

How LEPs can maximise their contribution to UK productivity by including rural businesses

- There are significant new opportunities for rural businesses to provide:
 - Low carbon energy, produced and stored locally, and distributed through smart grids.
 - Food that is produced sustainably by efficient farmers, and at the same time improving the countryside for everyone to enjoy.
 - Carbon storage in natural sinks like soils, hedgerows and trees to help implement the net zero carbon agenda.
 - Green building materials such as timber for structural use and fittings, and plant and wool fibres for insulation.
 - Valuable therapeutic services such as using the natural environment for care farming and social prescribing.
 - Circular economy gains like growing woodlands for sustainable energy from biomass and anaerobic digestion; this also reduces waste from forestry, cuts the need to move fuel to where it will be used and reduces reliance on fossil fuels.

Future of Mobility

- Greater connectivity will increase productivity and can support home working and so reduce need for and expense of daily travel.
- It can also provide better access to services as well as safer, more inclusive transport and new jobs. The Transforming Cities Fund is available to help improve connections between cities and commuter areas, including rural routes.

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4. Ideas to incorporate into your Local Industrial Strategy:

The following table provides some ideas, or ‘food for thought’, that can be included in your LIS. We have used the five foundations of the Industrial Strategy to order the ideas – business environment, ideas, people, places and infrastructure. We have emboldened key points.

	Subject	Ideas to incorporate into your Local Industrial Strategy
BUSINESS ENVIRONMENT	The business environment	<p>Publish the evidence of the contribution of rural areas to the economic performance in your LEP area.</p> <p>Produce a vision for how the ‘rural contribution’ can grow over the next 10 years, including the actions and milestones needed to deliver it.</p>
	Local integration and inclusive economies	<p>The LEP, business organisations and forums should be able and committed to represent all businesses in all places. This should inform all aspects of LEP work on the Industrial Strategy.</p> <p>Ensure that rural businesses are adequately represented within LEP boards and committees. An effective way of doing this is to have a separate rural board which reports to the main board and represents a diversity of rural businesses from micro / small to large.</p>
	Business networks	<p>There is currently a lack of capacity in rural business networks. LEPs can encourage better networking and collaboration between businesses. This can help spread best practice, support technology demonstrators and hands-on business support as well as aid development of new products and services.</p> <p>Not all the support required is about technology or requires significant investment. Managerial capacity in smaller firms can be limited, and poor processes can become embedded over time. Providing perspective on how processes could be improved can therefore make an important difference.</p> <p>Current networks include the Local Enterprise Partnerships (LEPs) Rural Group, Scotland’s Rural Enterprise Roundtable, English regions’ Farming and Rural Networks, and more local networks such as the East Riding of Yorkshire Rural Partnership and Leicestershire Rural Partnership.</p>
	Business growth and support	<p>Business support programmes for micro, small and medium-sized enterprises will be vital post-Brexit, particularly if a LIS is encouraging more businesses to develop overseas markets or attract foreign investment.</p>

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		Set out in your LIS the actions needed to encourage business growth and exploit best practice , for businesses from small to large.
	Productivity (agricultural and rural)	<p>The business people who run some of the farms in your LEP are among the most entrepreneurial.</p> <p>The successor arrangements for the EU Common Agricultural Policy, with the government's 25-Year Environment Plan, present an opportunity to consider the future of land use and to better join-up funding streams related to agriculture and other forms of land management with the broader operation of the rural economy.</p> <p>New businesses in rural places should be encouraged, as well as encouraging businesses to diversify.</p> <p>The LEP should review what actions could be most effective in improving the productivity and growth of micro, small and medium-sized businesses, including how to address the 'long tail' of lower productivity businesses.</p>
	Trade policy and supply chains	<p>The design of future sub-national export support programmes must be rural-proofed¹⁸.</p> <p>Identify the opportunities to further develop local and UK supply chains, such as supply chain collaboration from producer to processor to retail, and to develop new food products and add value.</p>
IDEAS	Research and development	<p>Encourage and facilitate connections between businesses and further and higher education institutions to support business innovation.</p> <p>Promote and encourage businesses in your LEP to take part in the £725m Industrial Strategy Challenge Fund programmes, to assist them to capture the value of innovation.</p>
PEOPLE	Skills and knowledge transfer	<p>Raising business productivity is not exclusively the preserve of technology investment or larger companies. Smaller companies can achieve significant increases in their productivity through better processes, and through improving how they sell their products.</p>

