

<b>Institution:</b> Newcastle University		
<b>Unit of Assessment:</b> 13 Architecture, Built Environment and Planning		
<b>Title of case study:</b> Supporting the Rural Economy: Forming Policy for Rural Business and Shaping the UK Industrial Strategy		
<b>Period when the underpinning research was undertaken:</b> 2001-2020		
<b>Details of staff conducting the underpinning research from the submitting unit:</b>		
<b>Name(s):</b>	<b>Role(s) (e.g. job title):</b>	<b>Period(s) employed by submitting HEI:</b>
Jeremy Phillipson Paul Cowie	Professor of Rural Development Research Fellow	1999 onwards May 2012 onwards
<b>Period when the claimed impact occurred:</b> 2014-2020		
<b>Is this case study continued from a case study submitted in 2014?</b> N		
<p><b>1. Summary of the impact</b></p> <p>England's rural areas contain over 500,000 enterprises, employing 3,500,000 people and contribute annually over GBP260,000,000,000 to the economy. Although agriculture remains important, rural economies are now increasingly complex amalgamations of sectors such as manufacturing, wholesale and retail, construction, transport, and professional and business services. However, their functioning is, generally, poorly understood within mainstream enterprise policies. This is the knowledge gap addressed by Newcastle University's Centre for Rural Economy (CRE), whose pioneering research on the rural economy and society led, in 2013, to a Queen's Anniversary Prize for Higher and Further Education, the most prestigious award available for a UK higher education institution. This case study describes the impact of research carried out by the CRE - led by Phillipson - on informing and shaping policies and support for rural business growth and productivity, and the manner in which this has fed into the development and implementation of the wider UK Industrial Strategy.</p>		
<p><b>2. Underpinning research</b></p> <p>Newcastle University's Centre for Rural Economy (CRE) has worked for over a quarter of a century to demonstrate the importance of rural enterprises, across many sectors, for the health and vitality of rural communities but also for the country as a whole. The CRE team has been undertaking interdisciplinary research since 1999, exploring in detail how rural economies work, their intrinsic strengths, and how these might be stimulated and made more economically sustainable. This research – much of it conducted under the auspices of the ESRC funded <i>Rural Economy and Land Use Programme</i> (2003-13) hosted in CRE - has consistently emphasised the need for a practical mixture of bottom-up and top-down policy approaches, and the sharing of expertise through networks (<b>PUB 1, PUB 2</b>). This impact case study focusses on a portfolio of research undertaken by Phillipson and his colleagues within CRE undertaken from 2012 onwards that has built upon these foundations and resulted in significant impacts during the current REF period.</p> <p>The research, funded by Defra (<b>G1</b>), explored the functioning of rural business networks and the establishment of rural enterprise hubs designed to enable and connect business incubation and growth in rural areas (<b>PUB 3, PUB 5</b>). More broadly, it has explored how best to embed findings from rural research, such as this, into the core economic and business policies of public bodies otherwise often reliant on evidence generated in business and employment surveys which are rarely able to assess rural enterprise performance and from which analysis for rural areas lags considerably behind that for urban economies. CRE researchers sought to reduce this shortcoming by establishing in 2015 a five-year national research and knowledge exchange initiative entitled <i>Rural Enterprise UK</i> (REUK). With a portfolio of funding from ESRC, BEIS and the EU (<b>G2, G3, G4, G5</b>), REUK has harnessed rural and small business research and expertise across the University and secured sustained dialogue with, and action from, UK government departments. The research team undertook an ambitious programme of secondary urban-rural analysis of the UK Government's principal small business survey and associated package of knowledge exchange activities around their findings (<b>PUB 4, PUB 6</b>). The primary and secondary research is continued from 2020 through a major Research England award to establish the National Innovation Centre for Rural Enterprise (<b>G6</b>) and Defra funded research into the impacts of the COVID-19 pandemic on rural businesses (<b>G7</b>).</p>		

