



East of England
All Party Parliamentary Group
Co-Chairs: Jess Asato MP & Pam Cox MP
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“Strengthening the Rural Economy in the East of England”
To be held in Committee Room 6 from 3pm to 4:30pm on Monday 15th June

Background Briefing

PURPOSE

This briefing paper sets out why the rural economy matters to the East of England, summarises the latest evidence on regional performance, and identifies the most important policy actions for the next 2–3 years. It is written to inform the speakers and audience - MPs and stakeholders - at the APPG meeting on the 15th of June. The main focus of the meeting and this briefing is on the practical, cross-party steps that would strengthen economic productivity, resilience and growth in the [rural areas](#) of the East of England.

EXECUTIVE SUMMARY

The rural economy in the East of England is a major asset, not a peripheral concern Around 46% of the region's population live in rural wards or settlements, compared with about 17-19% across England. Rural areas also account for 35-45% of regional businesses, compared with 25% nationally.

The East of England is therefore one of England's most [economically important rural regions](#), linking high-output agriculture with food chains, agri-tech, freight, renewable energy and enterprise. In 2024, farming income reached £881 million and output £4.4 billion, making the region a national leader in poultry, wheat, fresh vegetable, and pig meat production. [Opportunity East](#) points out 20% of all agri-tech businesses are registered in this region.

DEFRA's latest policy direction is widely seen as helpful yet still needs to translate into stable delivery: the 2026 [Sustainable Farming Incentive](#) aims to support sustainable farming, the [Land Use Framework](#) provides a clearer basis for balancing food, nature, housing and energy, and the [Rural England Prosperity Fund](#) remains an important source of local support.

However, the rural economy faces policy uncertainty, labour shortages, weak connectivity, flood and drought risk, biodiversity pressures, and limited finance. Over the next 2–3 years, Government should:

- *provide greater certainty on farming support,*
- *strengthen the policy weight given to food security and [productive agricultural land](#),*
- *implement precision breeding legislation without EU restrictions to achieve sustainability and food security*
- *support proactive measures to retain and improve biodiversity,*
- *address [business cost and labour pressures](#),*
- *improve flood and water resilience,*
- *support diversification through planning reform,*
- *invest in digital and transport connectivity,*
- *expand access to finance for rural SMEs, and*
- *ensure rural places benefit fairly from the [net zero transition](#).*

1. INTRODUCTION: WHY RURAL GROWTH MATTERS IN THE EAST OF ENGLAND

Rural England is a sizeable, diverse economy. DEFRA's Statistical Digest shows 17% of the population live in rural areas which account for a significant share of businesses and output, including farming, food processing, logistics, tourism, construction, local services and environmental management. National policy also recognises that [rural areas](#) face [structural barriers](#): dispersed settlements, lower density, longer distances to services and reliance on private transport. These raise costs and constrain productivity even where the business base is strong.

The East of England – where 46% live in rural areas (70% in Norfolk) - is the leading agricultural region. [DEFRA's regional agricultural profile](#) reports £881 million income from farming and £4.4 billion output in 2024, with strengths in poultry, wheat, sugar beet, fresh vegetables and pig meat. However, the region's strength goes beyond the growing of produce. According to [Opportunity East](#), 20% of all agri-tech businesses are registered in the East of England. Agri-tech is a key part of the East's growth story, as the industry it has been identified in the Government's [Industrial Strategy](#) as one of the six key high-growth industries within the wider advanced manufacturing sector.

Average farm size in the East of England is 130 hectares, versus 87 hectares across England however it should be noted the region's rural economy is diverse across its six counties:

- Norfolk & Suffolk remain central to arable and livestock output and to food processing and logistics, with agri-tech also being a key growth sector
- Cambridgeshire combines high-output cropping with agri-tech and research-linked innovation
- Essex faces strong peri-urban development pressure alongside horticulture, logistics and rural services
- Bedfordshire and Hertfordshire lead the way in regenerative agriculture and illustrates the importance of mixed rural enterprise, local services and pressure from growth and commuting patterns.

Market towns play a critical role in rural economies as service, employment and cultural hubs for wide hinterlands. In many areas, strengthening market towns is central to improving access to services, supporting local businesses and sustaining communities. The region is also shaped by climate and land-use pressure, including [water stress](#) and competition between farming, nature recovery, housing and energy. Decisions affecting [productive agricultural land](#) therefore have wider economic implications.

