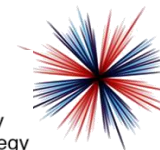


UK Industrial Strategy: *Rural opportunities and Challenges*

March 2018

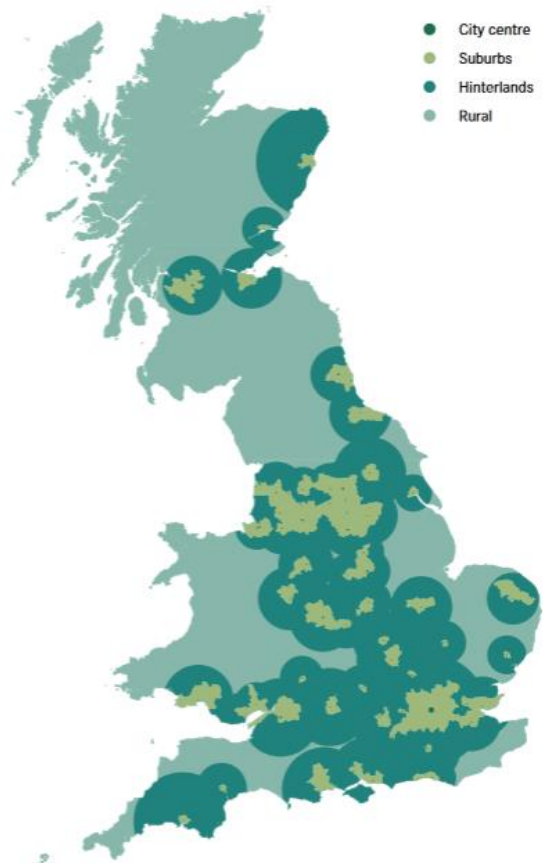

Department for
Business, Energy
& Industrial Strategy




Department
for Environment
Food & Rural Affairs

**INDUSTRIAL
STRATEGY**

- National productivity problem
- Profile of the rural economy
- 5 foundations of productivity
 - Ideas
 - People
 - Infrastructure
 - Business environment
 - Places
- Grand Challenges



AI & Data Economy

We will put the UK at the forefront of the artificial intelligence and data revolution



Future of Mobility

We will become a world leader in the way people, goods and services move



Clean Growth

We will maximise the advantages for UK industry from the global shift to clean growth



Ageing Society

We will harness the power of innovation to help meet the needs of an ageing society

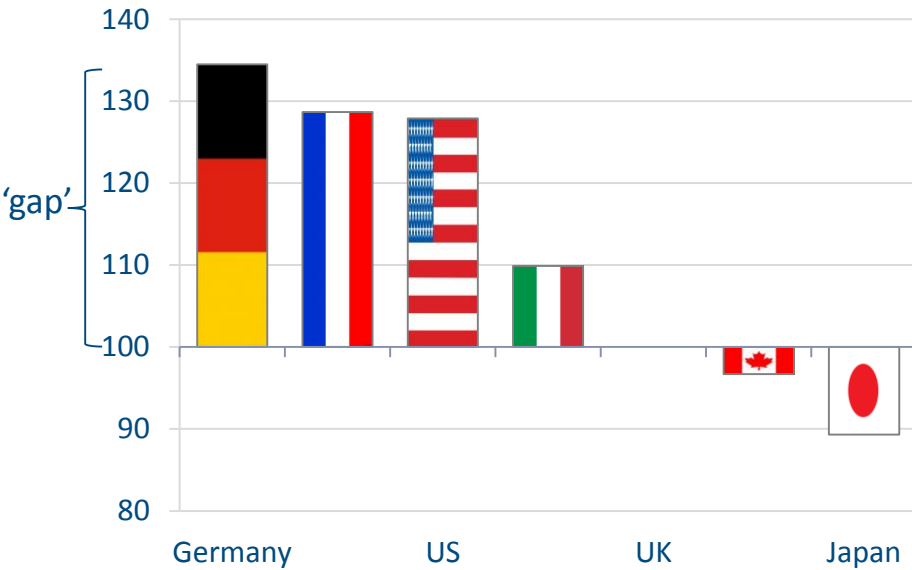
National Productivity Problem



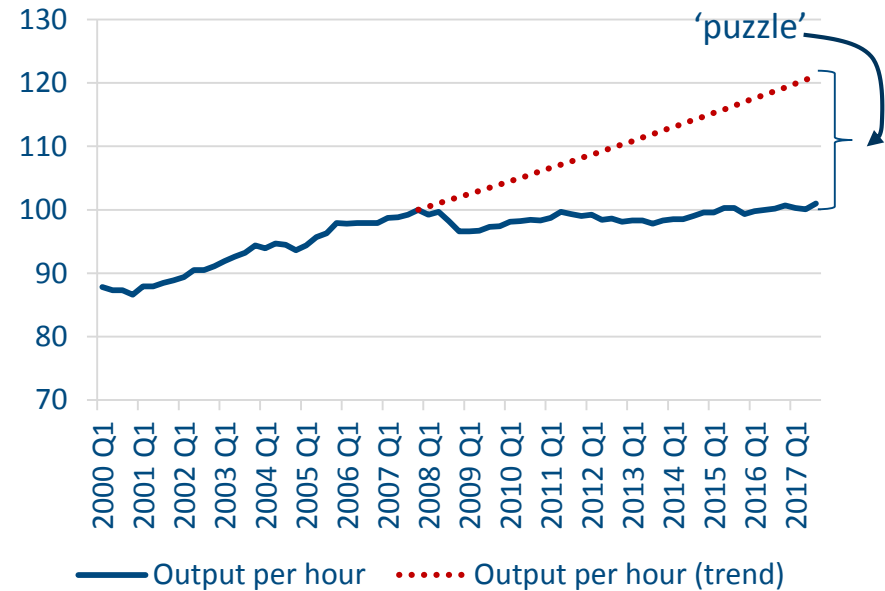
The UK has a longstanding productivity gap with its major competitors

Added to which since the financial crisis UK productivity growth has been sluggish at best – a productivity puzzle

Index of GDP per hour worked (2016, UK =100)



Output per Hour, Actual vs Trend



Profile of the Rural Economy



Rural areas are places of opportunity. They contribute significantly to national economies and provide a range of goods, services and amenities that are essential to collective prosperity and well-being

- Over 9 million people, more than the population of London, live in local authorities identified as predominantly rural – approximately 17% of the total population.
- Predominantly rural areas in England contribute 16.4% to England's economy, worth an estimated £246 billion (2016).
- There are over half a million businesses registered in rural areas, almost a quarter of the total for England as a whole. They employ 3.5 million people, 13% of the total.
- The rural economy is diverse. 85% of rural businesses are unrelated to farming, forestry and fishing. Only around 2% of the Gross Value Added of Predominantly Rural areas comes from farming, forestry and fishing.
- There are more registered businesses per head of population in *Predominantly Rural* areas than in *predominantly urban areas (excluding London)* but they are smaller.
- 29% of people employed in rural areas work in businesses with 1-9 employees, compared with 19% in urban areas (2016/17).

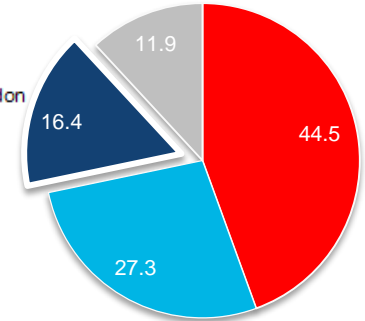
Rural areas generate approximately a sixth of the total economic activity

- Rural areas cover 67.8% of the total territory of England and predominantly rural areas generate approximately a sixth of the total economic activity.
- In 2016/17 there were 547,000 businesses (enterprises) registered in rural areas, accounting for 24 per cent of all registered businesses in England.
- The number of registered businesses per head of population is higher in predominantly rural areas (450 per 10,000 population in 2016) than in predominantly urban areas (excluding London) (380 per 10,000 population).
- Rural area's GVA growth has kept up with the that of the rest of the country outside London.

