

# Invest 2035: The UK's Modern Industrial Strategy

We thank you for your time spent taking this survey.  
Your response has been recorded.

To complete the survey please make sure you have first downloaded and reviewed the PDF, 'Invest 2035: the UK's modern industrial strategy' from [this website](#), or read through the [web-accessible document here](#).

We are grateful for all views. Please answer as many questions as you can but if certain sections are irrelevant, or you feel unable to give an opinion, feel free to leave the answer box blank.

We estimate it will take approximately 30 minutes to complete the full survey (depending on how many sections you complete or are relevant to you). You can save your answers and come back to them at any time.

This is a public consultation that will inform the development of the new Industrial Strategy, the Government's proposed plan to boost investment, growth, and stability. The final Industrial Strategy will be published in Spring 2025, alongside the multi-year Spending Review.

We are asking for your views on our approach, including evidence, analysis, and policy ideas. We welcome input from a range of partners, including businesses, experts, trade unions, local and regional actors, and other interested parties.

**The consultation closes at 11:59pm on 25 November 2024.**

### **Download full list of questions**

You can download the full list of the questions here: [Consultation questions](#)

### **Print or save a copy of your responses:**

At the end of this questionnaire, you have the chance to either print or save a copy of your response for your records. This option appears after you press 'Submit your response'.

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email to allow you to continue your response where you left off.

It's very important you enter your correct email address if you choose to save and continue. If you make a mistake in the email address you won't receive the link you need to complete your response.

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## Personal Details

What is your name?

What is your email address?

What is your contact number? [Optional]

In what capacity are you replying to this call for evidence?

- Business
- Business association
- Charity
- Member of the public
- Researcher, academic
- Think Tank
- Trade Union
- Other**

Membership body

What is the name of your business/organisation?

Rural Services Network

Which sector do you work in?

We represent rural service providers

Are you happy to be contacted directly about your response?

- Yes**
- No

## Sector Methodology

The Government has undertaken initial analysis to help determine eight growth driving sectors. Future work will build on this analysis to determine the key subsectors within these broad sectors, using evidence collected from this Green Paper as well as further evidence-gathering and use of wider methodologies.

Please read p.16-20 of the PDF ([or here online](#)) before completing these questions.

Q1. How should the UK government identify the most important subsectors for delivering our objectives?

Q2. How should the UK government account for emerging sectors and technologies for which conventional data sources are less appropriate?

Q3. How should the UK government incorporate foundational sectors and value chains into this analysis?

## Sectors

For each of the growth-driving sectors, we set out below how they link to the Industrial Strategy objectives, their strengths, and outline where Government can – in partnership with business and others – go further to support growth.

Please read p.21-26 of the PDF ([or here online](#)) before completing these questions.

Q4. What are the most important subsectors and technologies that the UK government should focus on and why?

Q5. What are the UK's strengths and capabilities in these sub sectors?

Q6. What are the key enablers and barriers to growth in these sub sectors and how could the UK government address them?

A key priority is accelerated upgrades of the distribution and transmission grid to enable renewable energy resources generated in rural areas to contribute to UK net zero power targets and unlock clean growth. This would enable a transformative shift towards a more resilient, smart, and fit for purpose energy infrastructure. This supports key sectors and enables an accelerated delivery of a mix of low carbon technologies and repowering of existing installations. A report by NICRE (National Innovation Centre for Rural Enterprise) – January 2024 relating to a survey of businesses (as part of its “The State of Rural Enterprise” series of reports) <https://nicre.co.uk/publications/> showed: What opportunities for growth do rural businesses perceive?  47% providing health and well-being products or services  44% providing environmental or green products or services  37% improving data skills/ use of data  37% expanding tourism  21% increasing exporting 39% of respondents said that they were very well or well placed to take advantage of opportunities? Their likelihood to increase or maintain investment in opportunities was:  90% employee health and well-being  89% staff skills training  85% marketing and advertising  80% environmental improvements  80% new products/services  73% management training  67% machinery/equipment  25% developing international markets

## Business Environment

The government will work in partnership with businesses, trade unions, mayors, devolved governments, experts, and other stakeholders to help address the biggest challenges to unlocking business investment, focusing on the 8 growth-driving sectors and clusters across the country.

Please read p.27-29 of the PDF ([or here online](#)) before completing this question.

Q7. What are the most significant barriers to investment? Do they vary across the growth-driving sectors? What evidence can you share to illustrate this?

