

REPORT OF THE DIRECTOR OF PLACE

ECONOMIC RECOVERY – SHARED PROSPERITY FUND AND RURAL ENGLAND PROSPERITY FUND

Cabinet Member(s): Councillor Richard Chesterton, Cabinet Member for Planning and Regeneration

Responsible Officer: Richard Marsh, Director of Place

Reason for Report: To seek member approval for the submission of an 'Addendum' to the Shared Prosperity Fund Investment Plan for Mid Devon in order to draw down the Rural England Prosperity Fund allocation.

Recommendation: That Cabinet:

- I. Approves the investment priorities set out in the Rural England Prosperity Fund Addendum and the level of proposed investment in each priority area.**
- II. Delegated authority be given to the Director of Place (in consultation with the Portfolio holder for Planning and Economic Regeneration) to finalise the funding priorities and submit the bid on behalf of the Council.**

Financial Implications: Under the Rural England Prosperity Fund, the Government has allocated £817,672 to Mid Devon for the period 2023-25, to support rural businesses and local communities under its Levelling Up agenda. This funding builds on and complements the £1,064,159 already allocated under the Shared Prosperity Fund. However, it is unlikely that we will get final confirmation on the Shared Prosperity Fund until after the November autumn financial statement.

Budget and Policy Framework: 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 4% allocation for administration and management.

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

Legal Implications: Once the SPF Investment Plan and REPF Addendum 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 the scheme separate legal agreements will need to be signed with delivery partners and grant recipients. The Council will act as the Accountable Body for the scheme.

Risk Assessment: Given the budgetary challenges facing the UK, there is a risk that the Government may need to modify their commitment to funding this programme. We

are yet to receive feedback on the SPF Implementation Plans, submitted in August, and final approval is unlikely until after the autumn financial statement. In the meantime, we continue to plan for implementation of the plan as soon as approval is obtained.

Equality Impact Assessment: The Shared Prosperity Fund Investment Plan and Rural England Prosperity Fund aims to help address inequalities in our communities, particularly through skills development, wage growth and community infrastructure. Individual projects will have their own equality impact assessed as part of the detailed planning for delivery.

Relationship to Corporate Plan: The SPF Investment Plan and REPF Addendum, 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 Introduction

In the last couple of years the Government has announced a series of funding schemes to aid economic growth and recovery and support the 'levelling up' agenda, including the Levelling Up Fund, the Community Renewal Fund, the UK Shared Prosperity Fund (SPF) and most recently the Rural England Prosperity Fund (REPF). This report provides a summary of the Council's proposed submission to the REPF as an addendum to SPF Investment Plan, which was submitted in August. Following the ending of EU funding, the UK Shared Prosperity Fund will be the main funding mechanism for local economic interventions over the next three years, and the Mid Devon SPF Investment Plan will form the strategic framework for local economic activity.

2.0 Rural England Prosperity Fund ('Rural Fund')

2.1 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. 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.

2.2 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.

2.3 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.

2.4 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.

2.5 The Investment Priorities for the Shared Prosperity Fund were approved subject to final adjustments by Cabinet on the 7th July 2022 and submitted by the application deadline of the 1st August. The final bid included the following investment priorities and indicative budgets.

SPF Investment Priority	
Communities and Place	
Support for revitalising our town centres by: <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 	£104,000
Support a thriving agricultural sector that showcases field-to-fork practices and low food miles to market	£50,000
Strengthening the Visitor Economy	£49,000
Supporting Local Businesses	
Support for local start-ups and micro-businesses (SMEs)	£208,000

SPF Investment Priority	
Support the development of incubation and flexible work-space	£285,000 capital
	£109,000 revenue
Support for business innovation and adoption of modern processes and advanced technology by local start-ups and micro-businesses	£118,000
People & Skills	
Support for young people not in employment (or underemployed)	£50,000
Support for an inclusive workforce	£40,000
Support workforce development in skills for a new economy – Green Skills	£50,000

2.6 The Rural England Prosperity Fund includes only two of the three SPF priority areas - Supporting Local Businesses and Supporting Rural Communities - but does not include the third priority 'People and Skills'.

3.0 Proposals for Rural Fund investment

3.1 The Rural England Prosperity Fund guidelines have defined a number of interventions under its two priorities; Supporting Local Businesses and Supporting Rural Communities. The interventions we propose to use are as follows:

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.

3.2 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 support for diversification of farm businesses.

Proposed REPF Investment: £157,000

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

Linked to the SPF priority of 'Supporting the development of incubation and flexible work-space', 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

3.3 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 of capital funding 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

3.4 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

3.5 Appendix A shows how the REPF interventions align with the agreed SPF interventions, and the indicative total funding available under each investment priority.

3.6 The following table gives a summary of the proposed interventions under the REPF and 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	£107,000	£157,000
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	£617,000	£817,000

3.7 During the last two weeks we have been consulting with rural stakeholders through the reference group set up as part of the Shared Prosperity Fund, and made up of local statutory, community and private sector partners, including representatives from the National Farmers Union NFU, and Countryside Landowners and Rural Businesses Association CLA. Their comments have been incorporated into the bid. We have also sort endorsement from our local MPs, as required by the funding guidelines.

3.8 The deadline for submission of the REPF Addendum is the 30th November. Following submission, the investment plan will be appraised by the Department for Environment, Food and Rural Affairs (DEFRA). They have not stated the deadline for approval, but projects should be able to start from April 2023.

4.0 Conclusions and Recommendations

- 4.1 This report seeks member approval for the investment priorities identified above with an indicative level of funding under each priority. It then seeks delegated authority for the Director of Place, in consultation with the Portfolio holder for Planning and Economic Regeneration, to finalise and submit the addendum bid on behalf of the Council to DEFRA.

Contact for more Information:

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Circulation of the Report: Cabinet Member– Cllr Richard Chesterton], Cabinet, Leadership Team

List of Background Papers:

Appendix A – Summary of SPF an REPF Interventions