This research is challenging conventional assumptions that rural economies and firms lack dynamism, perform less well than cities and towns, and depend on transfer of growth and innovations from urban centred investment. The researchers show for the first time that nationally rural firms achieve similar to, if not better performance than, urban businesses, having controlled for structural differences in the profiles of rural and urban economies. Rural and urban firms share many plans and expectations for future growth, yet rural firms were significantly stronger exporters of goods and services, were more likely to have introduced new or improved goods in their businesses, and were more successful in securing external funds, especially for capital investments in machinery and buildings. Nevertheless, the analysis also identified clear evidence of untapped potential, weaknesses and obstacles to business success, often affecting significantly more rural than urban firms. The research has made visible some significant variations in the drivers and sources of growth between rural and urban firms (**PUB 4, PUB 5, PUB 6**).

### 3. References to the research

All outputs have been subject to rigorous peer review. Four outputs are in topflight journals of rural studies/human geography. One is a chapter in the definitive handbook of rural planning.

**PUB 1:** Phillipson J, Bennett K, Lowe P and Raley M (2004) Adaptive responses and asset strategies: the experience of rural micro-firms and Foot and Mouth Disease. *Journal of Rural Studies* 2004, **20**(2), 227-243. DOI: [10.1016/j.jrurstud.2003.08.006](https://doi.org/10.1016/j.jrurstud.2003.08.006).

**PUB 2:** Phillipson J, Gorton M and Laschewski L (2006) Local business co-operation and the dilemmas of collective action: Rural micro business networks in the North of England. *Sociologia Ruralis* 2006, **46**(1), 40-60. <https://doi.org/10.1111/j.1467-9523.2006.00401.x>.

**PUB 3:** Newbery R, Gorton M, Phillipson J and Atterton J (2015) Sustaining business networks: Understanding the benefit bundles sought by members of local business associations. *Environment and Planning C*, 34(7), 1267-1283. <https://doi.org/10.1177/0263774X15608850>.

**PUB 4:** Phillipson J, Gorton M, Maioli S, Newbery R, Tiwasing P and Turner R (2017) *Rural business aspirations, obstacles and support: an analysis of the Longitudinal Small Business Survey 2015*. Enterprise Research Centre Research Paper **58**. Peer reviewed. Available on request.

**PUB 5:** Cowie P, Tiwasing P, Phillipson J and Gorton M (2019) *Rural innovation and small business development*. In Scott M, Gallent N and Gkartzios M (eds) *The Routledge Handbook to Rural Planning*. Routledge. Available on request.

**PUB 6:** Phillipson J, Tiwasing P, Gorton M, Maioli S, Newbery R and Turner R (2019) Shining a spotlight on small rural businesses: How does their performance compare with urban? *Journal of Rural Studies*, **68**, 230-239. <https://doi.org/10.1016/j.jrurstud.2018.09.017>.

### Research Grants:

**G1:** Defra, 2012-13, *Research Project in support of North East Rural Growth Network*, funded by Northumberland County Council GBP40,844.

**G2:** BEIS, 2018-2019, *The spatial disparities of SMEs' productivity in the UK*, GBP5,000.

**G3:** ESRC, 2018-2019, *Productivity Insights Network*, GBP10,000.

**G4:** BEIS, 2016, *LSBS Rural Analysis - Urban-Rural Analysis of LSBS*, GBP6,807.

**G5:** EU Intereg, 2016-2021, *Regional policies for innovation driven competitiveness and growth of rural SMEs*, GBP112,588.

**G6:** Research England, 2020-2023, *National Innovation Centre for Rural Enterprise* GBP2,229,908.

**G7:** Defra, 2020-2021, *Local perspectives of Covid*, GBP240,000.

### 4. Details of the impact

Research impacts since 2014 have largely been driven through the aforementioned *REUK* initiative which, in 2020 with funding from Research England, was expanded to become the National Innovation Centre for Rural Enterprise (*NICRE*). Working closely with advisory group partners from Defra, BEIS, the Federation of Small Businesses, Scottish Government and other stakeholders, REUK built effective links with, and tailored evidence inputs to, government.