National and regional policy should therefore avoid one-size-fits-all solutions and instead support a mix of farm production, business diversification, and place-specific infrastructure investment.

[British Sugar](#) is at the centre of a homegrown industry supporting over 2,000 UK sugar beet growers and around 7,000 jobs nationwide. We take pride in producing and supplying over 50% of the sugar consumed in the UK, and developing co-products from the whole crop, including animal feed, topsoil and bioethanol, with almost nothing going to waste.

As the sole processor of the UK's sugar beet crop, we play a vital role in national food security. Over the past 20 years, growers have increased sugar beet yields by 27%, while reducing environmental impact through innovation, modern farming techniques and agri-tech investment.

Together, British Sugar and UK farmers are well placed to deliver a more sustainable and resilient food system. To support this, we are calling on Government to prioritise:

- A long-term roadmap for UK agriculture
- Support for sustainable farming and the transition from traditional pest control methods
- Continued innovation in precision breeding and agri-tech
- Protection for precision breeding in UK-EU SPS alignment
- Investment in green energy and rural infrastructure in the East of England
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2. FARMING SUPPORT AND CERTAINTY



A first priority is long-term certainty on farming support. DEFRA's 2026 [Sustainable Farming Incentive](#) continues support for resilience, but farmers need clearer multi-year information on [payment levels](#), eligibility and the balance between environmental and productive objectives.

This matters because [farm businesses](#) plan over several years. Rotations, machinery, drainage, water storage, environmental delivery and labour all require confidence; when [support is uncertain](#), investment and innovation are delayed.

Government should set out a stable, simple pathway for [SFI](#), [Capital Grants](#) and related schemes, with guidance for arable, horticulture, livestock and mixed farms. Sustainable farming should be a predictable business decision, not a short-term grant opportunity

Our region is home to an incredibly diverse farming industry, producing everything from vegetables and dairy to poultry, vineyards, fruit and flowers.

Our members farm across landscapes from the Fens to the chalk grasslands, supporting a thriving food chain that contributes £13.6 billion to the region's economy each year. Every member business is unique, but all growers face common challenges, including access to water, labour shortages, high input costs, insecurity, taxation, climate change, rural crime and environmental pressures.

It is vital, now more than ever, that we come together to celebrate the work of farmers and growers and create a supportive environment for the industry to thrive. Continued NFU support is essential to help members invest, grow their businesses and continue delivering the services that benefit us all.

Farmers and growers across the region work every day to support national food security, care for the environment, sustain rural communities and power local economies. Their work matters to everyone who calls the East of England home. For more information see NFU leaflet [here](#).

3. FOOD SECURITY AND PRODUCTIVE LAND

The East of England is central to domestic food supply, with major output in [wheat, vegetables, poultry and pig meat](#). The [Land Use Framework](#) is a useful step towards balancing food production, nature recovery, housing and energy. However, land-use change is not the problem; the key issue is how trade-offs are made and whether the most productive land is protected where this serves the national interest. Losing high-quality farmland can weaken [food security](#) and supply-chain resilience.

Implementing the Genetic Technologies (Precision Breeding) Act will establish the new market in precision bred plants and crops to ensure food security, nutritional advances and environmental benefits (e.g. less pesticide, fertiliser and water use). Recent efforts to realign to EU regulations threatens the progress of commercial agri-tech innovation. Many seed companies, producers and farmers across the East of England are counting on precision breeding to future-proof their produce.

Government should embed food security in land-use and planning policy, with guidance on when productive farmland should be retained. The [Land Use Framework](#) should become practical tools for local authorities, farmers and investors. It should also achieve an exemption within the Sanitary and Phytosanitary Agreement for the use of precision breeding techniques to drive up agri-tech innovation and enable a more secure, sustainable food sector.

4. PLANNING AND DIVERSIFICATION

Farms and rural SMEs need to add value through farm shops, food processing, tourism, renewable energy, workspace, storage and small-scale industrial uses, but planning delays can block viable projects. Supporting diversification through [planning reform](#) can strengthen the rural economy.

