



Industrial Communities Alliance

The all-party association campaigning on behalf of local authorities in the industrial areas of England, Scotland and Wales

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Sarah Jones MP
Minister for Industry
Department for Business and Trade

Email to: dbtcorrespondence@businessandtrade.gov.uk

25 July 2025

Dear Sarah,

Industrial Strategy: follow-up dialogue

It was good to meet you in Westminster back in April. Thank you for taking the time to discuss our concerns ahead of the publication of the Industrial Strategy White Paper.

Last week, the local authorities in the Industrial Communities Alliance completed a round of regional and national meetings at which the Industrial Strategy was discussed. Let me say straightaway that we see a number of welcome improvements on the Green Paper published last year. In particular, the commitments to reduce industrial electricity prices and to support foundational industries are strongly supported. It's clear that the government has been listening to the representations that have been made.

I trust, therefore, that you will be willing to consider the points that have arisen in our discussion of the White Paper.

The overarching concern from our authorities – which represent many of the least prosperous parts of England, Scotland and Wales – is that the Industrial Strategy may not offer enough to our areas. This is especially the case in many of our older industrial towns and communities, where there is little faith that 'trickle-down' of growth from the big cities offers a way forward.

We're aware that the Industrial Strategy strays a long way from just 'industry' and that even within manufacturing it's a narrow segment of 'frontier industries' that are intended to be the focus of support. The effect may be to by-pass many of our

areas, especially away from the cities where many of the priority sectors are clustered.

In particular, as it currently stands the Industrial Strategy is a missed opportunity to restore the system of Assisted Areas and regional investment aid that for many years, prior to abolition by the Conservatives in 2021, underpinned investment and jobs in the less prosperous parts of the country. You'll probably recall that this came up in our discussion in April. To assist, I'm attaching a one-page note that explains a little more.

It would be good if you were willing to meet again to explore how the Industrial Strategy might be mobilised to maximum effect in the older industrial areas we represent. If we were able to open up a dialogue on regional investment aid that would be especially helpful.

If you were willing to meet after the summer break, perhaps your staff could contact our National Secretariat (see details above) to explore the options.

Yours sincerely,

A handwritten signature in black ink, reading "Keith Cunliffe". The signature is written in a cursive, flowing style.

Cllr Keith Cunliffe
National Chair

REGIONAL INVESTMENT AID

An explanatory note

Regional investment aid is the financial support the public sector offers to private sector investment in the regions. It's potentially a key tool in promoting growth and jobs in less prosperous parts of the country, especially in manufacturing.

In most cases the aid takes the form of a capital grant making up a proportion of the project cost but in some cases it can be a loan at a discounted rate of interest. When managed properly – and the UK has long experience in this regard – the aid is given only to projects that would not otherwise have gone ahead in the same place, on the same scale, or on the same timescale. In other words, it results in additional investment.

From the early 1960s right through to 2021, when in the wake of Brexit the Conservative government abolished 'Assisted Area' status, aid of this kind was vital in delivering inward investment and in securing re-investment in existing sites where there was competition from alternative locations.

Under the pre-2021 rules, higher rates of financial support were allowed in the Assisted Areas which covered about a quarter of the UK population. The highest rates of support – up to 30 per cent for large firms and more for SMEs – were allowed in Tees Valley & Durham, West Wales & the Valleys and in Cornwall. Other disadvantaged parts of the North, Midlands, Scotland and Wales came into the next category down. In the most prosperous parts of southern England, investment aid to larger firms wasn't generally allowed.

The Conservative's replacement – 'Subsidy Control' – requires financial support to be consistent with a set of principles but it treats all parts of the country equally. There is therefore no longer any discrimination in favour of less prosperous places. This is a retrograde step, discarding a potent tool that has helped deliver many thousands of new jobs to the places that need them most.

In opposition, Labour argued for the retention of Assisted Area status and for improvements on the EU rules that previously regulated this form of financial support.

The Industrial Strategy, as it currently stands, is a missed opportunity to restore the system of Assisted Areas and regional investment aid. There is no doubt that a new map, driven by statistics on economic disadvantage, would strongly target older industrial Britain.

The restoration of regional investment aid doesn't necessarily mean higher spending. There are plenty of existing budget lines for business support, mostly managed by the Departments for Business and Energy and by the devolved administrations, that could be brought to bear to support investment in the regions. The point is to make sure that investment is steered to the places where it is needed most.