The CRE research has been deliberately designed to have impact on rural policies and to support rural businesses at many levels of government. Throughout this REF period, the vehicles for this direct influence have been: (1) *coordination*, in collaboration with senior policy makers, of a succession of high-level UK wide policy workshops featuring the research findings and timed to inform national and local economic and industrial policy development; (2) *publication and dissemination* of a series policy briefings and numerous targeted research reports; (3) *evidence submissions* to Select Committees and presentations at high level Westminster Debates attracting MPs and senior civil servants from across government; (4) *evidence briefings to European enterprise development agencies*, in order to internationalise the research insights and impacts; (5) *multiple high level bilateral briefings* for decision makers at No. 10 Downing Street, BEIS, Defra, MHCLG, Cabinet Office, Scottish Government and elsewhere; (6) and high-level appointments to government advisory positions, notably Phillipson's appointment to Defra's Social Science Expert Group (2016-), Rural Policy Academic Panel (2018-), the Defra-DECC Social Science Expert Panel (2012-2016), the Scottish Government Rural Economy Action Group (2019-) and the BEIS Economic Recovery Task Force (2020-). These pathways have enabled CRE research to inform and shape (1) policies and support for rural business growth and productivity and, perhaps even more significantly, (2) the manner in which this has fed into the development and implementation of wider UK Industrial Strategy. These are discussed here in turn.

### **(1) Research supporting policies for rural growth and productivity**

The impact arc claimed here begins before 2014. Although we are aware that we are unable to claim impact prior to 2014, what occurred then provides a critical context to what has followed within the allowable timeframe. A major CRE evidence submission led by Phillipson in 2011 on rural growth and business research (*Rural Economies: Incubators and Catalysts for Sustainable Growth*), accompanied by Phillipson's contribution to Defra's Higher Level Expert Panel set up to advise its Rural Economy Growth Review, fed directly into the design, in 2012, of the GBP177,000,000 national Rural Growth Strategy. According to Defra at the time: *"Extensive research by the CRE on rural businesses... informed and influenced current policy... the measures in the Rural Growth Review ... Rural Growth Networks ... CRE's evidence ... was instrumental, as was Jeremy Phillipson's membership of the expert panel ..."* (personal communication from Defra Head of Rural Economies, 27 November 2012).

The strategy, informed by the CRE research, led to a series of policy interventions and impacts during the current REF period. For example, a key element of the strategy was the establishment of five local Rural Growth Networks (RGNs). The RGNs were a pilot programme to inform approaches to rural business growth nationally and across England's Local Enterprise Partnerships. The RGNs developed clusters of enterprise hubs providing a mix of premises, infrastructure and business support, including in hard-to-reach communities. Defra's evaluation of the scheme's impacts in 2016 identifies that the RGNs assisted over 9,000 beneficiaries across 60 projects, supported 4,900 firms and 1,500 individuals to start a business, helped create 700 new businesses and created and safeguarded over 2,200 jobs, with a net economic benefit of GBP16,500,000 (and a further GBP55,600,000 expected). According to Defra in 2016 (**IMP1**): *"The RGN has encouraged growth in the rural economy through faster and more widespread employment and economic activity in rural areas, RGN has also encouraged knowledge transfer, mentoring, training and skills development to enable businesses to grow and capitalise on new opportunities by improving the provision of premises, infrastructure and support available"*. Defra state in **IMP1** that *"CREs advice and support with the Rural Economy Growth review has helped shape this area of our policy"*.

