

CATALYSING RURAL INNOVATION

Part 2: Perspectives on the Innovation Ecosystem and Recommendations

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EXECUTIVE SUMMARY

This report presents the findings and recommendations of an IRC research project, considering how business innovation can be encouraged in rural areas and the implications for innovation support capabilities in the UK. It draws on an analysis of interviews with 19 senior key informants, who hold leadership roles in the innovation ecosystem, economic development, and rural policy. Interviewees discussed their assessment of the UK innovation system's strengths and weaknesses, provision of innovation support in rural areas, and opportunities and ideas for future innovation support in rural areas.

Several key themes relating to innovation support for rural businesses are identified from a thematic content analysis of interview transcripts. Based on the analysis, the report identifies four strategic issues for consideration by innovation support providers and wider stakeholders, relating to the framing of innovation and innovation support, gaps in data and knowledge, structural weaknesses within the innovation ecosystem, and the need for adaptation in innovation support service design and delivery.

Applying the front and backstage analogy of Goffman (1990) to the research findings, the study identifies that rural businesses' contribution to 'new to the world' and 'new to the business' innovation remains largely hidden in UK innovation policy circles. Consequently, rural actors (both public and private sector) are largely overlooked in innovation policy debates. Moreover, as new to the world innovation rates remain sub-optimally low in the UK, a vital policy task is to help more businesses progress from new to the business to new to the world innovation. This transition appears harder for rural businesses, in part due to the current configuration of the innovation ecosystem. To remedy identified problems, this report presents a set of 15 recommendations, relating to the goal of bringing rural innovation front of stage, through research and innovation funding mechanisms, regional and national innovation strategies, innovation in policy making relationships, and new and existing rural innovation support and funding streams.

Through *research and innovation funding mechanisms*:

- » Broaden understanding of rural innovation to reflect the diverse composition of contemporary rural economies.
- » Undertake a detailed assessment of the economic case for rural investment.
- » Strengthen rural Innovation data and evidence base and use the ONS Rural-Urban Classification consistently to evaluate innovation activity, spending, and impact.
- » Strengthen rural innovation knowledge exchange.
- » Enhance university engagement with rural communities and businesses.

Through *regional and national innovation strategies*:

- » Recognise the importance of rural enterprise in national and regional strategies.
- » Recognise social and community innovation.

In *innovation policy making spaces*:

- » Improve cross-government coordination through a joint working group between Defra, Innovate UK, DSIT and Research England
- » Embed place-sensitive innovation policies and frameworks and ensure a 'rural lens' is consistently applied to national and devolved innovation policies, programmes and initiatives.

Through *new and existing innovation support and funding streams*:

- » Adopt a dual access approach combining pilot stand-alone programmes specifically designed for rural businesses and adapted models within mainstream innovation support.
- » Expand Catapult Network's rural reach.
- » Reinforce a 'no-exclusion principle' to encourage innovation support providers to proactively engage rural businesses.
- » Adapt cluster-based approaches to ensure rural communities and businesses benefit equitably from cluster-based development and establish adapted cluster models for rural geographies.
- » Promote group-based and peer-to-peer models.
- » Pilot accessible local innovation funding mechanisms to enable flexible, bottom-up innovation support aligned with rural needs.

1. INTRODUCTION

In this report we present the findings and final recommendations of a research project, considering how business innovation can be encouraged in rural areas and the implications for innovation support capabilities in the UK.

In England alone, rural businesses contribute over £250 billion to the economy (Defra, 2025). They make up a fifth of businesses overall, and the same applies when looking at the eight high-growth sectors in the Industrial Strategy (DataCity and GC Insight, 2025). Their reach and impact extend across all parts of the economy, powering supply chains, driving innovation, and stewarding land and resources. Rural businesses and communities are on the frontlines of today's biggest transitions, from reaching net zero and boosting digital inclusion to building energy resilience and adapting to an ageing society.

Yet, the foundations, challenges, and potentials of innovation within rural economies are often overlooked as part of the innovation research and policy agenda. Such an oversight presents a potential barrier to realising the UK government's central mission to restore economic stability and improve economic outcomes in every part of the country.

This report, building on Part 1 of the project, presents the findings and recommendations from the research. It draws on an analysis of a set of interviews with senior key informants with leadership roles in the innovation ecosystem, economic development, and rural policy. The interviews explored the case for more concerted and tailored approaches to promoting and supporting innovation in rural areas to realise the full potential of innovation and the Research and Innovation (R&I) system in strengthening inclusive growth and other social and environmental outcomes.

Part 1, published separately, provides a strategic literature review on how the nature of entrepreneurial ecosystems affects business innovation in rural areas (Partridge *et al.*, 2026). A short summary of the review is presented in section 2 of this report.

Throughout the project, we focus primarily on businesses in rural England, and on *non-farm business innovation* that is both *new-to-the-enterprise* and *new-to-the-world*.

2. SUMMARY OF THE LITERATURE REVIEW

In this section we summarize the strategic literature review conducted for Part 1 of the project (Partridge *et al.*, 2026). Although many of the most competitive places in terms of innovation, business formation and incubation are rural, at an aggregate level rural areas tend to lag behind on new to the world innovation and uptake of some innovation support, which in turn depresses improvements to productivity, income levels and well-being. Relative weaknesses in innovation in rural areas arise from a lack of connectivity and geographical dispersion, which inhibit networking and clustering benefits. Inherent dispersion of activities in rural areas restricts access to the agglomeration benefits available to urban businesses.

An understanding of rural innovation as an activity within, and a product of, place-based ecosystems of entrepreneurial, socio-economic and technological factors, can help to shape and target mechanisms for its support. Entrepreneurial ecosystems consist of multiple interacting elements that influence innovation, such as access to markets, human capital, finance, business support systems, infrastructure, and education and training.

The literature draws attention to many of the features of rural entrepreneurial ecosystems which shape innovation practices and performance. Rural firms tend to be more remote, and their access to markets, external knowledge, resources and human capital constrained by poorer infrastructure (digital, transport, housing etc.), geographical isolation and smaller local populations of customers and skilled workers. Access to external finance, particularly venture capital, is also more limited in some rural areas. Rural businesses typically have poorer access to business advisors and mentors, due to higher costs of provision and lack of a critical mass. Providers often find it hard to reach and deliver support to dispersed rural firms in a cost-effective way, leading to what is termed the 'rural premium.' Furthermore, while universities are anchor institutions in supporting and driving innovation, their locations are predominantly urban, and linkages with rural businesses are often weak. With infrastructure to support innovation largely concentrated in urban areas and dedicated rural innovation programmes mainly targeted at agri-tech (Salihu *et al.*, 2025), small firms in rural areas typically do not engage with innovation hubs and support agencies.

Enabling innovation in rural areas therefore involves overcoming issues arising from the dispersed geography and lower density of people and firms, and their less well-developed access to key framework conditions linked to finance/investment, human capital, markets, and public services. Innovation support does not intend to engage any less with rural businesses compared to those elsewhere. However, due to the distinctive characteristics of rural economies (smaller firm sizes, ageing demographic, lower business densities, greater dispersion etc.), it may be necessary to either tailor mainstream innovation support approaches or to establish dedicated programmes and mechanisms, so as to ensure their reach and effectiveness for rural businesses.

When considering measures to support innovation, distinctions can be made between indirect and direct support interventions, as well as those which operate at the firm and ecosystem levels. Indirect innovation support relates to wider support for enterprise and the entrepreneurial ecosystem. This support should be influenced by innovation support agencies in order to enhance the effectiveness of their own innovation investment and interventions. Direct innovation support refers to the dedicated provision of innovation agencies to induce business innovation.

3. STAKEHOLDER INTERVIEWS: METHODOLOGY

The data presented in the sections that follow were collected from a heterogeneous group of senior key informants with leadership roles from a range of organisations in the innovation ecosystem, economic development, and rural policy. The selection criteria were broad, focussing on individuals employed in an organisation identified as delivering innovation support; individuals with expertise relevant to innovation support; and individuals identified by participants that were interviewed, or by those who were not available for interview but recommended an alternative.

The range of interviewees reflects the different elements of the innovation ecosystem and innovation support structures in the UK, including key organisations, government departments and decision-makers.

Ethical approval was sought and granted from Newcastle University for this work. After obtaining approval, interviewees were approached directly to arrange an interview, carried out online via Microsoft Teams. Participants received a participant information sheet, outlining the nature of the study and assurances of anonymity, and interviews only proceeded after informed consent was provided. In the consent form, interviewees were given the option to be identified in the final report. However, as not all agreed to be named, direct quotations have been anonymised. Data collection occurred in 2025.

A team of researchers with expertise in sociology, social policy, rural economies, and business studies conducted the interviews. The interviews were semi-structured, and the heterogeneity of participants and their expertise required us to adapt the interview questions to each interviewee. However, to ensure consistency and to facilitate analysis and comparison, we maintained a similar structure across interviews. Interviews covered:

- » Introductory questions about the participant, their role and expertise
- » Views on the innovation system, its strengths and weaknesses
- » Views on innovation support broadly and in rural areas, including support provided by the participants' organisations.
- » Opportunities and ideas for future innovation support in rural areas

The flexible approach allowed interviewees to introduce themes of interest to them, allowing for exploration of their areas of interest and discussion of unexpected topics, such as their backgrounds and personal experiences of living and working in rural places, which were not intentional elements of the interview design. In total, 19 interviewees recruited from key organisations and sectors, were conducted, as summarised in Table 1.

Interviews were recorded and automatically transcribed via Microsoft Teams. The auto-generated transcripts were then anonymised and cleaned manually by the research team, and checked for accuracy. The anonymised transcripts were analysed thematically using NVivo 15 software. This took place concurrently with data collection, partly for practical reasons due to the short timeframe of the project and the intermittent availability of interviews which meant that interviews were spread out over some months. Concurrent data collection and analysis also enabled constant comparison between interviews, with the possibility of the questions arising from interviews being discussed with subsequent interviewees where relevant, such as around emergent policy changes.

The analysis took a combined inductive/deductive approach, with an initial set of codes designed to reflect the topics covered in the interviews, and additional codes added later based on the interview content. The codes are summarised in Table 2 below.

We identified themes from the data collectively as a research team. Some themes reflected relationships between codes (e.g., structural and knowledge gaps across the innovation system), others encompassed groups of key codes (e.g., constraints on rural innovation), and other themes reflected bodies of existing literature (e.g., framings of innovation and innovation support). The analysis developed through an iterative process with themes discussed among the research team, considering the findings in relation to the preceding literature review. The analysis specifically focuses on rural innovation support.

Table 1. Overview of Interviewees

Alias	Type of organisation	Details
Participant 1	Government department	Senior policy analyst
Participant 2	Government department	Senior policy maker
Participant 3	Innovation support	Head of Department
Participant 4	International policy organisation	Innovation specialist
Participant 5	University	Leadership team
Participant 6	Government department	Senior policy analyst
Participant 7	National funder	Director
Participant 8	Trade body	Regional manager
Participant 9	National funder	Director
Participant 10	National funder	Engagement professional

Alias	Type of organisation	Details
Participant 11	University	Business & Engagement Director
Participant 12	Funder	Director
Participant 13	Rural business (primary role) and Business support network	Managing director and Chairman
Participant 14	Funder	Director
Participant 15	Financial support and advice	Partner
Participant 16	Financial support and advice	Tax expert
Participant 17	Voluntary and community sector support	Executive director
Participant 18	Land and property management	Research director
Participant 19 (input provided via email)	Innovation accelerator - university	Professor

Table 2: Codes for analysis (First Order and Second Order)

Coding category	Initial codes	Themes (2nd order codes)
Participant information	Participant information	Participant information
	Relationship of organisation to innovation support	Relationship of organisation to innovation support
Innovation support	Direct innovation support	Framing of innovation and innovation support
	Indirect innovation support	
	UK innovation support - strengths	The scope of innovation support
	UK innovation support - weaknesses	
	Place-based perspectives in innovation support	Place-based or place sensitive approaches
	Rural innovation support provided	
	Rural innovation support - strengths	Framing of (rural) innovation and innovation support
	Rural innovation support - Weaknesses	
Institutions/frameworks	Industrial strategy	Cluster and sector-based innovation
	Clusters	
	Priority sectors	
	R&D	R&D
	Research funding	Research funding
	Role of universities	Strengthening linkages between universities and rural businesses and places
	Innovate UK processes	Innovate UK processes
	Strategic/system relationships	Structural holes within the innovation ecosystem
Reflections on rural innovation	Organisations' reach into rural / rural accessibility	
	Framework / ecosystem conditions in rural areas	Enhancement of strategic policy relationships
	Perspectives on rural businesses	Rural innovation beyond farming and agri-tech
	Size, sector or business owner considerations	

Coding category	Initial codes	Themes (2nd order codes)
	Innovation potential in rural areas	
	Barriers to rural innovation	Constraints on innovation in rural areas
	Universities/research orgs' reach into rural areas	Strengthening linkages between universities and rural businesses and places
	Bringing a rural lens to local place-based innovation plans, structures and initiatives	Rural - overlooked
	Reflections on rural innovation	
	Tailoring support (including rural proofing)	» Adapting innovation support service design and delivery Group-based approaches » Bottom-up approaches » Capacity-building » Catapult network
	Case for rural innovation support (return on investment, rural premium)	

4. ANALYSIS

The themes in Table 2 are grouped and summarised in the following sections relating to innovation support in rural areas for rural businesses, namely: 1) the constraints on innovation in rural areas; 2) the framing of innovation and innovation support; 3) addressing gaps in data and knowledge; 4) structural holes within the innovation ecosystem; and 5) adapting innovation support service design and delivery.

4.1. Constraints on innovation in rural areas

Interviewees highlighted many of the features of rural entrepreneurial ecosystems which hinder growth and innovation, relating to access to markets, knowledge, finance, skilled labour, and infrastructure (see section 2, summarizing the literature review). Generally, interviewees perceived that rural firms were at a disadvantage compared to urban businesses due to the lack of agglomeration:

P6: "I don't think there's anything stopping those [rural] firms from being innovative, but they have ... less of that agglomeration effect. ... It goes back to ... how much can they learn from their competitors and supply chain innovation there."

