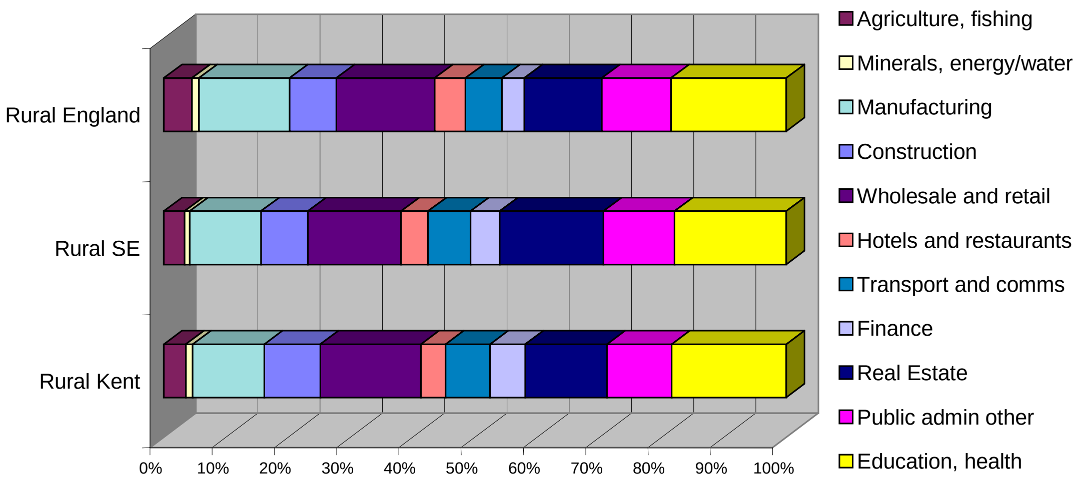
The profile of employment of rural residents by industry sector is broadly similar across Kent, the South East and England. Kent has slightly more employment in agriculture, construction and finance than the rest of the rural South East. After public services, the wholesale and retail sector is the second largest employer of rural residents in Kent and England.

Table 7: Rural employment by industry

Industry of Employment	Rural Kent		Rural SE		Rural England	
Agriculture, fishing	6,584	*4%*	29,238	*3%*	205,655	*5%*
Minerals, energy/water	2,044	*1%*	7,546	*1%*	51,002	*1%*
Manufacturing	21,306	*12%*	99,939	*11%*	660,454	*15%*
Construction	16,563	*9%*	65,728	*8%*	341,032	*8%*
Wholesale and retail	29,920	*16%*	130,944	*15%*	716,237	*16%*
Hotels and restaurants	7,306	*4%*	37,697	*4%*	223,569	*5%*
Transport and comms	13,291	*7%*	59,538	*7%*	265,773	*6%*
Finance	10,370	*6%*	41,080	*5%*	162,685	*4%*
Real Estate	24,287	*13%*	145,555	*17%*	563,734	*12%*
Public admin other	19,195	*10%*	99,731	*11%*	503,221	*11%*
Education, health	34,080	*18%*	156,755	*18%*	839,386	*19%*
Total	184,946		873,751		4,532,748	

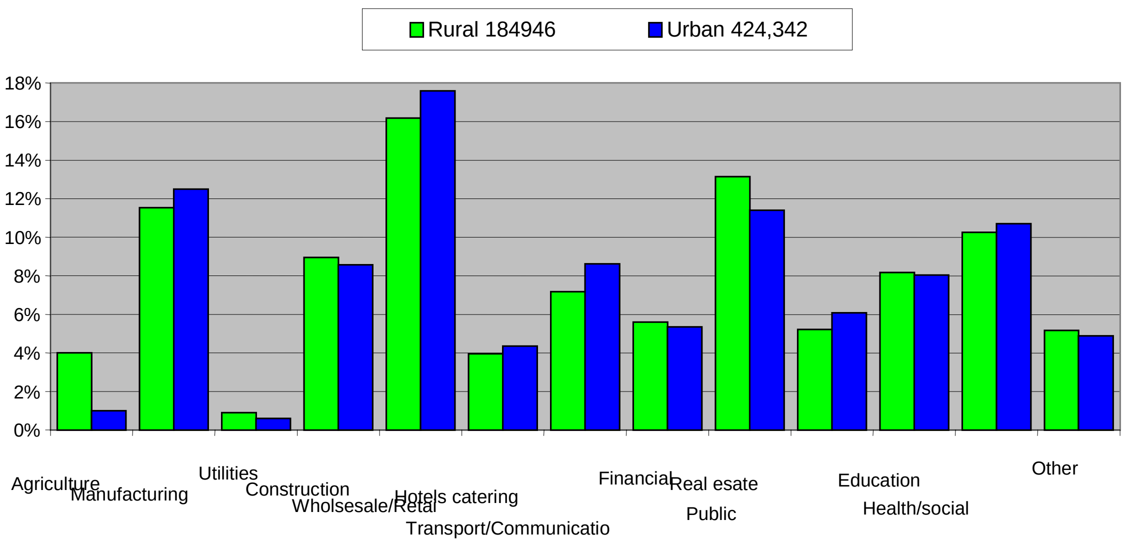
Source ONS, 2001 Census

Figure 10: rural employment by sector
Source: ONS 2001 Census



The employment profile for rural residents is also broadly similar to that of urban residents in Kent although a higher proportion of rural residents work in agriculture and real estate than their urban counterparts and a lower proportion work in manufacturing, wholesale/retail, transport/communication and public administration.

Figure 11: Kent rural and urban employment by sector
Source: ONS 2001 Census



The rural residents of Kent work in a broad range of business sectors and are therefore a significant component of the local and regional urban economy. Much of the employment of rural residents is urban based and there are strong interdependencies between the urban economy and rural residents.

Of the rural working residents of Kent half are male in full time employment, almost a quarter (24%) are female full time - the remainder being part-time. These proportions of full/part time and hours worked in the rural population in Kent are consistent with those of the South East and England.

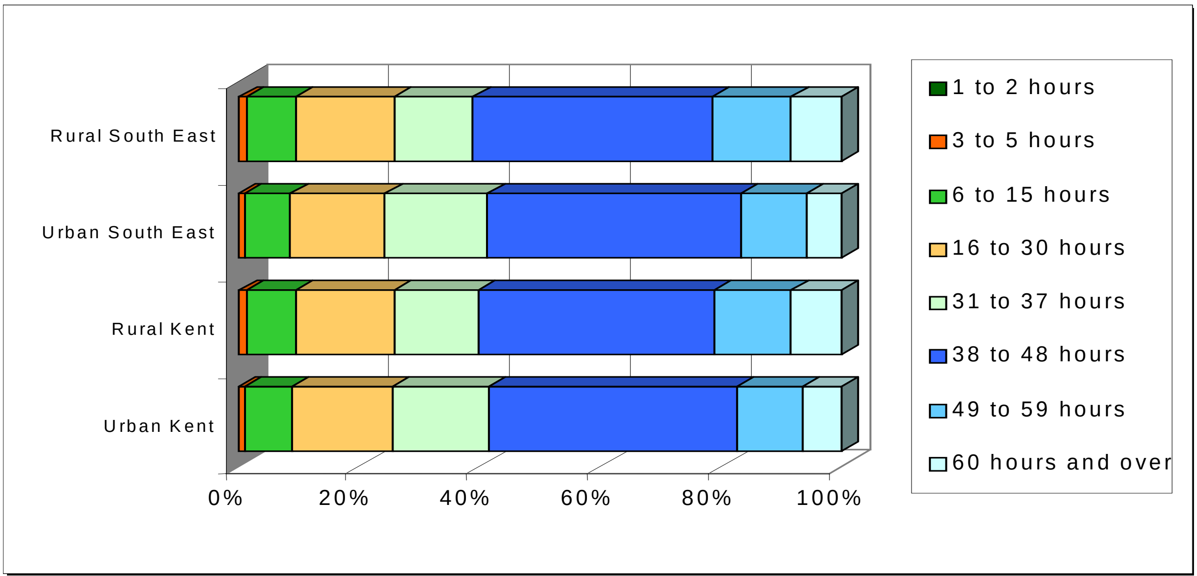
Table 8: Rural full and part time employment

Work Hours	Rural Kent		Rural SE		Rural England	
Male Ft	92,264	*50%*	436,175	*50%*	2,265,429	*50%*
Male Pt	9,909	*5%*	48,089	*6%*	238,792	*5%*
Female Ft	44,792	*24%*	212,490	*24%*	1,086,647	*24%*
Female Pt	37,979	*21%*	176,995	*20%*	941,880	*21%*
Total	184,944		873,749		4,532,748	

Source ONS, 2001 Census

Comparison with hours worked by urban residents reveals that rural residents work longer hours with around 15% working longer than 48 hours a week compared to around 10% of urban workers. This pattern is repeated in the South East region.

Figure 12: Rural employment weekly hours
Source: ONS 2001 Census



1.2.3 Rural economic inactivity

In Kent almost a third (32%) of the rural population is classified as being economically inactive. The profile of those who are economically inactivity in rural Kent is largely consistent with that of the rural South East and rural England. In Kent almost half, 48% of the economically inactive rural population are retired, almost a quarter (23%) are looking after the home and/or family, 12% are permanently sick or disabled and 18% are studying or otherwise economically inactive.

The rural Kent permanently sick or disabled figure of 12% is consistent with the 13% England figure. For the rural South East the figure is 9%. Rural Kent is home to 29% of the permanently sick or disabled rural population of the South East[5].