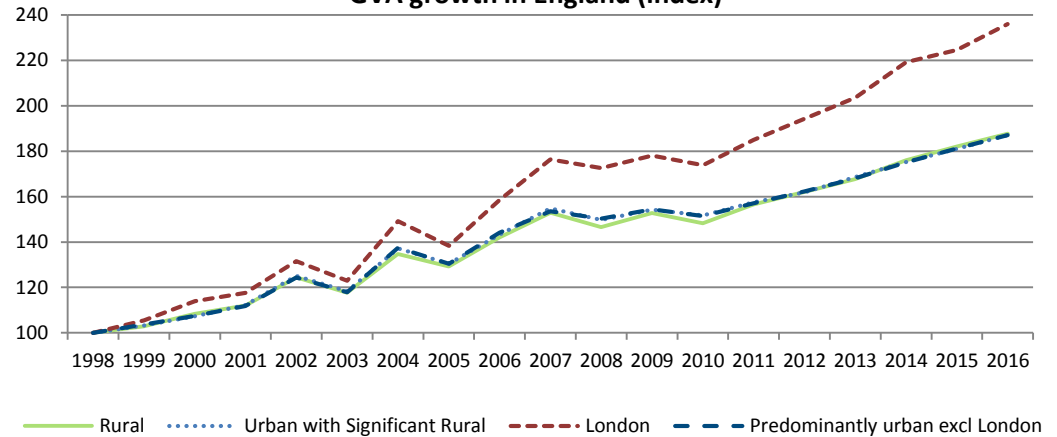


- Predominantly urban excl London
- London
- Rural
- Urban with significant rural

Proportion of total GVA



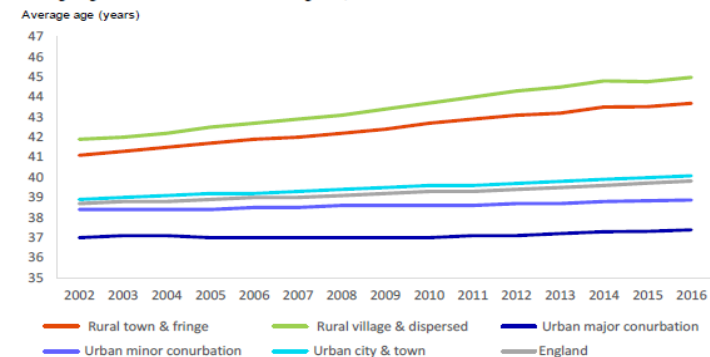
GVA growth in England (index)



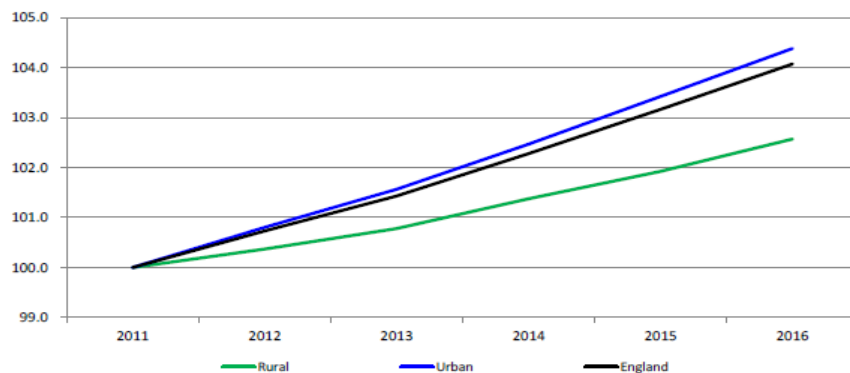
Rural areas are home to more people than London but demography poses a challenge

- Over 9 million people, more than the population of London, live in local authorities identified as predominantly rural – approximately 17% of the total population.
- The population in rural areas has a higher proportion of older people compared with urban areas. Just over 45 per cent of those living in rural areas are aged below 45 years, compared with almost 60 per cent in urban areas
- The rural population is older. The average age in rural areas is 44.4 which is 5.5 years older than in urban areas and it is rising faster.

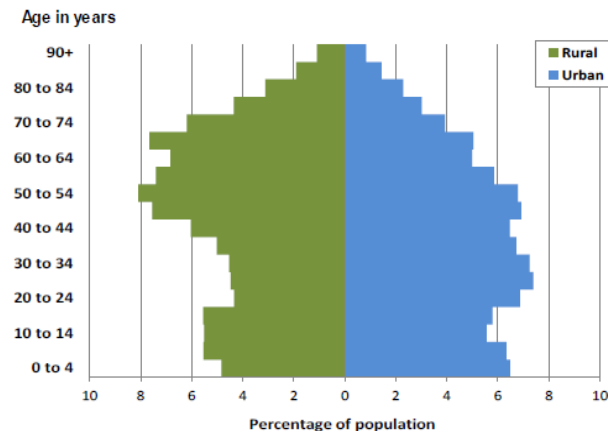
Average age in rural & urban areas in England, 2002 to 2016



Index of population change, 2011 to 2016
2011 = 100



Percentage of population within age bands by rural-urban classification (LSOA) in England, 2016

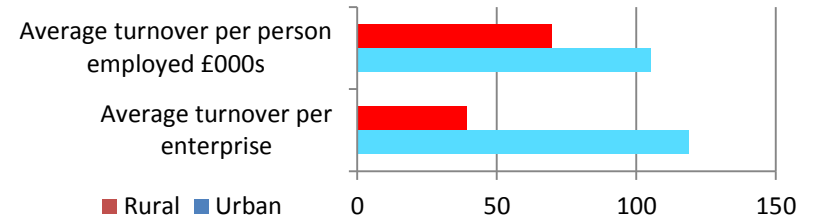


Rural communities are less productive than both their rural equivalents in Europe and urban ones in the UK

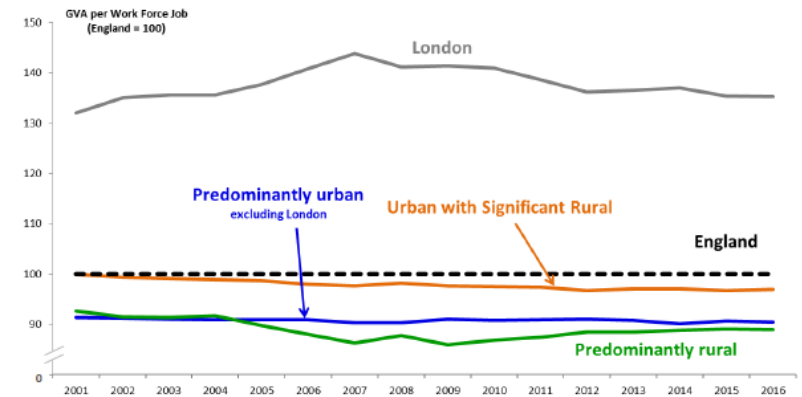
- In 2015, the GVA per hour in predominantly urban areas was £32.86 and in predominantly rural areas it was £28.60, 13% lower.
- The yearly turnover per person employed is also smaller in rural areas, at £124,000 compared to £194,000 in urban areas. although this gap narrows if London is excluded.
- Rural areas across the UK have 10% lower productivity compared to similarly defined areas across the EU.

Although the UK rural-urban gap narrows when London is removed, there exist inequalities within rural communities and between rural communities and their urban counterparts. There is an opportunity to help increase UK productivity and reduce inequality through investment in boosting productivity in rural communities.

