

CABINET
7TH FEBRUARY 2023

UK Shared Prosperity Fund and Rural England Prosperity Fund Delivery Plan

Cabinet Member(s): Cllr Richard Chesterton

Responsible Officer: Richard Marsh, Director of Place

Reason for Report: To update members on the proposed delivery plan for the UK Shared Prosperity Fund (SPF), approve year 1 spend (2022/23) and approve delegated authority to the Director of Place, in conjunction with Cabinet Members, to approve the detailed SPF Policy and any accompanying guidance materials.

RECOMMENDATION: That Cabinet:

- 1) approve the UKSPF expenditure & Delivery Plan for Year One (2022/23) as outlined throughout the report.**
- 2) approve delegated authority to the Director of Place, in conjunction with the Cabinet Member for Finance, to finalise the detailed SPF Policy & grant arrangements;**
- 3) approve delegated authority to the Director of Place, in conjunction with the Cabinet Member for Planning and Economic Regeneration, to approve variations to the Delivery Plan, Investment Plan and/or grant scheme criteria; and**

Financial Implications: The Council's funding bid for year one of the SPF is confirmed as successful; funding for years two and three is dependent on successfully completing year one targets.

Budget and Policy Framework: The activities described in the report help to deliver the Council's Corporate Plan and the objectives and actions identified in Mid Devon's Economic Strategy.

The UKSPF Investment Plan was developed in conjunction with key stakeholders and was subject to engagement with Members prior to submission to Government. The Investment Plan is therefore informed & supported by recent engagement and an up to date understanding of the socio-economic context of the District.

Legal Implications: MDDC's UKSPF policy/grant conditions will reflect criteria set by the Government regarding eligibility for receipt of Government funds. These will also cover matters including Procurement and Subsidy Control requirements and will ensure that MDDC, and grant recipients, are acting in accordance with Government requirements and the law.

Risk Assessment: There is a risk where failure to deliver Year One projects on time occurs, this may impede our ability to access funding for Years Two and Three. This risk has increased owing to the delayed approval of the UKSPF investment plans submitted to Government by Local Authorities for approval. However, the Economic Development team is seeking to mitigate this risk and has been proactively progressing our Investment Plan workstreams in order to minimise the risk of non-delivery.

Equality Impact Assessment: The Shared Prosperity Fund aims to help address inequalities in our society. However, there is a risk due to the expediency needed to deliver actions within year one, that business communities more difficult to reach due to any current disconnect with existing networking channels, contact lists or due to technological/digital disadvantage may not benefit from funding in year one. Therefore, we have prioritised our approach to delivery in year one with the aim of establishing schemes so that years two and three focus on more direct support projects with businesses, which will have full communication plans aimed at target sectors.

Relationship to Corporate Plan: The work of the Growth, Economy and Delivery team supports the corporate objectives for the economy:

- Bringing new businesses into the District
- Business development and growth
- Improving and regenerating our town centres
- Growing the tourism sector

The successful deployment of the UKSPF programme, and in due course the REPF, will support the Economic Development team in achieving these corporate objectives.

Impact on Climate Change: No direct impacts have been identified, although several of the projects may have a positive environmental impact (eg through supporting low food miles in year one or through green technology grants later in the plan). The programme is therefore expected to have a positive impact on climate change in a general sense.

1.0 Background

The Economic Development Team received confirmation on 5th December 2022 from the Department for Levelling Up, Homes and Communities (DLUHC) that the MDDC UKSPF Investment Plan has been approved.

Mid Devon District Council has secured £67,748 for capital projects and £61,398 for revenue projects (plus a further £20,000 capacity funding to cover the costs of forming the bid). However, at this time, the funding confirmed is for year 1 (2022/23) only; confirmation of funding of SPF for years 2 and 3 is subject to successfully spending allocated funding in year 1 first, which must be spent (not committed) before the end of March 2023.

It is important to note that we had expected to hear the outcome of the assessment of our UKSPF Investment Plan by the beginning of October and yet with the two month delay on approval of it, the spend deadline has not been extended. We are therefore still bound to spend (not simply commit) the year 1 funding by the end of March 2023 and, as set out above, subsequent years funding is dependent upon our performance in year 1.

This report details the proposed delivery plan for year one in order to ensure swift and meaningful use of the funds given the short timescale. All of the proposals are within the original scope of the Investment Plan bid, which received prior approval from the Economy PDG and Cabinet.

The report also outlines the framework for the SPF Policy along with a timescale for delivery of actions within years 2 and 3. This includes projects within the Rural England Prosperity Fund (REPF), although as this element of the SPF only closed for applications on 30 November, we do not expect to hear the outcome from this bid until sometime in January.

2.0 Year One Delivery Plan

The Delivery Plan includes the following areas of intervention which will be delivered directly by the Economic Development Team:

- Love Your Town Centre
- Field to Fork
- Visitor Economy
- Work Hubs

In addition, the following areas of intervention will be delivered by external partners:

- Business Innovation Centre
- Business Innovation Outreach
- Business Support Programme

For the purposes of this report, we are focusing on the areas that we are directly responsible for; the team have been engaging with delivery partners for the remaining elements to ensure spend within the timeframe.

2.1 Love Your Town Centre

This area of intervention includes aspects of funding programmes delivered within the Council's existing budget and workplan (such as vibrant town centres grant scheme and shopfront enhancement schemes) as well as new elements introduced through SPF (business growth scheme).

