

Key ideas or messages from discussions at REUK's Workshop *UK Industrial Strategy: Progressing Rural Contributions*¹

Participants advanced the following key messages during the Workshop's Discussion sessions:

- There is a case for a coherent Rural vision or national Rural strategy, but they also emphasised the need for recognition of diversity of rural places in such strategies and support activities.
- A case was made for meaningful sub-regional devolution of many Industrial Strategy (IS) measures. This builds on the importance of the IS's Places Foundation around which, for rural areas there needs to be greater evidence, understanding, and activity. This needs to be accompanied by local solutions and local delivery. Local Industrial Strategies (LISs) imply local delivery, not just local planning, so more capacity is needed to enable local 'place'-defined delivery of priorities. Participants emphasised the value of retaining, adopting or extending the EU/UK community-led rural development programme (LEADER) Local Action Group's model of local representation and decision making.
- Micro businesses and Small and Medium-sized Enterprises (SMEs) need to be more fully engaged in understanding, developing and delivery of IS measures, in which business leads/champions/forums need to be able and committed to represent rural businesses across all 'places' to inform the variety of IS processes and developments.
- Fragmented or dispersed industries currently have no coherent proposals, and inadequate representation especially of micro and small enterprises. Thus, sector deals were seen as only possible and relevant to many firms if they have big businesses with the ear of government, so again need for better networking of micro businesses and SMEs.
- Need to create/generate strategic thinking and leadership at a rural level to facilitate better networking and collaboration. The importance of networks was repeatedly stressed. These currently 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's, and Leicestershire Rural Partnerships.
- Rural places could/ should be leading lights or test beds for improved understanding of, and measures to address societal needs and opportunities presented by the IS's Grand Challenges - Ageing Society, Clean Growth and Future Mobility. Similarly, rural areas can demonstrate and bring practical and innovative meaning to IS Foundations such as Quality of Place, and policies such as 'Inclusive Growth'. However, there is a need to change the mindset of decision makers to more positive ones about rural contributions, including social benefits.
- There is a lack of (rural) evidence at many local levels. This includes evidence for stakeholders and LEPs to engage in developing or challenging LISs, Sector deals, area Growth Deals etc. Examples were cited from the Scottish Highlands and Islands, through the East Midlands to South West England of how to address such weaknesses, whilst developing new strategies and support structures. The development of LISs in England, and Area or Growth Deals more generally, provides such opportunities to address these weakness and needs, but participants also argued that better rural evidence is needed for a wide range of stakeholders not just for the government sector and activities. So satisfying these needs should be approached through different routes, at different levels for different areas. This could be an important outcome of the processes of developing LISs

¹ <https://research.ncl.ac.uk/ruralenterpriseuk/events/industrialstrategyprogressingruralcontribution/>

- LEPs need to carefully plan and conduct consultations about IS measures, based on, or run at same time as gathering evidence, so that dispersed or remote areas, young people, social challenges and contributions are visible and engaged.
- Rural businesses and communities deliver more than economic goods and services, yet many of the UK Government sector measures including those of the Industrial Strategy prioritise economic outcomes and use metrics for funding, supporting or monitoring outcomes that focus on these such as raised productivity or employment growth. There is a need for new, different or complementary metrics to growth and productivity, and a need to define indicators of rural success for the UKIS and its measures.

Key points from individual Discussion Groups, in *Session 3: Localising the Industrial Strategy: Rural opportunities*

- **Grand Challenges and sector collaborations - Group 1***.

When considering IS's Grand Challenges and other measures, for rural places and economies, the group firstly considered if there are differences between rural and urban areas, concluding that such differences may also reveal the need for a different mindset to understand and accommodate rural and local places.

Lack of evidence for many rural areas is hampering rural areas being given equitable treatment in national and LEPs' strategies, but development of LISs are seen as an opportunity to correct this imbalance.

Problems in local areas have to be identified, and solutions developed, locally. So LEPs need to better understand and engage their local rural communities and stakeholders, and develop locally- appropriate solutions, rather than seek or adopt national level solutions.

A Tourism Sector Deal is currently being developed, but one of its challenges (in rural areas) is that the tourism sector is heavily fragmented. So, such Sector deals and activities need ways of engaging, understanding and addressing this fragmentation.

There is great need and opportunity for enhanced networking, and in turn for support to improve networking and collaboration especially to engage small rural businesses, to reduce current lack of capacity in rural networks, and perhaps a need for further meaningful devolution within the LEP area to truly engage and represent rural places and contributors.

In considering future funding for the IS and its measures, participants considered whether funding to rural places and economies should be ring fenced, recognising this is a crucial issue to be decided by UK's Governments. This may depend on or benefit from a clear rural mission, which is currently lacking. This suggests a need for national rural strategy(ies) which inform LISs, and in turn lead to developing local or sub-local support/solutions.

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- **Sub-national strategies- Group 2****

This group considered evidence for LIS and other local strategies, including examples of good practice from the Highlands and Islands, South of Scotland, the North East, South East Midlands and South West England, and identified some early interventions that are needed.