Business performance - England = 100

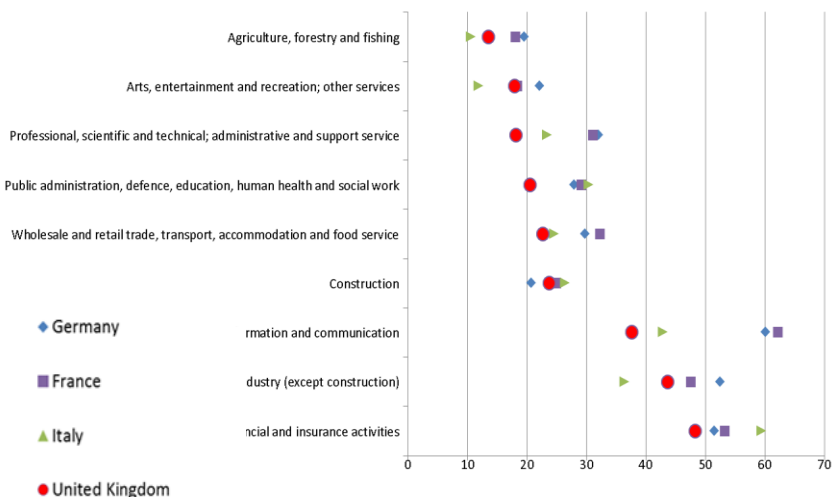


GVA per workforce job (£), by Local Authority Classification, 2001 – 2016 (provisional)

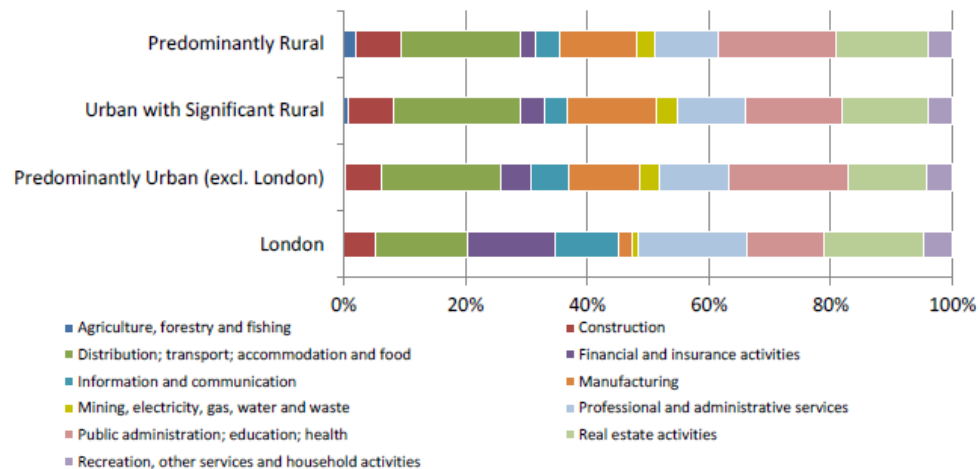


The rural economy is diverse. Whilst agriculture contributes around 2% of the Gross Value Added of Predominantly Rural areas, 85% of rural businesses are unrelated to agriculture, forestry and fishing

Output per hour, Broad Sectors (2014, €)



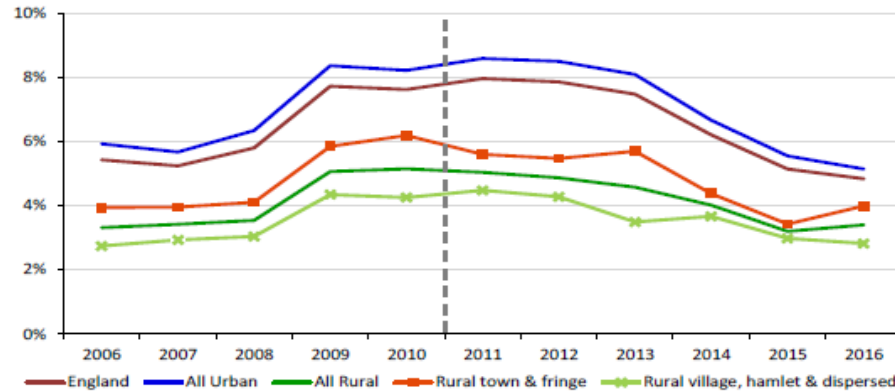
Percentage breakdown of Gross Value Added (GVA) by industry, and by Local Authority Classification in England, 2016 (provisional)



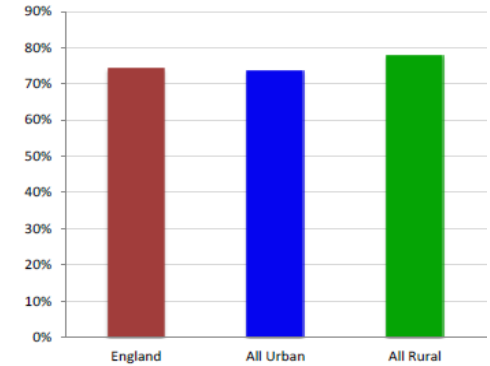
Historically, labour market conditions have been more favourable in rural areas, and that continues to be the case...

- The employment rate in rural areas is higher. 79.0% of working age people living in rural areas were in employment compared with 74.9% of those living in urban settlements.
- The unemployment rate is lower. 3.0% of economically active people age 16 and over in rural areas were unemployed compared with 4.8% in urban areas.
- Economic inactivity is lower in rural areas. 19.5% of the rural population were economically inactive compared to 22.4 in urban areas.

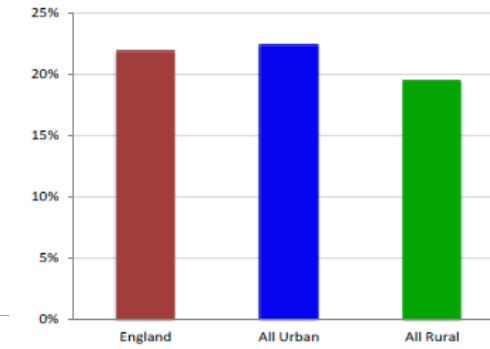
Unemployment as a percentage of economically active age 16 and over (age 16+), by rural-urban classification, in England, 2006 to 2016



Employment as a percentage of working age population, 2016

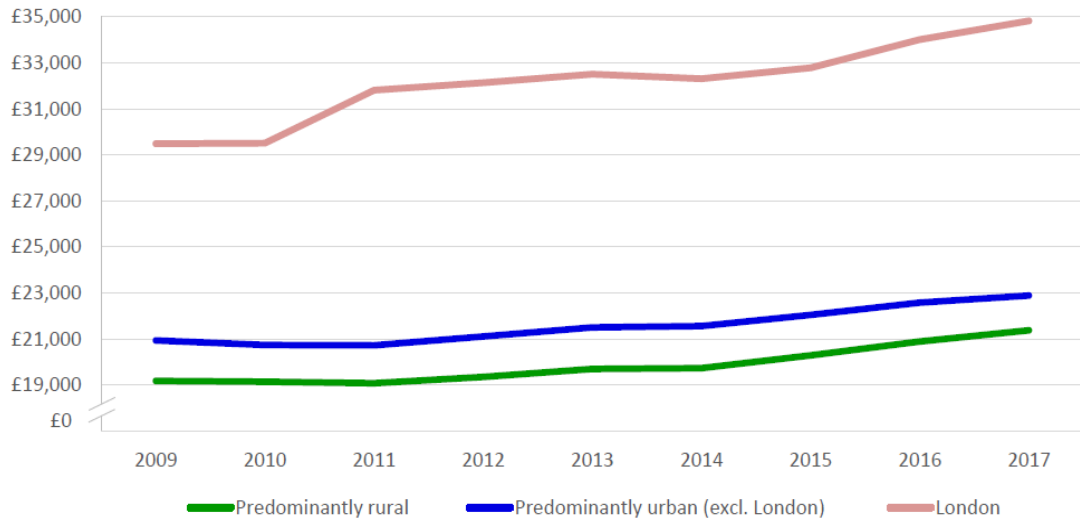


Proportion of working age population who were economically inactive, 2016



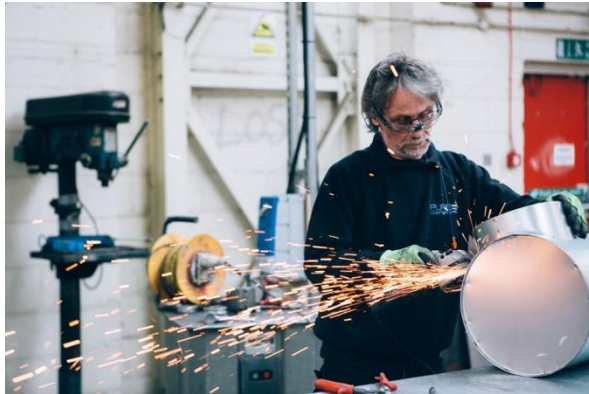
Lower productivity is reflected in lower wages: workplace based earnings are lower in rural areas than urban ones