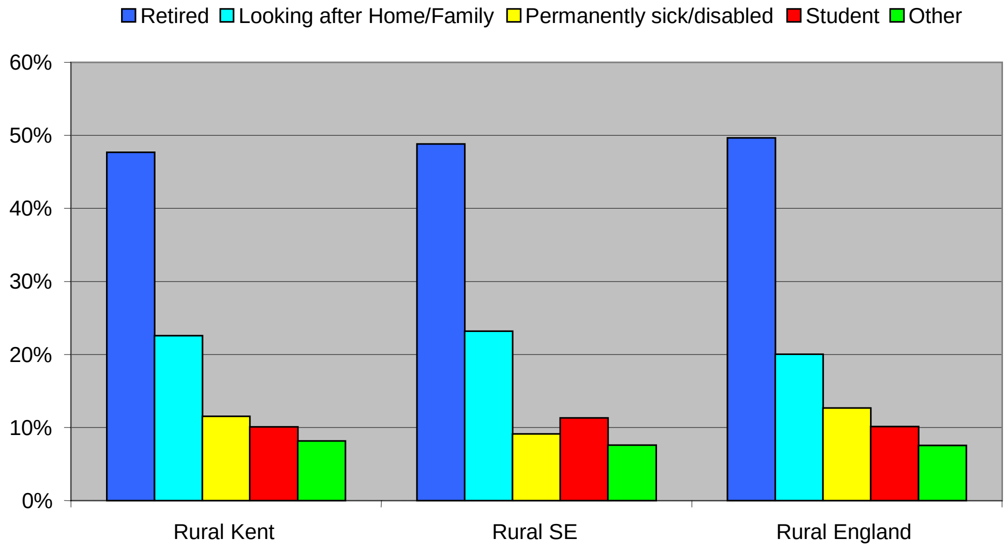
Table 9: Rural economically inactive

Economically Inactive	Rural Kent		Rural SE		Rural England	
Retired	43,752	*48%*	193,269	*49%*	1,096,611	*50%*
Looking after Home/Family	20,732	*23%*	91,911	*23%*	442,711	*20%*
Permanently sick/disabled	10,602	*12%*	36,062	*9%*	279,879	*13%*
Student	9,238	*10%*	44,773	*11%*	223,244	*10%*
Other	7,485	*8%*	29,928	*8%*	166,341	*8%*
Total	91,809		395,943		2,208,786	

Source ONS, 2001 Census

[5] 22% of the South East's rural population live in Kent – a figure higher than this suggests Kent has more than it's proportionate share of a particular population sub-group.

Figure 13: Rural economically inactive
Source: ONS 2001 Census



1.2.4 Rural unemployment

With over 6,000 rural unemployed, Kent is home to 26% of the unemployed rural population of the South East. 28% of these are long-term unemployed; 26% are aged 50 and over; 23% are young adults (aged 16 to 24) and 6% have never worked.

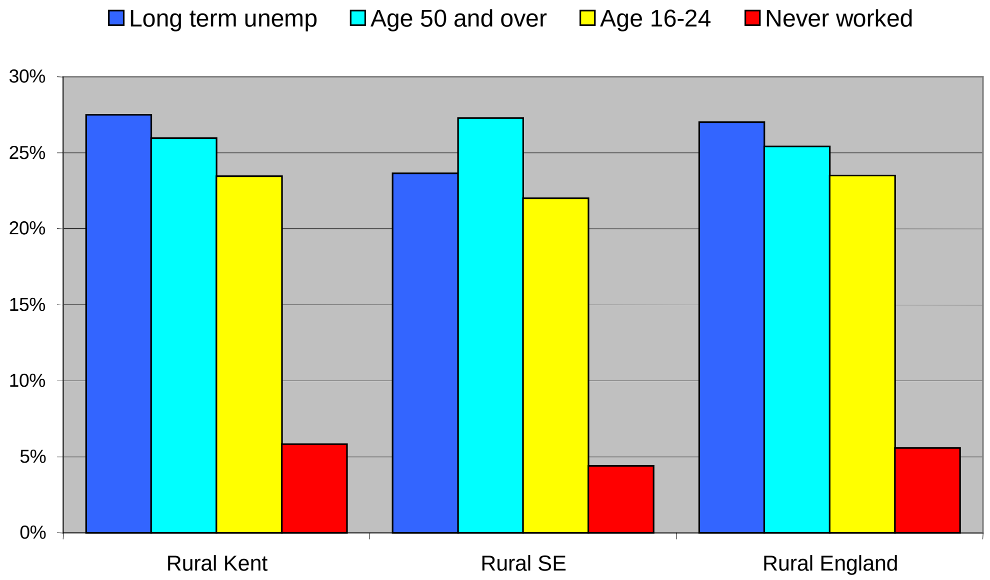
Table 10: Rural unemployment

% of Unemployed	Rural Kent		Rural SE		Rural England	
Long term unemp	1,670	*28%*	5,504	*24%*	41,288	*27%*
Age 50 and over	1,576	*26%*	6,349	*27%*	38,857	*25%*
Age 16-24	1,425	*23%*	5,124	*22%*	35,904	*23%*
Never worked	354	*6%*	1,025	*4%*	8,519	*6%*
Total Unemployed	6,070		23,272		152,814	

Source ONS, 2001 Census

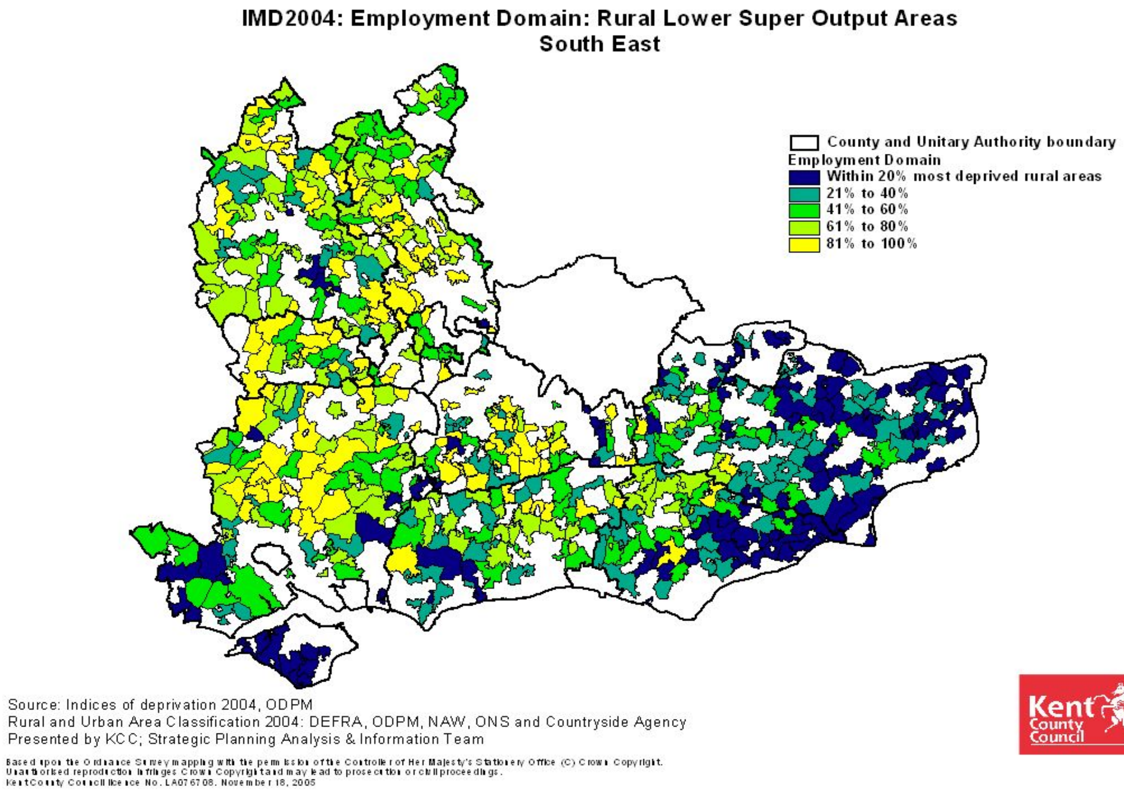
Figure 14: Rural % unemployment

Source: ONS 2001 Census



The national index of multiple deprivation ranks areas by a range of deprivation indicators grouped into domains (Annex 2 gives details). The Employment domain is a combination of employment related measures. In the map below the darker the shaded area, the more deprived the area under the employment deprivation ranking. The South East has 49 of the worst 20% of rural areas in England - 29 (59%) of these are in Kent.

Figure 15: Rural deprivation - employment



1.2.5 Education and skills

In terms of educational skills, rural Kent shares more in common with rural England than it does its own region. Over a quarter (27%) of Kent's working age rural population have no qualifications - the figure for the rural South East is 22%. Having over 75,000 rural residents with no qualifications, Kent is home to 26% of the unqualified rural population of the South East. As well as having markedly lower proportions of its rural residents with level 1 or no qualifications, Kent also has a lower proportion with level 3,4 and 5.

Figure 16: Rural educational qualifications
Source: ONS 2001 Census

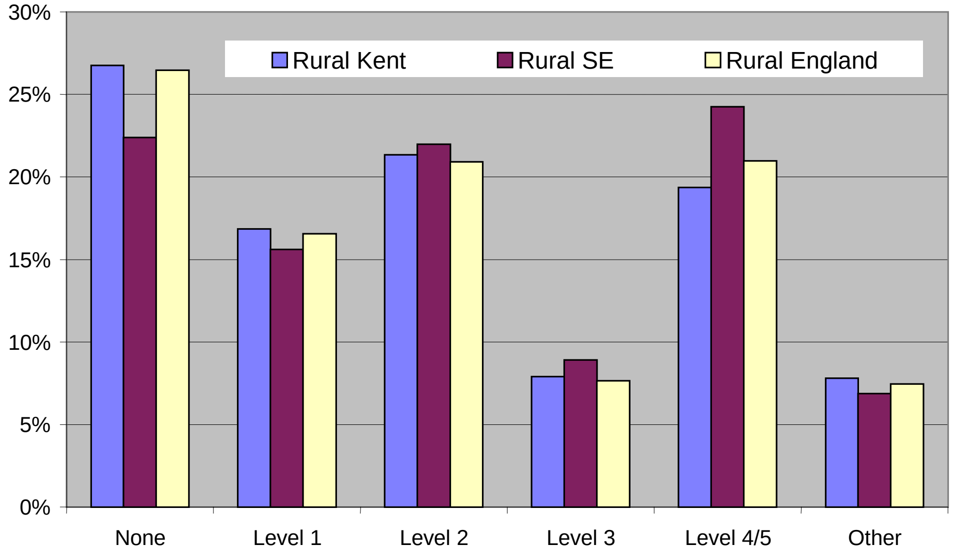


Table 11: Rural educational qualifications

Qualifications	Rural Kent		Rural SE		Rural England	
None	75,799	*27%*	289,913	*22%*	1,827,237	*26%*
Level 1	47,751	*17%*	202,145	*16%*	1,144,319	*17%*
Level 2	60,420	*21%*	284,506	*22%*	1,443,356	*21%*
Level 3	22,417	*8%*	115,502	*9%*	527,623	*8%*
Level 4/5	54,808	*19%*	314,101	*24%*	1,448,817	*21%*
Other	22,139	*8%*	89,108	*7%*	515,641	*7%*
Total	283,334		1,295,275		6,906,993	

Source ONS, 2001 Census

This pattern of educational skills is reflected in the occupational status of rural residents, with the rural South East having slightly higher proportions of managerial and professional jobs and fewer trade, service and operative occupations than rural Kent.