P12: "A massive part ... of most innovation theory in the last decades has been about ... concentration of specialists in common geographies. ... The sort of mental model is you have some kind of sector that drives the bringing together of talent. But then you benefit from that sort of critical mass and scale."

Several interviewees believe that support for innovation focuses on clusters and that this has been the case for several decades. They suggested that rural areas might struggle to achieve a 'critical mass' of businesses in innovation clusters, due to their remoteness and geographical spread:

P12: "in my mind it's 'how do you achieve that sort of critical mass?' How do you bring together the know-how... It's just by its nature people are vastly more separated distance wise in a rural community. And for me, where I've seen all of my work on innovation has been the opposite of that. It's been bringing people together in, into a more concentrated environment. ... Yeah, the physical distribution of people for me is like the biggest challenge."

P3: "Rural areas will need to be thought carefully of ... it's really hard because you suddenly get down into a small number of businesses. You ... could identify some amazing sectors. It's five businesses."

Rural economies face persistent challenges around accessing support, investment, skilled staff and less well-developed infrastructure and networks, which shape the environment for innovation. Participant 3, for example, describes barriers to accessing networks, universities, knowledge, and support:

P3: "... again largely relating to economic density and scale. ... access to networks tended to be clustered in urban centres more generally, and that was also including universities and then the business network ... and that opportunity of access to some of that innovation capital. And I do mean that in the broader system of networks, knowledge, access to business support. ... We're making provision of services costly. How do you then access those? ... You perhaps just do not have that density of peer-to-peer networking."

Other participants described the limitations of rural remoteness and isolation, suggesting that, without physical hubs and connectivity infrastructure to help bring businesses together, rural innovators would be less likely to meet and exchange ideas, skills and knowledge.

Participant 8 pointed to transport, infrastructure and connectivity as "one of the biggest barriers". They referred to day-to-day business activities being hindered by infrastructural barriers, including "the ability to move products and services, but also to move people and skills ... to make sure that the communities feel integrated into the wider region ... to make sure that they can access everything that they need".

Similarly, Participants 9 and 13 described barriers to recruitment caused by businesses' remote location:

P9: "Recruitment, getting the skills that you need into the business. ... Being in a sort of rural or remoter area, you've narrowed down your field already, particularly if you are the only employer for that type of thing in that area. So, that's a big challenge that we see businesses that we're working with facing. ... Access to things like innovation funding tends not to be unless you haven't got the skills or the time....The location restricts access."

P13: "Often people are looking for accommodation because you can't find nearby people. And then as soon as you're looking for accommodation, it's like, 'well, there isn't any nearby'. And I think if you're a business that ...does require some R&D

or does require that upfront investment, that's going to be really painful, and I think it probably is emphasised if you're in a rural location."

Participant 5, described the 'perils of peripherality' that affect rural innovators, such as difficulty accessing events, and fewer fortuitous interactions, which enable innovation, than what might take place in urban centres:

P5: "people just bumping into each other ... I don't think you have that. I think that things like the broadband access is getting better, but ... the perils of peripherality are challenging and also if you are asking people to come to an event, there's that challenge of getting there ... public transport is absolutely awful. ... The connectivity physically is maybe more of an issue than broadband."

This lack of access to expertise and knowledge is something that Participant 11 called the "serendipity factor of innovation and innovation ecosystems", describing this as "a lot harder to achieve when you're in a rural area and you're not going to bump into somebody who can help you with something in the café".

Like many other interviewees, Participant 14 felt that lack of transport and digital connectivity is the most substantial barrier to rural innovation:

P14: "... the moment you want to do anything in Wales, the moment you want to do anything down in Norfolk, the moment you want to do anything down in Devon, Cornwall. Really difficult places to get to ... Even travel distance within the place is ... like painful, isn't it? And then the bane in my life, rural broadband. If your internet's falling over, it's not very easy to work."

With digital technology often integral to innovation, poor digital infrastructure substantially undermines rural areas' competitiveness:

P8: "In our minds, anything innovative must be digital, and that's not always the case. But it does have a strong link. So, our rural connectivity from both the digital but also the physical infrastructure perspectives are just not competitive in comparison to other nations or even other regions."

Participant 9 described poor access to funding and funders as another type of barrier affecting rural business innovation:

P9: "So funding, certainly grant funding ... probably it gets more tricky in that later stage bit because, again, typically the businesses ... aren't going to be looking at debt finance from banks ... it will be the sort of angel investors, venture capital types thing, institutional investors. So, getting access to those would be another challenge. ... Can you actually find somewhere to locate your business? ... Are the facilities there rurally to be able to grow or do you need to move into more urban areas to be able to expand your business?"

Participant 9 further described other challenges, in particular accessing physical spaces and opportunities to grow:

P9: I don't know the extent sometimes to which, actually, it's the infrastructure challenge as well. Can you actually find somewhere to locate your business? You might be able to ... for setting up while you're still a small, fairly small scale, but once you need to start to grow and expand, if you're producing, actually are the facilities there rurally to be able to grow or do you need to move into more urban areas to be able to expand your business?"

Others suggested that the difficulties businesses face in operating from rural areas can also be a stimulus for innovation:

P9: "I would see a lot of rural businesses being innovative. ... It's not necessarily innovation for the wrong reason, but it's innovation to overcome challenges by being in a rural environment. So the amount of innovation that goes on ... to deal with [transport challenges]... it's taking up time. It's taking up resource to do that innovation. ... So, they are innovative. But sometimes that innovation was critical to them in their location maybe isn't contributing to the sort of business in a way that innovation might have done if they were in a different location."

P11: "I've seen some very good examples of businesses developing products and services that address the kind of rural challenges ... and actually doing really well."

P19: "From my perspective, innovation in rural areas is driven by ...necessity and problem pressure, climate impacts, labour shortages, price volatility and regulatory changes ... Embedded knowledge and networks, long standing relationships, tacit know how and attachment to place can support experimentation."

Improved digital connectivity is itself seen as a key part of the solution, counteracting weaker physical infrastructure:

P12: "I suppose if we're seeing digital as some kind of circumvention of that, then I guess the Internet connectivity is super important or the mobile connectivity, whatever it is."

Many factors which shape rural entrepreneurial ecosystems more broadly are considered important in enabling innovation, but fall outside the direct remit of innovation policy and support *per se*. Interviewees therefore suggested that if innovation strategies, investments, and support are to be effective in rural areas they must align with other key policy levers that affect rural enterprise performance, whether linked to local labour and skills, or infrastructure and connectivity, rather than adopting a siloed focus on R&D:

P14: "So if you want to make an impact at the level of a local ecosystem, the R&D lever cannot operate in the absence of other levers. So, the obvious one's skills, right? A lot of support to skills is devolved. Basic infrastructure, right? It's all well and good trying to build an innovation cluster, but if it doesn't have sufficient housing stock, or other things that are going to attract businesses to want to come in, bring

their people in, etc. You can't. ... What levers are there locally and what is our plan of action to work together? ... If you look at that industrial strategy as your call to arms across government, you'll know that place, how we leverage local growth plans, right? So, this comes back to the fact that you can't just have an R&D lever, it has to work alongside others."

P5: "How much are you connecting to DfE in terms of your skills support? Because a lot of innovation comes from your people, it's very people centric. So, if you don't have that skilled workforce, which probably is a particular issue in rural areas, how do you get your innovation?"

4.2. Framing of innovation and innovation support

Interviewees identified several systemic issues concerning how innovation support is prioritised and conceptualized. Interviewees widely believed that rural enterprise is overlooked in innovation policy discourse, with rural innovation typically conflated with, and narrowly conceived as, agri-tech. The overall framing of national innovation and industrial policy, and development of place-based approaches, is also viewed as influencing the inclusion of rural areas within innovation strategies and programmes. We consider each of these elements in turn.

4.2.1 Rural overlooked

Interviewees with key national roles in the innovation ecosystem acknowledged that innovation in rural areas was not something they had paid much attention to and that rural economies were generally underrepresented in innovation policy and practice:

P6: "I don't think I've got a nuanced enough view on what the challenges are for rural firms versus non rural firms".

As P7 explained, "my sort of first response would be we just haven't paid any attention to it", and elaborating:

P7: "If they're an AI business who happens to be working out of a farmhouse ...from our perspective, we don't care about that. Now what I don't know if we have ever really thought about is ... assuming there are innovative businesses everywhere, do some have greater challenges in innovating and being successful on the back of those innovations?"

A widely held perception is that rural innovation is underprioritized and a stronger policy steer is needed if this is to be addressed. Participant 19, for example, called for "a more connected innovation system in which rural constraints and assets are recognised as central, not peripheral." Due to their diverse characteristics and inherently dispersed distribution, rural areas are omitted from efforts to *target* policy interventions:

P2: "by definition of what it is, [rural is] disparate and spread out and the challenges ... are often similar, but to fix that there is very rarely a one-size-fits-all solution ...

it's almost that inherent challenge of being rural is to be dispersed and ... in a business case or in a policy consideration, it is the parts that often aren't accumulated together and are on the fringes, which means inevitably it's the bits that get left out when you immediately are trying to target anything."

Furthermore, as Participant 2 explained, policies are typically designed to benefit the majority of those affected by them, with rural areas at risk of consistently falling into the minority that are 'left behind':

P2: "When any policy gets made, it's like 'it'll be fine because on average it'll be fine for 60%', but it's when rural is consistently in all policy, the 40% that is not, is the challenge we have. So it's about trying to understand ways to maximise the benefits to, kind of, the ways in which policies are designed and delivered do not have that inherent presumption that some people might be left behind. I think that's almost the problem with rural is like, it's just consistently being left behind in every metric. ... And it's not going to be a necessary condition of really... of any of the success of any government policy, including in promoting innovation."

This sentiment of rural being 'left behind' was shared by several other participants, particularly in discussions concerning innovation funding, partly because rural is not positioned as a priority for funders:

P5: "I suppose the question would be do [Innovate UK provide] innovation support to rural areas? ... So how much should context, rural context, be considered in their programmes? Because I think that Innovate are predominantly looking at the larger firms ... How do they see rural businesses being aware of and ready to undertake Innovate UK bigger programmes?"

P7: "[A] more directed approach ... has to come from the government departments we're working with, who would say to us, 'we think there's this particular problem in rural areas in the UK, how would you develop an innovation programme to address that challenge?' And we would do that. I think probably if we weren't told that was a problem and focus and priority, then we wouldn't do that, you know.... Until somebody starts pushing us in that direction, it's going to be an interesting afterthought rather than a direct positive engagement."

Innovation support providers are therefore bound to key overarching policy drivers and strategies, such as industrial strategy. Some participants suggested that rural should be positioned more clearly as central to meeting policy aims:

P9: "Innovate is very much ... pushed towards industrial strategy. ... Rural won't be important because industrial strategy doesn't say rural is important. ... So almost we need to know why it's important to be able to make the case of why we should do something with it."

This reframing of rural as an important economic contributor may help to counter some entrenched patterns of innovation support that overlook rural businesses. For example,

interviewees highlighted large systematic and systemic challenges of “innovation asymmetries” (P11) that should be addressed, including the concentration of investment within the UK’s so-called ‘Golden Triangle’. Some argued that rural areas received less attention because of perceptions of a better and quicker return on investment (from what are ultimately limited resources available) from targeting concentrations of businesses in urban areas or areas regarded as having the highest potential:

P8: “It’s a longer-term ambition, so when we look at KPIs and a good return on investment, we expect it to be immediate and it just won’t be because it’s an area that has been undervalued for a while. It will take some time and effort to build those before we’ll see any return on investment at all. So that’s the first caveat to take into account, we’re not going to see money rolling in in the first year. It just won’t happen. But what will happen is... As those communities begin to engage and become more and more empowered is that we’ll have a much stronger and much more engaged business population.”

P14: “...we have a minister that doesn’t want to do jam spreading, right? So, if we get this right, you have to go for opportunities of the highest potential. You can’t afford to dilute the investment even though the R&D pot is as... You know, it’s not in a bad place. But it’s relatively small amounts of money that you can bring to place, to transform it, right? So don’t dilute that effort. Focus it in on areas of potential.”

P18: “You look at the kind of returns that you can get from developing commercial property... that might be quite attractive to the government departments in terms of an economic multiplier. And you look at the returns from businesses like the ... exceptional ones I mentioned ... and we see that in quite a few businesses as well that are working really well. And so, I think that’s the case if you can seed more of those...businesses, then it feels like it’s a virtuous circle. It’s going to just generate more and more money in the rural economy. I suppose their counterargument would be. That’s fine, but it’s not as good as multipliers in towns, but I don’t know what their multiplier is.... Then you’re talking about whether a policy should be place-based. And whether it should have a social element to it.... It is quite a hard argument to make. If you’ve got limited money and if it’s easier to generate higher returns ... in towns and cities.”

Consequently, a stronger economic case for supporting rural businesses could be made:

P7: “There’s probably something about the economic value of doing this ... And I know you know that we do a lot of work on women in innovation, for example. And yes, it’s the right thing to do, but mostly because the evidence suggests that there’s an untapped resource there in the UK that if you supported women, innovation and founders and invested in them in the right way, you generate billions of pounds for the UK economy¹. And I imagine the same is true for many of these businesses and

¹ A similar point was made by Participant 16 who works in a financial advisory role and described actively increasing engagement with female founders (rural included) because there is a clear economic case for doing so, around return on investment: “I think it’s 10% of all those founding companies are female founders. They are

innovators in rural areas and that you may have that data and that's why you're doing this work, but I don't know that I've seen that strong economic argument for doing that."

P9: "It's the market failure bit that actually the market doesn't recognise that there's additional costs but also additional benefits in terms of that rural community actually, there being an economy there, there being jobs there, there being wealth there, right. It's one of those things that just doesn't get recognised in the system, isn't it? ... how do you subsidise some of that provision to sort of create the opportunities for businesses in that space, recognising that those businesses are then contributing to the communities that they're in?"

P6: "I would want a clear sense of what the market failure is, or what is ... the strategic case for the intervention and what is unique about, if you are branding it or badging it as like 'this is for rural businesses'... I would want it to be very clear on why that's a particular problem, rural businesses versus just... and really and why it's an innovation problem versus just a general kind of business problem."