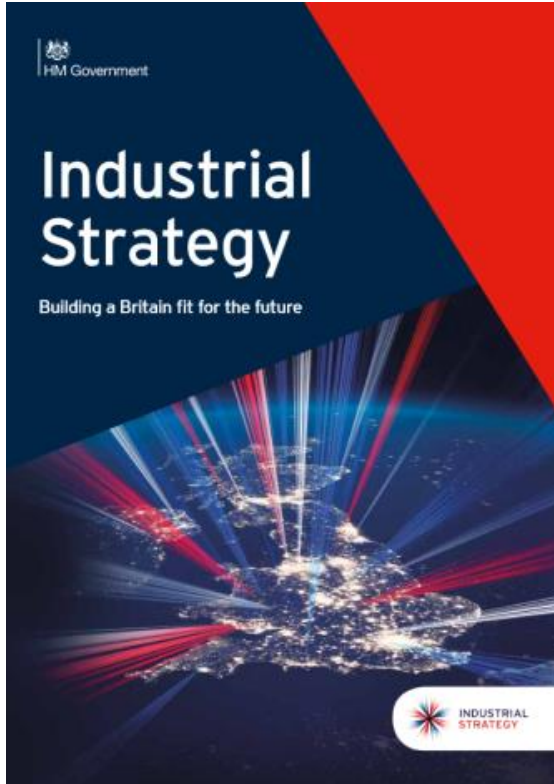
Workplace based median gross annual earnings (current prices), 2009 to 2017



- Median workplace-based earnings were 7% lower in predominantly rural areas, compared with predominantly urban areas (excluding London) in 2017.
- Combined with this, everyday costs are higher in rural areas. These costs are 10-20% higher than in urban areas, meaning higher income is needed for the same standard of living.







The Industrial Strategy sets out the government's plan to create an economy that boosts productivity and earning power throughout the UK.

The Industrial Strategy sets out how we are building a Britain fit for the future – how we will help businesses create better, higher-paying jobs in every part of the United Kingdom with investment in the skills, industries and infrastructure of the future. It ensures that our country and its citizens can embrace and benefit from the opportunity of technological change.

“Some of the biggest economic opportunities are in the rural parts of the United Kingdom”

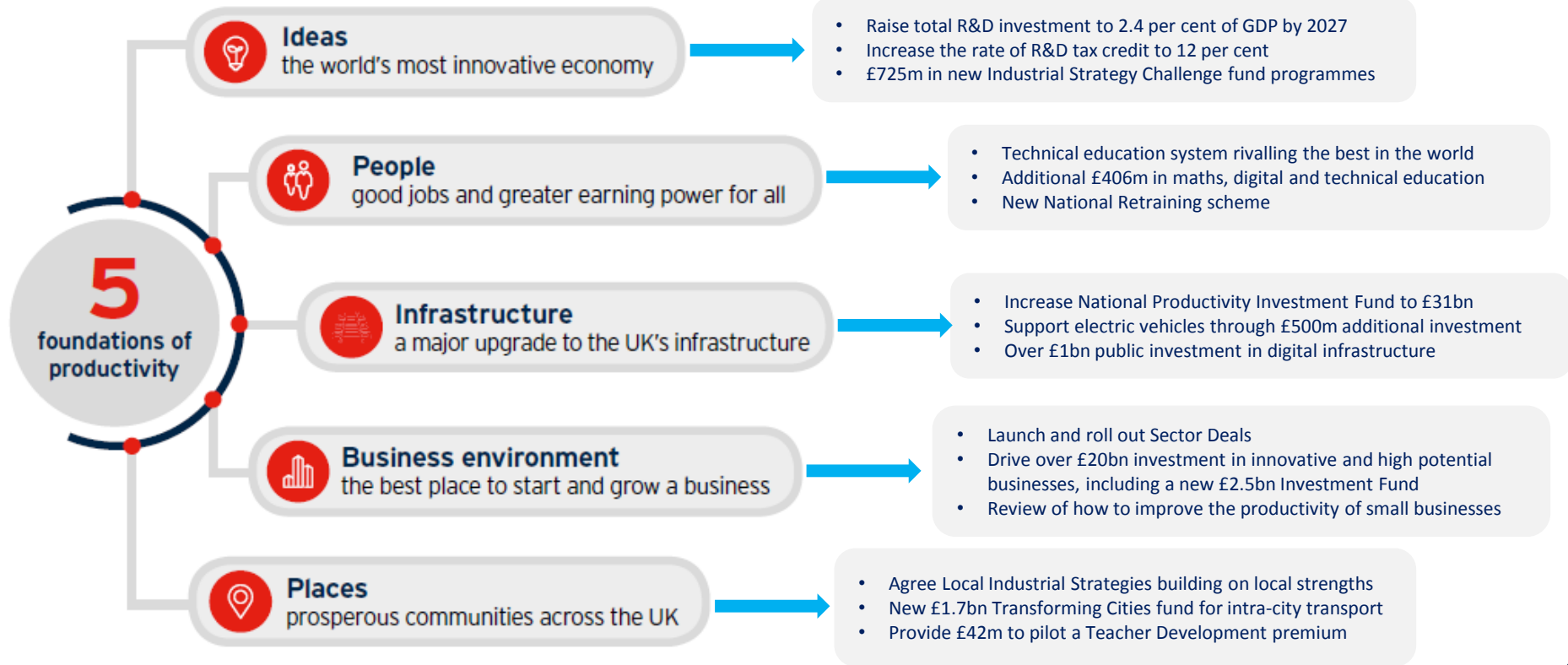
- Secretary of State for Business, Energy and Industrial Strategy, Rt Hon Greg Clark MP



Industrial Strategy is built on 5 foundations



Our Industrial Strategy is built on 5 foundations:





Innovation is about new ideas, new products and services, new technologies and new business models. Innovative economies tend to be more productive, therefore, enjoy higher standard of living. This is because innovative solution remove or limit obstacles to growth. As a global leader in science and research the UK is well placed to reap benefits of innovation

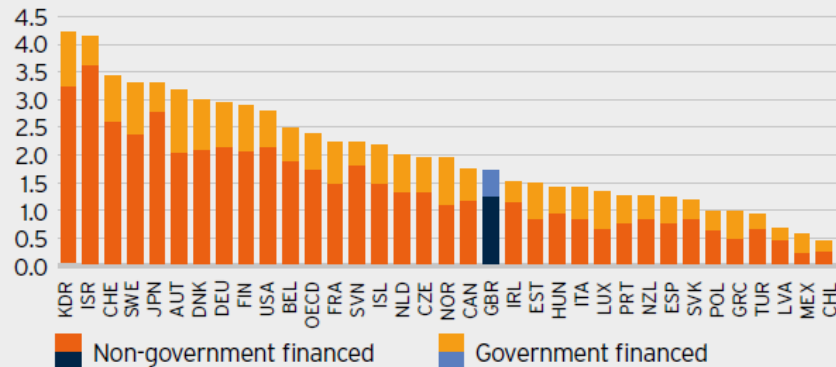


In order to foster innovation the Industrial Strategy aims to:

- i. Increase the total R&D spending in the economy,
- ii. Improve the ability to turn exciting ideas into commercial products,
- iii. Build research and innovation excellence across the UK,
- iv. Ensure the UK remains a world leader in global science and innovation

UK's spending on research and development compared to other countries

Gross domestic expenditure on R&D by source of financing as a proportion of GDP, 2015



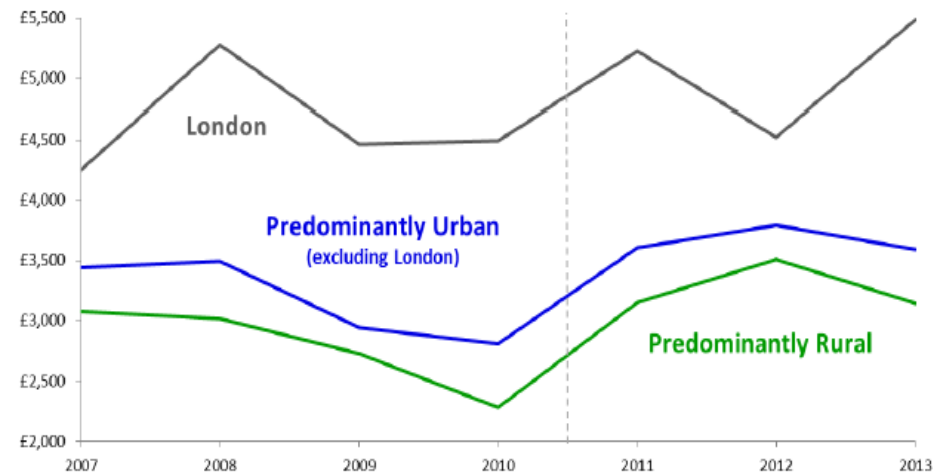


Across a range of measures, the scale of rural innovation tends to be smaller

Obstacles to rural innovation

- Lower spatial business density making knowledge transfers more difficult
- Business size - on average rural businesses are also smaller which often means that their operational and financial capacity to innovate is smaller than that of their urban counterparts.
- The relative remoteness of rural localities and the relative thinness of business networks can constrain the ability of business managers to access sources of commercial and technical 'know-how' as well as limit their ability to track emerging market opportunities and trends.

