

REPORT OF THE DIRECTOR OF PLACE

ECONOMIC RECOVERY – THE SHARED PROSPERITY AND RURAL ENGLAND PROSPERITY FUNDS

Cabinet Member(s): Cllr Richard Chesterton

Responsible Officer: Richard Marsh, Director of Place

Reason for Report: To update members on activities undertaken as part of the Devon Economic Recovery Plan and progress with the Shared Prosperity Fund Implementation Plan, including the initiatives proposed under the Rural England Prosperity Fund.

RECOMMENDATION: That the PDG recommend to the Cabinet approval of the direction and level of investment proposed for the Rural England Prosperity Fund.

Financial Implications: Under the UK Shared Prosperity Fund (UKSPF), the Government has allocated £1,064,159 over a three year period to Mid Devon, to support economic development and community cohesion, subject to the approval of a locally agreed Investment Plan. The Government has also allocated £817,672 of Rural Uplift for Mid Devon to build on and complement the Shared Prosperity Fund under the Rural England Prosperity Fund (REPF). At the date of writing the report formal approval of the SPF Investment Plan has not yet been received.

Budget and Policy Framework: Staffing costs for projects to be delivered under the Shared Prosperity Fund have been fully costed into the project budgets. In addition 4% (£42,566.36) of the UKSPF allocation can be spent on management and administration, leaving £1,021,592.64 for project delivery. However, the Government has not allocated any administrative or management budget for the Rural England Prosperity Fund, and staffing costs for delivery of REPF activities will need to be found within the UKSPF allocation

The funding will help deliver projects which contribute towards meeting objectives within both the Council's Economic Strategy and its Corporate Plan 2020-24.

Legal Implications: Once the Investment Plan is approved by Government, the scheme will be subject to a grant agreement – details of which have not yet been released. In addition, in order to deliver the initiatives under both schemes separate legal agreements will need to be signed with delivery partners and grant recipients. The Council will act as the Accountable Body for both the SPF and REPF schemes.

Risk Assessment: Given the economic uncertainty and budgetary challenges facing the UK in the coming months, there is a risk that the Government may need to modify their commitment to funding this scheme either in whole or part. Approval for the Implementation Plans has already been delayed (implementation of the scheme was due to start at the beginning of October) and we are unlikely to hear more until after the budgetary statement. The longer the delay in receiving approval the more at risk

Year 1 outcomes will be. In the meantime, to mitigate this risk we continue to plan for full implementation of the plan as soon as approval is obtained.

Equality Impact Assessment: Individual projects will have their own equality impact assessed as part of the detailed planning for delivery. Grant schemes will be developed that offer an open application process with equality safeguards to ensure equal and equitable access the funding.

Relationship to Corporate Plan: The SPF Investment Plan and Rural Uplift directly address a number of objectives identified in the Corporate Plan 2020-24, as set out in the report below.

- Promote economic development and greater economic diversity
- Reduce long-distance commuting
- Increase the number of higher skilled, better paid jobs
- Incubation space, grow-on space and places to expand
- Promote low carbon communities - decarbonisation
- Promote a local economy - People living, working, eating, shopping and spending locally
- Greater digital connectivity in rural areas
- Support for clean growth industries
- A thriving agricultural sector that showcases farm-to-fork practices and low food miles to market

Impact on Climate Change: Climate change and the necessity for businesses to transition to a Low Carbon Economy is a recurring theme within the SPF Investment Plan. All grant schemes will ask applicants how their proposed activities support business de-carbonisation. The Rural Uplift will also include a scheme to fund Community Energy Projects to support community-led renewal energy initiatives.

1.0 Background

1.1 Following the lifting of the remaining Covid-related restrictions in February 2022, it was hoped that the local economy would make a quick recovery. However, the impact of the ongoing war in Ukraine and its effect on global trade, and fuel and commodity prices, has had a dampening effect on growth, and it is widely reported that we may be entering a period of recession. The latest economic and political upheavals have also added to business uncertainty. See the Local Economy Update Report also tabled at this meeting.

