

Department for Business and Trade

Old Admiralty Building,

Admiralty Place,

London,

SW1A 2DY

1st December 2024

Dear Rt Hon Jonathan Reynolds MP

We are writing to you as the Rural Services Network, a national group representing rural service providers and local authorities in rural communities.

The Rural Services Network (RSN) welcomes the opportunity to respond and provide input into the development of the Industrial Strategy.

OVERARCHING CONCERNS

Green Papers are intended to set out for discussion, proposals which are still at a formative stage. Yet the references to ‘subsectors’ through this Green Paper – and, in particular, in the Questions - implies the agreement of responders with the general thrust of the proposed Industrial Strategy as set out in the Green Paper. For the Rural Services Network (RSN) that is not the case.

The overall objective is “to drive economic growth in all parts of the country”

The RSN does not consider that the overall objective can be achieved based on the Industrial Strategy as set out in the Green Paper as it is ‘rural-blind’ and ignores the opportunities for economic growth across rural areas.

What is set out in the Green Paper looks more like an Investment Strategy for what the Government considers to be “our highest potential growth-driving sectors and places.” **That is a part of an Industrial Strategy but should not be the whole thing.**

The footnotes to the Industrial Strategy paper state, “This Green Paper will use ‘businesses,’ ‘firms,’ and ‘industry’ interchangeably.” We approve, and this being so, **it is vital that other sectors must be included as well as the eight highlighted in the Green Paper.** In that context, whilst not wishing in any way to diminish the continued importance of agriculture and food production, we would stress that rural areas are home to 549,000 registered businesses from across a broad economic base – 85% of them in non-land-based sectors. The challenge for policy makers is to improve the prospects and opportunities for rural businesses, to increase the

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wellbeing of rural communities and to enhance the contribution that rural areas make to the nation.

Mission-led Government is intended to ensure cross-governmental departmental thinking into policy and implementation. That is not demonstrated in this Green Paper – which, as we say, is ‘rural blind’

In the application of Mission-led Government:

- It is critical that there is a strong rural dimension in the Government’s mission-led approach.
- The Missions must address both economic and social objectives.
- The long-term objectives can only be achieved if shorter term interventions are made, sustained, and funded across a range of services/issues.
- A one-size-fits-all approach will not meet the unique needs and opportunities of rural communities and businesses. Policies and delivery mechanisms made with large towns and cities in mind will often not be appropriate in a rural setting.
- Baseline assessments of the current position in each local area are a necessary first step and annual reporting on progress in meeting the missions in each local area a pre-requisite.
- Whilst the Missions and long-term objectives may well be the same for all areas the delivery processes/interventions will need to reflect the circumstances of each local area.
- It will be necessary for the Government to set out details of how it proposes to measure progress in delivering the missions and in doing so have regard for the needs of rural areas.

We accept that for too long, the economic growth in Britain has been disproportionately concentrated in London and the Southeast, leaving other regions as ‘left behind places.’ But there is another factor – **rural areas have been further left behind within regions.**

The emphasis on energy and infrastructure is much needed. The UK’s infrastructure is in dire need of modernisation, particularly in the context of modern technologies and shifting energy needs – **nowhere is this more in evidence than across rural areas where issues such as digital and mobile connectivity, the capacity and fragility of the electricity network, flooding etc. are huge constraints.** By pledging to invest, the Government hopes to lay the groundwork for a more interconnected economy. Improved connectivity could boost productivity spillovers across space, reduce economic disparities between different regions, and attract investment in those left-behind places. **Again, the issue of rural areas within regions needs to be factored in.**

Some commentators have remarked that there is a risk that the Green Paper's focus on technology and high-skilled sectors could leave behind certain different parts of the country (including rural areas), sectors, industries, and workers. The strategy's vision for a high-tech, innovation-driven economy is commendable. But there is a risk that this selective mission-led technology approach is at odds with the goal of tackling inequalities and could in fact widen the divide between high-skilled and low-skilled workers and between successful and left-behind places.