Part of the case for bringing rural economies more into the spotlight involves acknowledging they are also an important source of innovation within priority sectors and clusters:

P3: "The other amazing thing that we find is, you know, just bright stars. ... that are absolutely cutting-edge UK clusters and drivers in innovation that are absolutely in rural areas. They're there and they're world leading and they need those support[s] and that facility to grow and mature. ... A very non inconsiderable sum of the population and the business growth, a business population, is rural. ... 'Rural' is doing a lot of heavy lifting."

P7: "Any sector in the UK, [if] it was £300 billion and you could prove that a small amount of additional investment would give you a 10% growth. You know, people are going to bite your arm off."

P8: "I think we've got it in our minds as a population, but also as a sort of industry in business support that actually the businesses only exist in the epicentres and they don't. ... there is that entrepreneurial element to rural communities. We just don't galvanise it or harness it enough."

Beyond economic factors, participants pointed to other compelling arguments around quality of life for employees as an important factor in the location decisions of highly innovative businesses. For example:

the least likely to get investment. However, when they are invested into, they are the most likely to be able to repay those funds quicker and with a bigger return. ...we are particularly trying to foster those relationships with female founders, whether they be in the rural sector or whether they're being just in general in the innovation sector because we know ... they are under-represented and they need some extra support there."

P13: “We ran out of space here just prior to COVID, anyway, so we thought, well, what next? We could either get a big glass office in [the city], whatever. So, we debated lots. Looked at lots of prices, but then we asked everybody. And lots of people commute from [the city], etc. And we're kind of expecting them to say, ‘oh, it'd be a lot handier if I could just wander into a glass office ... and everybody said, ‘oh, we love it here, why can't we build an extension here?’ And we love it because you give us breakfast, lunch and afternoon tea and we're next to the cricket pitch and we look at the trees and it's just a lovely place to be. And the building's made of stone. So, there's lots of lovely textures.”

Despite this, misconceptions concerning the nature and contribution of rural economies amongst some innovation leaders hampers the development of a more rurally inclusive innovation support system. Although by no means a widely held view among interviewees, or a true reflection of the contemporary nature and diversity of rural economies, one interviewee saw rural economies as essentially agriculture² and tourism based, consisting of either a retired or commuter demographic. They saw rural areas as a space for innovation adoption and diffusion rather than innovation generation:

P14: “You're almost drawn to ... density of innovation active businesses. ...To do scale of activities, for a better point ... you get back into the cities, it's inevitable. That's where most of the innovative businesses are. And then when you do go out into rural, the nature of the innovation active business is quite different. ... A lot of the businesses in my experience are going to be tourism, which are not innovation active businesses, right? So, you can almost discount them. ...There might be some adoption and diffusion of technologies that they draw upon to operate Then you've got the agri businesses. But again, most of that is farming enterprises. Whilst there are a few entrepreneurs that may have diversified and got into a little bit of precision tech development, whatever. Actually, largely they're consumers of innovation and it's an adoption and diffusion piece. ...”

Participant 14 further described rural innovation in sectors such as clean tech, net zero, bioeconomy, solar and wind, but felt that:

P14: “...again, I would challenge it if you take something like wind. Yes, it's sort of rural because of where you deploy them and where you might want to test and demonstrate the technology. But the manufacturing is going to be done in a town or a city, right or edge of a city”.

² In England, agriculture, forestry and fishing represent 2.7% of rural GVA, 10.4% of rural jobs and 15.0% of rural business units (Defra, 2025).

https://assets.publishing.service.gov.uk/media/69387d96e447374889cd8fe9/7_Rural_Economic_Bulletin_supplementary_tables_10_12_2025.ods

This perception appears to be out of step with the many examples of businesses located in rural areas which lead the development of innovative engineering solutions in these sectors.

For Participant 14, rural economies are not a priority:

P14: "You just have to be really realistic that you're never going to look at the rural areas as a hotspot of innovation. ... So, a big swathe of the rural citizens may be working in agriculture ... a huge swathe of people that retired out to the country because it's nice. ... a swathe of people that have decided to live in the country but commute into the town and city ... I wouldn't prioritise it ... If I'm looking at pushing things at the frontier, it's not where I would start."

4.2.2 Rural innovation beyond farming and agri-tech

Interviewees identified a strong and valuable tradition of innovation support for the agri-tech sector. This track record, they felt, reflected the important position of the sector in tackling or contributing to key imperatives relating to net zero transitions and food security, as well as opportunities for commercialising new technologies around robotics, automation and artificial intelligence. In this area, the innovation ecosystem is characterised by a mature set of relationships and collaborations with stakeholders from within the sector:

P9: "We probably work most closely with the more innovative end of farmers, probably the bigger ones that might invest a lot of time in that. But there's a long tail there and that's where we might work with organisations like AHDB and LEAF and things like that, that you've... you can do that broader knowledge exchange."

However, several participants also believed that rural innovation is often too narrowly framed as agriculture and agri-tech. They suggested this overlooks the diversity of rural economies and pointed to a need to reframe the rural innovation narrative. The current emphasis on agri-tech as the primary target for rural innovation support overlooks most rural businesses and the sources of non-agricultural innovation:

P2: "To me, the extent to which that miscommunication between when you say rural policy, you assume 'farming' is stark. I'm at times extremely concerned at the extent to which people conflate the two. ... Agriculture is very, very important. It has like beyond just economic value. It has massive social value and importance to it, to rural identity that cannot be overlooked. But ... there are over half a million ... businesses in rural areas. They are predominantly not farms. ... That perception that if you're a small business in a rural area that you're just kind of ignored by policy is ... the biggest barrier to overcome."

Participant 3 echoed this, explaining that, in discussions of rural innovation, "it very quickly becomes farming and agri-tech", adding that:

P3: "You would be mad to kind of not look at the brilliant work that's going in, you know whether it's technology innovation, whether it's system innovation, you know that is happening and it's happening in the agri-tech sector. ... Where I do tend to agree is

that there's the risk particularly on spatial levels, as you drop down the population density, that agri-tech becomes the only sector, and I think what we were ... trying to find was well, you don't have to go far up the population density scale to go, that's absolutely not the case."

Several interviewees acknowledged how their own default framings of rural innovation were often agriculture based:

P6: "When you say rural, I just naturally think to kind of the agricultural sector and the centres for that."

P12: "So, there are some [universities] that are absolutely focussed on... Well, I was going to say rural economy... So, I'm linking that to agriculture, which is again my mental model. But yeah, there are some that are very much focussed on like agriculture ... Yeah, I associate it with agriculture, which I'm sure is a vast simplification."

Rural innovation, overall, can therefore potentially fall outside the scope of both innovation policy which lacks territorial sensitivity (as interviewee P4 put it, place-based, but "territorially blind") and rural policy which focusses narrowly on the farming sector:

P4: "The challenge is that the innovation scope is often managed on a centralised level, and they don't necessarily coordinate well on the territorial level, so when you look for people to work on it, ... you're often getting thrown the Ministries of Agriculture who focus on agriculture rather than rural for the most part ... And I've stuck between ... an innovation ministry, that is not necessarily understanding the territorial dimension, and the agricultural ministry that is focusing just on that sector. And then rural is just a byproduct of agriculture, which is not the case."

For Participant 2, similarly, a solution could be to reframe discussions of rural by considering it as a geographical context, rather than a sector:

P2: "it's that preconception of 'rural means farming' means that the question is suddenly morphed into 'how does innovation work in farming?' ... and it's because rural is perceived as a sector rather than a geographical kind of context ... I think it's switching that mindset of rural being a sector."

4.2.3 Wider framings of innovation and place-based approaches

Participants also drew attention to how the framing of innovation support and policy approaches influence their relevance to rural businesses and places. We group these considerations under three themes, including (i) Cluster and sector-based innovation; (ii) Place-based or place sensitive approaches; and (iii) The scope of innovation support.

4.2.3.1 Cluster and sector-based innovation

Interviewees highlighted the prominence of techno-scientific, agglomeration and sector-based framings of innovation. Those participants from organisations offering innovation support explained how industrial strategy and innovation policy in the UK was directing their focus towards cluster-based approaches and to frontier, high-tech sectors:

P6: “My colleagues who deal more on the kind of place side, [rural] might come up a bit. Although ... a lot of that will be focussed around your second cities and your agglomeration kind of points and your clusters language rather than the rural versus urban approach”.

P19: “From a rural standpoint, the striking feature is that these measures speak almost entirely in the language of frontier technology and urban growth corridors; there is little explicit recognition that land based innovation and rural supply chains will need equally careful attention if the UK is to capture the full value of its science base.”

P9: “Yeah, I think we will become probably more focussed, particularly with Industrial Strategy coming out. So Industrial Strategy mentioning agri-tech in the advanced manufacturing sector, and it is quite specific about some of the objectives ... Government have been so clear with us. We expect you to focus on Industrial Strategy.”

As alluded to previously, clusters are a dominant lens in discussions of innovation support:

P7: “Five years ago - we would have done it [innovation funding] purely on a competitive basis just to say just completely agnostic. Whoever wins, wins, right? Now, but particularly with something like a big investment in a physical facility or even in a big programme, both UKRI and Innovate will be thinking much more about building on clusters of excellence around the country in order to drive a greater impact for that place, yes, but also for the UK as a whole. ... Our strategy was heading in that direction anyway, to really double down on where they were, identify and then really support growth of clusters as a formal strategy for driving innovation.”

One argument that participants advanced for prioritising investment in clusters was to ensure a healthy return on investment, maximising impact from a limited innovation budget, and making best use of public money by enhancing capability and outputs from existing innovation clusters, rather than starting from scratch:

P6: “You know, I think when you look at global science technology clusters and I think the Global Innovation Index, I think we've got the Ox-Cam golden triangle kind of corridor and you know there's no point saying ‘oh, let's ignore that because some regions don't have that’. I think there's a part of me thinks, why can't you just expand those areas? Because there's a risk of spreading yourself too thinly otherwise.”

P14: “So by having targeted investment into clusters, you're taking some steps to, if you like, seed. You're never ever going to build capability off the sort of money we can mobilise. Right? But you seed that ecosystem to get more businesses to think about

innovation, want to come to us for national funding, and come in, right? And then you start driving up the investment”.

One interviewee feared that a greater focus on “cutting edge” innovation risked “bringing us back into ... urban centres again” (P7). Another (P18) felt the Industrial Strategy, with its “very high-tech focus” was “excluding rural places” and a “big mistake”. Yet, several others emphasised that sector and cluster-based approaches ought to be also considered through a rural lens, supported by strengthened evidence on rural business and innovation. It was felt that approaches should account for both the rural context of businesses and the technology areas that businesses in rural areas are engaging in, which was generally thought to be poorly understood:

P9: “So I guess the question for me is I don't know - and I don't know whether anybody in Innovate knows this - but what is out there in rural business? Understanding what are those technology areas? ... There's an angle or a lens on the support they need because they're rural. But there's also a lens on the support they need because of what they're doing. And you need to probably understand both of those things together to be able to support them effectively. ... I mean we talk about certain cities having, and regions having, particular set strengths. But does rural have a particular strength? ... I don't really know actually. And I have a feeling, I'm not sure anybody else in Innovate UK would know either.”

P8: “I think the innovation clusters might actually be helpful if they were place-based rather than trying to do everything for the full region. I don't necessarily like pilots, but I think it would be useful to pilot something on a place-based approach. ... If you manage to create an ecosystem of business, support providers, infrastructure providers, transport networks, etc, around one community and see what a difference it makes there, that can then be replicated in different areas. ... Trials of what that might look like and having some of those in a rural setting would be a good, really good idea. I think clustering will operate differently in a rural area.”

P6: “I think the thing with the industrial strategy is obviously a lot of it is sector specific. So ... what are those sectors in rural economies that we care about?”

The sectoral strengths of rural areas may also be reflected within the priorities of local growth plans:

P8: “... there are some distinct areas of focus in the [region] where rural communities will play a much stronger role and have a much stronger voice. So, for example some of the clean growth areas of focus ... we tend to look at it as offshore wind and that capability and capacity. But actually, there is quite a lot of capacity within the rural sector as well to be able to innovate on that basis and contribute to the clean growth and sustainability and energy sector. And although it's not necessarily pulled out as substantially ... - innovation in agriculture, agri-tech is quite a big focus area.... I mean, if you don't see the linkage between rural communities and agri-tech, it would be slightly odd.”

Connecting enterprise and innovation support with clusters of VCSE sector activities in rural areas was also flagged as a positive step for engaging rural economies. Participant 17, for example, described clusters of innovative activities and innovation support involving community and voluntary sector organisations that are not traditionally thought of as innovation cluster participants:

P17: “Traditionally, I'd have said [enterprise support] was all about big shiny business, shiny space industry lots around that, industrial parks, things like that. ... But through their business advice service, their rural advisors have connected really quite well with our [VCSE] events and stuff.”

4.2.3.2 Place-based or place sensitive approaches

How place-based approaches are perceived and delivered was considered important by interviewees. At a broad level, the place agenda is largely seen as being driven by an overall imperative centred around inter-regional rather than intra-regional distribution of innovation funding, with attention to rural places more a second order concern:

P14: “There was a strong, strong narrative that then government believed, which is that... You know, if you don't shift where the investment happens, you'll never shift the output. All you're going to do is keep baking in those same factors of success in places that that are successful, like Cambridge, Oxford ... So the strategy that we laid down was a really simple one ... we should not be place blind. So if you think about the UK on the global stage, the UK is a region globally. ... It's actually how the UK works as a cluster. But if you want to optimise your national cluster, you look at the component parts. And you want to make sure that you're leveraging all the great stuff that's happening wherever it is.”

However, many interviewees, identified a need for a more place-sensitive and inclusive approach. Participant 10, for example, suggested a need to look at “types of place, not just regions”, and explained that different parts of UKRI approach this distinction differently. Participant 5 felt that national programmes lacked place sensitivity, pointing to the need to utilise existing organisations to build connections and more sensitive place-based programmes for rural contexts. Several interviewees felt that locally sensitive, place-based approaches to innovation were only just emerging:

P4: “What I see happening is more and more institutions that are understanding little by little that there is a difference between what you administer on a national level and what you administer on a subnational level. In addition, what you do in rural places and all rural places, I see a transition but it's really, really fragile. I don't see like a very strong statement of ‘we need to be more tailored to the local needs’. You know, I know that Innovate UK is starting to think about it. Some people in there. Then does it institutionally as a whole adopt that as an approach? I'm not quite sure yet.”