1.2 Despite these challenges the Council and its local partners have continued to put in place a number of initiatives to support business resilience and growth. In addition to the Government's direct grants to businesses through a series of targeted schemes administered by the Council, the 'Team Devon' partnership of public sector bodies has co-ordinated initiatives funded through the Community Renewal Fund to support economic recovery. These have included:

- Coastal & Market Town Initiative
- Retrofit Skills and Business Accelerator
- Agri-Tech Accelerator
- Mid Devon Mobility - Stronger Together
- Limited Engaging Enterprise

- Promoting Innovation and Enterprise
- Innovation for Youth and Community
- Digital Devon
- School for Social Entrepreneurs Devon
- Devon Elevation Fund
- Ability not Disability
- Velocity – VCSE Devon
- Start and Grow
- Eden Grounds

1.3 These projects are now coming to an end, and it is expected that a number of the successful initiatives, including Ability not Disability, Innovation for Youth, Agri-Tech Accelerator, and the Retrofit Skills and Business Accelerator will be taken forward through local Shared Prosperity Funding Investment Plans.

1.4 The Shared Prosperity Fund will be the main funding mechanism for local economic interventions over the next three years, and the SPF Investment Plan forms the strategic framework for local economic activity.

2.0 Shared Prosperity Fund

2.1 The Government launched the UK Shared Prosperity Fund (UKSPF) in April 2022 as part of its Levelling Up agenda, with an initial investment of £2.6 billion to reduce inequalities and support economic development and community cohesion. The funding covers the three year period from April 2022 to March 2025, with all areas of the UK receiving a formula-based allocation. Mid Devon was allocated £1,064,159 of funding over three years.

2.2 In order to draw down the funding, the Council was required to submit an Investment Plan developed in partnership with key stakeholders. Through a process of analysis of the available evidence, discussion with local businesses and engagement and formal consultation with strategic and local partners, a logical and robust argument for intervention, known as a ‘Theory of Change’, was developed, providing a reasoned argument for why the Council wants to invest in the proposed priority areas, with proposed interventions and outcomes.

2.3 The SPF investment priorities as laid out in the Investment Plan are as follows:

SPF Investment Priority
Communities and Place
<p>Support for revitalising our town centres by:</p> <ul style="list-style-type: none"> ● Improving the public realm ● Supporting an improved retail offer ● Bringing vacant shops back into use ● Renovating and restructuring under-utilised buildings ● Promoting a programme of events, festivals ● Supporting an improved cultural and leisure offer

SPF Investment Priority
Support a thriving agricultural sector that showcases field-to-fork practices and low food miles to market
Strengthening the Visitor Economy
Supporting Local Businesses
Support for local start-ups and micro-businesses (SMEs)
Support the development of incubation and flexible work-space
Support for business innovation and adoption of modern processes and advanced technology by local start-ups and micro-businesses
People & Skills
Support for young people not in employment (or underemployed)
Support for an inclusive workforce
Support workforce development in skills for a new economy – Green Skills

Details of the individual interventions under the SPF can be found in Appendix A.

- 2.4 The submission of the Shared Prosperity Fund Investment Plan was approved at Cabinet on the 12th July 2022 and duly submitted by the programme deadline of the 1st August. Although programme implementation was due to begin in October, as of the time of writing this report, the Council has still not received confirmation from the Department for Levelling Up, Housing and Communities (DLUHC) that they are happy with the plan. Due to the current political situation it is unlikely that we will hear more until November. In the absence of any contrary indication, the Economic Development team continues to develop detailed business plans for the implementation of the proposed interventions.