Fig.18 below, draws again on the Index of Multiple Deprivation data, this time showing education, skills and training. The South East has 61 of the worst 20% of rural areas in England. 28 (46%) of these are in Kent. Developing a skilled, adaptable and flexible rural population will be key to ensuring the future competitiveness of Kent's rural businesses.

Figure 17: Rural occupation groups
Source: ONS 2001 Census

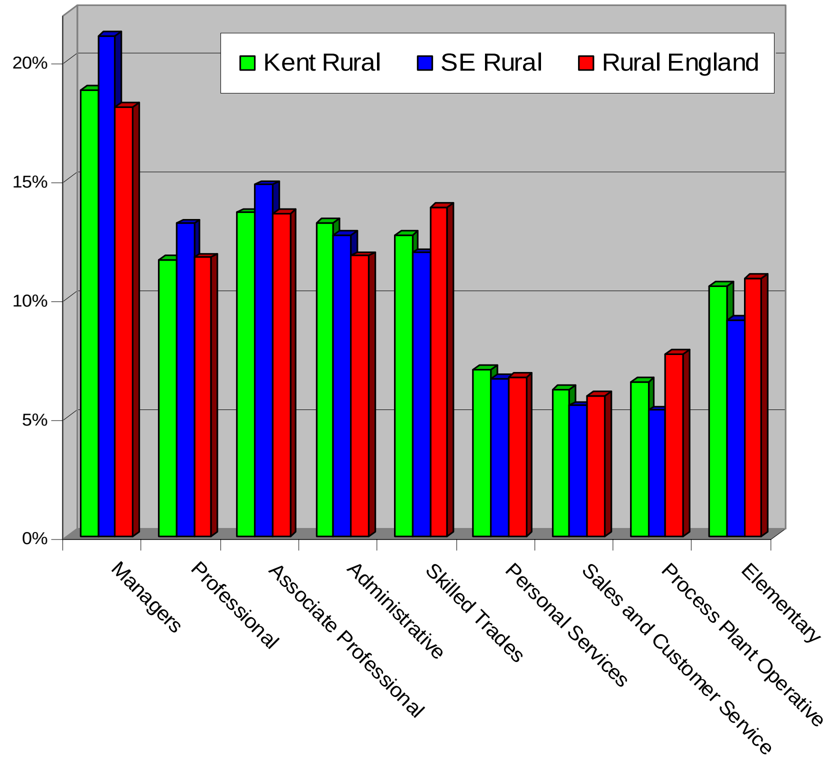
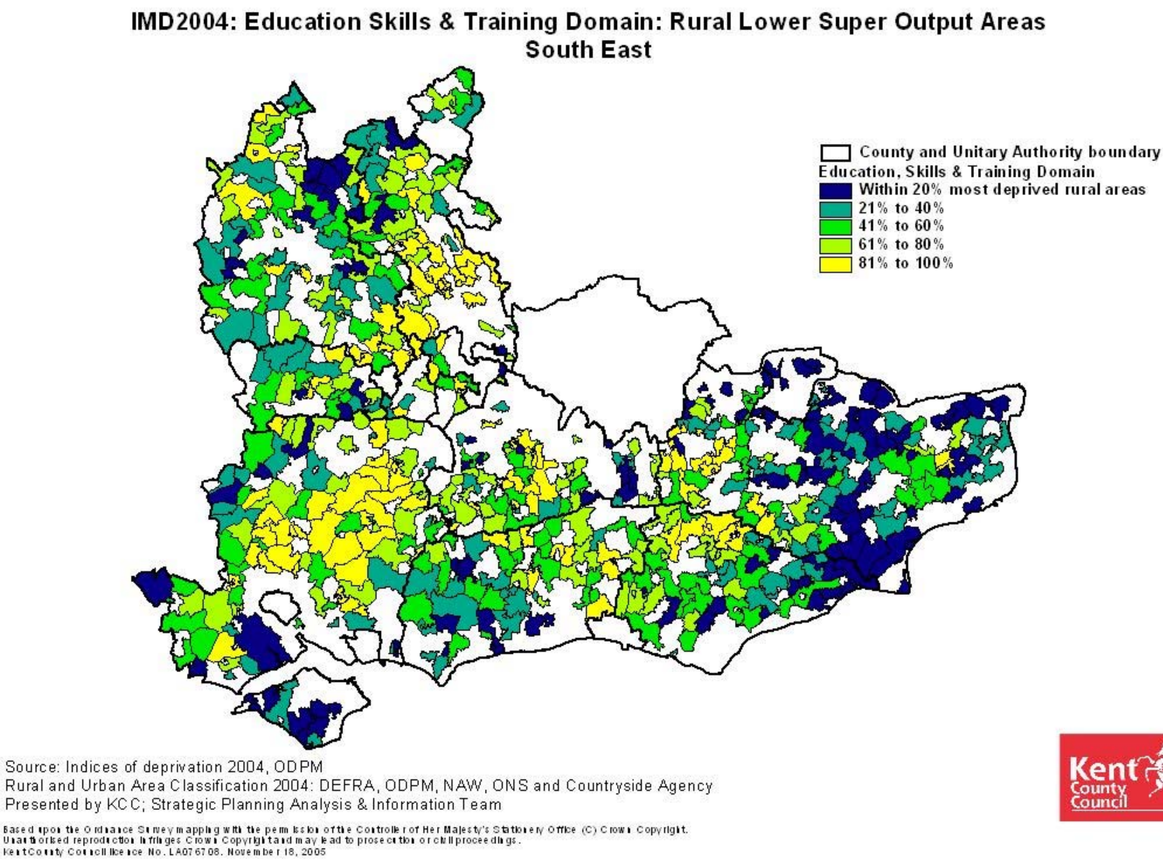


Figure 18: Rural deprivation - education skills and training



1.2.6 Rural and urban interdependencies

The 2001 Census suggests that more than half (54%) of rural Kent & Medway residents in employment commute out of the County's rural areas, with more than a third (36%) working in urban areas and 18% working outside the County altogether (mostly in London). It is the higher skilled (and better paid) workers that are more likely to commute, with managers & senior officials, professionals and associate professionals accounting for nearly half of all residents commuting from rural areas to work.

Table 12: Kent rural residents travel to work destination

Travel	Kent Rural Residents	
To a rural area	85,076	*46%*
To an urban area	66,581	*36%*
To outside Kent	33,290	*18%*
Total	184,947	*100%*
Source ONS, 2001 Census ESAN Study 2005		

Reverse commuting also occurs, creating close economic linkages and interdependencies between the urban and rural economy. Almost half (43%) of those working in a rural business, originate from outside the rural area.

Table 13: Kent rural workers travel to work origin

Origin	Kent Rural Workers	
Rural home based	34,977	*23%*
Rural area	50,099	*34%*
Non rural	64,176	*43%*
Total	149,252	*100%*
Source ONS, 2001 Census ESAN Study 2005		

The distance between home and work for rural residents is on average 50% more than for urban residents. Those who live in hamlets and isolated dwellings travel the farthest (21km/13 miles on average); followed by village residents (20km/12 miles) and those in rural town fringe locations (18km/11 miles). Given the extensive geographical area of Kent and the employment draw of urban areas and London, it is unsurprising that rural Kent has higher average travel to work distances than the rural South East and rural England.

Table 14: Average travel to work distance

Average travel to work distance	Kent		SE		England	
	km	*ml*	km	*ml*	km	*ml*
Urban less sparse	15.7	*9.8*	13.9	*8.7*	12.3	*7.6*
Rural less sparse						
Town & Fringe	18.1	*11.2*	17.4	*10.8*	16.5	*10.3*
Village	19.6	*12.2*	19.2	*11.9*	18.8	*11.7*
Hamlet and Isolated dwellings	21.3	*13.2*	19.3	*12.0*	18.9	*11.7*

Source ONS, 2001 Census

Over two thirds (68%) of rural journeys to work are by private car or van. 8% of journeys to work are by train. This is slightly higher than in the South East and England as a whole, probably reflecting the 3 main rail lines serving Kent, which are accessible to commuters from rural stations.

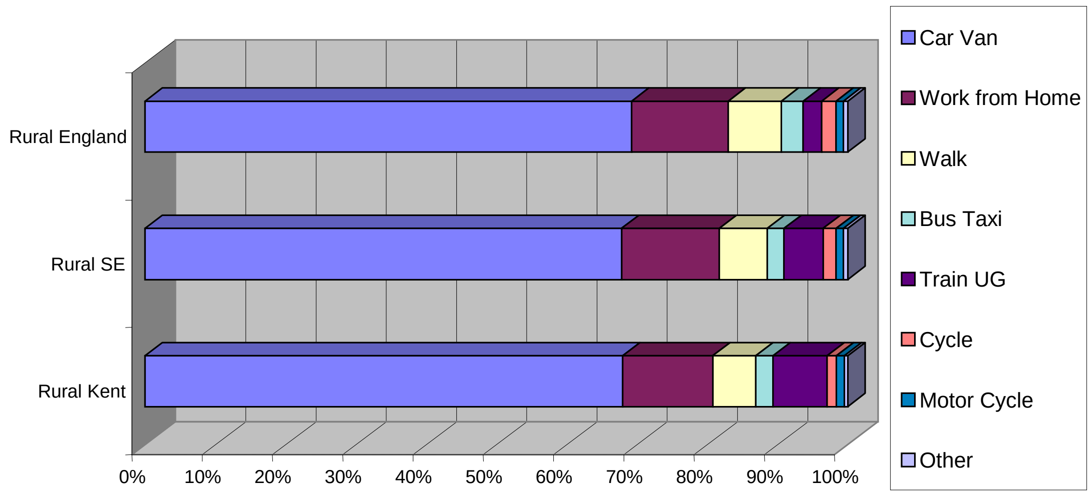
Whilst Kent has some 13,500 rural residents who are able to walk or cycle to work, rural residents are mainly heavily dependent on having a vehicle to travel to work and access services. The availability of rail services for commuters to urban areas and particularly London, is a factor in inward migration in a significant minority of villages and rural hamlets.