A report by NICRE (National Innovation Centre for Rural Enterprise) – January 2024 - <https://nicre.co.uk/media/1j1byg5r/nicre-state-of-rural-enterprise-report-no-6-january-2024-the-rural-economy-post-pandemic-opportunities-and-barriers-for-business-growth.pdf> relating to a survey of businesses showed: What barriers do rural businesses face realising opportunities? □ 50% ability to recruit/retain staff □ 40% lack of financial resources □ 40% lack of availability of affordable housing locally □ 39% lack of transport services/ infrastructure □ 34% planning restrictions □ 33% inadequate broadband capacity □ 26% lack of availability of business premises □ 19% lack of local business cooperation □ 13% lack of cooperation with suppliers/customers It is important to note that many of the barriers to investment in the rural context are societal ones which individual businesses cannot address and therefore must be addressed by the Government. We welcome what the Green Paper has to say about broadband connectivity “Continued investment is needed to meet our ambitious targets to bring gigabit-capable broadband to all of the UK, and standalone 5G to all populated areas, by 2030”. All populated areas must include rural areas – delivery of Project Gigabit in rural areas must proceed as a matter of urgency by prioritising the hard and very hard to reach areas. The Government should ensure Ofcom reviews its targets, starting with the broadband Universal Service Obligation which, at 10 Mbps, is out-of-date and inadequate for what has become everyday essential use. Of fundamental importance is addressing the growing digital divide through a fully funded Digital Inclusion Programme, so no one is left behind due to their lack of online skills or their inability to pay for basic equipment and connection charges. This should be a national approach with a local delivery programme involving statutory, private, and voluntary sector organisations working in partnership. There is a clear need to create and support a digitally savvy, innovative rural workforce by providing accessible training, appropriately funded for rural communities The capacity of rural local authorities is another key concern which should urgently be addressed through the review of the local government funding formulae – which at present fails to address rural service delivery costs. Public funds made available to support the implementation of the UK industrial Strategy in local areas should be long term and build in predictability as this will be key for improving business confidence. Another shared barrier to investment is linked to the transition to a digitally enhanced and net-zero economy which requires businesses to invest heavily in new technologies such as robotics and AI where there are no established supply chains and therefore support is needed to de-risk these investments both in the form of grants as well as business support, advice and opportunities for peer learning. There continue to be barriers around market failure (the gap between innovation and marketable products and services) and provision of infrastructure linked to the need for grid upgrades and connectivity especially for rural areas with lower population



## **Business Environment - People and Skills**

The people that create and work in businesses will be central to the success of the growth-driving sectors and clusters, supporting the Government's Growth, Opportunity, and Clean Energy Missions in particular.

Please read p.29-31 of the PDF ([or here online](#)) before completing these questions.

Q8. Where you identified barriers in response to Question 7 which relate to people and skills (including issues such as delivery of employment support, careers, and skills provision), what UK government policy solutions could best address these?

One of the main barriers is access to local training/re-skilling and employment support. This includes access to post-16 education/training where there is no free or subsidised transport available. The lack of transport options limits the choices available. The paucity of public transport and the quality of broadband and mobile phone connectivity in very many rural areas are both significant barriers. To achieve a step change in employer investment in training the Government should investigate:

- Relevant, appropriate training in schools post 16 and pre-16, jointly informed by rurally based employers and educational institutions
- More flexible apprenticeship programmes and funding allowing SMEs to invest and share apprenticeship opportunities and funding.
- The introduction of models for part time employment and part time training or, at least, part time work experience and part time training.
- Building links between employers and HE.
- Opportunities for re-training for adults whether employed or unemployed, particularly for the low skilled, on the assumption that lifelong learning and in service training must become the norm. With an aging work force and the expectation of rapid change it is not sufficient to rely simply on the improvement of training of young people to increase the skill levels of the working population.
- In the rural context, it will be necessary to remove barriers to accessing training/re-training, such as financial barriers, transport/access barriers, digital connectivity barriers or simply the timing of training in the day.
- To achieve lifelong learning targeted work will be required for those in rural areas less likely to engage and those with fewer qualifications. New models of learning are required, including the rapid roll out of T levels in secondary education. We welcome the proposed approach for investors skills triage service via the Office for investment and Skills England. Our members suggest that UK Government support should focus on:
- Improving access to occupational health provision to support more individuals to remain in work.
- Improving advice and guidance to employers to support workers aged 50+ and those with health conditions and disabilities to remain or enter and remain in work.
- Employer incentives to create and support apprenticeship growth in key sector skills/areas.
- Reintroduction of the DWP Kick start programme to support youth employment and recognise the additional employer mentor/support required
- Further improving local flexibilities for skills programmes such as Skills Bootcamps and providing greater longevity of funding.
- Provision of core funding for local design and delivery of people and skills activity e.g. Growth & Skills Hubs for employers.
- Improved sharing of data between Government departments and local areas
- Ringfence funding for schools and local areas to spend on effective, localised careers advice and guidance.