[Sector bodies](#) argue that planning should support active rural enterprise while maintaining environmental and landscape safeguards. Moreover nature & biodiversity decline is a major risk factor for food production within the eastern region, and also impacts other areas such as flood risk. In this respect the importance of Local Nature Recovery Strategies should be respected. These rely on the active participation of farmers, land managers, and rural businesses, and strengthen the link between environmental ambition and economic viability.

Diversification is especially important where land values are high, weather risk is increasing and firms need multiple income streams. Better planning means clearer guidance, quicker decisions and recognition of rural business value, not weaker controls.

Government should streamline planning support for [economic diversification](#) where it supports jobs, local supply chains and resilience, enabling productive businesses to adapt transparently. It should also support nature & biodiversity conservation and restoration to ensure nature related risks do not impact the wider growth strategy.

5. CLIMATE ADAPTATION AND LONG-TERM SUSTAINABILITY

The East of England has a major role in renewable energy, low-carbon land management, bioenergy, nature-based carbon solutions and climate adaptation. For example, Norfolk and Suffolk are central to the UK's transition to clean energy, with major offshore wind assets, an established operations and maintenance cluster in Great Yarmouth and nationally significant infrastructure such as the Bacton gas terminal. These assets position rural areas not just as beneficiaries of net zero, but as critical drivers of national energy security and growth.

However the region's [climate action briefing](#) argues that progress is held back by stop-start funding and the lack of a stable local climate framework. The policy opportunity is to align [net zero investment](#) with rural growth through low-carbon machinery, farm energy generation, heat decarbonisation, supply-chain innovation (including precision breeding), and land management that cuts emissions while sustaining food production.

Government should adopt a rural climate resilience approach that is pro-growth and pro-investment. In the East of England, [climate adaptation](#), energy infrastructure and food production are tightly linked, so a whole-ecosystem approach is essential. An Independent Climate Change Risk Assessment for the East of England, as advocated in [Opportunity East](#), would be welcome for identifying where climate change pressures will be most acutely felt.

6. FLOOD, WATER AND RESILIENCE

Flood defence, water management and resilience funding are critical in the East of England, where abstraction, excess flows, limited storage and run-off pollution create acute pressures. Agriculture particularly depends on reliable water, while settlements, roads and businesses are vulnerable to flooding and drainage problems.

[Climate briefings](#) show the region is exposed to low rainfall and high temperatures as well as occasional heavy rainfall and infrastructure disruption. Its flat landscapes make it vulnerable to run-off and flooding. Climate change is also increasing [drought](#). The [Climate Change Committee](#) warns adaptation is insufficient, while [DEFRA's water situation reporting](#) underlines the need for stronger planning.

In Norfolk, local partners are already piloting integrated approaches to water management, including real-time monitoring systems and schemes to capture and reuse surface water. Meanwhile Suffolk Chamber's Suffolk Business Water Group is working with the water companies to pioneer a business water trading pilot. These initiatives highlight the need for national policy to support place-based innovation in water resilience.

Government should provide a multi-year resilience settlement covering maintenance and capital works, joining up flood defence, drainage, storage, soil management and nature-based solutions. The East of England should be a priority for integrated [water resilience](#) starting with more support for place based initiatives.

7. RECOGNISING THE KEY ROLE OF TOURISM & CULTURE IN THE RURAL ECONOMY

The East of England's rural economy underpins the region's tourist and cultural offer. The APPG has previously considered how this can deliver regional, as well as national, benefits - see briefing [here](#) and letter to the Minister [here](#).

However, tourism and cultural events can also increase pressures on services and labour. Recruitment is difficult because the sector is seasonal and often low paid, with challenges worsened by rurality, limited transport and shift patterns. Some places also face pressure on sensitive sites, wildlife, congestion and parking, so spreading demand across seasons and locations would help.

Government should deliver a skills policy that recognises rural needs; better transport links; and stronger recognition of local government's role in cultural spaces and joined-up place-based policy.

8. RURAL BUSINESSES AND LABOUR SHORTAGES

Rural businesses face persistent workforce, cost and labour pressures. Energy, inputs, freight, insurance, borrowing and compliance costs have risen, while many firms have thinner margins and fewer local labour options. [Labour shortages](#) are acute in agriculture, food processing, hospitality, logistics and care, affecting farms, processing, horticulture, packing, transport and rural services. Recruitment is also constrained by housing, transport and training access.