¹⁸ Local Government Association. The future of non-metropolitan England. Moving the conversation on. [Interim report](#). June 2018.
Local Government Association. The future of non-metropolitan England. The freedom to lead local places. [Final report](#). June 2019.

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		<p>LIS' can put in place effective programmes to raise skills awareness. A number of LEPs are starting to work collaboratively to develop digital skills partnerships to improve businesses skills, such as the West Midlands Local Digital Skills Partnership.</p> <p>Approaches are needed within skills strategies to support rural firms to recruit, retain and develop skilled staff and apprentices, such as skill share schemes and collaboration among firms in meeting their recruitment gaps¹⁹. Your LEP may want to take part in the new National Retraining Scheme that supports people to re-skill.</p> <p>Any support for skills by LEPs should also consider how to provide good quality jobs across their areas so people do not have to move for work (e.g. the Work Local approach) and particular support for young people in terms of workforce retention, training and retraining.</p> <p>Explore the role that further and higher education institutions can play in developing skills and a better trained workforce.</p>
	Rural apprenticeships	Consider how to encourage rural businesses to take on more apprentices , who will provide a skilled labour supply in the future.
	Ageing population	LEPs can promote enterprise, including community enterprise, as a response to an ageing population and challenges of mobility of goods, services and people. LIS' should recognise the vital community or service values that owners of many small rural businesses seek to provide.
PLACES	Local decision making and institutional structures	<p>There needs to be meaningful sub-regional devolution of many Industrial Strategy measures. This builds on the importance of its places foundation²⁰ around which, for rural areas, there needs to be greater evidence, understanding and activity.</p> <p>This needs to be accompanied by local solutions and local delivery. LISs imply local delivery, not just local planning, so more capacity is needed to enable local 'place'-defined delivery of priorities.</p>

¹⁹ Employment as a percentage of the working population (aged 16-64 years) in 2018 was 75% in urban areas and 79% in rural areas as a whole, but slightly lower in 'rural in a sparse area' at 76%. In 2018 the unemployment rate overall in rural areas was 2.6% and is lower than urban settlements (4.5%), but the opportunity to access work should be available to all.

²⁰ <https://www.gov.uk/government/publications/industrial-strategy-the-foundations/industrial-strategy-the-5-foundations#places>

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		<p>There is value in retaining, adopting or extending the existing community-led model of Local Action Groups and Fisheries Local Action Groups for identifying local priorities and then making local decisions²¹.</p> <p>Experience and achievements in rural areas have demonstrated that community-led local development, for example through LEADER, has delivered good value-for-money, as well as proper local level understanding. Incorporating Local Action Group and Fisheries Local Action Group representatives into LEPs will embed their local knowledge and expertise.</p>
	Broadband and mobile connectivity ²²	<p>Every LIS should be working towards full Gigabit connectivity for all businesses and residents²³, setting out how the government's 'outside-in' approach (by connecting rural areas first, to connect the hardest to reach 20%) can achieve this.</p> <p>There is a need for awareness raising and training support for all businesses, but especially rural ones, to understand the opportunities afforded by better digital connectivity.</p> <p>LEPs should objectively assess whether mainstream government programmes are likely to deliver the improvements in connectivity that their rural businesses and areas need and, if not, develop alternatives. A number of rural areas have used innovative ways to improve their connectivity, rather than through mainstream government programmes e.g. B4RN; WiSpire.</p>
	Housing and planning	<p>Planning policies in local plans and strategies should promote mixed and balanced communities and workforces in rural areas. The policies should support rural businesses to innovate, diversify, develop and grow to deliver sustainable economic development. This will provide good quality jobs, improve local skills and services and community well-being and contribute to maintaining the character and productivity of the rural environment.</p> <p>Vibrant rural communities need a greater supply of affordable housing, available in perpetuity, to meet</p>

