



## (New, rural) business models, their mechanisms and impacts

<b>BM name</b>	Rural Service Hubs
<b>Type</b>	Territorial development, service provision, social economy
<b>Sector</b>	Services
<b>Organisational scale</b>	Individual/private/family business. Business/chain/association/shared/societal business.
<b>Short description</b>	<p>Many rural areas struggle to support local services, from shops and banks to public offices. It is often not financially sustainable to replicate services across wide rural areas with small, dispersed populations and few economies of scale. However, centralising services in urban areas poses access challenges which can deepen rural-urban inequalities. Service hub models – where multiple services are co-located in the same space – can offer solutions for rural service provision and access.</p> <p>Service hubs are not a single business model, and may be for-profit, state sponsored or social enterprise. However, the co-location model aims to generate efficiencies and synergies.</p>
<b>Mechanism</b>	<p>A well-functioning service hub model has four key features:</p> <ol style="list-style-type: none"> <li>1. The co-location of two, and ideally more, services in the same space;</li> <li>2. The site is a focal point for a wider catchment area;</li> <li>3. Synergies between services create efficiencies;</li> <li>4. Associated infrastructure facilitates access.</li> </ol> <p>The purpose of co-locating multiple services in the same space is, most simply, to create efficiencies by reducing overheads and operating costs.</p> <p>Synergies and cross-sectoral cooperation emerge partly from the physical co-location of services, but more broadly from the networks, governance structures and exchanges of expertise this requires.</p>
<b>Innovativeness</b>	<p>Service co-location can create innovation between services, including integrating services in new ways; promoting new uses for existing facilities, such as town halls; and engaging with new digital technologies.</p> <p>Hubs have particular potential for delivering social innovation in rural areas, by reconfiguring social practices in response to societal challenges.</p>
<b>Value creation</b>	Social gains first
<b>Customers, product/service, revenue streams and main cost items</b>	<p>Customer(s): Most hubs serve residents in a locality, rather than a target market. Hubs with retail can attract tourists. There remains scope for public service hubs to engage seasonal residents.</p> <p>Product(s)/service(s): Hubs provide two or more services, which may or may not be related, e.g.: food, fuel, transport, financial services, health, digital connectivity, postal facilities, community space, and municipal services.</p> <p>Revenue stream(s): Many hubs use grants from municipal, national, charitable and EU sources. Hubs providing public services may receive state support, part-funded by service fees. Hubs which are not publicly funded rely on retail and service fees.</p> <p>Main cost items: Overheads, unit costs, staffing, equipment, infrastructure, facilities, accessibility.</p>



<p><b>Societal impact</b></p>	<p>Beneficial:</p> <ul style="list-style-type: none"> <li>• Counteracting rural marginalisation and offering a community focal point</li> <li>• Facilitating service provision and access in rural areas</li> <li>• Retaining value in the locality</li> <li>• Reducing the need to travel long distances</li> </ul> <p>Negative:</p> <ul style="list-style-type: none"> <li>• Community run hubs can create burnout in voluntary leaders</li> <li>• Hubs may be inaccessible to or neglect some user groups</li> <li>• Models using voluntary labour run the risk of ‘benign exploitation’</li> <li>• Community benefits may be unequally spread</li> </ul>
<p><b>Rural-urban synergies</b></p>	<p>Hubs in rural areas can redress imbalances resulting from centralised service provision in urban areas. Hubs can also connect urban-based services to rural users without the need for dedicated outlets. Hubs which include digital or transport connectivity further facilitate rural-urban linkages.</p> <p>Additionally, some hub models (especially those with a retail element) engage the tourist market and seasonal residents. These urban markets can be used to subsidise rural services. There are emerging trends towards integrating seasonal residents in the user base for non-retail rural services such as healthcare.</p>
<p><b>Connections with labour market and employment effects</b></p>	<p>Employment outcomes vary by business model. Hubs with a social enterprise focus often use volunteers, but can create opportunities for skill development. For profit hubs can offer opportunities for rural entrepreneurship, especially through initial funding stimulus. Some more innovative hubs, such as in healthcare, provide professional work in rural areas.</p> <p>More broadly, hubs providing digital, connective and financial infrastructure can also be understood as providing business services, which are of particular value to rural micro-enterprises.</p>
<p><b>Enabling factors</b></p>	<ul style="list-style-type: none"> <li>• Network governance – building collaboration between relevant stakeholders</li> <li>• Access to expertise, including knowledge and support for funding applications</li> <li>• A site which is an existing focal point for a locality (or can become one)</li> <li>• A choice of services which offers potential synergies and innovative integrations</li> </ul>
<p><b>Limiting factors</b></p>	<ul style="list-style-type: none"> <li>• Small user base and limited existing access infrastructure</li> <li>• Dependence of the business model on external funding and volunteer labour</li> <li>• The quality and maintenance of relationships between partners</li> <li>• Dependence on one service to subsidise others can create risk</li> </ul>
<p><b>Key partners and actors directly involved</b></p>	<p>Individual businesses Consumers Civil society (NGOs, CSOs) (Local) government (incl. administration)</p>
<p><b>Role of (local) government</b></p>	<p>Facilitator Financial support/financially responsible</p>
<p><b>Connections with the institutional / policy environment</b></p>	<p>Hubs exemplify network governance and neo-endogenous rural development. It is not possible to co-locate services without partnerships between service providers, whether government or commercial. This can add regulatory compliance challenges, especially for hubs which co-locate health or public services.</p> <p>Policies can be beneficial in promoting hubs – e.g. Austria has legislated for primary healthcare hubs, and Finland for multi-purpose village shops. Policies may also</p>



	direct funding, which many hubs rely on for start-up or expansion. Again, the funding environment requires skills and expertise for applications and evaluative compliance.
<b>Internal/network governance arrangements</b>	As noted above, by facilitating multiple services, hubs need networks at local, regional and national levels, and between government and commercial actors. Areas where hub development is supported by the regional government can have advantages here, as regional governments are often better equipped to facilitate and maintain networks compared to individual hub operators.  The role of hubs within communities also requires ongoing consultation on place-based service needs. Successful examples have integrated community ownership and/or community advisory boards into internal governance.
<b>A typical example</b>	Cletwr shop and café opened in 2013 in Tre'r Ddôl, a small village in the predominantly rural Welsh county of Ceredigion. Cletwr was developed as a non-profit social enterprise by a group of residents following the closure of the village garage, which also served as a shop. Following successful funding bids, the original garage premises was replaced by a purpose-designed and environmentally sustainable building in 2017. Cletwr also provides important local services including free WiFi, cash withdrawal, an oil-buying syndicate, parcel drop-off point, mobile library visits, and police and council advisory sessions. Staff include a paid community coordinator. The aims of Cletwr include: 1) creating a focal point for the local community; 2) providing volunteering and socialising opportunities for older residents; 3) helping young people gain work experience and new skills; 4) generating economic opportunities, including for local producers.
<b>BM references</b>	Goodwin-Hawkins, B., T. Oedl-Wieser, L. Bauchinger, K. Hausegger-Nestelberger, E. Kilis, U. Ovaska, A. Reichenberger & I. Ruiz-Martinez. (2020). <i>Rural Service Hubs</i> . Horizon 2020 ROBUST project.  <a href="https://rural-urban.eu/publications/rural-service-hubs">https://rural-urban.eu/publications/rural-service-hubs</a>
<b>Name</b>	Bryonny Goodwin-Hawkins
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