P9: "I always get frustrated because when we talk about place funding and actually all that will come up is the big combined authorities with mayors and it's like... there is a whole world outside of the big cities. And there and it's like, yeah, what do we do? And what do we mean by rural as well? And how does it fit into the place...? Is rural an amorphous everything else or actually you've sort of got regional rural as well? ... But yeah, I think, one recognising there are challenges once you're outside the urban environment. But yeah, regional also has a... there's a location to that sort of rural area that brings its own challenges and its own needs".

P10: "For a long time now we've been waiting for a clearer picture of what the place agenda looks like and how government sees this ... And so we've heard tell for a long time, that place - whatever that is, the concept of place - is going to be embedded in some way in ... We've talked about rural communities and we've talked about coastal communities and communities where there is poverty, but it's hidden. ... I think we've been saying for a long time, it's not just about regional geography, it's also about the type of place. Because rural communities are in every region and they may have a lot in common, despite the regional differences and the similar kinds of challenges."

An argument put forward by interviewees was that responsibility for ensuring a place sensitive approach to innovation support was best located at the regional level, notwithstanding the need for national input. Participant 14, for example, suggested that appreciation of intra-regional differences was "woven into local leadership DNA". Devolved local/combined authorities were generally regarded as best placed to understand their local geographies, but also having room for improvement in terms of innovation support in rural areas.

P19: "There has been movement towards place based thinking, for example, through devolution deals, local industrial strategies and the Shared Prosperity Fund, but from what I see, the system is still only partially effective in reflecting rural constraints and opportunities. Template programmes are often rolled out nationally with limited rural adjustment, assuming broadband, transport and specialist advisory capacity that may not exist, Metrics tend to favour easily counted outputs, such as jobs created, patents or deals, rather than slower burn, place specific outcomes like resilience, land stewardship or community capacity. Intermediaries that understand rural economies... are not always embedded early enough in programme design."

According to one participant, by taking a broad city-region view, rural should be implicitly addressed:

P14: "What we've tried to avoid is doing things at subscale. So, where we've been doing support to clusters, we try and get to a true economic geography. So when we've been doing things focussed on a city, it tends to be a city region level ... City regions have a rural footprint. ... I know that when you're working then with local leadership, you are not just thinking about the city, but you're thinking about that broader geography. ... That's how you don't exclude rural, right?"

However, some interviewees went further by suggesting Combined Authorities should be more actively considering their rural footprint:

P3: “A lot of [new combined authorities] have very, very significant rural programmes, rural areas. ... You know, the policy driver is saying you will have a conversation within about UK at a combined authority level. So the question with me says ‘well OK and how will rural be reflected within that’ and critically what about those areas in mayoral combined authorities.”

In a similar vein, Participant 10, asked how emerging place based strategies might become more inclusive in terms of innovation support and engagement “within a region ... to make sure that places like rural or coastal or you know, different types of places are really handled and incorporated so that it's not just the low hanging fruit that a university ... or Combined Authority engages with.”

It follows that any devolution of responsibility for place-inclusive innovation needs to be accompanied by a national steer to ensure rural areas are explicitly considered and embedded within local innovation and growth plans:

P2: “It is entirely valid that when you're doing place-based things ... by definition [that] should mean that rural is being accounted for, delivered and you are doing things properly. I think it comes down to ... the theory versus practice side of it. And I think it's that so much of what ... Defra's role in the kind of rural proofing – is ... testing the extent to which things happen in practice, that are theoretically supposed to be happening.”

P7: “It's not just about innovation, but other activities of combined authorities and economic development actors like them is, to the extent to which, although they're place-based, that they really, truly kind of engage their full spatial inclusiveness, and whether that requires a steer from the centre, you know. ... to say ‘you need to ... to ensure, at least have an account of, how you reach the rural or other types of geography’.”

P4: “You can put a rural filter on the way they [devolved authorities] deliver programmes.”

Participant 14 referred to this balancing between national and local governance as the “devolution tension”

P14: “I've come to a firm conclusion that the polarised ‘everything has to be centralised’ or the polarised ‘everything has to be devolved’, both positions are suboptimal, right? There is a sweet spot where the centre works with place leaderships and co-creates so that local leadership can drive things knowing what their growth strategy is, what other levers they've got to play, etc. ... you have to have that energy, you have to allow that local leadership and then as a national agency, you can come in with mechanisms that enable you to join that place, and the businesses and the innovators in that place, up to national global opportunity.”

4.2.3.3 The scope of innovation support

What is understood to be within or outside of the scope innovation support affects its relevance to rural places and businesses. Echoing recommendations by OECD (2022), several interviewees highlighted the dominance of techno-scientific understandings of innovation, conceived mainly around new technology and R&D. They suggested there was a need for innovation support agencies to adopt a broader, more integrated, and encompassing approach, both in terms of their own provision and through their connections to other policy areas.

If the framing of innovation, or associated metrics of innovation performance, are too narrowly defined, many regions and places, including rural areas, fly below the innovation radar or beyond the remit of innovation support:

P11: "[In the region] we're not finding as many patents as other regions and we've got a very low level of R&D investment per capita. ...The number of spin outs that we create, and you know all of these things which are important measures of the ecosystem. And when you start looking at it in that way, it paints us a very different picture.... The problem is that the innovation concept - and that's a very important message for me at policy level ... we sometimes forget that innovation is not about STEM research commercialisation. This is a tiny part of innovation. And I much rather look at some of the Nesta definition of innovation and really consider the much bigger picture. ... It's not just an invention, it's not just research commercialisation, it's much broader than that."

P6: "DSIT's more interested in the high technology stuff, the AI, that kind of stuff, but a lot of the things that businesses could adopt are something you can just buy off the shelf or you know pay a company to install it."

A broader scope for innovation support would more explicitly extend beyond the firm-level to encompass social innovation and the innovative responses of places or communities in tackling local challenges and service deficits:

P3: "But I'm not forgetting that general point that some of this innovation was community innovation. You know the definitions I've talked about, the definition of rural, or the definition of innovation, you know is solving a local problem or a local community issue through a new... you know is that not innovation?"

P4: "... you also have all the other innovations that are really critical to the way people are living their lives, right? And these are really people doing something new in any kind of dimension that doesn't have to be high tech ... People doing something new, and people doing something a little bit more related to providing, for example, some service that is missing and that's where I think ... support for people who may be doing research and innovation that goes outside of the business logic but may go towards like delivering better services, making the communities nicer ... So therefore you have these innovations that are meant to improve people's quality of lives, even

if they're not high tech and there you're building this nice ecosystem. And I think this is quite critical."

P11: "Innovation support can be a lot broader. ... I would still argue that Innovate UK have more of a kind of STEM technology transfer bias. What we are trying to do more broadly and with other funds, is looking at the broader knowledge exchange landscape, which is not confined to just pushing widgets into the marketplace and it's more the ... You know, certainly co-development and more kind of service design. You know, there's this and community impact work."

P17: "I think for me, it's what people identifying that there's an issue in that place and they go, oh, what should we do about it? And sometimes within communities, people drive hard to do that. So, for example, you see innovation ... a lot through...supporting communities through hardship. So, actually, there's quite a lot of community pantries, community shops, ... clubs, people finding solutions to the things that their local community need, whether that be in trying to bring services into their hubs ... You may not think traditionally see that as innovation, but that's what I would. There are people solving a problem and finding a way through it. That's right, right for their place.... And I guess that's where the innovation that you see around community spaces around how they're trying to make sure that they're warm and dry and cost effective. So, there's quite, I would say, there's innovation through those kinds of things ... For me it's often language that's wrong because these spaces are innovating and enterprising."

4.3 Addressing gaps in data and knowledge

Several interviewees acknowledged gaps in data and understanding of rural, non-farming businesses among innovation support actors. Gaps include a lack of understanding of the rural profile of priority sectors, and the problems and opportunities faced by rural innovators more generally. These knowledge gaps hinder the development of more targeted and tailored innovation support. As Interviewee 7 explained, "tell us what are the five biggest barriers to economic growth in rural areas, let's see if we can target them more specifically."

A first step in shaping future innovation support to be better tailored to rural areas is to listen to rural businesses and communities:

P12: "A lot of listening to start with. So, what is the challenge? What are the challenges that rural communities face? What would they like to address? How does that contribute to growth? So, it would be around bringing people together and listening would be my way forward."

Interviewees recognised a need to better understand the diversity of rural enterprises, including their demographics, to build appropriate innovation support, whether this be direct or indirect:

P4: "Who are these entrepreneurs? Are they young? Are they old? Are they migrants, are they not migrants? Are they men? Are they women? Is it more so in rural areas and urban areas? In Canada, for example, we see that there's more women that are starting firms in rural areas and urban areas. Why is that? ... So, putting the rural

filter means not only saying rural/not rural, but who are the people living here? And then so the rural demographics, rural firm characteristics, thinking about when you're providing direct innovation support ... what are the firms in rural areas and how are they different from urban areas and what are the people who are starting the firms... and how are they different? ... So, it's like first level support and the indirect ones needs to be with obviously the Education and Skills Ministry, any kind of trade or investment ministry and you know everything that builds the like indirect support for these places."

P3: "A magic wand would be that ... much better granular understanding of the challenges and issues and opportunities in place much better."

Some interviewees asked whether there was need for more consistent geographical analysis of data on innovation and innovation spend in rural areas:

P7: "We should just be honest though. We until a couple of years ago, we weren't really collecting data on place distribution at all, and government imperative to do that and report back on it and to do better at it has driven us in a different direction. ... You asked us today what are we doing in rural areas? I have no idea. ... We've got a lot of data, certainly every pound that goes out, we know exactly where it's gone down to the post code. And we will often look at what that tells us in terms of clustering and heat maps and stuff. ... We don't do as much as we should in terms of understanding that distribution. I mean broadly, our analysis would tell us that the money goes where the businesses are in any given subject area. It's as widely distributed as the businesses are. ... So, we kind of sit there looking smug because from a levelling up perspective, we're already doing our job."

Strengthened geographical analysis would extend to *a-priori* application of the ONS Rural-Urban Classification to innovation data, in order to inform the design and evaluation of innovation support programmes, funding allocations, and initiatives:

P3: "You know is it putting reporting requirements on that line to the rural urban definitions"

P7: "What I've never... don't know if a map exists of rural areas in the UK? Which post codes would you define as rural post codes ... we could apply the rural urban classification to the post code data. It'd be really interesting just to see that really. ... I would bet any money it's that completely skewed to urban."

A strengthened evidence base would enable improved 'rural proofing' of innovation support:

P1: "So the only way [to perform] rural proofing function generating that kind of evidence. I mean, what does good look like, if you want to develop an innovative ecosystem in a rural area? ... There's a dearth of information again, it's how well ... is government supporting and state agencies supporting rural development and it's a question we find hard to answer to be honest."

Improved evidence would also enhance the capacity of local delivery structures and authorities in building and deploying more spatially inclusive place-based, local strategies:

P1: "They do place-based and they say that that includes rural. Yeah, I mean, that's kind of the attitude of MHCLG and use of their funds. Like the UKSPF is like, well, every area qualifies for that. ... The point we make is that well, how do you know that? ... UKSPF were giving money to district local authorities as well as the other ones. But how do you know that a district is able to actually deploy that money, that funding, effectively in rural areas? ... It's not something they could really answer. ... But to run a programme like that in rural areas, you ... need to have the intelligence, you need to have the kind of background, the understanding of where the businesses, if there's any, any particular innovators. What are businesses saying in terms of their skill needs, and access to capital? Having that engagement, having the relationship, and drawing that intelligence ... to be able to develop a strategy."

Interviewees felt that improved market intelligence regarding, and engagement with, rural businesses, to understand their experiences of, and barriers to accessing innovation support, should inform future delivery models and support mechanisms:

P9: "What is it in our processes .. about what stops them? What are the things that we've not thought about that we baked into our processes that are causing rural businesses a problem. ... you can't create a support package unless you understand what the problem is. What is it about our existing ... assuming there is something wrong with our with our existing support. But unless you have that those conversations with the businesses that either aren't coming to us or have come to us and given up for whatever reason. You can't understand what we need to put in place."

Occasionally, interviewees identified examples of good practice of innovation support in rural areas. The examples were few and often described without much detail. Some interviewees believed that a more dedicated initiative was required to identify, learn from, and share good practice and examples to inform future support approaches and programmes:

P4: "Well, the OECD has this STIP portal, the science, technology and innovation portal that brings together a bunch of different examples of innovation and just ... not focussed in rural areas. ... I think it would be great to have a UK specific one and one that is more focused on rural".

P8: "As much as it's great to look at past examples of what's gone really well and how we can scale those, we also need to look at past examples of what has gone terribly and why and how we can learn from them. And also to be a little bit brave and think 'you know what, this has never been done before, but let's just give it a crack'.

4.4 Structural holes within the innovation ecosystem

Structural holes refer to gaps or disconnects between actors in a network (Burt, 2000). Interviews identified several gaps in the innovation ecosystem which hinder rural innovation and exacerbate knowledge gaps. Specifically, minimal engagement between national and sub-national innovation actors and rural stakeholders, which exacerbates the poor integration of rural development and innovation strategies.

4.4.1 Enhancement of strategic policy relationships

Interviewees identified a range of relationships that could be strengthened to enable mainstream innovation strategies, frameworks, and programmes to be better aligned across organisations to meet rural needs and opportunities. Of particular significance are the strategic connections between Defra's rural policy / communities team and innovation policy stakeholders, specifically Innovate UK, DSIT, and Research England. Participants referred more frequently to DSIT's role in the innovation support and policy landscape, with fewer references to engagement with Department for Business and Trade, except to note their interest in higher education impact, university spinouts, and skills programmes.

In this section, organisations are named to show relationships between them. In some cases, participant numbers are not shared to further protect their identities.