Table 15: Rural travel mode

Travel to Work	Rural Kent		Rural SE		Rural England	
Work from Home	23,713	*13%*	121,308	*14%*	622,614	*14%*
Train UG	14,226	*8%*	48,689	*6%*	119,135	*3%*
Bus Taxi	4,572	*2%*	20,706	*2%*	141,197	*3%*
Car Van	125,734	*68%*	592,628	*68%*	3,138,828	*69%*
Motor Cycle	2,076	*1%*	8,812	*1%*	46,448	*1%*
Cycle	2,447	*1%*	16,300	*2%*	92,883	*2%*
Walk	11,290	*6%*	59,923	*7%*	343,662	*8%*
Other	889	*0%*	5,383	*1%*	27,981	*1%*
Total	184,947		873,749		4,532,748	

Source: ONS, 2001 Census

Figure 19: Rural travel mode
Source: ONS 2001 Census



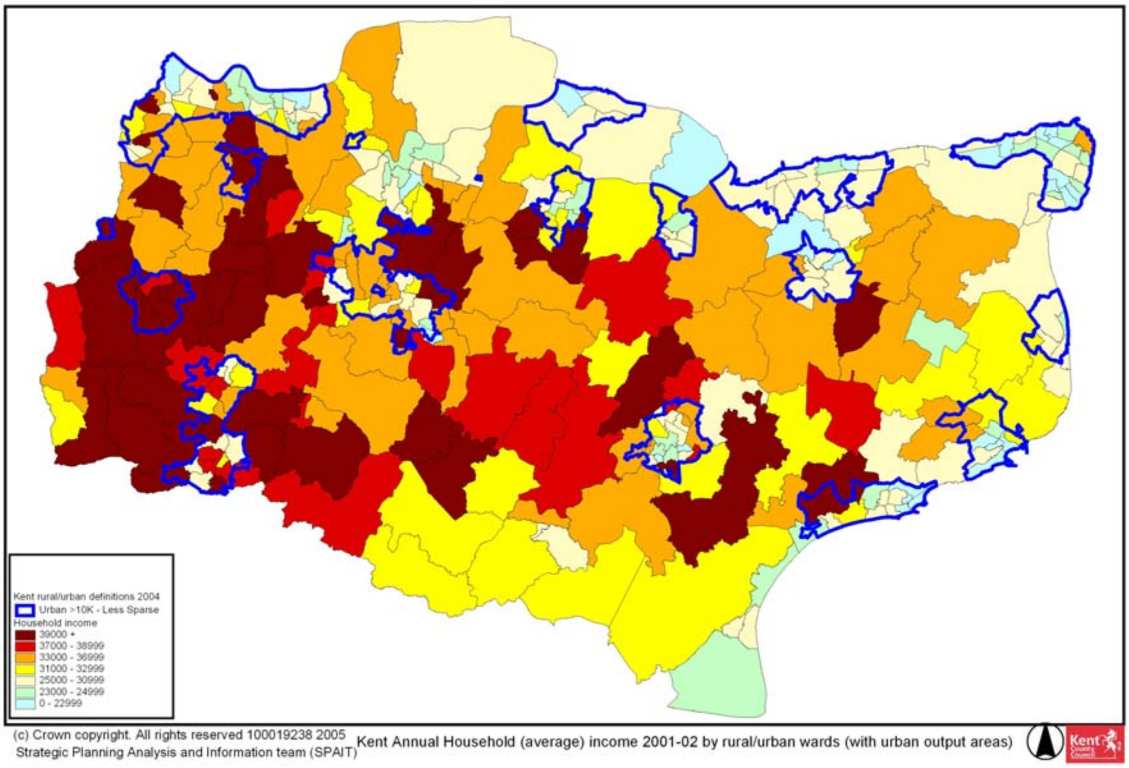
Further detailed research into home and workplace travel matrices would be needed to give a better understanding of the movements between urban and rural areas for employment.

1.2.7 Income and earnings

The detail of rural income and earnings is difficult to access. The map below plots the annual average household income by ward to show the range and distribution of income across Kent.

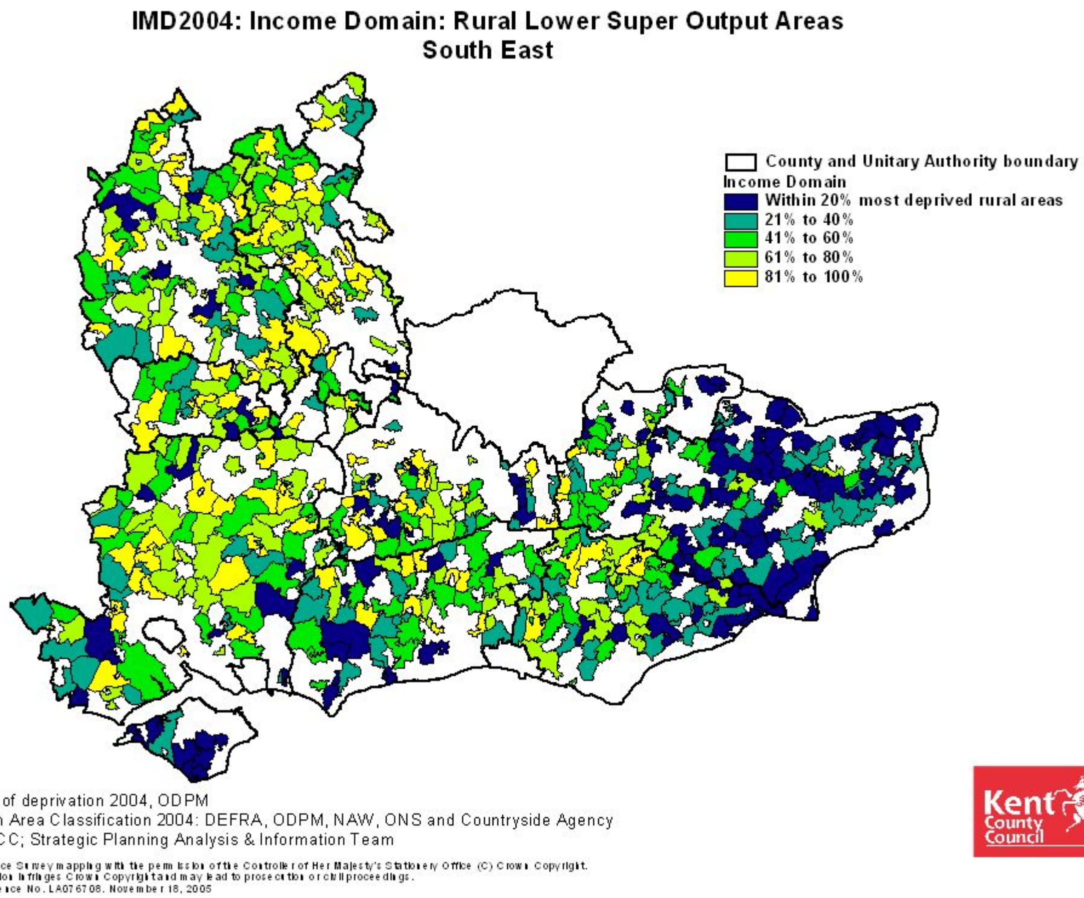
The urban areas are marked in blue outline. Unsurprisingly, the rural areas with the highest household incomes are found in mid and west Kent i.e. in those parts nearer to urban areas, particularly London. Here, household incomes tend to reflect high commuter salaries rather than local employment opportunities.

Figure 20: Household income by ward



Drawing again on the index of multiple deprivation, Figure 21 highlights low income and deprivation. The South East has 65 of the worst 20% of rural areas in England - 30 (46%) of these are in Kent.

Figure 21: Rural deprivation - income



Increasing internationalisation of markets and competition from emerging economies is accelerating the economic transformations that have been underway in rural areas for some decades. The following sections examine 2 sectors, the land based sector and the “knowledge economy” in more detail to illustrate some of the challenges and opportunities facing Kent’s rural economy.

1.3 The land-based sector

1.3.1 Introduction

Agriculture and the land-based industries remain the cornerstone of Kent's rural economy. Kent has 5,500 farm holdings totalling 228,000 hectares which equates to around 2,000 farm businesses. This represents just over a fifth of the agricultural land and holdings across the South East.

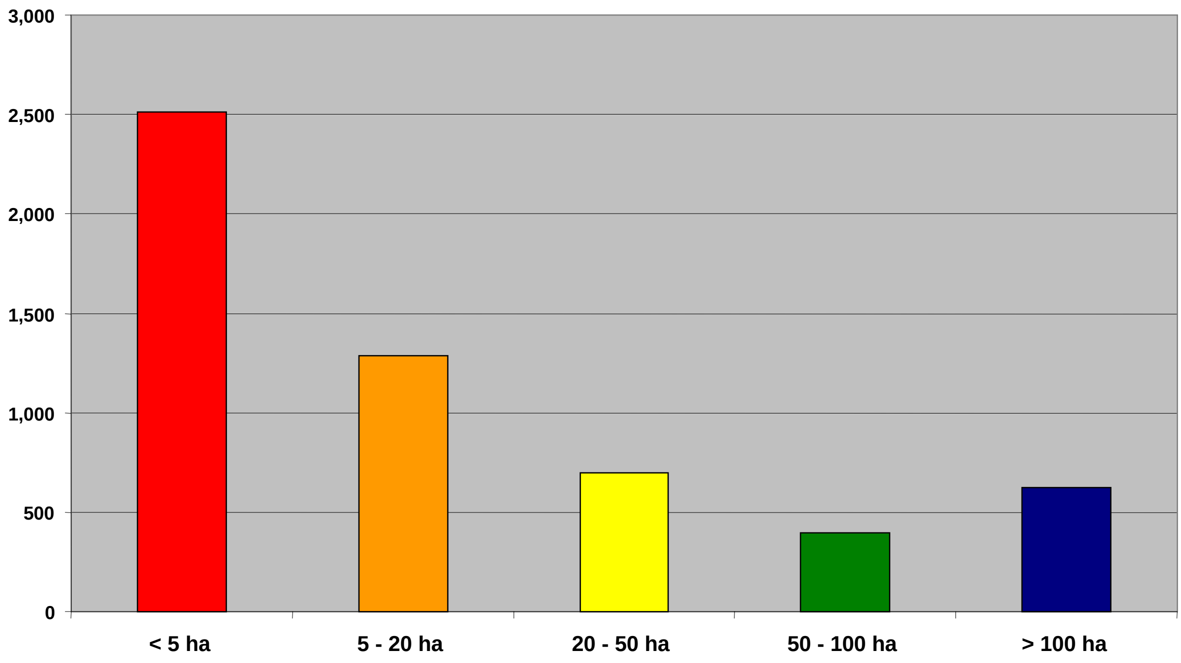
Table 16: Agricultural holdings and area

Agricultural Land	Holdings No.	Holdings (ha)	Land Area (ha)
Kent	5,511	228,000	354,350
South East	24,729	1,163,000	1,839,608
UK	304,789	17,230,000	
Kent component of SE	**22%**	**20%**	**19%**

Source: Defra Agricultural Census 2004

The majority of farms in Kent are small (less than 20ha) reflecting the significance of horticulture as well as a growth in hobby/lifestyle farming. However, there are also over 700 holdings over 100 hectares, which represent the more intensive end of the farming spectrum.