Q9. What more could be done to achieve a step change in employer investment in training in the growth-driving sectors?

## **Business Environment - Innovation**

Accelerating the rate of innovation and increasing the adoption and diffusion of those ideas, technologies, and processes is an essential step for growing the productivity of our growth-driving sectors.

Please read p.31-33 of the PDF ([or here online](#)) before completing these questions.

Q10. Where you identified barriers in response to Question 7 which relate to RDI and technology adoption and diffusion, what UK government policy solutions could best address these?

Q11. What are the barriers to R&D commercialisation that the UK government should be considering?

## **Business Environment - Data**

Data fuels modern business, both as users and producers. There is a huge opportunity for the UK to use its data more strategically, driving innovation and economic growth, including in the growth-driving sectors.

Please read p.33-34 of the PDF ([or here online](#)) before completing these questions.

## Q12. How can the UK government best use data to support the delivery of the Industrial Strategy?

It is important that when capturing and applying data the lowest possible geographical level of data is required to be captured and used. Data should not just be aggregated and reported on at regional or even county level - to do so can mask the data applicable to specific rural areas within those larger geographical areas. The road to better understanding of rural economies starts with a more accurate and reliable understanding of their circumstances and experience. Sound data are essential for effective rural planning. Current data are inadequate, not least because the way information is collected and used at present distorts the situation in rural and coastal communities. The mechanisms used to collect data, although reliable in more densely populated areas, are often inappropriate for more sparsely populated localities. Collecting information on economic performance etc. in rural places comes with a range of key challenges. Current indicators (including the Index of Multiple Deprivation) frequently mask pockets of deprivation and poor outcomes in rural communities, which are more visible when concentrated in densely populated urban environments. Sparsely populated areas, by definition, include relatively small sample sizes and the subsequent aggregation of data can exacerbate the apparent invisibility of many issues. At the very least, a specific rural focus should be applied when analysing the data already collected. To demonstrate the points we raise we refer to a report we commissioned in 2022 which stated that: "Were England's rural communities a distinct region, their need for Levelling Up would be greater than that of any other part of the country" The report, *Rural as a region: the hidden challenge for Levelling Up*, <https://rsnonline.org.uk/images/publications/rural-as-a-region-the-hidden-challenge-for-levelling-up.pdf> 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. It called for the Government to rethink its choice of metrics and include more rural-relevant indicators such as work placed based incomes. The research, authored by economists from Pragmatix Advisory, sets out that despite being home to a fifth of the population and with a larger total population than London or the South- East, when evaluating all the headline metrics in the White Paper against the other nine geographies, England's 'hidden region' has a greater need to be levelled up than any other part of the country. The RSN welcomes the proposed National Data Library, empowering individuals, and businesses with their data such as 'open banking' and improving data maturity of businesses but is not in a position to provide specific guidance in this field. More processing power of data and trends on existing business sectors and clusters will empower Councils to plan local business support and economic policy.

Q13. What challenges or barriers to sharing or accessing data could the UK government remove to help improve business operations and decision making?

## **Business Environment - Infrastructure**

An effective planning system is a fundamental enabler for business investment in our growth-driving sectors. Growth-driving sectors also require high quality infrastructure and transport connectivity.

Please read p.34-36 of the PDF ([or here online](#)) before completing these questions.

Q14. Where you identified barriers in response to Question 7 which relate to planning, infrastructure, and transport, what UK government policy solutions could best address these in addition to existing reforms? How can this best support regional growth?