Connections between Innovate UK and Defra's agri-food team are very well established. They extend to a range of jointly developed innovation programmes and secondments. An interviewee from Innovate UK explained that:

"we've ... run a lot of innovation programmes for DEFRA. So we run the Farming Innovation programme for them, which is getting on for £300 million now with different levels of funding for different kinds of support. ... And we have a really good relationship with them, with the agrifood bit, that is ... DEFRA is a huge beast. So trying to do the join up sometimes between where agriculture ends and environment begins can sometimes be a tricky thing. ... But we do have a good relationship with them. So most of our contacts are with the agri food chain bit and then through to what was the CSA's office... And now we've also got an Adopt programme that we run for DEFRA, which is very much farmer-led, trying out new things on farm."

However, other interviewees pointed to few or no connections with Defra's rural policy/affairs team. Participant 4, for example, emphasised that "what we need is for Defra to work stronger with Innovate UK".

As well as Innovate UK, the case was also made for a closer connection to be built with DSIT, albeit recognising that Defra's rural policy team itself requires greater internal capacity for it to grow its external relationships. As one Defra interviewee noted:

"We do struggle to engage with other departments on some of our themes. We have a limited set of priorities. I know growth is one of them ... We should be as a department and a team, we should be investigating whether or not the existing administrative ecosystem is sufficient, is effective as it could be in driving innovation, supporting innovation in rural areas. I mean that's kind of really what our job should be. ... In practice, we really don't have the resources to examine that [ecosystem] and establish the kind of network, the relationships with other government departments and the agencies. And there's a broader question there too, about just economic development and growth, if you like, development in rural areas. So we do try so explore some aspects of that about whether the... the ecosystem is up to scratch. So we just haven't done enough for them and we are aware that it's a big... it is a big gap."

Interestingly, DSIT's engagement with agriculture was characterised as coming primarily from its interest in particular technologies, rather than it being a sector *per se*. Whereas, Defra's engagement was largely considered to be sector-oriented:

P9: "DSIT are interested in agriculture from a technology perspective, but not necessarily from a sector perspective. So, from a sector perspective that sits with Defra."

P14: "So when we start talking about R&D and innovation, really DEFRA is more of a consumer of how innovations will help it work with its supply chain partners to deliver those environmental outcomes. That's quite different from how DSIT will want to get impact out the R&D budget. ... Where does agri-tech sit? Doesn't sit with DEFRA, it sits with DSIT. So DSIT are motivated to grow businesses that are producing technologies that are either sold domestically or internationally to grow those industries, like everything from GPS guided hoes through to, I don't know, lighting systems and hydroponics for controlled environment agriculture. So the DSIT interest is actually those industries that that are selling into agriculture. But that's not Defra's interest."

Although Research England has multiple lines of regular engagement with various Government Departments, and were open to exploring future links, Defra were not "a regular point of contact". In its role in stewarding the overall health of the research and innovation system, Research England had not considered the rural coverage of HEIs across the sector. This was in part a reflection of its stance that HEI institutions should have autonomy to decide how they deploy knowledge exchange resources such as HEIF:

"There's quite a diversity of research and knowledge exchange going on in specialist institutions as well as in the broad spectrum ones. ... Research England haven't really focused on that very much because it means sweeping together quite a diverse range of institutions and looking at a set of research or a set of knowledge exchange activities that actually impact on this wide range of things, whether it's the farming community, rural businesses animal welfare ... biological and biological science research."

“HEIF is structured to give autonomy to institutions that receive it. So, it is ring fenced for use on knowledge exchange activities, but it is down to each university to decide how they deploy it. ... So, universities are then solving for their own... ecosystem. So, the premise is that they know better how to get the best return from it than we would as a more remote entity. ... So I don't think we would nudge that. I think that the whole premise is that university knows their locality best. ... We don't, for example, advocate that a city centre based university focusses on rural.”

There was also a feeling that, across the HEI sector, agricultural and rural research had a lower profile or status, meaning that rural or farming evidence needs and interests are less likely to shape academic research questions:

“... everyone thinks of agri-tech well in this space. ... and I guess a lot of the institutions that I speak to would say actually, why isn't this research and knowledge exchange being given a higher profile? Not just at Research England, but in government ... Why isn't this research and knowledge exchange getting the kind of the status and the recognition, given that some aspects of that work actually have this broad, far reaching, global reach and implications ... It's like working with industry, isn't it? And we never have a problem doing this when it's a big industrial partner or a big business partner, that our research questions are shaped by, you know... by their interests, but actually shaping those research questions for a rural community interest. Or a farming interest. It sort of feels it ... goes back to that status thing again”.

4.4.2 Strengthening linkages between universities and rural businesses and places

Beyond the well-established work of specialist institutions working with the agriculture sector, several interviewees drew attention to the importance of strengthening the wider engagement of universities, and their range of innovation support, with rural actors. Improved linkages were considered essential for fostering collaboration with rural communities and businesses:

P8: “Businesses find it difficult to engage with universities, full stop, regardless of where they're based. Not least because there's the adage of ‘what can a university really do for me?’. ... I think that is coming out more and more now obviously as we move into a space where the universities are ... delivering on business support and therefore engaging directly with businesses So I think that there is a challenge in engaging businesses altogether, but I think there'll certainly be more of a challenge in engaging rural businesses because you'll find it easier to engage people who are on your doorstep or who are, at least based in... within a certain proximity to you. ... An additional barrier in rural communities where businesses already don't see themselves as being necessarily well supported by the universities. Rural communities will see themselves as even ... further from your hemisphere.”

P3: “And the innovation assets and the innovation networks and the natural flows of capital and everything direct them to the existing clusters, the existing sectors. ... Universities are bidding but how engaged are those universities, often based in urban areas, in engaging with rural areas? What's the delivery mechanism?”

P11: “And I think for us it’s going to a university landscape it’s really making relevant the support and the kind of innovation opportunities that exist. ... I’ve never been to a meeting ... where people have not complained about how complex all of this is and that that doesn’t matter ... where you are. ... But if you are in an area where it’s even more difficult because people don’t even bother coming to explain to you how it works. ... So for me, it’s not just about designing a support that is just for rural business. It’s about designing a support that makes what’s available more really daily accessible ... So, you can design something that’s specific to your sector. That’s important to have a very cluster driven approach to your innovation support. But in terms of designing something to address some of the barriers that we talked about, this is more about accessibility and therefore, you’ve got to have that community of interest, i.e., rural businesses in mind, in the design of your services. And because that doesn’t happen naturally, you’ve got to kind of intervene to bridge that ... market gap.”

Participant 16 suggested that the level of engagement with rural businesses depended “on who leads in the university” and what “their key targets are”. Some had “really good connections”, others are “a little bit more closed off”. Participant 9 described universities finding it easier to engage with “the low hanging fruit that’s coming through to them”, meaning the businesses in their immediate, typically urban vicinity. Even where universities had attempted to engage rural businesses, they often lacked relationships and connections on which to build engagement. As Participant 5 explained:

P5: “We were finding that we would run events in [rural locations] and I don’t know if it was because our connections didn’t reach that far, ... we couldn’t sort of access those businesses”.

One idea advanced was that it may be necessary for universities to work together collectively to better coordinate, build capacity, share learning and grow rural engagement across the HEI sector. This could include unlocking existing rural facilities for use by wider rural communities and businesses:

P10: “If we’re thinking about universities, especially bigger, research-intensive universities reaching out into communities that may be harder to reach in some way or more dispersed. What kind of infrastructure, what does that look like? ... sharing equipment and sharing resources and sharing backrooms offices and skills. But in reality, those things are still quite protected on individual campuses, even if they’re available for others to use. ... You know, if there’s a national infrastructure for rural communities where could that possibly be based? ... So there is an argument isn’t there to say some of that national infrastructure should be housed within a bigger university like Newcastle ... because you’ve got the infrastructure to wrap around it. ... And I guess when it comes to rural enterprises or the farming community ... who are traditionally thought of as hard to reach If there is a collaboration between a larger university and a specialist, perhaps that’s what the specialist could bring to the table if they already have that network and that credibility.”

Another approach could be to build one-stop services to help rural businesses navigate and access university and other innovation support infrastructure, taking inspiration from *Interface* in Scotland:

P4: “First of all the one shop stop makes it easier for rural entrepreneurs to know what they can do and that actually helps them more than it would help places that might already have strong networks or incumbents that already know what to do. So it already helps the new person. It can always include more information on support for rural places. Including for example, yeah, like universities. ... If you're in London, for example, you can just walk down the street to one of the universities. OK, you cannot do that when you're living out [in a rural place] and you do have these local research centres as well, which are really great, but that doesn't mean that necessarily people are making the connection.”

4.4.3 Catapult network

The purpose of this research was not to review the Catapult network, but several interviewees discussed the catapults in relation to their engagement with innovation in rural areas and businesses.

The Connected Places Catapult has the objective of “supporting innovation economies to thrive in more areas of the UK” including, through its accelerator programme, convening ecosystem partners and working with different markets to understand and increase demand. There has been some positive engagement in rural areas, as well as recent research to consider innovation in rural areas (Connected Places Catapults, 2024).

One Participant described specific projects led by the Connected Places Catapult which have included rural areas, as well as relationships between the Catapult and “a number of local authorities with rural geographies”. They felt there was a “conversation to have ... about how engaged, how focused” the Catapult was “on a rural urban level versus a challenge or a sector issue”. Their perception was that they are more “focused on the challenge and the issue rather than the place itself” and that some of the challenges “are more focused in cities.” Participant 7 explained:

P7: “Connected Places are ...trying to help places think ‘innovation’. Local innovation ecosystems ... So for example, working with the West Midlands, there was a particular issue around the Black Country ... from an economic disparity perspective, and making sure that they were looking for opportunities to connect Black Country businesses with the mainstream opportunities”.

Turning to the wider catapult network, interviewees suggested that some catapults were generally understood to be well embedded in their places:

P3: “You look at things like compound semi-conductors in Cardiff and ... the advanced manufacturing facility. And in Sheffield and others ... I know the Space Catalyst, the satellite catapult, which is in space, has done a lot of work about identifying its sector

strengths in clusters. So I would generally say that the role of places is important and well understood in catapults.”

P7: “It's one of the key objectives for Catapults to have local innovation impacts as well as being ... investment in them as national assets ... trying to be the voice of innovative businesses in that ecosystem, so that future providers understand that if these areas of technology are converging over the next 10 years in order to drive this economic impact, then we also need to have the right type of skills in the country.”

However, the rural reach of the catapults was an area warranting further attention:

P9: “There again, are they thinking about [place] ... because it probably takes concerted effort to do it and if they can... effectively, if they can show the performance that they need to show without having to do that, then they will. And so whilst I know they are sort of encouraged to think about place, they're probably thinking about that in the usual way around. ... They're probably not thinking about it from a rural perspective. They're just thinking as a broader place perspective.”

4.5 Adapting innovation support service design and delivery

Interviewees discussed access to innovation support services among rural businesses and communities and whether and how service design and delivery should be adapted to support this. When innovation support benefits rural areas it was felt this often occurred “by accident” rather than “by design” (P7). Whilst acknowledging that access to business and innovation support is a problem for many businesses, it was widely expressed by interviewees that innovation support delivery should be more sensitive to rural contexts:

P5: “Innovation ... has certain commonalities across all sectors, all businesses. ... But I think rural businesses have some common set of challenges that need to be overcome because they are rural. ...It's maybe the delivery that might need to be tailored rather than the actual offering. ... Context, in so many ways, it cannot be ignored. I think if you're delivering innovation support to a rural business, you have to be aware of the challenges and opportunities they face from being rural. ... Context, in so many ways, it cannot be ignored in delivering support. I suppose that's what I'm kind of being a little bit critical about with ... the one-size-fits-all.”

P1: “...the focus is more on, or should be more on ensuring that existing technologies and ways of doing things better are transferred and disseminated so businesses at least can have access to that kind of advice on what does look good, how you can improve products and so forth. But just actually accessing that in the first instance. ... There's a built in problem there. ... We've got to address those problems which geography and I think dispersion throw up. I mean, do we come up with more innovative ways of engaging with businesses than rolling out? ... You've got to test ways in which I think your interventions could be made to work more effectively in rural areas because geography does seem to matter.”

A key challenge relating to the uptake of innovation funding by rural businesses was thought to be poor communication of available grants, and their accessibility to rural innovators and those with less experience in applying for funding:

P15: "Well, I think it's well, I suppose it's the education piece, making the process easier to actually apply for the funding. So, it's the education, it's the accessibility, it's the maybe listening to what people maybe would need. ... because often there's a presumption that we think we know what people need ... I think the key thing ... would be the communication around it [funding] ... So, you're looking at actually where are they accessible? So, you know, a couple of the Innovate UK grants, farming futures R&D projects that happened earlier in the year ... It's the whole getting that information out there and people actually being aware that it's available and what they can use it for. And I think we've all got a role to play in that. So, it's about knowing it's there and us for example telling our clients and making sure it's there. So, you know it's communication, education ... all using our networks to actually just help make sure the money is flowing through to the right places."

One interviewee, from a national professional services business serving rural clients, believes that innovation funding and organisations like Innovate UK were generally "not on the radar" of their wider business:

P18 "I don't think Innovate UK is on their radar at all ... Across the UK we never see them, ... I don't think it's done strategically. ... We never see anything communicated nationally about it ... I suspect most of our team would say that they don't get many proactive communications from organisations like Innovate UK ... It's more reactive. I think you tend to go and look for that support when you've got something you want supporting. You know, if you if you've got an idea for a new business, you have a look for productivity grants or what the Council might offer locally."

Others participants felt that contacts from Innovate UK were not always easy to identify:

P16: "There are people out there who are willing to help.... They're not easy to identify who they are in your area. So again, that little bit of education piece is that if you've got an innovation grant in an area for a particular sector, this is the person you need to contact or the team and to make that quite easy for you to get through there as opposed to going on the website and having to click on a number of different links to find where you need to be".

Adjusting the delivery of innovation support in order to improve access is common in other contexts. As one innovation funder explained:

P7: "We do a lot to support accessibility ... we make adjustments reasonable adjustments for innovators who have whatever problems they may have. Don't know if we've ever thought about problems a rural innovator might have, because we just don't think about it on that lens. ... I couldn't tell you whether we've succeeded or failed because we don't... We don't look at it. We haven't targeted it, and we haven't collected the data."