For workers in industries prevalent in rural areas like retail, hospitality, food and farming and traditional manufacturing – sectors that are not necessarily innovation-driven – the strategy offers little in terms of support or retraining. Yet without a robust plan for upskilling and re-skilling workers, including the barriers to accessing training etc. – which is particularly pertinent in the rural context - there could be a growing polarisation between those who benefit from the green and high-tech economies and those who do not.

The Green Paper says that the strategy will create the right conditions for increased investment, high quality jobs and ensuring tangible impact in communities right across the UK. It identifies 8 growth - driving sectors, namely:

- Advanced Manufacturing.
- Clean Energy Industries
- Creative Industries
- Defence
- Digital and Technologies
- Financial Services
- Life Sciences
- Professional and Business Services

The Green Paper is completely silent on what, if any, support the government will give to other sectors or types of business.

Most if not all the 8 growth-driving sectors identified can be physically located in rural areas – as long as the Government, as part of its Strategy, invests to remove the barriers to economic growth in rural areas. To do so would help achieve the Government's social as well as economic growth objectives. In fact, many rural areas are leaders in several of the sectors listed above and are home to thriving life sciences, clean energy, advanced manufacturing, and defence industries.

Nevertheless, there are significant omissions within the draft Strategy which, if not addressed, will impede rural economies and their ability to contribute to the government's growth mission:

- **The draft Strategy has selected sectors that are already demonstrating high levels of productivity which is to the detriment of rural areas.** As highlighted in the Reigniting Rural Futures report referred to in this response, the rural economy's productivity is currently trailing that of the urban economy for a variety of reasons. Nevertheless, there are significant and attainable opportunities to enhance rural productivity which could dramatically improve value creation and enhance national growth levels. An example of this is the potential application within the agri-food sector of its specialisms in biological engineering, precision monitoring, robotics and automation.
- **Agri-food itself is a notable omission from the high-growth sectors listed in the draft Strategy.** The sector will be essential to confronting seismic issues such as food security and climate change in an increasingly uncertain geopolitical landscape. It is also a future-focused industry that will attract significant investment and help underpin the growth-driving sectors listed.
- **A near-exclusive focus on city regions and mayoral combined authorities within the draft Strategy overlooks rural areas.** The 'Rural recognition, recovery, resilience and revitalisation' report commissioned by the Local Government Association estimates that growth in rural and coastal communities could be worth £51 billion per annum by 2030. To realise this potential, and for rural areas and the country to reap the benefits, the rural economy should form a prominent part of the Strategy.
- **An overemphasis on city regions could also cause a hollowing out of rural areas.** This could entail depopulation and a decline in economic activity which would run directly counter to the aspiration for inclusive growth. To avoid this damaging prospect, the Strategy should empower rural areas to reach their potential and contribute to the national economy.
- **Crucial to the success of rural areas is ensuring the sustainability and development of their infrastructure.** The Strategy outlines how investment in high quality infrastructure will be key to growth and references an upcoming ten-year infrastructure strategy. As part of this, the government should rectify the historic underinvestment in rural areas where power, transport, affordable housing options, water and digital constraints have all stifled economic growth
- Rural areas have a huge amount to offer in terms of the UK Industrial Strategy. In order not to overlook important opportunities and assets in rural areas, **it is crucial that the UK Industrial Strategy is rural proofed.** Through the Industrial Strategy the Government needs to acknowledge the

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opportunities that exist outside city regions, which have the potential to make a significant contribution to the UK growth sectors and net-zero, resilience and regional growth aims of the UK Industrial Strategy. **It is of fundamental importance that a rural voice is included on the Industrial Strategy Council to help facilitate this.**

- **We also stress the importance of the Industrial Strategy White Paper not being implemented in isolation, but rather encourage it to clearly set out the links and dependencies to other related policies** such as the National Planning Policy Framework to recognise that available and affordable housing is a key enabler for growth across all sectors. Similarly, there are important interlinkages and dependencies between policies to grow the economy and policies to improve public health and improve the functioning of the NHS. A stronger link should be made between the NHS guidance for Healthy Eating and the UK production of healthy and nutritious food by recognising the agri-food sector within the Industrial Strategy.