Capital investment per employee by LA classification in England, 2007-2013



Overall capital investment per employee in predominantly rural areas is lower than in other areas. In 2013, investment per head in predominantly rural areas was £3,100, less than urban areas even when London is excluded (£3,600).



The challenge of stimulating innovation in rural areas

A study has examined the rates of innovative activity of small and medium-sized enterprises (SMEs) in central areas and equally developed but less accessible areas in six European Union member states. The study results suggest that the probability of innovating is well predicted by the observable characteristics of firms, entrepreneurial characteristics, and business networks.

More accessible areas consistently present higher rates of innovative activity than do their peripheral counterparts. The difference in the rates of peripheral and central areas is decomposed into observable and non-observable factors. The entire innovation gap is attributed to non-observable factors that constitute a combination of behaviour and environment. Innovation policy for SMEs should aim to meet businesses' specific needs (firm-specific factors) and to sustain and improve the innovative environment.

Source: *Innovation and Peripherality: An Empirical Comparative Study of SMEs in Six European Union Member Countries*



Ideas

- ▶ Raise total research and development (R&D) investment to 2.4 per cent of GDP by 2027
- ▶ Increase the rate of R&D tax credit to 12 per cent
- ▶ Invest £725m in new Industrial Strategy Challenge Fund programmes to capture the value of innovation



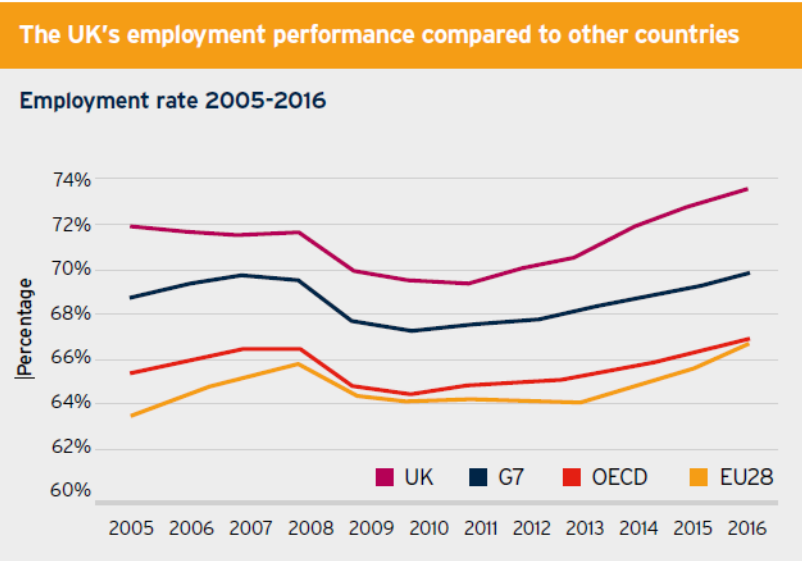


Despite the strong employment record and a world class higher education system the UK faces challenges around insufficient provision of talent, skills and labour. Across the country there is a shortage of people skilled in science, technology, engineering and maths. These skills are essential for the economy as it adapts new generation technologies. The ability to improve skills throughout people’s lives is key to increasing their earning power and to finding better jobs



The Industrial Strategy aims to:

- i. Improve the quality and reputation of technical education,
- ii. Tackle shortages of STEM skills,
- iii. Tackle entrenched regional disparities in education and skill levels
- iv. Ensure that everyone has an opportunity to enter into and progress at work and through the education and training system

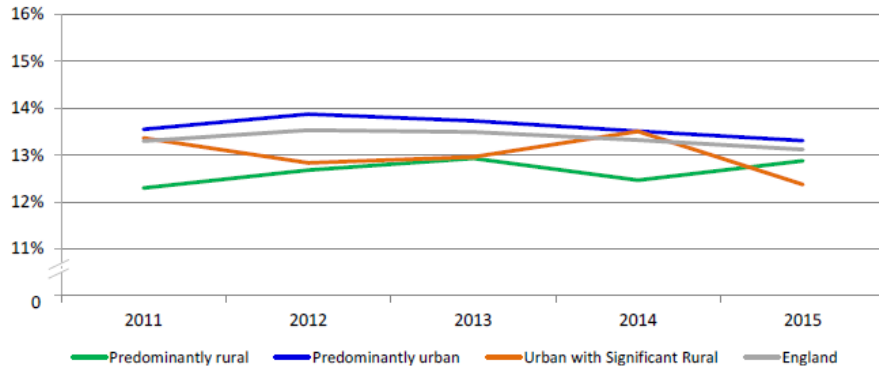




Issues in rural areas relate to skill provision, skill retention and identification of what the skill needs of rural businesses are



Proportion of employees and self-employed of working age receiving on the job training in last 4 weeks (workplace based), by local authority classification in England, 2011 to 2015



- Fewer people receive on the job training in rural areas.

- Predominantly urban areas have a higher proportion of the population with higher-level qualifications. 33% of residents in predominantly urban areas had a degree level or higher qualification in 2016. This is compared with 27% in predominantly rural areas.

- Rural areas appear to have more hard-to-fill vacancies than urban areas. These are considered to arise from the relative thinness of the available skills pools. The problem can be compounded by relatively high housing costs which can deter people considering relocation.





People

- ▶ Establish a technical education system that rivals the best in the world to stand alongside our world-class higher education system
- ▶ Invest an additional £406m in maths, digital and technical education, helping to address the shortage of science, technology, engineering and maths (STEM) skills
- ▶ Create a new National Retraining Scheme that supports people to re-skill, beginning with a £64m investment for digital and construction training

“Skills Advisory Panels will be a key factor of local influence in ensuring the supply of skills to an area.”

- The more dense labour markets found in urban areas give workers and employers a greater set of options, leading to better matching of workers to jobs.
- Transaction costs are lower, due to greater proximity to suppliers and customers.
- Further, housing costs can be higher in rural areas compared to urban areas which may deter people from relocating.
- The traditional nature of much business activity in rural areas (including mining) means that both occupational and industrial immobility constraints can occur.