These pressures are often compounded by significant spatial inequalities. Rural and coastal communities in Norfolk, for example, experience lower wages, lower skills attainment and poorer health outcomes than national averages, alongside an ageing population that increases demand for labour in health and care sectors.

Government should work with local partners on a [rural labour strategy](#), alongside simple access to advice, recruitment support and training, with the aim of raising [rural productivity](#) rather than only filling short-term gaps.

The East of England combines high productivity and strong entrepreneurial activity with a deeply rural geography. Small businesses dominate the landscape, reflecting the national picture where 99.2% of firms are SMEs. National small business trends, as identified by the [Federation of Small Businesses](#) (FSB), are often more pronounced here. Despite the region's strengths, business confidence has fallen sharply, with FSB data showing confidence at its lowest level since the pandemic, signalling a fragile growth outlook.

Rural SMEs in the East face a set of structural barriers that constrain growth including:

- Infrastructure remains a persistent challenge, particularly unreliable broadband and limited transport connectivity, which restrict market access, recruitment and productivity.
- Labour shortages are intensified by a lack of affordable rural housing, making it difficult for workers to live near employment.
- Access to finance continues to be uneven, especially for microbusinesses without significant assets.
- Planning constraints delay diversification and expansion.
- Rising costs, including energy, transport and employment costs, which disproportionately affect rural firms.

The net employment levels have worsened for all small businesses this quarter, but especially so in the East of England where SMEs have a net 25% negative shift meaning they are most likely of any region in England to be losing staff or not employing more since the start of 2026.

Taken together, these issues contribute to lower realised productivity and limit the region's ability to scale its already strong business base.

9. FINANCE FOR RURAL SMEs

Improving [access to finance](#) remains a barrier for rural SMEs, which often struggle to secure lending, growth capital or advice suited to small, dispersed and asset-specific businesses.

Rural enterprises across farming, food processing, agri-tech, logistics, tourism and services need finance for working capital, diversification, automation, decarbonisation and transition. Grants alone will not meet these needs, and firms need clearer signposting to [finance options](#).

Innovation ecosystems are emerging in rural counties such as Norfolk, where initiatives like the Connected Innovation model link research institutions, businesses and funding to overcome fragmentation. This approach is already helping rural firms access investment and scale.

Government should strengthen [rural SME finance](#) through grants, local growth funds, loan guarantees and business support, ensuring finance reaches productive projects rather than being absorbed by administrative complexity.

10. DIGITAL AND TRANSPORT INFRASTRUCTURE

Rural digital and transport infrastructure is essential to productivity and inclusion. The [East of England APPG's digital briefing](#) highlighted fixed and mobile connectivity gaps and the need for targeted support where commercial rollout will not reach all communities.

Transport matters because rural labour markets are thin, public transport is limited and access to work or training without a car can be difficult. In counties such as Norfolk, the impact of dispersed geography is particularly acute. Residents in rural and coastal districts experience some of the longest journey times in England to access work, education and healthcare, while patchy mobile and broadband coverage continues to limit business growth.

Two reports - [Rural Connections](#) and [Rural Roots, Limited Routes](#) - show that poor rural transport limits access to jobs, skills and services, especially for vulnerable, low-income and young people, and constrains recruitment for shift and seasonal roles.

Transport East's [Rural Mobility Centre of Excellence](#) seeks to address the historic urban bias in transport planning. Meanwhile innovative local approaches, such as Norfolk's Streetwave programme to map real-world mobile coverage, demonstrate both the scale of the challenge and the opportunity for targeted intervention. Suffolk Chamber's Suffolk Business Digital Champions group is also coordinating campaigns and advocacy regarding the impact on business growth of poor infrastructure and the slow rollout of necessary infrastructure in this area.

Government should target rural infrastructure investment and monitor outcomes. [Project Gigabit](#) should continue to prioritise hard-to-reach communities, while transport policy should better reflect dispersed rural labour markets.

APPG background briefing compiled by the East of England APPG Secretariat with the input of Amir M. Sharif, Professor of Circular Economy, UEA, and a range of partners of the East of England APPG

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