The Government needs to develop forward-funding capacity for strategic infrastructure: The risk of delivering strategic infrastructure is one that rests overwhelmingly on local partners – particularly local authorities. Central Government is better placed to bear this risk, and that a forward funding capacity is required to enable the proper growth that so much of the new infrastructure will depend on. This forward funding capacity would allow the infrastructure to be delivered and be paid back over time from the proceeds of sustainable growth. A key priority is accelerated upgrades of the distribution and transmission grid to enable renewable energy resources from rural areas to contribute to UK net zero power targets and unlock clean growth. This would enable a transformative shift towards a more resilient, smart, and fit for purpose energy infrastructure. Supporting key sectors and enables an accelerated delivery of a mix of low carbon technologies and repowering of existing installations. Government should continue with the Review of the Electricity Market Arrangements to support smart local energy systems, increased flexibility through pricing and tariffs, and the use of private wires and microgrids. Government, National Grid, and other stakeholders should consider social and economic benefits related to grid infrastructure investment and upgrades. Continual improvement and maintenance of connectivity, including digital connectivity, is crucial for a rural economy. Investment into 5G across rural areas is needed to ensure that they can compete through enhanced connectivity and accessibility driving inclusion and innovation. While there have been recent improvements in mobile coverage, particularly 4G, which is capable of providing superfast broadband services to many locations beyond the superfast fibre footprint, rural areas have very limited 5G data coverage. Further investment in 5G is crucial to ensure that the rural peripheral geographic does not become a barrier for businesses, but that good connectivity enables rurally based businesses to compete on a global scale, attract investment and drive economic growth The Government should encourage Universities to establish Rural Campuses – It is generally acknowledged that many will seek employment in the areas where they have attended University.

Q15. How can investment into infrastructure support the Industrial Strategy? What can the UK government do to better support this and facilitate co-investment? How does this differ across infrastructure classes?

See response to Q14 above There is a need to de-risk local authority borrowing in supporting capital projects: Where local authorities are investing in infrastructure, there is a need to enable Councils to have more certainty over revenue, which would help allow for greater confidence on long-term borrowing for infrastructure and less reliance on Government grants. Councils need the flexibilities and powers to help fill the funding gap – this could involve having more local control over setting council tax or retention of a proportion of stamp duty on new homes. Such measures need to provide greater certainty over local authority future revenue streams, to enable councils to borrow with confidence, where needed to fund infrastructure projects.

## **Business Environment - Energy**

Access to cheap and reliable energy is an influential determinant of business competitiveness and an important consideration for internationally mobile investment.

Please read p.36-38 of the PDF ([or here online](#)) before completing these questions.

Q16. What are the barriers to competitive industrial activity and increased electrification, beyond those set out in response to the UK government's recent Call for Evidence on industrial electrification?



Q17. What examples of international best practice to support businesses on energy, for example Purchase Power Agreements, would you recommend to increase investment and growth?

## **Business Environment - Competition**

Competition and consumer policy, including subsidy control, is an important lever across and beyond the growth-driving sectors.

Please read p.38-40 of the PDF ([or here online](#)) before completing these questions.

Q18. Where you identified barriers in response to Question 7 which relate to competition, what evidence can you share to illustrate their impact and what solutions could best address them?

Q19. How can regulatory and competition institutions best drive market dynamism to boost economic activity and growth?

## **Business Environment - Regulation**

Regulation can address market failures, create economic certainty, and drive innovation to stimulate growth while protecting consumers and businesses.

Please read p.40-41 of the PDF ([or here online](#)) before completing these questions.

Q20. Do you have suggestions on where regulation can be reformed or introduced to encourage growth and innovation, including addressing any barriers you identified in Question 7?

## **Business Environment - Crowding in Investment**

UK firms have access to one of the world's leading financial services sectors. Despite this, as outlined above, the UK has consistently invested less than its international peers, with levels varying depending on firm size, sector, and region.

Please read p.41 of the PDF ([or here online](#)) before completing this question.

Q21. What are the main factors that influence businesses' investment decisions? Do these differ for the growth-driving sectors and based on the nature of the investment (e.g. buildings, machinery & equipment, vehicles, software, RDI, workforce skills) and types of firms (large, small, domestic, international, across different regions)?

## **Business Environment - Mobilising Capital**

The UK has a complex landscape of public and private business finance providers and institutions. However, the Government knows from businesses that there is still much to do to improve ease of access to growth capital and scale-up finance in the UK.

Please read p.41-43 of the PDF ([or here online](#)) before completing these questions.

Q22. What are the main barriers faced by companies who are seeking finance to scale up in the UK or by investors who are seeking to deploy capital, and do those barriers vary for the growth-driving sectors? How can addressing these barriers enable more global players in the UK?