Rural businesses were generally considered as being harder and more costly to reach by innovation support providers, meaning that targets are easier to meet from more easily accessible, urban concentrations of firms:

P11: “The low hanging fruits theory which is real, certainly in investment for innovation. You know, people tend to invest in what's visible, what's in front of them and low hanging fruits. And if you're an investor in [a city] and you've got 10 companies that meet your portfolio, why would you look elsewhere? ...When you just chase numbers, you'll get your low hanging fruit kind of behaviours happening.”

P18 “why contact 10 small businesses where you'd hit the target talking to two really big ones”.

In turn, rural businesses tend to have less capacity to ‘reach in’ to innovation support:

P19: “From a rural perspective ... fragmentation is amplified, because distance from major cities, thinner advisory networks and lower grant writing capacity mean that opportunities arrive late, in small amounts or not at all. ... Many rural businesses are small, family run and multi activity, they lack slack time and management capacity to engage with complex programmes. ... Rural innovators are especially exposed when support is fragmented or short lived.”

As a first step to more rurally-inclusive innovation support, one suggestion was for the application of a generally applied ‘no-exclusion principle’, accompanied by efforts to encourage greater rural access. To facilitate this, a clear policy commitment would be required:

P7: “Well, possibly if we had that clear direction from government then definitely. I mean, the first thing, perhaps it's like you might introduce a no exclusion principle, so at least everything we're doing is equal opportunity. And then to what degree you might do something which is actively targeting rural opportunities ...”

Tailoring or targeting of innovation support for rural enterprises could potentially relate to challenge-based programmes and interventions:

P6: “If this was a business development programme, I can see the case for a more rural focussed, addressing the challenges around public transport or housing or stuff like that for those areas. But if it's an innovation one, I think I'd even... want to have sector ones, or you could build on the lessons or other programmes ... combining grants with business advice. ... I think there's probably a networking point around ... how networked are these rural economies and rural firms to other firms in their region or in their technology, the technology sector or industry.”

P7: “perhaps the other way to think of it is if you have challenge programmes. Do you target them on rural challenges? So we've got the retrofitting homes programme, so future warm homes stuff. ... If there is a challenge in rural communities in that regard, do you tailor that competition? So the first thing is, you would do it nationally and you know you'd get just as many applications from London and Manchester and maybe a few rural ones. But if you targeted it at a specific problem that is encountered more in rural areas then it's both. That's helping solve their problem, but it's also driving a

market opportunity for innovators who perhaps didn't realise, well, my new home management system, if I tweak it, can address that problem."

Specific firm level demographics in rural areas may also need to be considered more carefully to ensure access to appropriate support:

P8: "How we empower individual communities rather than the broad brush. So we're talking about rural communities, for example. But if we were to delve even deeper and look at it on the basis of other demographics and indicators so specifically, I don't know... Rural women in enterprise, for example, or older generations or younger enterprise in rural communities. And maybe even if we don't develop particular programmes for it, have a think about some of those indicators and how we can best support some of those demographics as well as the rural community as a whole."

Firm size is also a consideration. Smaller and micro businesses are more prevalent in rural areas, meaning that the well acknowledged challenges facing small business around accessing innovation support, or raising match funding, are especially prominent. Administrative processes associated with accessing support pose a greater burden:

P3: "These are classic business support problems. ... access to finance, access to business support, access to skills, access to learning. ... Is it a factor that there are more SMEs in rural areas and all the factors that we've just talked about are known factors to SMEs compared to macro businesses. ... Is that the factor rather than the rurality. It's most likely a mixture of both. ... I think it may just be the kind of market mechanisms through which things are delivered ... and that's where then things like rural proofing and the additional focus in those areas that we were calling for I think is valid".

P13: "So there's bureaucracy of being able to deal with it and there's just overall headspace of what we're trying to achieve here. And the smaller you are and the more rural you are, the worse that problem is."

P19: "Improvements could include ... simplified access routes tailored to micro and small firms, with reduced administrative load and more relational support".

As well as considering the scope of support, application processes and funding rules may need to be considered to account for the constraints faced by rural firms:

P9: "You can go back to what support do people need to access that funding? So, whether it's the funding that needs to be tweaked or the support that people need to access it needs to be there. In most cases I've seen, ... it's been a mixture of the two. It's been a yes, we need to provide support to help these business access it ... But we also need to recognise the way this sector works is slightly different. ... It's just making sure there's an awareness of what ... those challenges are from a rural perspective. So, I guess on the whole we will expect a project to start - if we fund an R&D project, we'll expect it to start in 90 days. Now some of them will go beyond that, but actually, if you've got a rural business and it's struggling to recruit the person that it needs to do R&D, are they missing out on funding because we've said, 'oh, you're sorry, you've not started your project in this time frame. We're going to stop it.' ... Or

are we setting barriers? ... I mean, things like, we can cover things like travel and subsistence ... to help a firm that might be more rural to do travelling to a university that they might need to support it. ... Yeah, it's just thinking through what are the consequences of being rural that might mean our rules are causing you a problem. Do we need to do more user research ... about our application process with rural businesses. What is it that stops you doing it?"

In a similar vein, Participant 19 highlighted the difficulties arising from the short time horizons of funding, scheme complexity, and sector bias, which can constrain engagement in rural areas:

P19: "Many schemes are funded in two- or three-year cycles, which is misaligned with the adoption timelines in agriculture and rural settings. ... The landscape is confusing, firms often do not know which door to knock on, or they face repeated form filling and overlapping requirements. ... Support instruments are often implicitly designed around urban tech, life sciences or digital firms, with less fit for land based, seasonal or multi activity rural businesses".

Given how difficult it would be to replicate innovation support infrastructure in all places, participants raised the issue of equity of access to innovation assets and the need to take steps to spread cluster benefits:

P3: "How do you go from situations where a lot of your ecosystem assets are based in certain areas and certain clusters to making sure other areas can benefit? And share from those without necessarily - you know it's the classic Business Innovation Centre - how many do you need? How many can you have? What are they? What are they trying to support? And it's how that's spread, I suppose. ... We are very much within a constrained funded environment. And then it becomes ... Well, OK, how do we ensure equity of access? ... I don't see any policy that I have written or seen I should say that is discriminatory by choice. I think what happens is it will naturally look at where are our research strengths, where are our research assets ... which historically have tended to be clustered. And when you then go down to very low population densities - How do you deliver those services?"

Cluster approaches, built on an agglomeration model, may require some degree of adaptation if they are to be relevant in more geographically dispersed, rural business environments:

P7: "there is a proximity factor in there. ...what does agglomeration mean? What's the scale that has to happen? At how close do you need to be for that to be effective? And I'm sure you've got all the academic evidence that would tell you, you know, beyond 10 miles it ceases to be a reinforcing factor or whatever. I don't know what the answer is, but are there ways that you can reduce that factor so that... they may be 20 miles apart, but they recognise themselves as being part of the same opportunity space ... If you translate some of that thinking to a more dispersed place model, that'd be quite interesting".

Some interviews advocated for a more localised, micro-*clustering*-based approach, or the adaptation of clusters to more dispersed geographies and inclusive partnerships:

P5: “You bring groups of businesses together so that they are sharing challenges and working through a programme together....they form longer term self-supporting networks.... I can remember... one of the marine clusters, where they were saying,... ‘it’s so lonely being on your own’.... And that was a very small cluster micro cluster - just having almost somebody’s shoulder to cry on when things went wrong, but also somebody to celebrate with when things went well was a huge support.... There’s this notion that you’ve got the big top-down clustering policy that will identify... that life sciences is strong in the Oxford, Cambridge area and whatever else is strong here....It [is] more about clustering rather than clusters, so verb not a, not a noun ... You needed to put the people back in clusters. So, it’s the personal relationships. The personal connections that will support that actually supports even the bigger industries going forward”.

P11; “So do we want a strong, stronger clusters in rural? Absolutely we do. As long as we mean cluster. You know, if you think about the definition of a cluster with your kind of key to quadruple helix factors, then yes.”

A key overarching question arose as to whether the issue of rural accessibility required stand-alone, dedicated innovation support programmes targeted at rural areas and businesses, or better tailored design, delivery and outreach of mainstream innovation support so that rural areas can benefit from it, or a mix of both approaches:

P3: “Actually this is a standard problem. This is better access to services and better networking and more opportunity and more than a purely stand alone. Because what... would that stand alone? But then maybe that is the only way to address that but, but would you? ... Would you do a national rural programme? Would you do a county rural? Would you say that the rural challenges are the same in Northumberland as Cornwall and ... then you get into that? ... Part of the easy answer is to say there needs to be a specific programme for rural areas. But I do struggle with that a little bit because you end up thinking that in many cases it’s the same fundamental issue. ... whether it’s access to finance, whether it’s the access to networking, the level or intensity or the nature of it may be varied ... I wouldn’t want ... any of these amazing rural businesses to miss out on the same opportunity that an urban business would.”

P8: “So I think there’s some lessons that we can take from the Rural England prosperity fund as well as how it tied in with UKSPF more broadly, the fact that we did have the that rural allocation specifically given to some areas was I suppose in some way indicative of the government’s recognition that actually ... rural and urban areas do need different levels of support ... some of the challenges that are unique to the rural areas and some of them that are not unique but are exacerbated in your rural areas in comparison to urban areas ... Because [the fund] was so strongly dictated which post codes and which areas could access that support, we could target our interventions a bit better”.

P18 “I've kind of flip-flopped on it. In the past I thought we probably need rural specific policies. And actually some quite local policies because the rural north east is very different to the rural south west and definitely the rural south east. And then I thought actually... it's just making administration more complicated. Maybe it needs to be mainstreamed. There was a lot of talk a few years ago about city regions and I kind of understood the economic geography and it made sense to me. You know, that you consider not just the city, but its hinterland, as one. But now that that rural funding stream's largely stopped, I'm always going back to thinking we could have. We should have hung on to it and we need rural based policies. Otherwise, we rather get outcompeted I suppose by big cities. And the thing that brought it home to me is ... the rural productivity gap and how significant rural across the country is. ...If we have got that massive gap, massive opportunity, then it just seems such a shame that we're not doing anything structured about it.”

This question is not specific to innovation support, but common to many policy domains, which often requires a mix of both approaches. It is the core consideration of the Government's own formal approach to ‘rural proofing’ of policy, as interviewees explained, which concerns:

P1 “... ensuring that government policy is fair and effective in rural areas.... how well does government do its job in ensuring that rural communities can fulfil their economic and social potential?”

Some interviewees suggested that more needed to be done in “systematic rural proofing” innovation policy and support at “design” and “implementation” stages (P19). Another participant similarly explained:

“I guess innovation support, it's complex. ...how many levers at least in policy terms do we have direct control and direct influence to help with. So, limited. I guess in terms of how we typically do it is looking at other government departments. So DSIT specifically probably. And I think that it's definitely an area we probably could do better at in terms of trying to rural proof and ensuring that would work. I think it's a constant challenge and I think there's a goal to do better there”.

The interviews also pointed to other ways in which models of innovation service design and delivery could be better targeted or adapted for rural economies. These related to **group-based**, **bottom-up**, and **capacity-building** approaches.

4.5.1 Group-based approaches

Given that rural businesses are on average smaller than their urban counterparts, and more dispersed geographically, several interviewees highlighted the relevance of approaches intended to improve collective accessibility to innovation support and funding:

P3: “... how some of these services are delivered into rural areas is/can be a challenge because you don't have the same density of networks.”

A common approach put forward by interviewees was to target outreach activities to groups or via networks of rural businesses, as well as encouraging groups of rural firms to work together to access support or funding and share associated costs. In this respect, learning from, and extending to other rural businesses, the experience of widening eligibility criteria to allow support to producer groups and coops in the farming sector could be beneficial:

“[You’ve] got an organisation that’s claiming a grant that isn’t really doing R&D because all the R&D is happening through say the 20 farm members, but those 20 farm members individually are not going to fill in an Innovate UK application form to be a project partner and do all the admin associated with that. But they will come in through a producer organisation who will manage all that admin and coordinate all the costs. ... So, it’s ... trying to help those organisations at a time push into the innovation funding system, which isn’t always the simplest funding to work your way around. I think sometimes ... processes ... if you’re claiming for funding ... and processing your claim or what information do you need to provide for that, that’s going to take up a lot of time. ... And it’s certainly on a farming ... farmer point of view. It’s not time that they’re going to do, so if we want them to participate, we have to find easier ways for them to participate.”

Group based support can foster peer-to-peer networking, as well as help businesses spread the administrative burden and costs of accessing support:

P2: “I think it probably speaks a lot to the rural issue of just isolation and that is ... finding what could be done around... getting rural businesses better connected to each other.”

P5: “It would be cohort based ... probably be max. groups of 10 businesses. It would involve a lot of peer-to-peer learning, so maybe identifying companies that had been very innovative sort of in whatever rural area So, identifying those exemplars. ... It would be a mix of giving people frameworks, having it over a long enough time period that people could go back and pilot interventions in their own businesses. ... You have some form of accountability within that programme to your peers. You’d be encouraging people to share as much as possible and absorb as much as possible, thinking around absorptive capacity and things like that. ... You choose your cohorts so that they were all on a similar path in their innovation journey.”

P8: “It’s much harder for our rural communities to get together and collaborate on a regular basis or even find that shared coworking space where actually it exists in absolute swathes in [the] city centre. ... I think building networking opportunities ... providing people the opportunities to collaborate with each other and build their own peer network and support boards is really essential. Sometimes we get caught up in mentoring, for example, and how structured it needs to be. But actually what people need is just the introduction and they can take it from there. ... You don’t get that in very isolated communities, you get it in a different way.”

P19: “I would suggest ... a cohort and peer model, bringing rural innovators through in groups, so they can learn from each other and form ongoing communities of practice.”

Ideas put forward for better targeted or adapted support included greater use of rural enterprise hubs as platforms for accessing support, peer learning, and cost-effective outreach:

P1: “The Rural Growth Network networks or pilots ... seemed to be quite an interesting approach. It's hard to evaluate the full value of it, but I think the evaluation's pretty positive. But it seems to me ... that is a kind of a model. I mean it was a workspace, advisory, I think. ... You might have a hub and spoke model where you've got hubs or offices or even a village hall partly used as a go-to centre. But something on that basis, I think, is required just to stimulate general entrepreneurship, put the people in contact with advisors and so forth.”