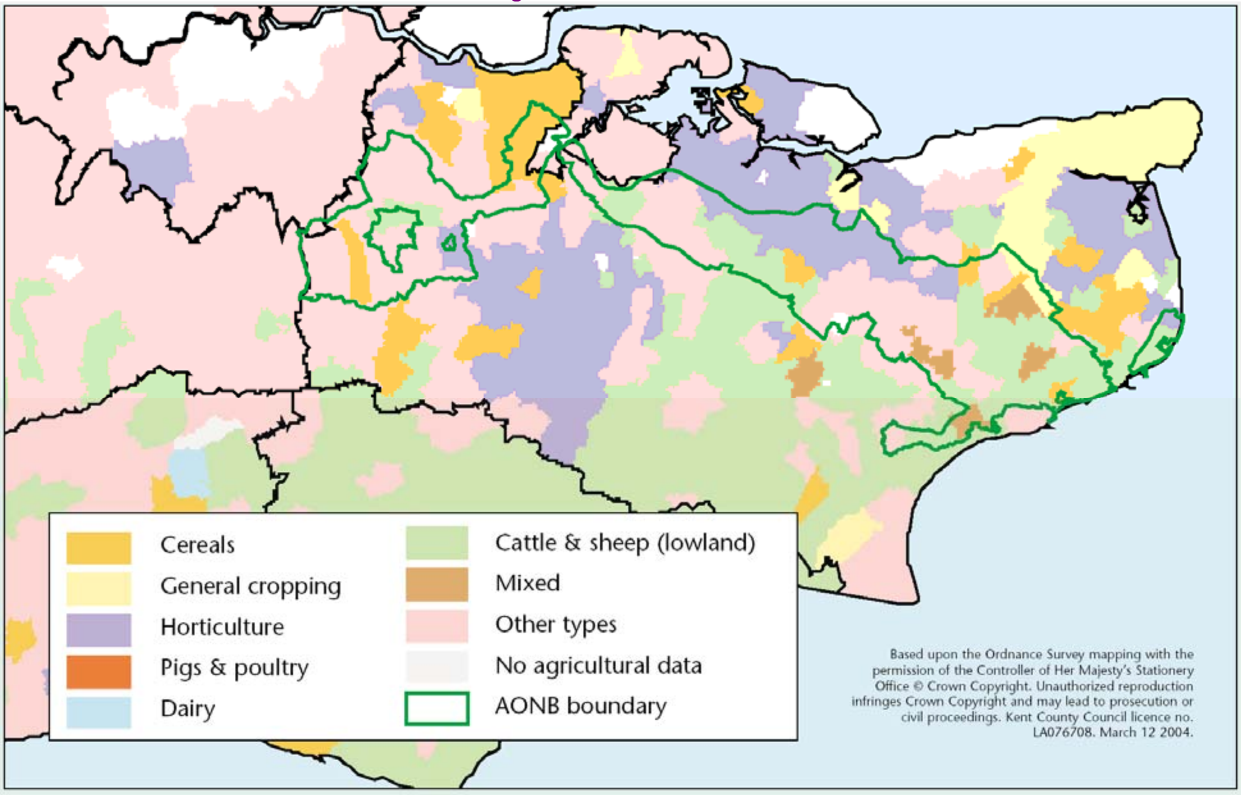
Figure 22: Agricultural holdings and area
Source: Defra Agricultural Census 2004



1.3.2 Farm types in Kent

Kent has a wide variety of types of farm holdings. Figure 23 shows the dominant farm types in different parts of Kent. There are significant concentrations of horticultural holdings (shown in purple) as well as cattle & sheep (shown in green).

Figure 23: Kent main farm types
Source: Defra Agricultural Census 2004



Kent has extensive areas of cereal crops, providing 19% of the South East's cereal acreage. Wheat is the dominant cereal in Kent, 58,000 hectares, which is 23% of the South East's wheat area.

In terms of arable crops, peas, beans, potatoes, rape and linseed are all important in Kent. Indeed, Kent has almost three-quarters of the South East area of peas and beans and half of the area producing potatoes.

Table 17: Agricultural crop areas
Source: Defra Agricultural Census 2004

Cereals	Area in Kent (ha)	Area in SE (ha)	Kent as % of SE
Wheat	57,726	248,624	23%
Other Cereals	460	2,664	17%
Oats	2,265	17,479	13%
Winter Barley	3,507	31,220	11%
Spring Barley	2,182	36,963	6%
Total Cereals	**65,108**	**336,560**	**19%**

Table 17 continued: Agricultural crop areas
Source: Defra Agricultural Census 2004

Arable crop	Area in Kent (ha)	Area in SE (ha)	Kent as % of SE
Peas And Beans	472	655	72%
Sugarbeet	4	8	50%
Potatoes	1,931	3,988	48%
Bare Fallow	1,674	4,598	36%
Peas (Harvest Dry)	3,037	9,070	33%
Other Arable	1,391	4,740	29%
Oilseed Rape	23,452	80,912	29%
Linseed	1,925	7,789	25%
Turnips Etc	88	484	18%
Field Beans	4,870	28,236	17%
Other Crop Stock	211	1,800	12%
Maize	1,957	18,041	11%

Sheep and lamb production is also important with Kent accounting for 27% of the sheep farming area of the South East

Table 18: Livestock areas
Source: Defra Agricultural Census 2004

Livestock	Kent Area (ha)	SE area (ha)	Kent as % of SE
Sheep	378,736	1,406,054	27%
Dairy	11,673	103,377	11%
Beef	10,282	75,920	14%
Pigs	18,803	298,314	6%
Goats	2,066	11,281	18%

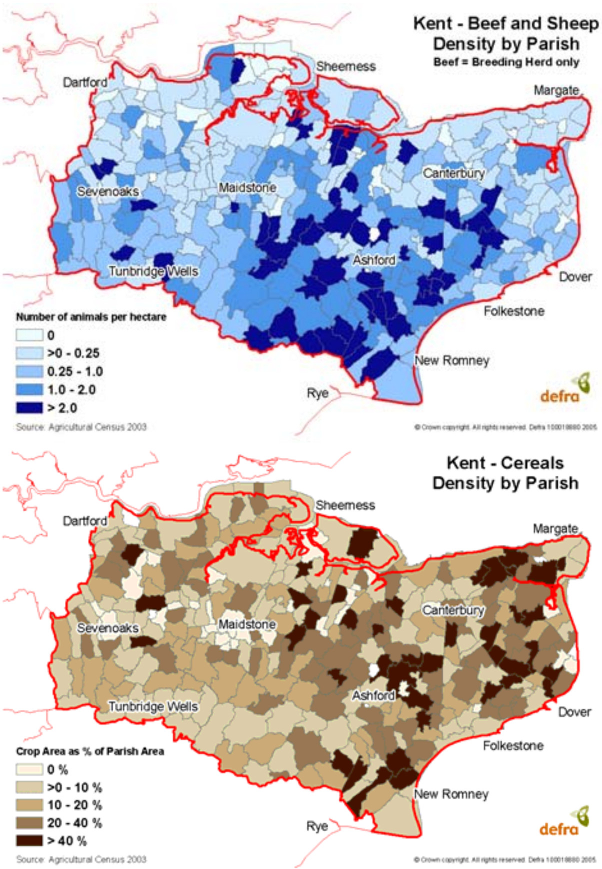
Kent's horticultural enterprises continue to account for two-thirds of horticultural land in the South East. Soft and top fruit as well as vegetables and salad crops continue to make a vital economic contribution to Kent's rural economy.

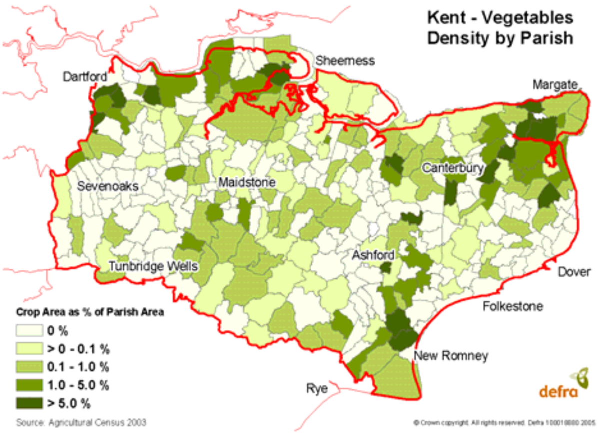
The pattern of agriculture across Kent varies with land characteristics and productivity. Beef and sheep are concentrated in mid Kent between Sheppey and Romney Marsh; cereals mainly in the east; vegetables mainly in the north east and along the north coast and fruit along the north coast and also in the south west.

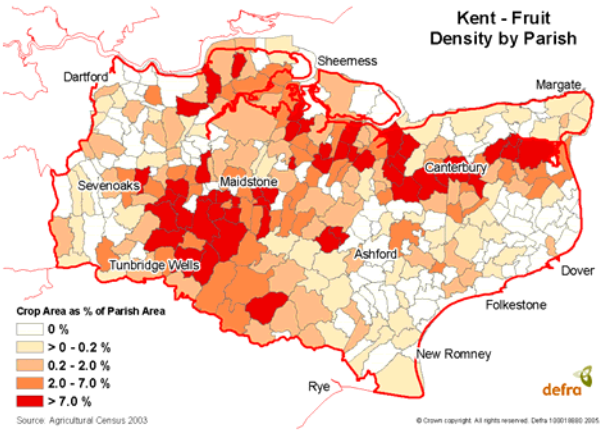
Table 19: Fruit areas
Source: Defra Agricultural Census 2004

Fruit	Kent ha.	SE ha.	Kent % of SE ha.
Top Fruit (Orchards)	9,112	10,521	87%
Small Fruit	1,708	2,551	67%
Total Fruit	10,883	13,074	83%
Horticulture	14,580	23,238	63%
Total Veg In Open	3,084	7,404	42%
All Other Veg and Salad	2,643	6,748	39%
Bulbs Flowers	39	141	28%
Area Under Glass or Plastic	83	430	19%
Hardy Nursery	413	2,185	19%

Figure 24: Kent farm types distribution
Source: Defra Agricultural Census 2004







1.3.3 The land-based workforce

Kent provides over a quarter of the agricultural employment in the South East and almost half of the casual agricultural labour in the South East related to seasonal fruit and vegetable picking.