In many areas, LEPs had already established a strong evidence base for their Strategic Economic Plans and other strategies and were able to build on this for their LISs. At the same time LEPs need to recognise that these predecessors or current strategies often address a shorter timescale than expected of LISs, and should question whether current evidence on say productivity is useful for long term planning. Additionally, decision makers need to recognise that the reliability of national or regional evidence becomes weaker and weaker at more rural or local scales, especially for the nature of work in rural areas with dispersed populations and business base.

Participants discussed the need for LEPs and others to develop layers of evidence from high strategic level to specific and local levels, such that there is evidence which operates at different levels, and can inform regional to very local actions and solutions. The South East Midlands LEP (SEMLEP) has examples of this on their web site. Other examples of good practice related to recognising weaknesses in evidence base (e.g. creation of South of Scotland Economic Partnership (SoSEP) and in generating relevant evidence for rural areas (e.g. the South West Rural Productivity Commission supported by four LEPs).

The group discussed how LISs and strategic planning should inform LEPs' and partners' decisions when planning interventions. This was explored, for example, around the issue of rural areas' lack of digital connectivity. Should the LIS priorities be based upon a 'deficit model', for example allowing targeting of funds and support to areas with no or poor digital connectivity, as this is an important contributor to raising productivity? Whilst LISs will inform strategic and some specific funding decisions of central government and public sector bodies, the strategies are not in themselves spending documents. Nevertheless, LIS's need to balance the core focus on raising productivity and supporting 'inclusive growth' that reaches all areas including rural communities.

The group also discussed risks or opportunities of pre-allocation decisions, e.g. in relation to the UK Shared Prosperity Fund, which (should) recognise promotion of 'inclusive growth'. How should such funds be allocated to areas, in order that it can fund every area, yet at the same time doesn't dissipate the impact of the Fund. In this context it is important for LEPs and other areas with large urban centres, that their plans or targeted support also needs to understand and address their rural areas.

- **IS Foundations and Productivity - Group 3*****

The group suggested that to gain rural input and buy-in to the development of Local Industrial Strategies, and other area or sector deals the Government, LEPs and other economic agencies need to consider further subsidiary or co-development and delivery opportunities. In England, whilst BEIS's area officers can enable opportunities for co-development with partners, LEPs and partners need to consider identifying and supporting recognisable rural contacts to discuss rural issues and help to change rural engagement from reactive dialogues into proactive and supportive measures. In short future rural engagement must be more than lip service.

With regard to metrics, rural areas and firms shouldn't be afraid of the Competitiveness or Productivity metrics used by public bodies and funders to target support, as evidence suggests that rural firms are or can be as competitive etc as the rest of the country(ies). Nevertheless, there was concern about the expected scale of rural areas' growth and outputs, and lack of appreciation amongst decision makers that many rural contributions tend to smaller or over longer periods than those achieved in other economies. Thus, consideration needs to be given to how these smaller rural contributions can be scaled up, and /or whether standard returns on investment could be measured in new ways.

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There are real opportunities and needs for Knowledge Exchange and development of networks in rural areas and businesses, as rural tends to have thinner presence of these facilities.

The IS presents real opportunities for rural areas, and for rural businesses, to grow. If LISs are focused and developed to promote 'Inclusive Growth' such opportunities should be more widely available in rural areas – as this will need to embrace the 'bread and butter' business or community service needs and contributions. This in turn will need to recognise and integrate business outcomes with social outcomes and metrics

Skills were seen to be an important rural concern, especially those around weak levels of operational management, strategic planning, and middle management skills in rural enterprises. At the same time, there is a need for public and policy bodies to properly understand the nature of rural firms and places, in order to truly engage them in their strategies and plans. There was concern that some approaches to engagement and support are not always well tailored to this, nor to encourage rural owner-manager firms to have confidence or ambition to go further in productivity and growth.

Whilst welcoming the recognition by BEIS of the importance of Places (one of the five Foundations) in the IS, decision makers need to understand that there is considerable diversity in rural places. Rurality has different levels, and whilst overall businesses in rural areas have been shown to be holding their own on some economic indicators, it is often the very deep rural places that lag behind on productivity and similar measures. Yet, participants wanted to stress that many rural areas have some major contributions to make to this Foundation, of which quality of life and quality of place are but two.

Rural areas lack of connectivity and poor broadband in some rural places was raised as a barrier, with this barrier too often being viewed as the status quo or inevitable. Yet participants expressed real hope that some of the new technologies and improved digital solutions can be developed and applied in rural areas to overcome some of the rural challenges and raise standards of living and business.

The Grand Challenge of an Ageing Society was viewed as providing both opportunities and threats for rural economies. Rural areas would prefer to be seen as places where solutions to ageing populations can be developed or tested, but there was also a warning that jobs to support ageing populations are too often low productivity ones, such as in social care which are likely to increase. Rural doesn't want to be have, or be judged by others to have, many low productivity jobs.

The government sector needs to provide clarity about how rural areas are going to be engaged in developing LISs and IS support funds, such as the UK Shared Prosperity Funds. It is as important that stakeholders are informed about how these strategies, funds and other support measures are going to be delivered and how rural areas will be able to benefit from them.

- This material has been drawn from Flipcharts, Group notes & audio recordings of Group leaders' reports to the plenary session., and comments from participating government and REUK staff.