Accessing external finance – SMEs often cite specific challenges amongst SMEs seeking external investment. These included: lacking general investment readiness; being unable to present the necessary information, such as business plans, financials, and investment strategies; over-ambition in business plans or plans not being commercially viable. In some instances, the terms and conditions associated with finance were a challenge, from cost barriers (interest rates, secured products, processing fees) to misinformation and lack of awareness of the spectrum of financing options available, both private and public. As referred to above, SMEs face a number of challenges which act as a block to them securing the funds they need for growth. Many are well documented, such as the decreasing appetite, due to perceived risk, for SME lending by the main banks. This has been shown where there has been a shift away from the dominance of High Street Banks as a primary source of funds. In 2022, 39% of SMEs sought external finance, and according to research from the British Business Bank, in 2023 it saw lending (£35bn) provided by challenger banks exceed that provided by the major UK banks. There has been considerable growth in alternative lenders. SMEs do not always receive the full amount of funding required through their main source of funding and so alternative lenders, as providers of the balance, has become increasingly popular. Access to finance is only part of the issue facing businesses seeking finance to scale up. SMEs are not equipped to navigate the complexity of the choices on offer. A consequence of low levels of expertise in the field of financial management means that the odds of securing competitive funding are diminished. The recent Business Finance Market report by the British Business Bank shows that 51% of smaller businesses only approach their main bank when seeking finance. The appetite of the major banks, for what is perceived as high-risk debt, fluctuates and, currently, is showing a trend towards reducing value and volumes, with 'Challenger Banks now holding a record 59% market share in lending. As the market for alternative lenders continues to expand, informed understanding of the services provided by this growing number of providers is essential. There is a market failure here in that, according to UK Finance, only approximately 20% of SMEs utilise brokers when accessing finance. It is therefore vital to have a system of support where advice on access to finance does not sit in isolation but is part of a very joined up system of 'nose to tail' business support. Locally available support to SMEs in rural areas is essential.

Q23. The UK government currently seeks to support growth through a range of financial instruments including grants, loans, guarantees and equity. Are there additional instruments of which you have experience in other jurisdictions, which could encourage strategic investment?

## **Business Environment - Trade and International Partnerships**

The UK is a proud trading country and among the most open economies in the world. The UK holds strong and constructive partnerships all over the world, built on principles of openness and shared prosperity and a commitment to upholding the international rules-based system.

Please read p.44-47 of the PDF ([or here online](#)) before completing these questions.

Q24. How can international partnerships (government-to-government or government-to-business) support the Industrial Strategy?

Q25. Which international markets do you see as the greatest opportunity for the growth-driving sectors and how does it differ by sector?

## Place

A core objective of the industrial strategy is unleashing the full potential of our cities and regions by attracting investment and creating the best environment for businesses in them to thrive.

Please read p.48-50 of the PDF ([or here online](#)) before completing these questions.

Q26. Do you agree with this characterisation of clusters? Are there any additional characteristics or dimensions of cluster definition and strength we should consider, such as the difference between services clusters and manufacturing clusters?

Q27. What public and private sector interventions are needed to make strategic industrial sites 'investment-ready'? How should we determine which sites across the UK are most critical for unlocking this investment?

## Q28. How should the Industrial Strategy accelerate growth in city regions and clusters of growth sectors across the UK through Local Growth Plans and other policy mechanisms?

The RSN acknowledges that the Industrial Strategy should, in part, concentrate on places with the greatest potential for the growth. However, as highlighted earlier in this response, the RSN strongly believes that Government should also prioritise other sectors such as traditional manufacturing, retail, farming, leisure, and hospitality which play a vital role to the UK's economy supporting local employment, our high streets, and rural villages. 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 order not to overlook important opportunities and assets in rural areas, it is crucial that the UK Industrial Strategy, including through its governance mechanisms, is rural proofed. The UK Industrial Strategy must look beyond city regions and ensure that unique growth opportunities and assets in rural areas are supported. In order to unlock growth across the UK, Government should allow local areas more powers to invest where they understand investment is needed. Funding for local growth should be devolved. This should include separate funding for early and late-stage innovation with the right timeframe for allowing this investment to be maximised. Encourage Universities further with Knowledge Transfer Partnerships linked to regional growth plans. Separate funding for marketing activity to encourage greater investment should be provided and investment into collaborations and cross pollination across regions and sectors Rural economies are substantially based on micro/SME businesses. It will be important to ensure that in the final Industrial Strategy the SME community is able to coordinate with and contribute to supply chains and procurement opportunities. Traditionally, public sector's role has been more strategic in terms of setting planning policy. In more recent years, the public sector has had a role in investing in industrial sites to bring forward commercial development to de risk sites and bring forward market confidence and demand. For the public sector to take more of a role in bringing industrial sites forward, there is a need to derisk local authority borrowing in supporting capital projects. A simpler funding stream from Government would accelerate further growth of this sort. There is a need for streamlining the substantial number of different funding pots available and the different timescales, output/outcome measures, thresholds and make access to funding for major strategic development hard to navigate. These could assist the delivery of Local Growth Plan priorities. In the past Councils have had to submit funding bids in very short timescales and deliver project outcomes within very short timescales, this approach does not always allow for the delivery of local longer growth plans and projects with wider long-term outcomes and benefits. The Rural England Prosperity Fund must be retained and provide for elements of revenue funding. Local Growth Plans must be required to make appropriate provision for the rural areas within the regions that they cover and must monitor outputs and outcomes in those rural areas.