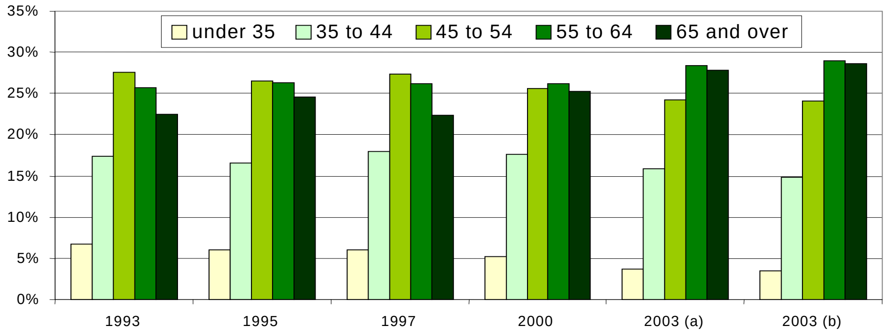
Table 20: Agricultural employees

Source: Defra Agricultural Census 2004

Employment	Number Kent	Number South East	Kent as % of South East
Employees - Full Time	2,308	9025	26%
Employees – Part Time	1,322	5400	24%
Casual Labour	5,514	11,868	46%

The age profile of farm holders is shifting across all parts of the UK. There are now fewer farmers aged under 45 than 10 years ago and a higher proportion aged 55 and over. Young farmers are not taking up farming in enough numbers to replace the older generation. As farmers reach retirement there may be many who will not be replaced. Farm restructuring, amalgamations and contract farming may increase on more profitable farms. In the case of the many smaller farms in Kent, fragmentation and continued trends in the growth of "hobby" and leisure based farming, particularly equestrian activities may increase.

Figure 25: Age profile of UK farm holders
Source: Defra EC Farm Structure Survey focus on holders in the UK 2005



1.3.4 The economic value of the land-based sector

The land-based sector makes a significant contribution to Kent's economy – recent estimates suggest a figure of around £600 million (LUC, 2002). At the moment, the Single Farm Payment allocated to farmers makes a vital contribution to the profitability of combinable crops, sheep and beef. The phased withdrawal of the Single Farm Payment under reform of the Common Agricultural Policy (CAP) will have a major impact on these sectors.

The horticulture and fruit sectors have not been eligible for CAP subsidy and are well developed in Kent. The main threat to their future comes from the growth in scale of global suppliers of fruit and horticultural crops such as China and other parts of Europe as well as future water scarcity.

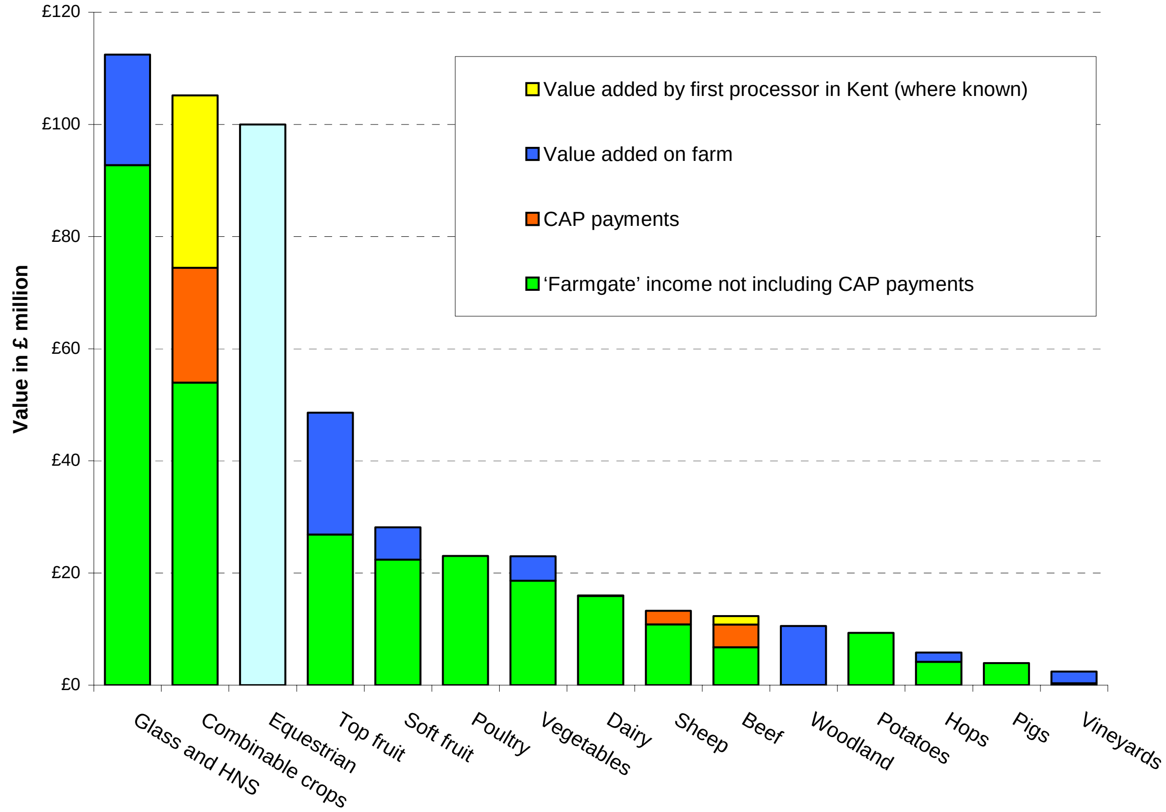
Table 21: Value of land based activity in Kent
Source: Land Based Economy of Kent 2002 LUC study for KCC and SEEDA

Activity	% farmed area in Kent	Total contribution	% of total land-based value
Horticulture (inc. glasshouses)	6%	£220.4 million	43%
Arable	58%	£114.5 million	23%
Equestrian	n/a	£100 million	19%
Livestock (inc. poultry)	18%	£68.6 million	13%
Woodland	11%	£10.6 million	2%
Field sports	n/a	£67 million	n/a

The value of the total contribution of production and processing presented in Table 21 and Fig.26, is taken from the LUC study estimate of "farm gate value" (gross income estimated as quantity x market price) plus value added on farm and value added by first processor in Kent.

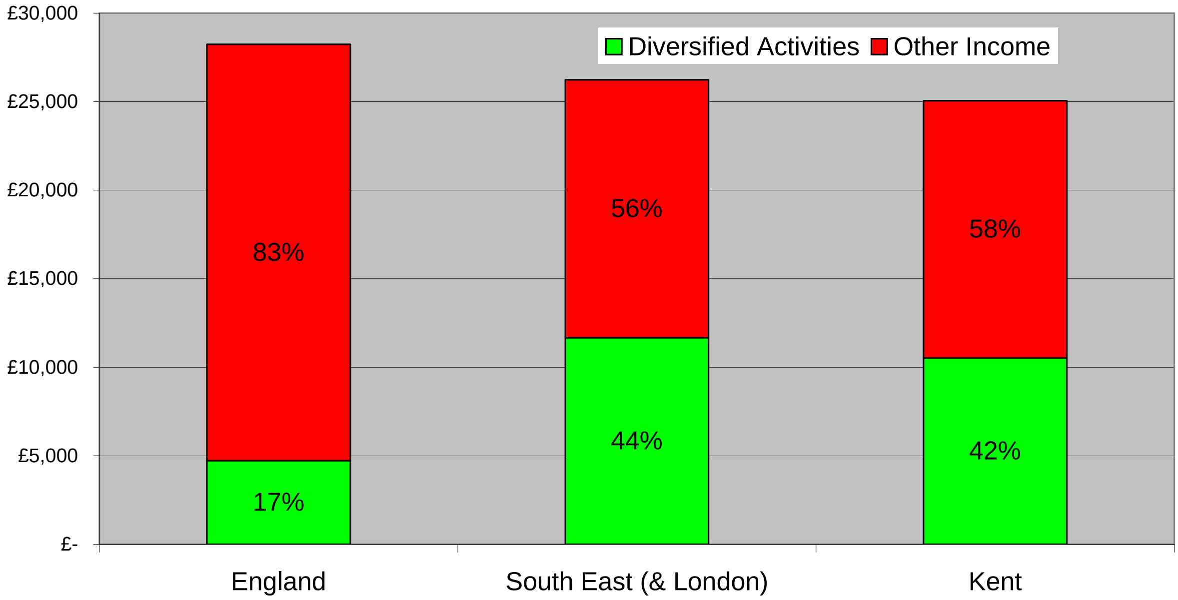
Figure 26: Value of land based activity in Kent

Source: Land Based Economy of Kent 2002 LUC study for KCC and SEEDA



Average income (net farm profit) is shown in Figure 27. Kent farms average £25,050 per annum, which is below that of the SE and England. However diversified activities contribute 42% to income in Kent compared to 44% in the SE and 17% for England overall. More farms in Kent have diversified, 78% of Kent farms, compared to 67% of SE farms and 46% of England farms. The main diversified activities are letting buildings, processing and retailing farm produce, sport and recreation, tourism accommodation and catering.

Figure 27: Average farm income 04/05
Source: Defra Farm Business Survey



The average output from diversified activities in Kent is £27,300/farm (11% of overall output) which generates an average margin (income) for diversified enterprises of £13,700. On farm processing and retailing of farm produce provides the highest average margin £/farm, followed by letting out buildings, tourist accommodation and catering and sport and recreation.

Options to increase farm viability further include diversifying into new crops, adding value to the primary product, or starting an entirely new activity on the farm. 83% of Kent's farmers are not currently involved in added value activities suggesting that this is an area, which could be further developed.

1.3.5 The value of countryside capital

The land-based sector continues to remain a critical rural sector because – in addition to generating direct economic benefits - land-based businesses produce a range of important indirect benefits. Farmland covers two thirds (67%) of the land area in Kent, and many of county's 'iconic' landscapes and valued wildlife habitats are the result of farming practices and traditional land-management practices. A robust and viable agriculture sector is, therefore, necessary to maintaining these landscapes. This resulting 'countryside capital' is also a key driver for Kent's £1.8 billion tourism industry, the quality of life of Kent's residents and is a prime attraction to relocating businesses and incomers. Tourism volume and value figures show that some 44 million tourists visited Kent in 2003, spending approximately £1.8 billion, which supported 49,555 jobs in Kent.