3.0 Rural England Prosperity Fund ('Rural Fund')

- 3.1 In September, the Government announced a £110 million 'Rural England Prosperity Fund' as a top-up for rural districts 'to build on and complement the Shared Prosperity Fund' (SPF). Like the SPF, this fund supports the Government's Levelling Up White Paper and the Future Farming Programme and replaces LEADER and Growth Programme funding which were part of the EU-funded Rural Development Programme.
- 3.2 The Rural Fund will support capital projects for small businesses and community infrastructure over a two year period from April 2023 to Mar 2025. Mid Devon has been allocated £817,672, on top of the £1,064,159 already announced as part of the Shared Prosperity Fund.
- 3.3 The Rural Fund guidelines state the programme will provide capital funding to:
- support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy. This includes farm businesses looking to diversify income streams

- support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy

The definition of 'rural' in the REPF guidelines, allows for the funding to be applied across the whole of the district.

- 3.4 To access the funding the Council needs to complete a 'short addendum' that includes additional information to the already submitted Shared Prosperity Fund (SPF) Investment Plan, outlining how the Council will use the extra funding and justifying its plans. Proposals for interventions under the Rural Prosperity Fund need to align as much as possible with the SPF Investment Plan.

4.0 Proposals for Rural Fund investment

- 4.1 The Rural England Prosperity Fund guidelines have defined a number of interventions under two priorities; Supporting Local Businesses and Supporting Rural Communities. The interventions we propose to use include:

Supporting Local Businesses

- Capital grant funding for small scale investment in micro and small enterprises in rural areas
- Capital grant funding for growing the local social economy and supporting innovation
- Capital grant funding for developing and promoting the visitor economy

Supporting Rural Communities

- Capital grant funding for investment and support for digital infrastructure for local community facilities
- Capital grant funding for investment in capacity building and infrastructure support for local civil society and community groups

The following paragraphs show how the proposed local interventions meet the REPF defined interventions as noted above, and align with the interventions in the SPF Investment Plan.

- 4.2 **Capital grant funding for small scale investment in micro and small enterprises in rural areas**

a) Business Innovation Grants

£118k has already been identified under the Shared Prosperity Fund to support Business Innovation Grants in 2024-25. This would include capital grants to support rural micro-businesses innovate and adopt new technology and processes so that they can take the next step towards 'transformational' change, increase jobs, increase productivity and support de-carbonisation.

Capital funding from the Rural England Prosperity Fund will allow this scheme to be expanded and extended to 2023-24 thus allowing more businesses to access the funding and increasing job creation and productivity, including include support for diversification of farm businesses.

Proposed REPF Investment: £150,000

b) Farm to Fork Capital Grants

Under the Shared Prosperity Fund, £50k of revenue funding was identified for work with farmers, local producers, retailers and hospitality businesses to strengthen the local food supply chain, by

- promoting direct supply through box schemes, farmers markets, farm shops, local packers / distributors, local independent retailers
- linking local food producers and local food businesses (retailers and hospitality) through 'meet the buyer' events, and
- stimulating demand through 'Buy Local' campaigns, promoting local markets, and expanding food tourism.

A further investment of capital funding under the Rural England Shared Prosperity Fund will allow an open-application capital grants under a LEADER-style programme to support rural micro-businesses develop, produce and market local food and drink products and its direct supply to consumers.

Proposed REPF Investment: £150,000

c) Market Area Enhancements

This project would involve the development of work-hub / flexible workspace / maker unit facilities in the market area of Tiverton to support rural micro businesses start-ups and marketing initiatives in conjunction with the Pannier Market and improve the vibrancy of the town centre.

Proposed REPF Investment: £100,000

4.3 Capital grant funding for growing the local social economy and supporting innovation

a) Supporting Community Businesses and Community Infrastructure.

Under the Shared Prosperity Fund Investment Plan, £60k was identified to support the development of rural work-hubs as part of multi-functional community-owned facilities such as village halls.