Multiple citations to the rural enterprise research appeared in various Defra policy statements on rural growth (see, for example, **IMP2**) with the Department routinely drawing on the research findings in their policy development and stakeholder engagement. Several citations were included in the Government's Rural Productivity Policy (see **IMP3**) launched in 2015 by the Chancellor of the Exchequer and the Secretary of State for Environment, Food and Rural Affairs, with CRE evidence providing government *"the context for why focussing on productivity is important for rural growth"* (**IMP1**). This plan provided the basis of government policy for rural growth, covers far-

reaching areas of policy ranging from broadband and mobile communications, to workforce skills, enterprise support and rural housing.

In 2017, evidence briefings between CRE's REUK staff and Defra's Head of Rural Evidence resulted in their national rural business analysis being published as a new section of Defra's official statistical release, *Statistical Digest of Rural England*, the UK Government's principal statistical publication used routinely for ministerial briefings (IMP4, pages 77-80). The section cites and draws extensively on the REUK analysis and is the first IMP of independent academic evidence admitted for this publication alongside Government's own statistics and analysis. The Digest's contents have the status of a 'National Statistic' - which means it has been endorsed by the Government's statistical service and is used by Parliamentarians and Ministers with confidence during policy development. In 2018, through Phillipson's appointment to Defra's Rural Academic Panel, advice has been provided on how the UK Shared Prosperity Fund (which is to replace the EU Structural Funds) could be made effective for rural businesses and economies and CRE researchers have gone on to provide evidence briefings on COVID-19 impacts and recovery. In June 2020 Phillipson was appointed, through the Secretary of State for Business, Energy and Industrial Strategy, to join the Government's Economic Recovery Taskforce on 'levelling up', through which he has fed directly into informing the government's attempts at economic recovery.

## **(2) Research shaping the development and implementation of the UK Industrial Strategy**

The REUK initiative proved effective in supporting the case for more even-handed attention being given to rural economies within the nation's economic growth plans and policies and has enabled policy makers and those charged with implementing policies to more effectively tailor enterprise and industrial policies and programmes. The REUK team successfully targeted their rural business research evidence within the policy development processes that led to the publication in November 2017 of the UK Industrial Strategy, the government's major long-term plan to boost productivity and businesses through investment in skills, industries and infrastructure. According to Defra (IMP5) this contribution *"played an important role in strengthening the Department's evidence base and shaping our rural policy development, notably our work in rural proofing of the UK Industrial Strategy with colleagues in BEIS and MHCLG"*. By initiating and coordinating a series of high-level cross-government workshops and bilateral exchanges between policy staff the research team forged a new and deeper bridge for cross-government working on economic development between staff in two government departments key to rural economic futures (BEIS and Defra) with limited previous connection on rural business policies. This led to their first jointly prepared presentation of rural economies' needs and opportunities in implementing the UK Industrial Strategy. After one REUK event, BEIS Head of Stakeholder Engagement (30 April 2019, personal communication) highlighted *"that [the Director of the Industrial Strategy] is making a lot of use of the event in his discussions with Ministers and Special Advisers as a great example of how we have reached an audience we haven't historically reached out to, .... Ministers and Special Advisers are very pleased with it"*.

Briefings by the research team have served to induct new government staff in rural issues and evidence. The research was used, for example, in a briefing of Defra's Head of Rural Productivity, that helped to frame the agenda of a Defra/BEIS stakeholder consultation meeting - 'Building our Industrial Strategy Rural Stakeholder Event' - in 2017, and her Ministerial briefing about the Strategy. The work featured prominently in a national Defra-Local Enterprise Partnership roundtable to inform the rural dimension of LEP Local Industrial Strategies in England. Significantly, the research and knowledge exchange activities led to greater and more positive prominence being devoted to rural economies contributions and needs between publication of the UK Industrial Strategy's Green and White Papers. This was acknowledged in oral evidence to the House of Lords Rural Economy Select Committee in September 2018 by BEIS' Director of Industrial Strategy, who referred on several occasions to the important impact of CREs research in supporting their ability to rural proof the Industrial Strategy and enabling BEIS engagement with Defra and rural stakeholders (IMP6). Some telling examples include:

- (1) *"I reflect on some of the evidence that Jeremy Phillipson gave...If you take the view that you are going to park rural issues in one particular corner, they end up getting handled in*



*that way. Do you need a more consistent culture throughout the organisation that says, 'Rural is fundamental to what we are trying to do here, as much as urban or anything else?' It would be absolutely there from the start of the engagement on the development of policy through to the implementation. I think Jeremy Phillipson would hold us to account for whether the Industrial Strategy can be a bit of a test case for that."*

*(2) "In terms of how we would approach rural proofing on a piece of policy such as the Industrial Strategy, which is incredibly cross-cutting—there are effectively 200-odd policies within the Industrial Strategy. Those conversations with all the key stakeholders, with Defra, are there at the very outset ... You saw the evidence from Jeremy Phillipson. We have run a series of workshops with Jeremy's team at Newcastle University to look at issues affecting the rural economy. Defra has absolutely been a part of those workshops. They happened during the Green Paper and White Paper development..."*

*(3) "The Industrial Strategy provides that overarching framework...To go back to Jeremy Phillipson's evidence, his view was that the Green Paper had possibly been a little pessimistic about the opportunity provided by the rural economy and the White Paper was not. It was about innovation, exports and raising productivity in a more dynamic and exciting way...If you looked down those five foundations, you could pick any number of policies where...specific policy is shaping around local need in the context of rural challenges."*

Phillipson's own oral evidence to the House of Lords Select Committee in July 2018 on rural business needs and implications for Industrial Strategy, policies for rural growth and Local Enterprise Partnerships (**IMP7**), together with supplementary written evidence, a CRE written submission and provision of previously published REUK outputs to the Committee, all proved instrumental in informing the direction and focus of this major inquiry. Multiple recommendations of the Select Committee cited and are justified on the basis of the team's research evidence (See paras 42, 77, 82, 113, 158, 165, 184, 223, 300, 427, 434, 449, 461, 490, 495, 541 - **IMP8**). CRE/REUK research reports and papers continue to be cited as key further reading for House of Lords debates (**IMP9**).

The importance and impact of CRE's rural enterprise research during this REF period were recognised early in 2020 by a major GBP3,800,000 collaborative research award from Research England to establish a *National Innovation Centre for Rural Enterprise (NICRE)*, involving a national partnership of universities, government departments, business organisations and Local Enterprise Partnerships, *inter alia*. NICRE is already beginning to play a key role in informing COVID-19 recovery and resilience. This includes Defra funded research into the impacts of the pandemic on rural communities. In December 2020 NICRE is leading the academic contribution into Defra's roundtable set-up to inform pandemic policy development and support for rural businesses.

## **5. Sources to corroborate the impact**

**IMP1:** Corroborative Defra statement, 2016, concerning contribution to GBP177,000,000 national rural growth strategy.

**IMP2:** Defra Policy brief, 2014, How increased connectivity is boosting economic prospects of rural areas.

**IMP3:** Towards a One Nation Economy: A 10-Point Plan for Boosting Productivity in Rural Areas, 2015.

**IMP4:** Defra (2019) Statistical Digest of Rural England. Government Statistical Service.

**IMP5:** Defra statement in support of impact on rural proofing of Industrial Strategy.

**IMP6:** Director of Industrial Strategy. Oral evidence to House of Lords Rural Economy Select Committee, 4 September 2018. Transcript.

**IMP7:** Jeremy Phillipson. Oral evidence to House of Lords Rural Economy Select Committee, 10 July 2018. Transcript.

**IMP8:** House of Lords Select Committee on the Rural Economy, Time for a Strategy for the Rural Economy, Report of Session 2-17-19.

**IMP9:** House of Lords Rural Economy Committee Report: Time for a Strategy for the Rural Economy Debate on 8 October 2019. Library briefing.