P5: “I know that various people have done work on the rural enterprise hubs ... It seems important to have some form of physical presence for programmes or interventions. ... It's not to say that you can't deliver programmes of support virtually. But I think ... you need that sort of community? You need that connection, or you need at least some of the people to have been connected. I think in the physical world to really facilitate that online space.”

P18 “It can be transformative. I saw an example today of a farm ... in East Anglia, relatively small farm, 400 acres, but it had a small rural business park on it ... They act as hubs, don't they. And the best ones who have got a little bit of everything ... build small communities. Some of them can have traditional crafts ... and some of them can be really high tech. You can have IT businesses working from them, studios....We see quite a few that have got meeting rooms that you can hire out or co working spaces. ... I think they could probably feature more, ... Given what they do in places that might not otherwise have many employment opportunities ... it'd be a really positive thing”.

Group based approaches have the added advantage of aggregating demand for support:

P4: “So, when we talk about innovation, you're bringing something new to this area. It's an initiative to agglomerate demand so that they can have access to the service. Where you really have the strength of like people working together to bring new innovations to the field.”

4.5.2 Bottom-up approaches

Interviewees emphasised the value of locally delegated innovation funding which can encourage bottom-up, tailored approaches that are more responsive to local innovation needs and opportunities in rural areas:

P8: “one thing that we do go wrong on is that we turn up to communities assuming that we know everything from our ivory towers and air drop into them some support that we think they need. And, actually, what we need to do is go to the community, see what it is actually that they need and empower them to be able to deliver for themselves, which is much more sustainable in the long term, tends to be more cost effective. And generally speaking, it tends to garner much more engagement from the community than if you were able to turn up having had no connections with that community in itself. ... If you try and air drop in support, that has absolutely no

meaning and then withdraw it as soon as the funding dries up. This is where the mistrust and the lack of engagement comes from. Whereas if we empower communities to deliver from within themselves, it's more sustainable. They're more likely to engage because they all know each other, and they have that... that trust amongst themselves anyway and that tends to be a much more pragmatic way of delivering that support. So, I would say empowering communities to deliver for themselves rather than trying to do it for them."

P1: "So there's got to be a more bottom up, at least some part of the design has just got to be talking to the potential beneficiaries of an intervention."

One approach put forward, drawing on international experience (see Box 1), was for funding to be made available to local authorities to allow them to devise and deliver locally tailored, flexible innovation support in their rural areas:

P4: "In Canada, there was a lot of ... community development plans. ... It was very similar to the CLLD [Community Led Local Development] of the European Commission, where you have a certain amount of funds to support just rural places and in doing that these places have to build a plan and then apply for the funding ... So, they have like a continuous amount of funding for the continued work, and it led to like a long-term development strategy rather than just the current development strategy for the place. But that was because they were essentially applied the flexibility to do what they need. They just have to come up to the plan, apply to these resources, like a pool of funding, ... and then be able to implement it ... Provide these local authorities with ... skilling on applying to this funding and then, say they come up with an idea, apply to us, apply to this pool of funding and deliver these local, locally-led innovation support."

A similar bottom-up example of 'Regional Innovation Support' in rural areas was highlighted in Switzerland (see also Box 2):

P4: "... The way that they deliver innovation support to rural areas is through these regional innovation systems that are essentially, multiple cantons ... joining forces to build this ecosystem and then they establish a strategy for delivering innovation on a local level.... They establish it specifically in consultation with their local stakeholders so that they can build a well-tailored service to them ... So for example, they have a lot of mentorship programmes and they really focus on tailoring the support that they provide. ... They all do things differently because they're all locally managed and it's all set up from the bottom up. ... The examples of well-tailored innovation programmes for rural areas usually come from the fact that they're bottom up."

The same interviewee described a locally animated, pitching round table approach, which had worked well for encouraging rural firms to engage in innovation. Such formats explicitly seek to reduce formality, and avoid the perceived corporate style and language characteristic of mainstream innovation support services, which can alienate rural innovators:

P4: "... something I've really, really loved and I think really is low cost and could really help is just pitching round tables ... It's a question of a person who's able to have the

right institutional position and network to bring together four or five institutional investors, plus local investors, to entrepreneurs in rural areas, let them pitch their ideas and get funding. It's what is done in incubators. It's what is done in accelerators. ... So up in the Arctic ... they invite entrepreneurs to come sit in the cold water in the mid of the winter and you get to pitch your idea to institutional investors for as long as you can stay in the water”.

Box 1: Federal regional development agencies – Canada

Overview: “The federal RDAs provide services to communities and entrepreneurs on a broad range of issues ranging from innovation and business support services to community programmes and Indigenous or women specific funding programmes. Today, the federal government provides services to support innovation and entrepreneurship through seven RDAs covering all provinces [...] Other than Ontario, a single agency deals with each province, while smaller provinces/territories with similar conditions are grouped within a single agency” (OECD, 2024:104).

Key features:

Local planning developed through partnerships and community engagement

- To deliver Indigenous economic development, partnerships and sustained engagement with Indigenous leaders and communities have been key. “As one positive example, CED introduced flexibilities to its regular programming [...] [which] allow for an intervention with Indigenous communities and beneficiaries that is more tailored to their needs.” (OECD, 2024:132)
- ‘Regional Tables’ have been developed to bring together RDAs, provinces, Indigenous partners, and the Government of Canada, to coordinate priorities around energy and resources, and support the development of place-based local priorities around economic growth, energy and resources, which will be implemented in collaboration with the Government. (OECD, 2024, 196)

Demographically-tailored programmes

- Several of the Federal RDAs’ programmes and initiatives are tailored to the needs of a region by demography. For example, programmes of advice, consulting and support for women have been developed, as well as mandatory, targeted Indigenous entrepreneurship support.

For further details: [Enhancing Rural Innovation in Canada | OECD](https://www.oecd.org/en/publications/enhancing-rural-innovation-in-canada_a9919c66-en.html) available at: https://www.oecd.org/en/publications/enhancing-rural-innovation-in-canada_a9919c66-en.html

Box 2: Regional innovation systems (RIS) – Switzerland

Overview: “The RIS is an intricate, multi-dimensional innovation system that promotes networking and facilitates access to the various skills available on regional, cantonal and national levels. This includes skills and knowledge of academic institutions, private companies, trade associations and other stakeholders. [...] Every RIS has a different governance mechanism unique to the characteristics of cantons and regions” (OECD, 2022:136-7).

Key features:

Autonomy for place-based, tailored programmes

- Decentralised, federal governance enables innovation actors to develop initiatives that address particular areas and needs, with a ‘high degree of autonomy and scope for action’ (OECD, 2022:16).
- Promotion of innovation can be tailored at the canton level, including tax breaks.

Collaborative approaches

- The New Regional Policy (federal level) enables funding for regional innovation initiatives, supporting collaboration across cantons.
- Financial support opportunities are available for building consortia of academic partners and firms to develop innovative solutions to technological or societal challenges (known as Flagship Initiatives).

For further details: [Enhancing Innovation in Rural Regions of Switzerland | OECD](https://www.oecd.org/en/publications/enhancing-innovation-in-rural-regions-of-switzerland_307886ff-en.html) available at: https://www.oecd.org/en/publications/enhancing-innovation-in-rural-regions-of-switzerland_307886ff-en.html

Others identified the value of previous bottom approaches to innovation and enterprise support in rural areas, notably the EU funded LEADER programme:

P18: "Initially I was very sceptical of LEADER. I thought it's an extra layer in the onion. It's quite expensive to deliver. But, actually with hindsight it was probably good value for money and in terms of that economic and social glue in areas, I think it, worked quite well."

The language of innovation can be particular issue for social enterprises and can often fail to "land in a community setting":

P17: "From my perspective, I'd be really keen to explore the language of business innovation within the context of VCSE organisations. Social 'businesses' often don't see themselves reflected despite being resilient and self-reliant as they problem solve within their communities. As you indicate, they also miss out on well-connected expertise that is more accessible within urban communities; when the expertise they can access doesn't actually 'speak their language' this leaves them further behind and misses an opportunity to grow the economic and social impact potential of smaller VCSE organisations."

Bottom-up approaches also require wider, external support and partnership in order to fully identify and maximise opportunities:

P1: "So there's got to be a more bottom up, at least some part of the design has just got to be talking to the potential beneficiaries of an intervention. ... They can help in the identification of what they need. But it's that extra bit of, well, what can government do? It still has to be locally-led. But what is it that you can do to raise the ambition, raise awareness of economic opportunity? ... But... driving kind of a more ambitious, hungry, innovative rural business sector may take a bit more of a ... stimulative... It's hard to ... justify investment in that, but that's what may be necessary."

4.5.3 Capacity building approaches

Efforts to encourage group-based or more bottom-up approaches are closely linked to the issue of capacity for engaging in innovation and with the innovation support ecosystem. A lack of local capacity, for example within local communities, was generally viewed as a barrier to the implementation of place-based approaches:

P1: "I think a big weakness of any agency that wants to have a place-based approach at a district level or even, you know, unitary, whatever, is that it just assumes that the capacity in those administrative organisations is already there and they have the evidence ... and skills to be able to deploy that money or that programme. ... My impression is, and just from the feedback from local authorities ... that they don't really. Their resources are constrained. And they probably don't even know what really they should have to be able to implement a programme effectively. I think it's a huge weakness in this. I think the whole place-based, we talk about it a lot in government,

and no one is actually checking out whether the agents at the local level have the capacity to actually implement it.”

Capacity limitations are a particular challenge in rural areas, and one which is exacerbated by less well resourced, rural local authorities. A recurring theme in the interviews was a need to build capacity and networks of rural businesses and communities to enable them to access innovation support:

P4: “if you really want to support these places, you need to also provide capacity training or individuals to support them in the application process. ... You either have something very local that really is tailored, but then you have the challenge of capacity networking, or you do something that is not so tailored, but then you have the risk of really not understanding how to help these communities. ... Can we just build, help build networks and promote discourse on... people doing things that are... really innovative in rural areas so that others might feel more comfortable to take these risks. ... The Scandinavian places ... and like a lot in the US and Canada, they're super. They're really into talking about failures, talking about successes and building networks. ...”

Fostering peer-to-peer networks can build confidence and mutual support among prospective innovators in rural areas, overcoming potential cultural barriers:

P4: “I felt sometimes in rural areas more than other places there's a bit of a cultural difference ... the cultural difference exists because when you live in small density, low density areas and you know everyone around you based on what cultural norms you have, you may or not be willing to take risks. So, for example, there are people saying, well if your company fails and you live in a small area, but everyone knows you've failed and it's looks bad. ... So that cultural stuff's super hard to change, but you can demonstrate that there are others around you who are doing something similar. So the way to think about that is to say, can we promote... You know, can we just build, help build networks and promote discourse on people doing things that are really innovative in rural areas so that others might feel more comfortable to take these risks. ... I think that more can be done to help build entrepreneurial networks and encourage people to take risks.”

Investing in relationship building in rural areas would incur short-term costs but deliver longer term gains:

P8: “For me, I think you kind of have to spend money to make money. And I realised why they would say that because we have much less money. ... I think that we do have to put human need and connection above money. ... At least in those engagement stages, if you want to build those connections and draw people out and get them engaged meaningfully, you do have to spend that upfront amount to do that. ... [The rural premium] exists for the people that live there too. It's just that we don't necessarily take that into account because it's not coming out of our pockets. ... It would be to really start to give some meaningful engagement to those rural communities and start to empower local leaders to deliver locally. It sounds so much

easier than it actually is, and I recognise that it would be really labour intensive. ... It would be very resource intensive and therefore very costly. But I do think that in... over a much longer period of time, the return on investment would be very substantial, not only for entrepreneurialism, business growth, and business population growth, but generally for the health and equity of people”.

Several interviewees argued that local animators / facilitators could support rural businesses and enable their engagement with innovation support and the innovation ecosystem, including bringing together partners to drive forward local innovative solutions:

P1: “... it was a project where really it was trying to link up farm waste and using that farm waste to generate heating, a ... communal heating system. ... The economic development officer, got in touch with the farmers and they wanted to come up with a solution maybe using [agricultural waste] as a fuel for something and then the economic guy and the council went around different communities ... And so the Council did a lot to bring the producers of the waste together with the community and it was win-win all round in that one. I mean, it was innovative. ... What's the key person in all of that, was that kind of like a facilitator role of the local authority taking the lead, trying to link together the various communities. ... Another example of that kind of brokering role - and it's not so much innovation, but I mean it's a type of innovation I guess - is the Rural Housing Enablers. ... It just reinforces that there's a need for some, really some really good brokers there. ... You've got those dispersed networks of potential supply and demand, the people who make things, make and process things, and bring them together. It's some kind of a, you know... I don't know animator activist role.”

P5: “But if you're looking at a particular region having maybe that sort of network animator, the cluster animator bringing people together, maybe not necessarily in a physical space, but building those serendipitous connections I talked about. Planned serendipity. That you bring people together because you know... and this is this comes back to knowing people.”

Innovation facilitators require credibility in their locality and an understanding of the rural business context:

P5: “I think somebody who has a lot of knowledge about the businesses within, I suppose a good - talking rural - a lot of knowledge about the businesses in whatever rural community, whatever area they were looking at. I don't mean status. That's not the right word. But the, yeah, credibility to bring people together. So that's either somebody who has got a long, long history of doing this, or somebody who works for an organisation where they organise... That organisation brings them that credibility.”

One participant suggested learning from the ADOPT programme in the agriculture sector, and building a similar facilitated approach for other businesses in rural areas. The programme also has a support hub to provide advice to farmers who are interested to apply and to help them find a facilitator. Regardless of formal structures, outcomes depend on the quality of leadership, which requires nurturing:

P3: “A lot of it came down to local innovation leadership and it's one of the key questions I see so many amazing leaders and amazing individuals that are the force behind the Innovation Centre, the Business support programme, the networking, and it's how do you replicate that?. ... A lot of these were revolving around the vision of an organisation, of an individual, of a partnership of, of partners, even. ... for me it was about the areas about how those leaders or those individuals could be empowered.”

Another participant suggested a national-level “UK-wide support network” connecting innovators from across the country to investment and nurturing support, describing:

P16: “From the funding perspective, 85% of the funding happens in the triangle, so it's London, Cambridge and Oxford. We're not in that triangle, but that's where all the big money is. So again, it's pushing ... and opening that network up for ... the rest of the UK, and letting those big bold ideas kind of be supported by those that are very good at nurturing that in the investment space.”