Investment through the Rural England Prosperity Fund would allow further funding support for community businesses such as community shops, community pubs, and community energy organisations, to help the growth of the local social economy, support community infrastructure, and facilitate community-level de-carbonisation projects. This priority would include a digital uplift to ensure community facilities have adequate digital connection to support rural business activities. This theme links to a number of interventions in the REPF including:

- growing the social economy
- supporting innovation
- investment and support for digital infrastructure for local community facilities

- investment in infrastructure support for local civil society and community groups

This local intervention also meets two further REPF defined interventions

- Capital grant funding for investment and support for digital infrastructure for local community facilities
- Capital grant funding for investment in capacity building and infrastructure support for local civil society and community groups

Proposed REPF Investment: £150,000

b) Business Innovation Centre

Under the Shared Prosperity Fund, £100k was identified to support the development of a Business Innovation Centre, incorporating design space, rapid prototyping facilities (eg 3D printing), augmented/virtual reality labs and traditional laboratory space, complemented by hot-desking facilities and spaces for businesses to connect with their customers both in-person and virtually. Investment of £50k from the Rural Fund will bring forward the delivery of this project and allow more business to benefit.

Proposed REPF Investment: £50,000

4.4 Capital grant funding for developing and promoting the visitor economy

a) Sustainable Tourism Capital Grants

Under the Shared Prosperity Fund £50k revenue funding was identified to support a raft of initiatives to promote and extend the local visitor economy, including developing a Mid Devon Walking Festival; facilitating a range of tourism trails; improving signage on major entry points into Mid Devon; visitor information and interpretation boards. Further investment of £60k under the Rural England Prosperity Fund, will allow this work to be extended to other areas of the district, and support further work on better signage, visitor information and interpretation boards.

Proposed Investment from REPF: £60,000

In addition investment of capital funding from the Rural England Shared Prosperity Fund will allow an open-application capital grants programme under a LEADER-style programme, to support rural micro-businesses to develop quality visitor attractions and experiences to increase the offer to visitors and to support farm diversification

Proposed Investment from REPF: £150,000

- 4.5 Appendix B shows how the REPF interventions align with the relevant SPF interventions, and the indicative total funding available under each investment priority.

- 4.6 The following table gives a summary of the proposed interventions profiled over the two years of the programme

	Intervention	2023-24	2024-25	TOTALS
	REPF Allocation	25%	75%	
		£204,250	£612,750	£817,000
	Supporting Local Business			
1.1	Innovation & Technology grants	£50,000	£100,000	£150,000
1.2	Field to Fork capital grants	£50,000	£100,000	£150,000
1.3	Market Area Enhancements		£100,000	£100,000
2.2	Business Innovation Centre	£50,000		£50,000
3.1	Sustainable Tourism		£60,000	£60,000
	Sustainable Tourism capital grants	£50,000	£100,000	£150,000
	Supporting Rural Communities			
4.1	Supporting Community Businesses and Community Infrastructure		£150,000	£150,000
	TOTAL	£200,000	£610,000	£810,000

5.0 Conclusions and Recommendations

- 5.1 This report seeks member approval for the overall direction of the proposed interventions under Rural Uplift for the Shared Prosperity Fund and feedback on the investment priorities identified above and the indicative level of funding under each priority.
- 5.2 Over the next couple of weeks we will continue to engage with rural stakeholders and local MPS on the proposed interventions and make adaptations as required. A final report will be brought to Cabinet on the 29th November for approval, ready for submission on the 30th November.

The timetable for submission and launch of this fund is as follows:

Action	Date
Preparation of bid	Sept – Nov
Engagement and consultation with rural stakeholders	Sept – Oct
Economy PDG	29 th Sept
First draft 'addendum submission'	30 th October
Economy PDG	10 th November
Cabinet	29 th November
Submission deadline	30 th November 2022
Launch date	April 2023

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Circulation of the Report:

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List of Background Papers:

Appendix A: SPF Interventions

Appendix B: Summary of SPF and REPF Interventions