



Department for
Energy Security
& Net Zero



Department for
Business & Trade

Sarah Jones MP

Minister of State for Industry
Department for Energy Security & Net Zero and
the Department for Business and Trade

55 Whitehall Old Admiralty Building
London Admiralty Place
SW1A 2HP SW1A 2DY

www.gov.uk

Our ref: MCB2025/08920

29 August 2025

Cllr Keith Cunliffe
National Chair
Industrial Communities Alliance

By email: natsec@ccc-alliance.org.uk

Dear Keith,

Thank you for your correspondence of 25 July regarding the Industrial Strategy, and for the interesting discussion in our previous meeting. I am pleased to hear the Industrial Communities Alliance have identified elements of the Strategy that you support and have recognised our efforts to listen and respond to the needs of businesses and other stakeholders. Your letter makes valuable observations about our approach, which I would like to expand upon.

Regional growth is a core objective of the Strategy, and we recognise that higher national growth and the success of the IS-8 sectors will only come from unleashing the potential of places across the country. Identifying and accelerating the highest-potential opportunities in places, while tackling their specific investment barriers, will improve the overall resilience of the economy, delivering well-paid jobs, thriving businesses, and renewed local communities across the whole country. However, we are clear that all regions will benefit from the Industrial Strategy's national policy offer. There are businesses and clusters of the IS-8 sectors across the whole country, and our package addresses the biggest constraints to growth highlighted by these businesses. National measures, such as: increasing funding uplifts on priority courses for 16-19 year olds and investment through the Skills Mission Fund; reducing energy costs; and, expanding access to finance will benefit businesses wherever they are located, and we have developed the Industrial Strategy in partnership with devolved governments to ensure our plans drive growth in Scotland, Wales, and Northern Ireland.

Alongside this, many national funding programmes will support regional growth, such as the Life Sciences Innovative Manufacturing Fund which will bring globally mobile manufacturing investments to the UK; the Automotive Transformation Fund, supporting investment in the automotive sector; and the Aerospace Technology Institute supporting aerospace R&D. The £27.8bn National Wealth Fund and GB Energy which will help catalyse investments and drive growth across the UK.

Additionally, the wider Growth Mission aims to support people and businesses across the country, including those in areas outside of cities, through policies to create the conditions for businesses to invest and employ, and consumers to spend with confidence. As part of the Growth Mission MHCLG is providing targeted, long-term local growth funding to support

growth across the UK, completing the transition from the UK Shared Prosperity Fund. This includes:

- Establishing a new local growth fund, including a 10-year capital settlement from 2026-27 to 2035-36, for specific mayoral city regions in the North and Midlands with the highest productivity catch-up and agglomeration potential. The Ministry of Housing, Communities and Local Government will provide more information on specific mayoral city regions to receive the local growth fund in due course.
- Providing financial investments to capitalise a new recyclable mayoral growth fund for mayors in the North and Midlands with an integrated settlement. This will complement record investment in local transport, reforms to the Green Book and the expansion of devolution to up to 8.8 million more people.
- Investing in up to 350 deprived communities across the UK, to fund interventions including community cohesion, regeneration and improving the public realm.

You are correct that the Subsidy Control Act 2022 does not feature an assisted areas system. However, the UK subsidy control regime is quite different to the EU State aid rules which preceded it. The old, assisted areas system allowed aid to certain areas where the EU default was that aid was not permitted. No such default exists in the UK regime. This means that subsidies can be provided in any geographical region provided they comply with the subsidy control principles. I should also note that the regime explicitly recognises that unequal opportunities or outcomes between different groups or areas within the UK are a common justification for subsidies.

Thank you for your kind offer to meet again. I would be delighted to accept this invitation. Please do get in touch with my Private Office at Jones@businessandtrade.gov.uk, who will be able to set this up.

With very best wishes,



SARAH JONES MP

Minister of State for Industry
Department for Energy Security & Net Zero and
Department for Business and Trade