- ❖ **What positive role can older people in the workplace play?**
- ❖ **How will a new immigration policy impact rural labour force?**
- ❖ **How can younger people encouraged to take up opportunities in the land based sector?**
- ❖ **Is there a need to consider the specific housing needs of key workers?**



Good quality infrastructure is crucial to support the long-term productivity and to make the UK an attractive investment destination. The IS recognises that investment decisions need to be more geographically balanced and include more local voices. Digital technologies, such as full fibre broadband play a significant role in the vision laid out in the White Paper

National Productivity Investment Fund allocations to date:



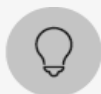
Transport
£4.9bn



Housing
£11.5bn



Digital
£0.7bn



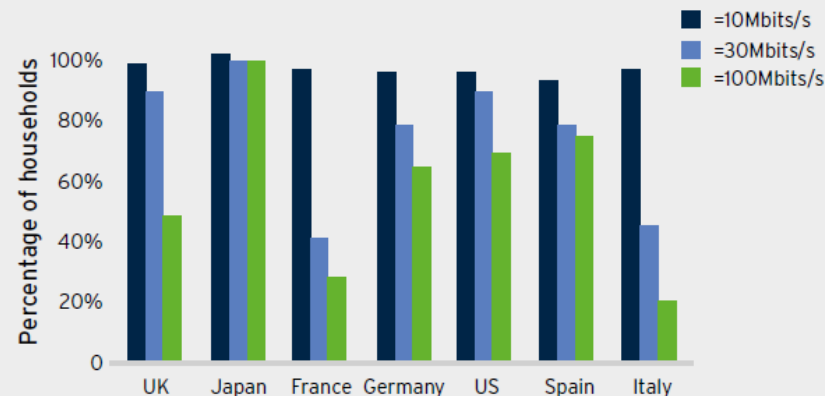
Research and Development
£7.1bn

The Industrial Strategy aims to:

- i. Support other aims of the IS including innovation, skills, business growth, higher productivity and earning power
- ii. Make sure that infrastructure investment drives economic opportunity across regions,
- iii. Increase the long-term UK competitiveness

Roll-out of super-fast and ultra-fast broadband in the UK compared to the rest of the G7

Availability of fixed broadband networks by advertised speeds, 2015



Source: Ofcom (2016) "The Communications Market Report: International"

Given their often geographically dispersed nature, infrastructure is particularly important in rural communities

- Rural economies exist in dispersed geographies. Having communities and business networks that are dispersed across a large area means that **rural communities are especially reliant on functioning and effective infrastructure**, which does not in many cases exist.
- Improvements to infrastructure, through both digital and physical connectivity, can help to mitigate the challenges of operating in dispersed economic geographies.
- The average travel time by public transport to a place with 5,000 or more jobs from rural areas is double the equivalent from urban areas, reducing access to the labour market from rural areas. For workers, this reduces the pool of available jobs and reduces their job options.
- Digital connectivity is a particular challenge. 17% or 701,000 of premises in the UK's rural areas cannot receive download speed of at least 10Mbit/s and an upload speed of at least 1Mbit/s compared to just 2% or 373,500 in urban areas. Only two-thirds of rural premises in the UK have access to superfast broadband.

Average minimum travel time to reach the nearest key services by mode of travel, rural and urban areas, England, 2015

by public transport or walking

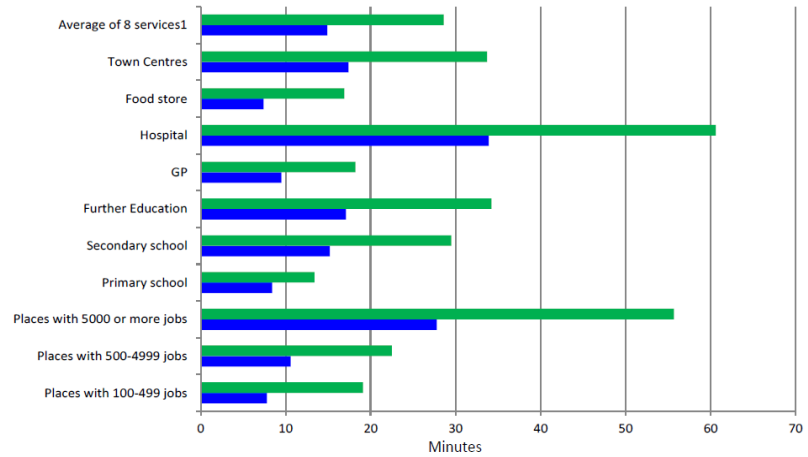


Table: Superfast broadband coverage

Urban coverage, % premises		Rural coverage, % premises	
UK	95% (↑ 2pp)	UK	66% (↑ 7pp)
England	95% (↑ 1pp)	England	69% (↑ 6pp)
Northern Ireland	97% (↑ 1pp)	Northern Ireland	57% (↑ 5pp)
Scotland	94% (↑ 4pp)	Scotland	56% (↑ 10pp)
Wales	96% (↑ 3pp)	Wales	66% (↑ 10pp)

^[1] Defra Statistical Digest of Rural England
^[2] The South West Productivity Commission Evidence Report 2017



Infrastructure

- ▶ Increase the National Productivity Investment Fund to £31bn, supporting investments in transport, housing and digital infrastructure
- ▶ Support electric vehicles through £400m charging infrastructure investment and an extra £100m to extend the plug-in car grant
- ▶ Boost our digital infrastructure with over £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll out of full-fibre networks

“We will invest in ways that support all the objectives of the Industrial Strategy: increasing innovation, developing skills, growing business, and driving productivity and earning power in urban and rural places across the UK.”

- Transport is particularly important to supporting local growth, in both urban and rural communities. **The Rebalancing Toolkit** announced in the White Paper will provide a framework to support high value transport investments in less productive parts of the UK.
- Building on the success of the Superfast Broadband Programme, which will provide 95 per cent of UK premises with access to superfast broadband by the end of this year, the IS pledges to provide **reliable full-fibre connectivity** to UK towns, cities and rural areas.
- £200m **Local Full-fibre Networks Challenge Fund** aims to stimulate commercial telecoms network providers to build more full-fibre connections to homes and businesses across the UK.



Our Industrial Strategy aims to make Britain the best place to start and grow a business, and a global draw for the most innovative companies. Our challenge is to improve how we spread the best practice of our most productive companies to less productive ones

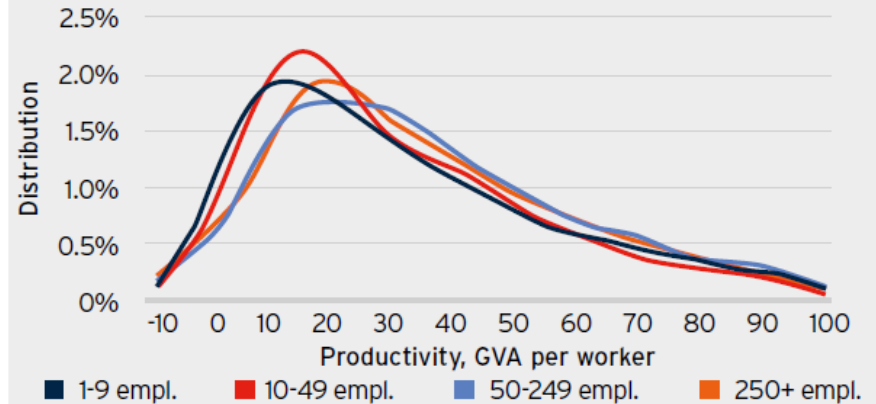


The Industrial Strategy aims to:

- i. Unlock new investment and support patient investing
- ii. Increase the diffusion of best practice
- iii. Support businesses to access international markets
- iv. Maintaining good quality competition, legal and regulatory frameworks
- v. Promote sector deals

Productivity distribution by business size

Distribution of real business-level GVA per worker by business size bands

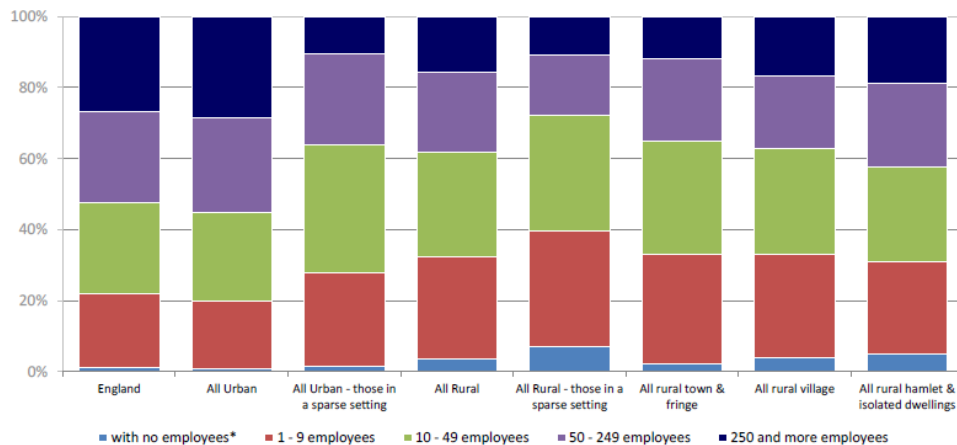




Rural businesses tend to be smaller than urban ones, which presents specific challenges particularly for accessing finance

- Rural businesses tend to be smaller than urban ones. Rural communities have a higher number of businesses per person than urban areas, with a higher number of small businesses.
- Of those employed by rural registered businesses, 72% are employed by SMEs, compared with 41% in urban areas.
- Further to this, rural businesses are often at the small end of the SME category. 29% of people employed in rural areas work in businesses with 1-9 employees, compared with 19% in urban areas.
- Due to the proportionately larger number of SMEs in rural communities, meeting the requirements of SMEs, as well as larger enterprises, needs to be an integral part of the Industrial Strategy.
- **Access to finance** is a particular issue - the closure of bank branches in rural areas has contributed to a relative lack of responsiveness to the needs of rural businesses on the part of the banking system. This has impaired the ability of businesses to invest in training and equipment and thus impacting on their ability to improve productivity.