5. Implications: Bringing Rural Innovation ‘Front of Stage’

The stakeholder interviews highlight four principal issues for consideration by innovation support providers and wider stakeholders, relating to the framing of innovation and innovation support, gaps in data and knowledge, structural weaknesses within the innovation ecosystem, and the need for adaptation in innovation support service design and delivery.

5.1 Framing of innovation and innovation support

Key stakeholders in the innovation support and rural policy ecosystem suggest that rural enterprise remains overlooked and underrepresented in innovation policy and support. Rural innovation is usually narrowly defined as agri-tech—a sector with a long tradition of innovation support - while the broader spectrum of rural enterprise can be under-recognised. To unlock the full potential of rural innovation, stronger prioritisation within industrial and innovation policies is required at both national and sub-national levels. A clearer economic case for investment must be established, one that recognises the diversity of rural enterprises and highlights their current, significant contributions to frontier sectors and clusters. Policy discourse should reframe discussions of rural by considering it as a geographical context, rather than a sector.

More broadly, rural businesses are disadvantaged by ambiguity in place-based innovation policies and persistent doubts about whether these approaches are genuinely place-sensitive and inclusive - rural areas are often falsely assumed to be supported by generic, place-based initiatives. Given they are best placed to understand their local geographies, the onus should be placed on devolved local and combined authorities to take responsibility for proactively designing and implementing more place-sensitive innovation and growth plans tailored to rural

contexts. Without this direction, support risks defaulting to “low-hanging fruit,” engaging only the most accessible businesses and places.

Furthermore, the dominance of techno-scientific perspectives in innovation discourse often sidelines key dimensions of rural innovation. Social innovation and community-driven responses to local challenges are critical but remain under-recognised. Interviewees called for innovation support agencies to adopt a broader, more integrated approach—one that values both technological advances and the innovative practices emerging from rural communities themselves.

Sociologist Erving Goffman (1990) used metaphors to describe how actions and dynamics differ when they take place ‘frontstage’, meaning openly with others watching, or ‘backstage’, out of the spotlight, behind the scenes. Applying the front and backstage analogy of Goffman to the research findings (Goffman, 1990), innovation policy and practice appears to be characterised by front and backstage dynamics. On the frontstage, there are new to the world innovations, the IS8 (the high-growth sectors in the Industrial Strategy), patents, and the Oxford to Cambridge Growth Corridor – perceived as cutting edge, the innovation “stars”. Some of these actors are rurally located, as witnessed in IS8 location data, but their rurality, as evidenced in the interview findings, largely remains hidden in innovation policy circles. Consequently, rural policy actors stay disconnected from innovation policy. Likewise given their hidden nature, there is a lack of recognised rural role models in innovation policy. While rural is present, but largely hidden in the innovation frontstage, disproportionately more actors on the frontstage are urban than rural (see Roper, 2021).

New to the business innovation characterises the backstage – adoption of product and process innovations learnt from others which are not novel to the world, but which are nonetheless vital for business adaptation, growth and the wider foundations of innovation. The number of businesses backstage far exceeds those front stage. In innovation policy circles, fostering new to the business innovation is largely seen as a matter for business support rather than innovation policy which concentrates on frontstage new to the world matters. Rural firms are as well represented and perform as well as their urban counterparts backstage (Phillipson *et al.*, 2019; Tiwasing *et al.*, 2023), but this also remains largely hidden in innovation policy circles.

5.2 Gaps in data and knowledge

Significant gaps in data and understanding of rural, non-farming businesses - and the challenges and opportunities faced by rural innovators - limit the ability of innovation support actors to deliver tailored interventions. Strengthening the evidence base, improving market intelligence, and deepening engagement with rural enterprises are essential. This should be complemented by more consistent geographical analysis of innovation activity and spending, using the ONS Rural-Urban Classification, to ensure future support models and mechanisms are effectively designed, evaluated and implemented with a ‘rural lens’

A stronger evidence base will also enhance the capacity of local and combined authorities to develop spatially inclusive, place-based strategies. More broadly, there is strong demand for a dedicated initiative to facilitate the sharing of good practice and case studies, helping to inform and shape future support programmes for innovation in rural areas.

5.3 Structural holes within the innovation ecosystem

There are several strategic gaps in the innovation ecosystem which hinder rural innovation and exacerbate the poor integration of rural development and innovation strategies.

A key issue lies in the limited connections between Defra's rural policy team and major innovation policy stakeholders, including Innovate UK, DSIT, and Research England. While Innovate UK maintains strong links with Defra's agri-food team, there are few - if any - connections between Innovate UK and DSIT innovation teams with Defra's rural policy and affairs team. Similarly, although Research England engages regularly with several government departments, Defra is not a consistent point of contact. This situation reflects both the low prioritisation of rural enterprise within the innovation funding landscape and Defra's limited capacity to expand its external relationships.

There is also a systemic need to strengthen the engagement of universities in supporting rural innovation. Universities often lack the relationships and networks needed to collaborate effectively with rural communities and businesses, tending instead to focus on enterprises located nearby (Hindle et al, 2010). Greater co-ordination across the HEI sector could help build capacity, share learning, and expand rural engagement. Piloting one-stop services would further assist rural businesses in navigating and accessing university expertise and wider innovation support infrastructure.

Although this research did not set out to review the Catapult network, several interviewees highlighted its relevance to rural innovation. The Connected Places Catapult has undertaken positive engagement in rural areas and recently conducted research into rural innovation (Connected Places Catapult, 2024). However, its overall level of engagement with rural economies remains limited. While the wider Catapult network is generally well embedded in its local contexts, the rural reach of Catapults warrants further attention and development.

More generally, innovation support providers and intermediaries could be much better linked to rural stakeholders. One opportunity is to explore collaboration with trusted professional business service companies that specialise in engaging and advising rural and land based businesses, or other locally embedded intermediaries, which could be potential bridges into innovation support provision.

5.4 Adapting innovation support service design and delivery

Access to innovation support services for rural businesses and communities remains a critical issue. Rural enterprises are often perceived as harder and more costly to reach (Hindle et al,

2010), leading innovation support providers to focus on more accessible concentrations of firms. As a result, when rural businesses benefit, it is typically incidental rather than intentional.

Innovation support providers such as Innovate UK do not exclude any businesses from seeking their support. However, a general 'no-exclusion principle' could be reinforced with proactive measures to expand rural access. Innovation support - whether challenge-led or sector-based - must be more sensitively tailored to rural contexts, reflecting the challenges and opportunities of rural enterprise, and the demographic profile and predominance of small businesses in these areas. Tailoring and targeting of support may be needed to account for several firm level characteristics that can feature more prominently in the business profile of rural areas, and which impact on the receptiveness and impact of support services and programmes, including:

- » a high proportion of self-employment and a business and employment profile dominated by micro- and small businesses;
- » the older demographic profile of owners and workforce;
- » a higher level of staff resistance to innovation;
- » lower levels of self-reported innovation ambitions and innovation capabilities;
- » lower levels of capital investment capability.

Just as funders adapt their approaches to improve access in other sectors (Planes-Satorra and Paunov, 2017), application processes and funding rules should be reviewed to ensure rural firms are not disadvantaged. Cluster-based approaches also require some adaptation to ensure they are relevant in geographically dispersed rural environments. This could include localised micro-clusters or expanding cluster coverage to explicitly incorporate social enterprises.

Improving rural accessibility will likely require a dual approach, involving (i) dedicated, stand-alone programmes targeted specifically at rural businesses and communities and (ii) tailored design, delivery, and outreach within mainstream innovation support. Such measures would align with the Government's formal commitment to 'rural proofing' (Defra, 2025), which has not yet been fully applied to innovation policy and support

Group-based, bottom-up, and capacity-building approaches are essential for adapting innovation service design and delivery to the needs of rural economies. Improving collective access to innovation support and funding requires targeted outreach to groups and networks of rural businesses, alongside initiatives that encourage firms to collaborate in accessing support and sharing costs. One way forward is to utilise the existing network of rural enterprise hubs as platforms for accessing support and cost-effective outreach. Such approaches can

foster peer-to-peer networking, reduce administrative burdens, and aggregate demand for support, thereby increasing efficiency and impact.

International experience highlights the importance of locally delegated innovation funding, which enables flexible, bottom-up approaches tailored to rural needs and opportunities (OECD, 2022). Locally driven mechanisms - such as pitching round tables - can also reduce formality and counter the corporate style and language often associated with mainstream innovation services, which risk alienating rural innovators.

Capacity constraints remain a substantial barrier to rural engagement with the innovation ecosystem. Building capacity and expanding peer-to-peer networks are critical to enabling rural businesses and communities to access support. Local animators or facilitators can play a pivotal role in fostering collaboration and connecting rural enterprise more effectively with innovation services and infrastructure.

6. Recommendations

Expert interviews with key individuals from across the innovation support and policy system, accompanied by a strategic review of the literature, considered existing evidence and insight on the characteristics of entrepreneurial ecosystems in rural areas, and the ways in which innovation support measures can be structured to address the needs of rural businesses and communities.

Applying the front and backstage analogy of Goffman (1990) to the research findings, leads to several overarching reflections: Rural's contribution to front and backstage innovation remains largely hidden in UK innovation policy circles. Consequently, rural actors (both public and private sector) are largely shunned in innovation policy debates. Whilst there are, in general, insufficient numbers of UK businesses either front or backstage, with levels of both new to the world and new to the business remaining low (Roper and Nafizah, 2024), the current cast of frontstage innovation actors is inadequate and distributed spatially very unequally, limiting innovation policy's contribution to wider Government objectives regarding spreading prosperity to all parts of the UK.

A vital policy task is therefore to convert more backstage innovation actors into frontstage ones, progressing from new to the business to new to the world innovation. This transition appears harder for rural businesses (Phillipson et al., 2019; Roper and Jibril, 2023) and an important cause of rural firms' more difficult journey from back to front stage is the current configuration of the innovation ecosystem.

Ensuring more equal opportunities to the frontstage of innovation for rural businesses should be an objective of innovation policy. This would involve: better recognition of the role and presence of rural enterprise in front and backstages; better connections between rural and innovation policy actors; identification of rural role models in innovation; better connections

between front and backstage business support and front stage innovation support; and, improved access to aspects of the innovation ecosystem focused on frontstage innovation activities.

The following recommendations set out some initial steps that could be taken to progress this goal of ***bringing rural innovation front of stage***:

Through research and innovation funding mechanisms:

- » **Broaden understanding of the diversity of rural innovation** - Expand rural innovation policy's current focus beyond agri-tech to reflect the diverse composition of contemporary rural economies.
- » **Undertake a detailed assessment of the economic case for rural investment** - Commission research to further quantify rural enterprises' contributions to frontier sectors and clusters.
- » **Strengthen rural innovation data and evidence base** - Invest in systematic data collection on innovation in rural non-farming businesses, using the ONS Rural-Urban Classification for consistent analysis, and conduct market research regarding the accessibility of innovation funding and processes for rural businesses. Use the Classification consistently to evaluate innovation activity, spending, and impact in rural areas at national and sub-national levels.
- » **Strengthen rural innovation knowledge exchange** - Create a national initiative to share case studies, good practice, and lessons learned across innovation programmes and their engagement with rural enterprise.
- » **Enhance university engagement with rural communities and businesses** - Through their HEIF allocations, incentivise universities to build networks, coordinated outreach and co-designed innovation with less engaged communities and geographies, such as rural enterprises and communities, including the trial of a one-stop university service for rural businesses.

Through regional and national innovation strategies:

- » **Recognise the importance of rural Enterprise in national and regional strategies** - Embed rural innovation priorities explicitly within industrial and innovation policies at both national and sub-national levels.
- » **Recognise social and community innovation** - Alongside technological advances, integrate social innovation and community-driven practices into mainstream innovation discourse and support frameworks. Specifically, integrate social enterprises and community organisations into innovation frameworks given their grassroots roles in social innovation, convening partners, and building capacity.

In innovation policymaking spaces:

- » **Improve cross-government coordination** - establish a joint working group between Defra, Innovate UK, DSIT and Research England, to align rural and innovation strategies, programmes and investments, to develop and test new engagement models with rural businesses and communities, and to establish framework conditions for delivery of devolved local innovation plans.
- » **Embed place-sensitive innovation policies and frameworks** - Ensure a 'rural lens' is consistently applied to national and devolved innovation policies and strategies and to their specific support programmes, accelerators, incubators and initiatives. New or refreshed local innovation action plans and the emerging innovation programmes of existing and future combined authorities should demonstrate the reach and relevance of their support across their local geographies, including rural economies. There should be capacity building support for local innovation delivery partners and regional innovation managers around bringing a rural lens to innovation support.

Through new and existing innovation support and funding streams:

- » **Adopt a dual-access approach** - As part of a dual-access strategy, pilot stand-alone programmes specifically designed for rural businesses, alongside adapted models within mainstream innovation support.
- » **Expand Catapult Network's rural reach** - Encourage Catapults to leverage investment and integrate rural engagement into their strategies, with consideration to tailored or bespoke programmes for rural economies.
- » **Reinforce a 'no-exclusion principle'** - Encourage innovation support providers to proactively engage rural businesses, adapting application processes and funding rules to reduce barriers and avoid "low-hanging fruit" bias, and evaluate innovation application rates and spend against the urban-rural classification.
- » **Adapt cluster-based approaches** - Ensure rural communities and businesses benefit equitably from cluster-based development and establish adapted cluster models for rural geographies, ranging from dispersed/networked approaches through to micro-clusters. Specifically, launch a pilot initiative to support local rural micro-clusters and the access of rural businesses to existing or emerging clusters.
- » **Promote group-based and peer-to-peer models** - Leverage existing rural enterprise hubs as central platforms for innovation support and knowledge exchange, together with targeted outreach to rural business networks, encouraging collaborative applications for funding, and facilitating peer-to-peer networking.
- » **Pilot accessible local innovation funding mechanisms** - Pilot locally managed and facilitated funding mechanisms (e.g., pitching round tables) to enable flexible, bottom-up innovation support aligned with rural needs.

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