Q29. How should the Industrial Strategy align with Devolved Government economic strategies and support the sectoral strengths of Scotland, Wales, and Northern Ireland?

## **Partnerships and Institutions**

The ambition set out across this paper can only be realised in partnership. Only by working with the network of businesses, investors, civil society, international partners, local leaders and devolved governments who play a critical role in the UK economy, can we shape and deliver an industrial strategy that can truly drive growth.

Please read p.51-53 of the PDF ([or here online](#)) before completing these questions.

Q30. How can the Industrial Strategy Council best support the UK government to deliver and monitor the Industrial Strategy?

Q31. How should the Industrial Strategy Council interact with key non-government institutions and organisations?

The RSN agrees that the Industrial Skills Council should engage with various key non – government institutions and organisations. The engagement with rural interest groups is essential and will assist the Industrial Skills Council with strategic engagement, economic data and identify key economic priorities in support of the Industrial Strategy from a rural perspective.

Q32. How can the UK government improve the interface between the Industrial Strategy Council and government, business, local leaders and trade unions?

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# Theory of Change

Economic growth is a complex issue with interrelated short-term and long-term drivers, many of which are structural in nature.

To effectively prioritise policies within the industrial strategy, targeted at the right sectors and types of economic activity, the government needs to rationalise this complexity into a series of potential causal pathways. This will also help to identify where to further develop the evidence and analysis.

Please read p.55-57 of the PDF ([or here online](#)) before completing these questions.

Q33. How could the analytical framework (e.g. identifying intermediate outcomes) for the Industrial Strategy be strengthened?

Q34. What are the key risks and assumptions we should embed in the logical model underpinning the Theory of Change?

## Q35. How would you monitor and evaluate the Industrial Strategy, including metrics?

As we have said in response to Q12, it is important that when capturing and applying data the lowest possible geographical level of data is used. Data should not just be aggregated and reported on at regional or even county level - to do so can mask the data applicable to specific rural areas within those larger areas. The road to better understanding of rural economies starts with a more accurate and reliable understanding of their circumstances and experience. Sound data are essential for effective rural planning. Current data are inadequate, not least because the way information is collected and used at present distorts the situation in rural and coastal communities. The mechanisms used to collect data, although reliable in more densely populated areas, are often inappropriate for more sparsely populated localities. Collecting information on economic performance etc. in rural places comes with a range of key challenges. Current indicators (including the Index of Multiple Deprivation) frequently mask pockets of deprivation and poor outcomes in rural communities, which are more visible when concentrated in densely populated urban environments. Sparsely populated areas, by definition, include relatively small sample sizes and the subsequent aggregation of data can exacerbate the apparent invisibility of many issues. At the very least, a specific rural focus should be applied when analysing the data already collected. To demonstrate the points we raise we refer to a report we commissioned in 2022 which stated that: "Were England's rural communities a distinct region, their need for Levelling Up would be greater than that of any other part of the country" The report, [Rural as a region: the hidden challenge for Levelling Up](https://rsnonline.org.uk/images/publications/rural-as-a-region-the-hidden-challenge-for-levelling-up.pdf), <https://rsnonline.org.uk/images/publications/rural-as-a-region-the-hidden-challenge-for-levelling-up.pdf> 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. It called for the Government to rethink its choice of metrics and include more rural-relevant indicators such as work placed based incomes. The research, authored by economists from Pragmatix Advisory, sets out that despite being home to a fifth of the population and with a larger total population than London or the South- East, when evaluating all the headline metrics in the White Paper against the other nine geographies, England's 'hidden region' has a greater need to be levelled up than any other part of the country.

## Additional Information

## Q36. Is there any additional information you would like to provide?

The following information will be shared in a letter to the Minister. 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 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 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. 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.