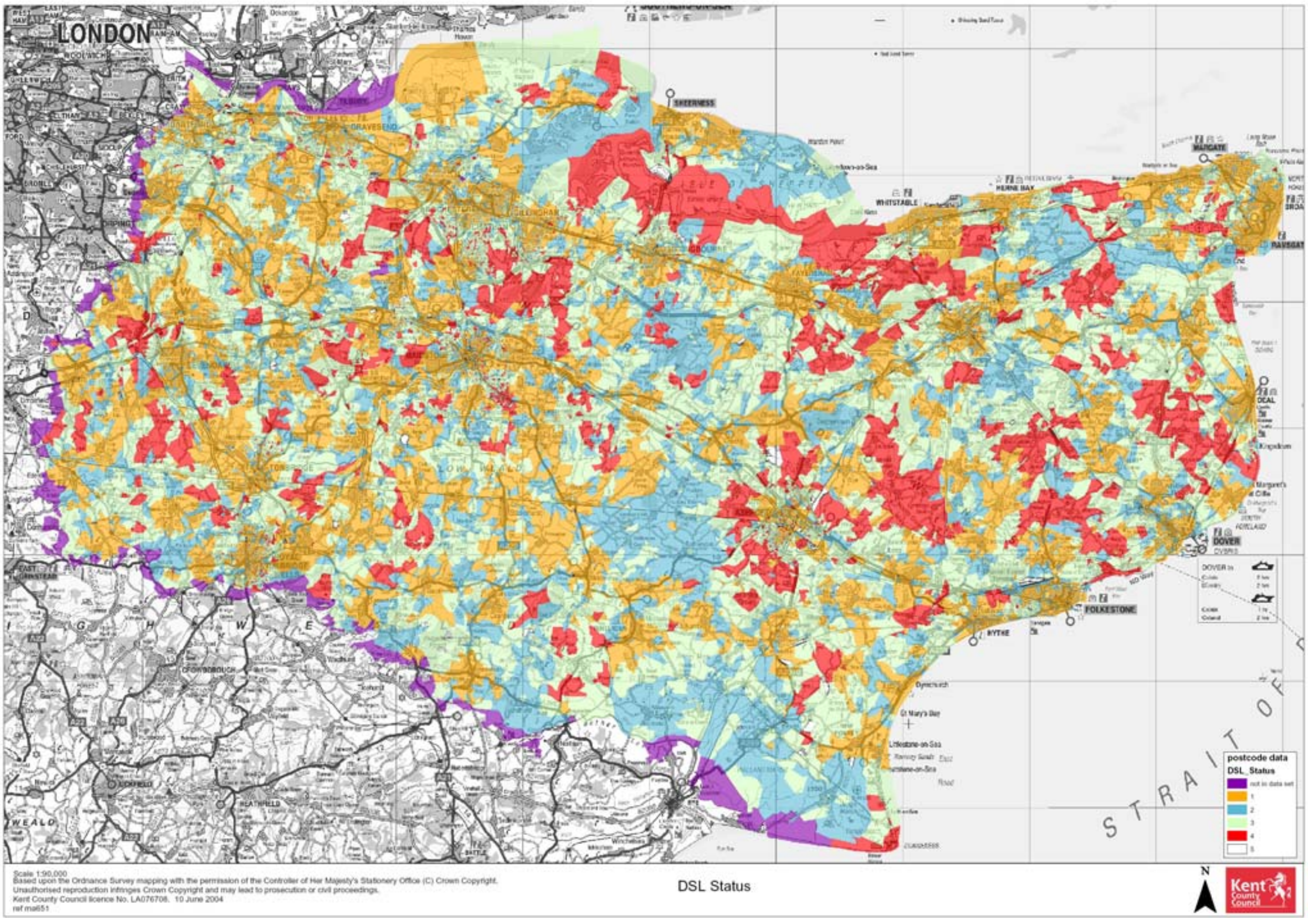
1.4 The knowledge-based economy

1.4.1 ICT infrastructure

Access to the Internet through broadband connections is becoming an essential service for modern urban and rural businesses. Broadband is now widely available and the vast majority of the population (including rural areas) can now connect to broadband services. However, for businesses, the speed of connection is increasingly important in terms of being able to access the full range of ICT benefits.

Figure 28 below shows the speed of DSL (Digital Subscriber Line) broadband connection across Kent. In the red areas no DSL broadband available. In the pale green areas, a speed of only 512 KB is available which is of limited value to business. The blue shading corresponds to a connection speed of 1MB. It is only in the orange areas where the fastest broadband speeds are available (2MB or above).

Figure 28: Digital subscriber line speeds by post code in Kent
Source: KCC ICT Commissioning Unit 2006



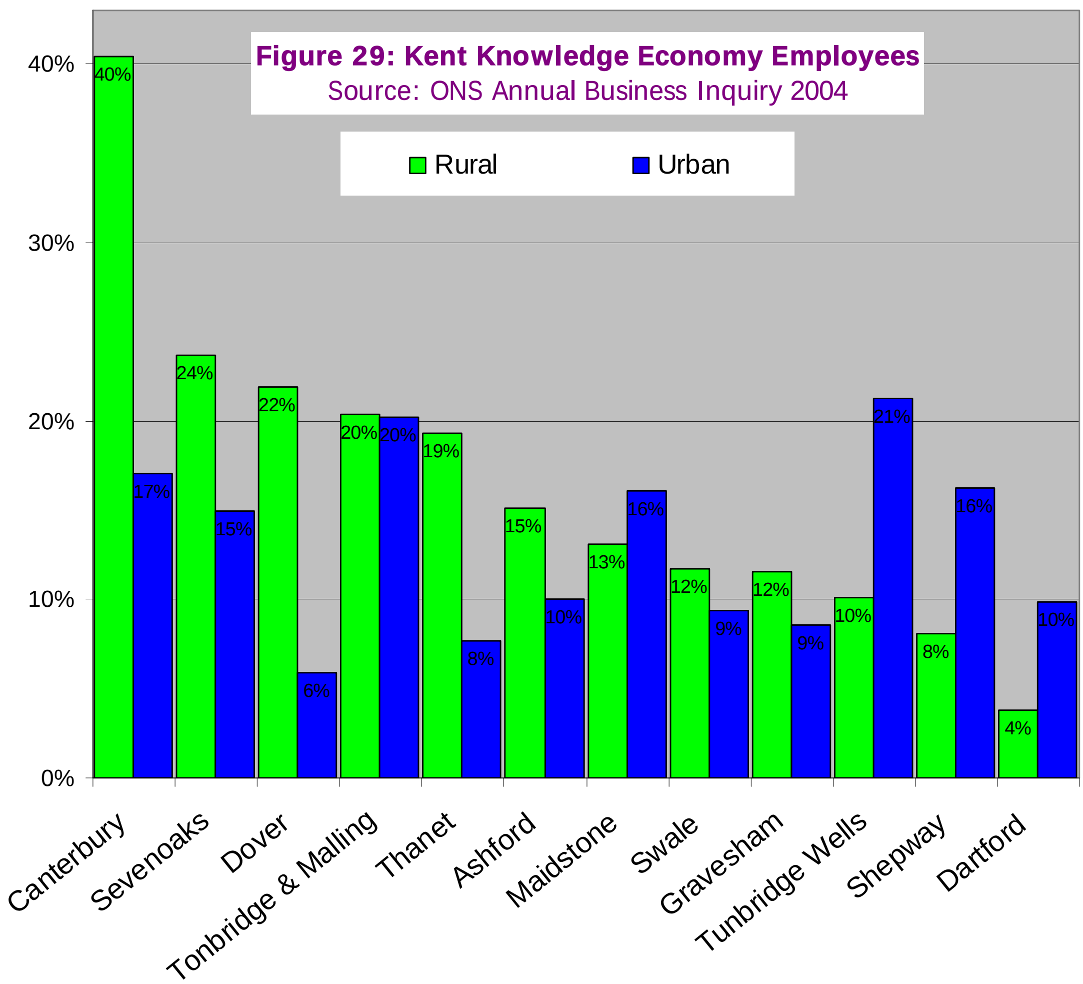
The availability of high quality ICT infrastructure has created more opportunities for businesses to locate and compete in rural areas. It is also a factor driving the growth of the knowledge economy in rural areas. However, if the knowledge economy is to flourish across rural Kent, then it is a priority to increase DSL connection speeds.

1.4.2 The knowledge economy

The "knowledge economy" sectors are those in which the production, distribution and use of knowledge and information are the main driver of productivity, competitiveness, economic growth, wealth creation and employment. These sectors are characterized by research and development, technology, innovation, creative design and media activities and the use of ICT, computers and the Internet. In Kent, there are some 12,716 knowledge economy businesses. 8,259 (just under two-thirds) are based in the urban area, but some 4,457 are rurally located – this represents just over one-third of Kent's knowledge economy businesses.

There are 77,300 employees working in the knowledge economy across Kent - this is 14.5% of all employees in Kent and compares to 20.4% of Knowledge economy employees in the South East. The knowledge economy tends to be perceived as an urban phenomenon.

However, as the data below shows, the proportion of employees working in the knowledge economy is higher in the rural area than the urban area of Kent. The 22,700 knowledge employees working in the rural area represent 18% of all rural employees compared to the 54,600 employees in the urban area which represent 13.4% of all urban employees.



The vast majority of knowledge-based businesses are micro or small businesses – a trend that is particularly pronounced in the rural area where 96% of knowledge based businesses are micro-businesses (1-10 employees). This compares to 90% in urban areas.