Percentage of people employed within local units by size bands of registered businesses and rural-urban classification, in England, 2016/17





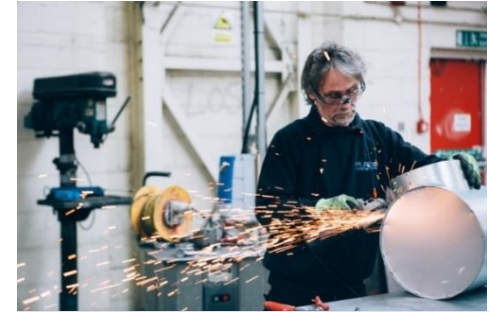
“Some of the biggest opportunities for raising productivity comes from sectors of the economy that have lower average productivity levels, but where many people work and which are vital to our economy. We will work closely with those to progressively drive up the earning power of people employed in these industries, to help enhance national productivity.”

The Government acknowledges the vital contribution SMEs make to productivity and that more needs to be done to increase the number of businesses that achieve their full potential, including the need to make it easier for businesses of any size, in any location, to access finance.

The Government is committed to promoting investment in all parts of the country by:

- Launching a commercial investment programme run by the British Business Bank to support developing clusters of business angels outside London
- Rolling out a network of British Business Bank regional managers to ensure businesses across the UK know how to access sources of investment

It is committed to helping smaller businesses assert themselves amid the larger players in the economy. Government has worked with representative organisations, including Federation of Small Businesses, to set up the first Small Business Commissioner. The remit includes helping small businesses on payment issues, dispute resolution and sourcing advice.



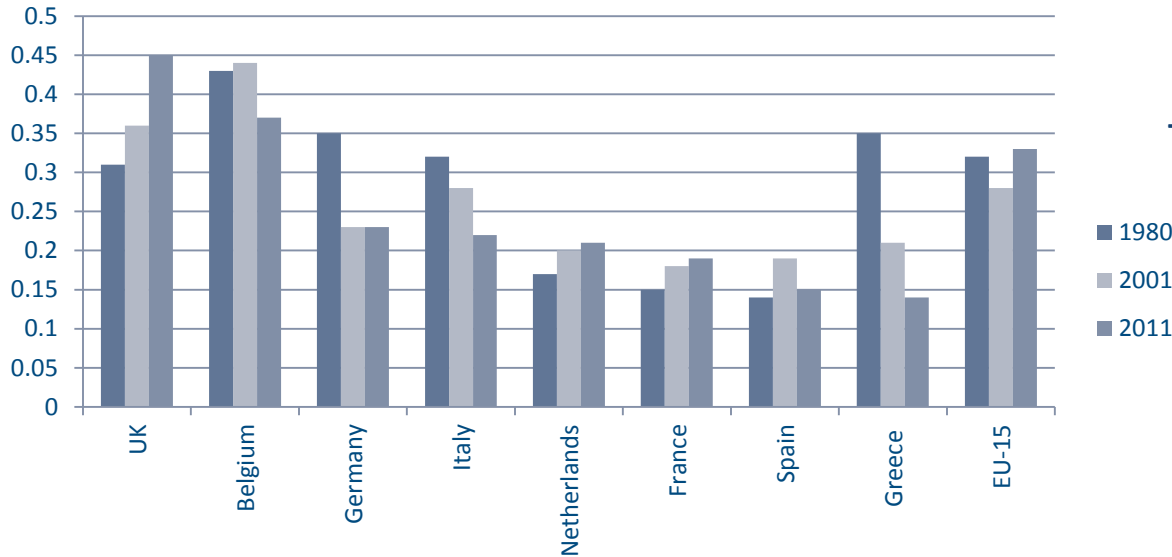
Business Environment

- ▶ Launch and roll-out Sector Deals – partnerships between government and industry aiming to increase sector productivity. The first Sector Deals are in life sciences, construction, artificial intelligence and the automotive sector
- ▶ Drive over £20bn of investment in innovative and high potential businesses, including through establishing a new £2.5bn Investment Fund, incubated in the British Business Bank
- ▶ Launch a review of the actions that could be most effective in improving the productivity and growth of small and medium-sized businesses, including how to address what has been called the ‘long tail’ of lower productivity firms



Every region in the UK has a role to play in boosting the national economy, driven by local leadership and ambitious visions for the future. Our cities, towns and rural areas have comparative advantages that will essential to shaping our economic future

Spatial Imbalance in Selected EU Countries: Coefficient of Variation in Regional GDP per Capita, (NUTS2 Regions)



The UK has greater disparities in regional productivity than other European countries.

The Industrial Strategy aims to:

- i. Strengthening local leadership
- ii. Encouraging collaboration across local authorities to promote more effective economic governance
- iii. Making sure that ideas, infrastructure and people policies have a local dimension.



Places

- ▶ Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities
- ▶ Create a new Transforming Cities fund that will provide £1.7bn for intra-city transport. This will fund projects that drive productivity by improving connections within city regions
- ▶ Provide £42m to pilot a Teacher Development Premium. This will test the impact of a £1000 budget for high-quality professional development for teachers working in areas that have fallen behind



Industrial policy needs to be place-based

Whilst rural areas face common challenges, there isn't a singular 'rural economy'. Rural economies are very diverse, influenced by natural capital, geography and industrial history. They range from Cornish coastal villages to remote Cumbrian farming hamlets and from prosperous market towns to deprived post-industrial communities. The challenges facing remote rural communities will differ to those closer to large centres of population. Each place therefore need a bespoke response.

Local Industrial Strategies will:

- Help identify economic development priorities, local strengths and challenges, future opportunities and actions needed to boost productivity, earning power and competitiveness.
- Establish new ways of working between national and local leaders in both the public and the private sector.

Local Enterprise Partnerships are core to the Industrial Strategy and aims to ensure that local areas are more involved in making decisions on policies that affect them.

The Strategy also champions **collaboration between local areas**. The South West Rural Commission – a partnership of 4 LEPs – is an example of how rural areas can benefit from intra-regional cooperation.

The Rural Economy - Key Points

Our analysis finds that:

- **Rural areas are places of opportunity.** They contribute significantly to national economies and provide a range of goods, services and amenities that are essential to collective prosperity and well-being. They also face potentially significant changes in the near future.
- **Issues of inequality and lagging productivity are prevalent in rural communities.** Rural communities are less productive than both their rural equivalents in Europe and urban ones in the UK, although the latter gap narrows when London is removed. There exist inequalities, within rural communities and between rural communities and their urban counterparts. There is an opportunity to help increase UK productivity and reduce inequality through investment in boosting productivity in rural communities.
- **While rural communities face many of the same challenges that urban ones do, they face specific barriers to tackling these issues.** Connectivity, problems reaching critical mass and higher costs of delivery all impact upon rural communities' ability to increase productivity and reduce inequality.
- **These issues cannot therefore be addressed in the same way in rural communities as they are in urban ones.** The opportunities and challenges facing rural communities are often distinct from more urbanised areas, requiring unique and place-based solutions. Such approaches can help to ensure that rural regions make the greatest contribution to national prosperity and well-being so that all rural people have the opportunity to participate in a growing economy.

