

DRAFT RESPONSE SERVICE

As part of the Rural Opportunities Bulletin, RSN will regularly provide concise potential responses to key current consultations. These are not intended to be definitive or to reflect the views of RSN and may include potentially opposing responses to reflect different views designed to assist individual organisations in compiling their own response. We do however recognise the pressure members are under and we hope this service will assist.

Building our Industrial Strategy – Department for Business, Energy & Industrial Strategy

The government state that: “We want to build an industrial strategy that addresses long-term challenges to the UK economy. Our aim is to improve living standards and economic growth by increasing productivity and driving growth across the whole country.

“This green paper sets out our approach and some early actions we have committed to take. It is not intended to be the last word, but instead to start a consultation. We hope anyone with an interest will respond. We want to hear from every part of the country, every sector of industry and businesses of every size – and from the people who work in them and use them.”

This consultation closes on 17 April 2017.

<https://www.gov.uk/government/consultations/building-our-industrial-strategy>

Suggested potential responses to the initial 4 over-arching questions posed by the green paper are set out below.

Question 1: Does this document identify the right areas of focus: extending our strengths; closing the gaps; and making the UK one of the most competitive places to start or grow a business?

Draft response: Yes. The focus on building on strengths, encouraging new and growing business and addressing the needs and opportunities of all parts of the country is welcome. However, whilst there is some recognition of the needs of rural areas, there is a danger that the potential opportunities presented by rural economies are significantly underestimated.

The following extract is taken from the government’s Rural Planning Review call for evidence published in February 2016:

“England’s rural areas make a substantial and vitally important contribution to the economy, accounting for around £210 billion, or 16%, of England’s total output. Taken as a whole, the structure of economies in rural areas is now reasonably similar to that of urban areas. Manufacturing represents 13% of GVA in predominantly rural local authority areas compared with 8% in predominantly urban areas. The service sector is also significant across rural areas with business services, for example, representing 10% of rural output.

“Rural areas host around half a million businesses, over 25% of all registered businesses in England. Many of the businesses operating in rural areas are small or medium sized enterprises. Economic activity in rural areas is increasingly diverse, with significant manufacturing and services sectors, alongside more traditional farming. Knowledge-based and creative industries are also growing rapidly.”

The Industrial Strategy should properly recognise the existing and potential economic contribution of rural areas to the nation’s growth and success. This should be embedded throughout the Strategy, recognising the location of many innovative and growth potential businesses located across rural areas. This is not confined by traditional views of rural economies and stretches across all sectors.

Question 2: Are the 10 pillars suggested the right ones to tackle low productivity and unbalanced growth? If not, which areas are missing?

Draft response: The suggested pillars are relatively comprehensive and welcomed. However, if growth is to be driven “across the whole country” there needs to be full consideration of the issues and opportunities facing rural communities in relation to each pillar.

For example, in relation to the Strategy’s aspirations towards developing skills, only half of rural users can get to a FE College by public transport or walking in a ‘reasonable travel time’ (as defined by the Department for Transport) and just 39% of rural users can get to a school sixth form by public transport or walking in a ‘reasonable travel time’ (and that transport may be infrequent). In seeking to develop skills whilst driving growth in all parts of the country, the Strategy should acknowledge the accessibility issues faced by residents in rural areas.

In relation to new business growth, the Strategy should recognise the presence of a diverse range of new and existing business activity in rural areas and the opportunities this presents. Rural economies are incredibly diverse and make a significant contribution to national economic performance. Farming and tourism are of critical importance but to pigeon-hole rural economies as being solely about these sectors would be a mistake. The environment is of pivotal significance to rural economies. Farming, forestry and land management sectors help to create the environment on which the tourism sector depends and to which a vast array of economic activities are attracted – from manufacturing and service industries to knowledge intensive and creative sectors. Enterprise and opportunity are abundant with rural areas often providing a breeding ground for high growth businesses which can migrate to more populated areas as expansion plans require. This should be clearly recognised by the Strategy.

Question 3: Are the right central government and local institutions in place to deliver an effective industrial strategy? If not, how should they be reformed? Are the types of measures to strengthen local institutions set out here and below the right ones?

Draft response: Businesses in rural areas are often remote from government and other institutions. Business support is often seen as confusing and urban centric. Constant changes to organisations and programmes has the potential to further confuse businesses and, therefore, improvements to existing structures is preferred to any wholesale restructuring in order to begin to provide continuity and certainty.

LEPs are key delivery organisations and some have an effective approach to rural areas. However, too frequently LEP programmes have little consideration for the opportunities and needs presented by existing and new business located in rural areas. Mechanisms should be put in place to ensure that LEPs and other vehicles address the needs and take advantage of the opportunities presented by rural economies.

For example, a report commissioned by Defra (working in conjunction with BIS) in 2013 and produced by the Institute for Employment Studies (supported by the Countryside & Community Research Institute) investigated the degree to which rural businesses access national employer skills and government business support programmes. A key finding of the report was that: “Access to national mainstream employer skills programmes and government business support programmes among rural businesses may be improved if information and advice on how to apply for support is proactively provided (ideally face-to-face or by telephone) by a stable set of intermediaries.” LEPs and others should take account of the need for such intermediaries in delivering skills development and business support programmes to ensure that the full potential of rural businesses is realised. The green paper should clearly identify the need for special attention to be paid to the opportunities of rural businesses in delivering future programmes.

Question 4: Are there important lessons we can learn from the industrial policies of other countries which are not reflected in these ten pillars?

Draft response: Lessons from community-driven approaches, such as that delivered as part of the 'Leader' approach, should be considered. Over many years, Leader programmes have demonstrated the value of local engagement and a rounded view of local economies where social and community support is an invaluable mechanism for ensuring economic development and growth are maximised. This is, arguably, of particular importance in rural areas where the connections between the environment, social and economic activity are of huge importance. The Industrial Strategy should make it clear that locally driven economic strategies have a role to play, building on the lessons learned from the delivery of Leader programmes over many, many years.