Figure 30: Kent knowledge economy businesses
Source: ONS Annual Business Inquiry 2004

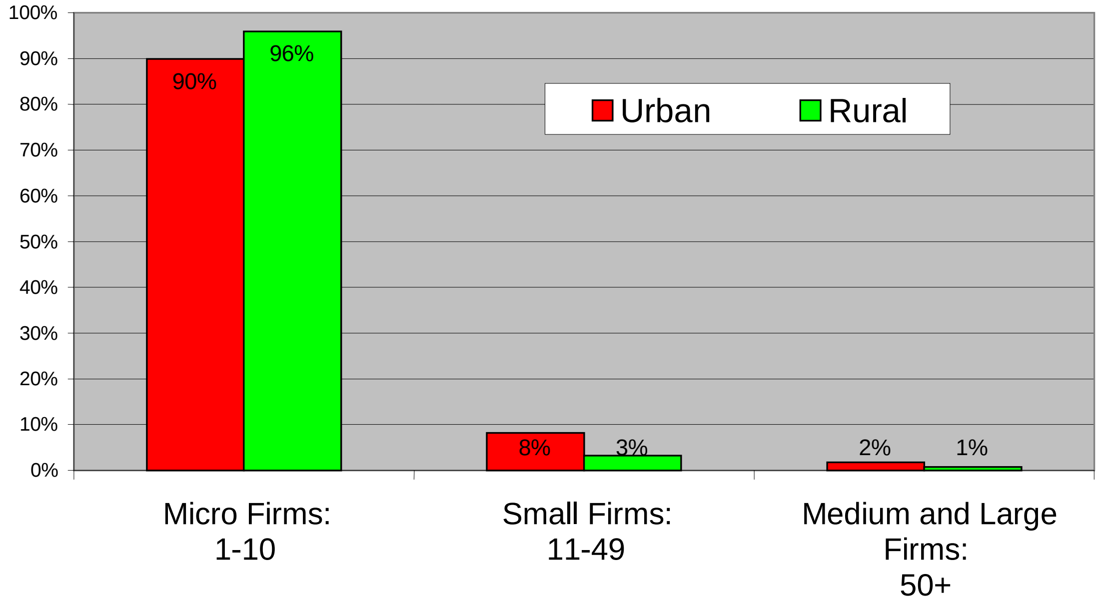


Table 22: Kent knowledge economy employees by District

Knowledge Economy Employees by District Ward Workplace	Urban			Rural			Total		
	Knowledge Economy	Total Employees	%	Knowledge Economy	Total Employees	%	Knowledge Economy	Total Employees	%
Ashford	3,246	32,272	*10%*	1,719	11,395	*15%*	4,965	43,667	*11%*
Canterbury	7,901	46,323	*17%*	3,746	9,275	*40%*	11,647	55,598	*21%*
Dartford	4,115	41,807	*10%*	153	4,015	*4%*	4,268	45,822	*9%*
Dover	1,433	24,379	*6%*	3,002	13,697	*22%*	4,435	38,076	*12%*
Gravesham	2,007	23,469	*9%*	331	2,856	*12%*	2,338	26,325	*9%*
Maidstone	9,196	57,059	*16%*	1,664	12,710	*13%*	10,860	69,769	*16%*
Sevenoaks	3,151	21,016	*15%*	4,703	19,862	*24%*	7,854	40,878	*19%*
Shepway	4,213	25,905	*16%*	587	7,242	*8%*	4,800	33,147	*14%*
Swale	3,291	35,252	*9%*	834	7,128	*12%*	4,125	42,380	*10%*
Thanet	2,692	35,022	*8%*	573	2,962	*19%*	3,265	37,984	*9%*
Tonbridge & Malling	6,836	33,788	*20%*	3,740	18,365	*20%*	10,576	52,153	*20%*
Tunbridge Wells	6,492	30,528	*21%*	1,678	16,652	*10%*	8,170	47,180	*17%*
Total	54,573	406,820	*13%*	22,730	126,159	*18%*	77,303	532,979	*15%*

Source: ONS, 2004 Business Inquiry

The proportion of knowledge economy employees is particularly high at 40% in the Canterbury rural area, and also higher than average in the rural areas of Sevenoaks, Dover and Tonbridge and Malling. These 4 districts have 15,000 rural Knowledge economy employees which is over two-thirds (67%) of all the Knowledge Economy employees in rural Kent.

Looking at the overall distribution of rural Knowledge employees between the rural town/fringe areas and the dispersed village, hamlet and isolated areas, there is a fairly even spread.

However, a number of districts have a higher proportion of their rural knowledge employees in the village, hamlet and isolated areas than in the towns/fringe. This helps to illustrate the footloose nature of the knowledge economy with its ability to locate away from traditional town locations and related businesses and potential for rural areas to develop this further.

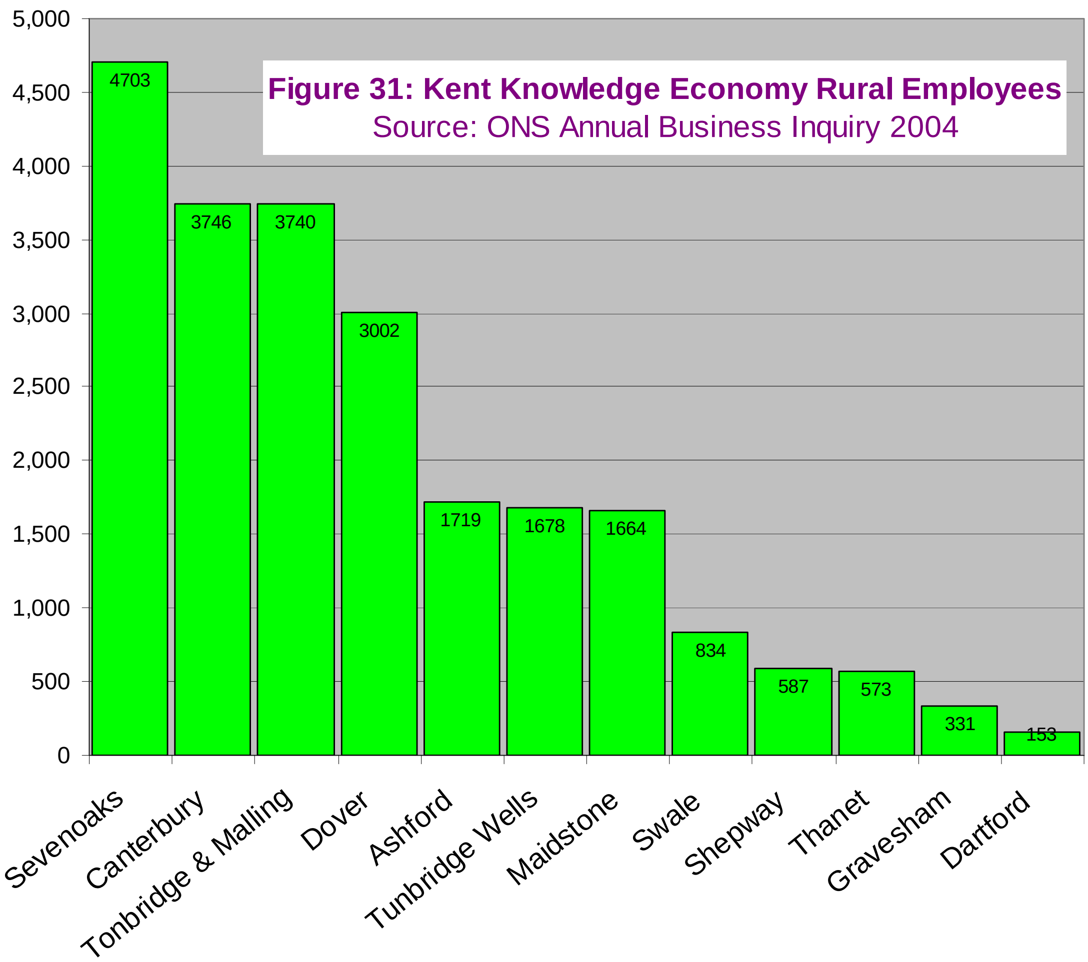


Table 23: Kent knowledge economy employees by district

Knowledge Economy Rural Employees by District Ward Workplace	Rural Town & Fringe		Village Hamlet & Isolated dwellings		Rural Total	Rural % of Total Rural
Sevenoaks	2,078	*17%*	2,625	*25%*	4,703	*21%*
Canterbury	191	*2%*	3,555	*33%*	3,746	*16%*
Tonbridge & Malling	3,184	*26%*	556	*5%*	3,740	*16%*
Dover	2,813	*23%*	189	*2%*	3,002	*13%*
Ashford	711	*6%*	1,008	*9%*	1,719	*8%*
Tunbridge Wells	698	*6%*	980	*9%*	1,678	*7%*
Maidstone	1,448	*12%*	216	*2%*	1,664	*7%*
Swale	53	*0%*	781	*7%*	834	*4%*
Shepway	478	*4%*	109	*1%*	587	*3%*
Thanet	0	*0%*	573	*5%*	573	*3%*
Gravesham	212	*2%*	119	*1%*	331	*1%*
Dartford	153	*1%*	0	*0%*	153	*1%*
Total	12,019	*53%*	10,711	*47%*	22,730	*100%*

Source ONS, 2004 Business Inquiry

1.5 Rural economy: key messages

Rural areas are an economic asset and contribute significantly to Kent's economy. More than a third (36%) of Kent's businesses are based in the rural area[6]. This equates to over 18,000 businesses. The performance of Kent's economy is therefore directly influenced by the prospects of its rurally-located businesses.

Kent's rural economy is complex and diverse in its composition and has strong interdependencies with urban areas. The majority of businesses in rural Kent are rurally located as opposed to land-based. Indeed the profile of rural businesses is broadly similar to that of urban-based businesses.

Small and micro businesses tend to be a particular feature of rural economies and Kent is no exception. Three-quarters (74%) of Kent's rural businesses are in the 0-5 employees category, compared to two thirds (66%) of urban businesses. These small businesses are to be found across the rural area.

Self-employment is a significant feature of Kent's rural economy with 13% of rural residents being classed as self-employed (this represents 19% of the working population). In Kent 40% of those who are self-employed live in the rural area compared to the regional average of 31% This makes the prospects for rural self-employed business a significant economic opportunity.

Homeworking and home-based businesses are also significant in Kent's rural areas. Some 23% of the rural workforce (34,977) work from home. This compares to just 14% (57,924) of the urban workforce. The success of the rural economy is dependent upon the skills, flexibility and productivity of its workforce. Over a quarter (27%) of Kent's working age rural population have no qualifications - the figure for the rural South East is 22%. Having over 75,000 rural residents with no qualifications, Kent is home to 26% of the unqualified rural population of the South East.

Agriculture and land-based industries remain a critical rural sector - recent estimates suggest that the land-based sector contributes around £600 million per year to the Kent economy. However, it is facing intensive pressures from reform of the Common Agricultural Policy and the globalisation of agricultural markets.

ICT and infrastructure advances are creating more opportunities for businesses to locate in rural Kent. Broadband is now widely available and the vast majority of the population (including rural areas) can now connect to broadband services. However, many areas still do not have access to high speed broadband which limits the range of ICT services available.

The knowledge economy tends to be perceived as an urban phenomenon. However, the evidence reveals that the proportion of employees working in the Knowledge economy is higher in the rural area than the urban area of Kent. Knowledge employees working in the rural area represent 18% of all rural employees – this compares to a figure of 13.4% for the urban area. Kent is well positioned to further develop its rural knowledge economy – creating more and better quality jobs.

[6] The Kent Business Database defines 'rural' on a post-code basis according to SEEDA criteria