We welcome the fact that the Autumn Statement confirmed a fourth year of funding for the UK Shared Prosperity Fund. This has removed the immediate cliff edge in terms of public investment into local growth, but there is of course still a very important discussion to be had in terms of what a long-term approach to local growth funding looks like. We acknowledge that, shifting the fundamentals of a local economy is not something you can achieve overnight, and therefore we call for longer timeframes and greater certainty around policy and funding for local growth as we know this is essential for business confidence. Rural economies are substantially based on micro/SME businesses. It will be important to ensure that in the final Green Paper the SME community is able to coordinate with and contribute to supply chains and procurement opportunities.

It is essential to ensure that rural areas are not just treated as places where there is land to support developments/infrastructure to meet the needs of non-rural areas - but that those rural areas, their businesses, and communities, also benefit from the investments, job opportunities and economic growth.

In a written answer (28th October 2024) to a question asked by the Bishop of St Albans, Baroness Hayman, on behalf of the Government, said “the rural economy makes a substantial contribution to England's economy, **and the government recognises that rural areas offer significant potential to support economic growth.**” In a letter to the Chair of the Rural Coalition dated October 2024, the Deputy Prime Minister and Secretary of State for Housing Communities and Local Government said, “I want to assure you that I am passionate about tackling

inequality, spreading opportunity, and making the country better for working people - **and that includes in rural areas.**”

We do not see how the sentiments expressed above will be met by the Industrial Strategy as set out in the Green Paper.

The recent report by Pragmatix Advisory for the Rural Coalition (published in September 2024) [Reigniting-rural-futures-summary-report-FINAL.pdf \(acre.org.uk\)](#) highlights the critical need for focused investments and policy changes to bridge the productivity gap between rural and non-rural areas. This is a crucial step to ensure that rural England contributes fully to the nation’s economic recovery and growth and requires action through the proposed Industrial Strategy.

The report shows that with the right policy framework, the rural economy could increase productivity significantly, leading to an additional £9 billion to £19 billion per year in tax revenues. This growth would not only support rural communities but also have far-reaching benefits for the national economy, helping to fund essential public services and drive broader economic initiatives. The Treasury stands to gain substantially from an invigorated rural economy, making this an opportunity too significant to ignore.

At £19 billion that is over 40% of the £47 billion refer to in the Green Paper - making a compelling case for investment into rural areas and reversing the years where rural England has faced chronic underinvestment which has resulted in the widening productivity gap with non-rural areas.

Currently, the productivity of the rural economy stands at just 82% of its non-rural counterpart, and without intervention, this figure could drop to 79% by 2040. The report calls for immediate action to reverse this trend, warning that failure to address these disparities could have severe consequences for the national economy.

The report advocates for a comprehensive policy overhaul that addresses the unique challenges faced by rural communities. Key recommendations include targeted investments in rural infrastructure, ensuring fair funding for rural councils and other public services, and empowering local governance. With the right policies in place, rural England has the potential to contribute far more significantly to the UK’s economic future. The time for action is now, and the report highlights that these changes are not just beneficial but essential for national prosperity.

The report built on the Rural Coalition roadmap, [A Better Future for Rural England: an Opportunity for Change](#), which sets out nine policy principles to address the structural inequalities and weaknesses facing rural areas and the people who live and work in rural England.

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The 2022 report, [Rural as a region: the hidden challenge for Levelling Up](#), found that the Levelling-Up White Paper metrics - used to identify the regions most in need of levelling up - are too urban-focused, and do not account for disadvantage in rural economies within regions, often linked to limited local employment prospects, poor transport networks and weak connectivity. This demonstrates the need for the Government to carefully consider its choice of metrics and include more rural-relevant indicators such as work placed based incomes.

MOVING FORWARD

The RSN would be happy to be directly involved in any work (including in workshops etc. with rural interest groups) to develop the final Industrial Strategy to incorporate rural opportunities and address barriers.

Yours sincerely



Kerry Booth

Chief Executive

Rural Services Network