Summary of Opportunities and Challenges

- **Rural economies are very diverse, influenced by natural capital, geography and industrial history but they do however face common challenges.** Connectivity (digital, mobile, transport), access to skills, access to business support services including finance .
- **Whilst aggregate performance in terms of labour and skills fairs well compared to more urban parts of the UK, there remain a number of risks to the downside.** Underlying risk factors include housing affordability, transport and an ageing population. Brexit also poses a significant challenge given the current high levels of per capita EU spending in rural areas and the reliance of agriculture on migrant workers.
- **The Industrial Strategy can address some of the challenges faced by rural areas.**
- **The White Paper underlines the importance of physical and digital infrastructure** and can help address one of the main issues holding rural areas back.
- Through the development of the Local Industrial Strategies, Devolution and the commitment to LEPs **the Strategy aims to give a voice to local areas and increase their involvement in shaping policies that affect them.**
- Having a higher than average number of SMEs **rural areas stand to benefit from the Strategy's focus on lower productivity companies** – a commitment reiterated by the Chancellor of the Exchequer in the 2018 Spring Statement.

How can places be making progress?



There are many ways for places to work with Government on their priorities and put themselves on the front foot for future collaboration on Local Industrial Strategies. Places without a commitment should focus on:

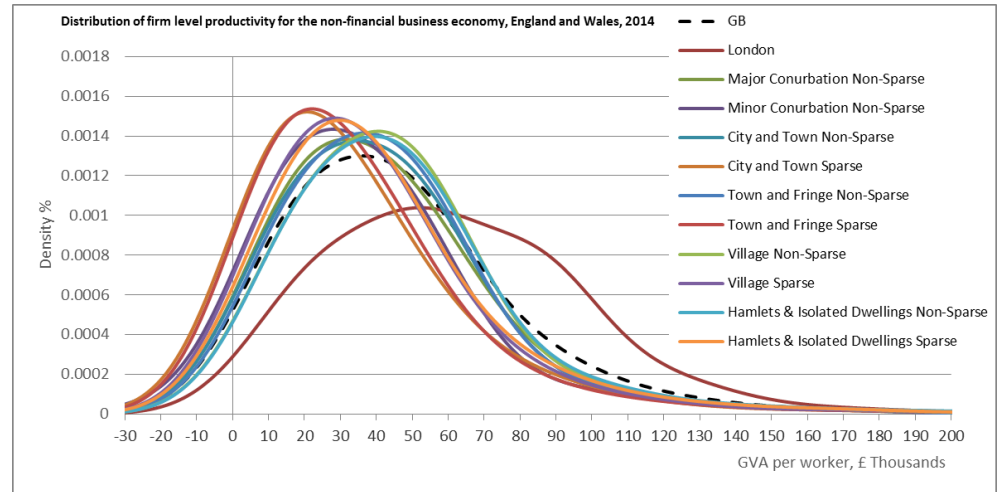
We will agree Local Industrial Strategies that identify and build on strengths across the country



- Developing a **robust evidence base** that identifies the area's **unique strengths, challenges and opportunities**. This should be developed with businesses, the third sector and communities.
- Beginning to articulate a **strong narrative** on what the area's key economic strengths are, where it wants to be in 2030 and beyond, and the kinds of interventions that could unlock growth.
- Implementing the provisions of the **Ney Review** and **LEP Review**.
- Getting **new partnerships** between local leaders, Government and business (e.g. Skills Advisory Panels, Digital Skills Partnerships) in place.
- Developing propositions for **new place-based funding streams** (e.g. Strength in Places Fund, Transforming Cities Fund) and how they might be complemented by local investments.
- Identifying and capitalising on opportunities where Government has made an **open offer to places** e.g. Housing Deals, contributing the 'place' element of an emerging Sector Deal
- Continue taking the initiative on **cross-LEP/MCA collaborations** e.g. the Midlands Engine, Northern Powerhouse, South West Rural Productivity Commission.

Announced as part of the UK's Industrial Strategy white paper, the Government has launched the Long Tail Productivity Review that will explore what actions could be most effective in improving the productivity and growth of SMEs, including improving how we spread the best practise of our most productive firms.

- When compared with other advanced countries and the UK has a longer productivity distribution than other countries; this includes a 'long tail' of lower productivity firms.
- To better address the issues that exist around the long tail, the government is looking to further develop its understanding of the principal drivers for both low and high productivity firms in the UK.
- We will launch a Call for Evidence in the Spring, as announced in the Chancellor's Spring Statement 2018, to give everyone across the country the chance to tell us their views, and the government will report on progress for the *Long Tail Productivity Review* in the Autumn.



“We will launch a Call for Evidence to understand how best we can help the UK’s least productive businesses to learn from, and catch-up with the most productive.”

Chancellor of the Exchequer, Rt Hon Phillip Hammond MP



Alongside the five foundations, there were four Grand Challenges named in the White Paper which aim to **put the UK at the forefront of the industries of the future**

Four Grand Challenges areas were identified using five key criteria:

1. critical to the future global economy
2. existing UK strengths
3. clear market opportunities to boost productivity
4. coordination and market failures
5. societal benefits to be realised

For further information or to submit ideas contact:
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Growing the AI & Data-driven Economy

We will put the UK at the forefront of the artificial intelligence (AI) and data revolution



Clean growth

We will maximise the advantages for UK industry from the global shift to clean growth



Ageing society

We will harness the power of innovation to help meet the needs of an ageing society



The Future of Mobility

We will become a world leader in the way people, goods and services move

The independent **Industrial Strategy Council** will assess our progress and make recommendations to Government.

Andrew Paterson

Deputy Director, Business and Local
Growth Analysis Department for
Business, Energy & Industrial
Strategy

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Department for
Business, Energy
& Industrial Strategy

Rebecca Frost / Emma Phillimore

Head of Rural Productivity
(job share)
Department for Environment
Food & Rural Affairs

For further information please contact

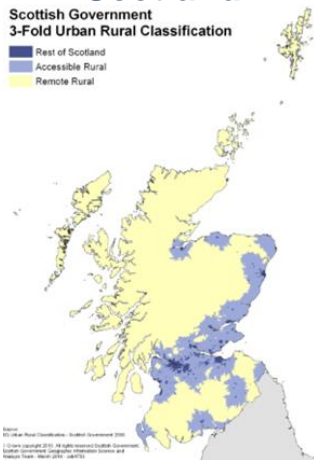
frostphillimore@defra.gsi.gov.uk



Department
for Environment
Food & Rural Affairs



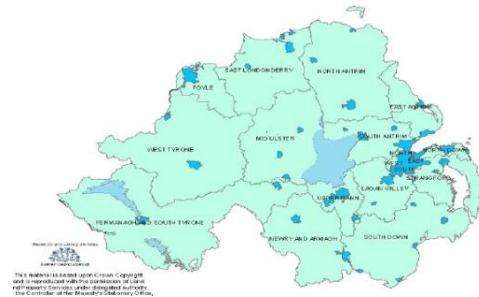
Scotland



Wales



Northern Ireland



- 91.2% of Scottish territory is classified as rural and 71.3% as agricultural land.
- According to the June 2014 mid-year population estimates, 12.3 percent of the Scottish population lived in small towns (under 10,000 inhabitants), while 18.5 percent were living in rural areas (under 3,000).
- 23% of Scottish GVA is created in districts where over 50% of population live in rural areas or small towns..
- Rural areas in Scotland are a home of over 60,000 enterprises - 35% of all enterprises in Scotland.

- The entire territory of Wales is classified as rural and agricultural land comprises 67.1% of the total
- According to the 2011 census, 67.2 percent of the population of Wales lived in urban areas, while 32.8 percent lived in rural areas.
- Rural areas create nearly a third of the total GVA of Wales.
- There are over 46,000 enterprises registered in Wales – 45% of all businesses in the country.

- Rural areas cover 93.3% of the total territory of Northern Ireland. 69.1% of land in NI is classified as agricultural areas.
- 670,000 people in Northern Ireland—37 percent of the population—live in rural areas, compared to 63 percent who live in mainly urban areas
- In 2015, agriculture, forestry and fishing accounted for 25.3 percent of all VAT and/or PAYE registered businesses in Northern Ireland, the largest proportion of businesses according to Northern Ireland’s Inter Departmental Business Register
- With the exception of Belfast, agriculture, forestry and fishing was the largest industry group in all local government districts.