²¹ <https://research.ncl.ac.uk/ruralenterpriseuk/events/industrialstrategyprogressingruralcontribution/>. Locality. Powerful communities, strong economies. Final report. November 2017. This report concluded that not only do local organisations have the skills and capacity to deliver public services, there are huge benefits to the local economy when they do.

²² <https://www.gov.uk/government/publications/rcg-programme-key-information>

²³ Ofcom report December 2018 <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2018/getting-rural-areas-connected>.

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		<p>the needs of the local workforce. Affordable housing is vital to retain a younger workforce in rural areas, as well as to maintain their diversity, vitality and services.</p> <p>All new housing in rural areas must deliver net gain to biodiversity and enhance the special natural and built heritage environments of rural communities.</p> <p>So LEPs should work with their local authorities and other stakeholders to secure genuinely affordable high quality housing to meet local needs by ensuring that targets for affordable housing are met.</p>
	Tourism	<p>A national Tourism Sector Deal is currently being developed and creates an opportunity for economic growth. In rural places, the tourism sector can be very fragmented. Yet it is often the quality of the natural and built heritage in rural areas that is the cornerstone of tourism businesses. LISs should support local initiatives to reduce the fragmentation through collaboration, joint marketing, and business support programmes.</p> <p>LISs should support initiatives to enhance and improve the quality of natural and built heritage assets and visitor infrastructure to deliver sustainable growth. The national sector deal should be rural proofed to ensure it addresses the challenges facing rural tourism. Whilst not everywhere is lucky enough to have a National Park, Cumbria demonstrates the value a large visitor economy can have²⁴.</p>
	Environment	<p>The UK is one of the most environmentally degraded countries in the world. The government, and many local authorities, have formally recognised both the climate and environmental crises the whole of society faces. A high quality countryside and natural environment is vital for public well-being and is an integral part of a strong and resilient rural economy.</p> <p>The LEP can ensure that the way land is used and managed benefits residents and the local economy: from ensuring greater resilience to flooding, improving air quality, restoring functioning ecosystems that support food production and wildlife, to supporting areas to be attractive places to live, work and visit.</p> <p>LISs should ensure that their environmental impact has been fully considered, quantified and that they</p>

²⁴ <https://www.cumbriatourism.org/what-we-do/research/economic-impact-of-tourism/>.

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		<p>are based on the natural capital principles accepted by the government in its 25-Year Environment Plan:</p> <ul style="list-style-type: none"> • There should be a net environmental gain from all development so there is no more overall reduction in natural capital assets. • All five of the environment principles in the 25-Year Environment Plan are adopted, including that all policies should be based on a polluter pays principle.
INFRASTRUCTURE	Transport and connectivity	<p>Ensure that your LIS has considered how all places it covers can have the quality of transport they need (in terms of frequency, accessibility and cost) to support your ambitions for economic prosperity and social cohesion. It should take into account the need to work towards net zero carbon and sustainable forms of transport, including transport of light and heavy goods.</p> <p>The LEP should support the rapid transition to electric vehicles, through supporting applications to install charging infrastructure.</p>
OVERALL		<p>Commission an annual economic outlook to independently measure economic performance across all types and size of business in your LEP area. This would match central government's commitment²⁵.</p>

²⁵ [Ministry of Housing, Communities and Local Government. Strengthened Local Enterprise Partnerships. July 2018.](#)