Key Outputs required from this area of intervention are:

- Improvements to town centres & high streets: Number of commercial buildings developed or improved
- Improvements to town centres & high streets: Reduced vacancy rates (%)
- Local arts, cultural, heritage and creative activities: Number of organisations receiving grants
- Local arts, cultural, heritage and creative activities: Number of community-led arts, cultural, heritage and creative programmes as a result of support
- Open markets and town centre retail and service sector: Number of businesses receiving grants
- Open markets and town centre retail and service sector: Number of potential entrepreneurs provided assistance to be business ready
- Open markets and town centre retail and service sector: Number of new businesses created

Proposal for Year one:

LOVE YOUR TOWN CENTRE		SPF		REPF		Other	
Business Growth Scheme	cap	£	7,748.00	£	-	£	-
Vibrant Town Centres	rev	£	-	£	-	£	37,000.00
Shopfront Enhancement Scheme	cap	£	-	£	-	£	-
> Crediton		£	-	£	-	£	15,000.00
> Cullompton		£	-	£	-	£	10,000.00
> Tiverton		£	-	£	-	£	15,000.00
Digital High Street	rev	£	-	£	-	£	-

There is £7,748 of capital funding through SPF for a Business Growth Scheme. We will launch this scheme for expressions of interest in January, accept applications in February and award grants in March.

The Business Growth Scheme is intended to complement the existing Shopfront Enhancement Schemes by offering fit-out grants of up to £2,500 (with match-funding required at 50%). The original idea was to incentivise occupancy of vacant units by targeting those moving into properties that had been empty for more than 3 months. While this is still a primary goal, in order to meet the reduced timeframe available to deliver funding within, we can expand the eligibility criteria to include other capital improvement works not covered by the existing enhancement schemes and still meet the key outputs.

The Vibrant Town Centres Scheme is the existing Love Your Town Centre scheme renamed. It will continue to support applications from businesses and community groups, including town councils and town teams, working in partnership to deliver projects that revitalise the town centres. The next round of Vibrant Town Centres will open for applications in January, with funding awarded in March.

It is intended to launch the Digital High Streets Scheme in Year Two, for which further information will be provided in future reports.

Recommendation: That the eligibility criteria for Business Growth Scheme be expanded to allow applications for capital improvement projects in town centre units not covered by the existing shopfront schemes and that these are assessed in accordance with the SPF Policy by the same Funding Panel as the existing Vibrant Town Centres Scheme.

2.2 Field to Fork

This area of intervention focuses on supporting local producers in Mid Devon and encouraging their business growth either through transition from producing, to supplying and retailing or expansion into food tourism such as food tours and experiences or farm shops.

Key outputs required from this area of intervention are:

- Development and promotion of visitor economy: Number of businesses receiving non-financial support

- Development and promotion of visitor economy: Number of people reached
- Development and promotion of visitor economy: Number of local events or activities supported
- Development and promotion of visitor economy: Increased visitor numbers (%)
- Strengthening local entrepreneurial ecosystems: Number of businesses receiving non-financial support
- Strengthening local entrepreneurial ecosystems: Number of potential entrepreneurs provided assistance to be business ready

Proposal for Year One:

FIELD TO FORK			SPF	REPF	Other		
Food Tourism							
> Farmers' Markets Initiative	rev	£	4,500.00	£	-	£	-
Support Local Producers (Taste Mid Devon)							
> Promote local producers	rev	£	-	£	-	£	-
> Food and drink trails/events	rev	£	-	£	-	£	-
> Local Food Initiatives (Capital Grants Scheme)	cap	£	-	£	-	£	-

There is £4,500 of revenue funding available for Field to Fork projects in year one. In order to encourage more local producers into direct retail, we intend to approach the three main Farmers' Markets in Mid Devon (on the basis that they operate within the main town centres and occur at least monthly throughout the year) with an incentive scheme. The Farmers' Market Initiative will offer an upfront grant of £1,500 to the market operator to cover tolls and promotion costs for each new Mid Devon producer that attends. As part of the agreement, the markets will need to supply us with data for reporting against the key outcomes. The funding will be a one-off arrangement that must be spent within the three-year period of the SPF timeframe.

Looking ahead to years two and three, we intend to run a series of featured "meet the producer" promotions with Taste Mid Devon (on the Visit Mid Devon channels), highlighting local producers including video and photography, interviews, recipes etc. The revenue elements of the SPF will support the purchasing of media and sponsored posts, to continue monthly throughout the two years. In year three, we hope to have the REPF to run a capital grants scheme for producers to enhance their offer (such as brewing equipment, demo kitchens, new equipment to allow food box deliveries).

Recommendation: That the SPF for Field to Fork is offered to the three main town's Farmers' Markets to run an incentive scheme to attract new Mid Devon producers.

2.3 Visitor Economy

This area of intervention focuses on raising awareness of Mid Devon as a visitor destination and increasing visitor footfall.

Key outputs required from this area of intervention are:

- Campaigns to encourage visits and exploring of local area: Increased number (%) of web searches for a place
- Campaigns to encourage visits and exploring of local area: Number of people reached
- Development and promotion of visitor economy: Number of businesses receiving non-financial support
- Development and promotion of visitor economy: Number of people reached
- Development and promotion of visitor economy: Number of local events or activities supported
- Development and promotion of visitor economy: Increased visitor numbers (%)

Proposal for Year One:

VISITOR ECONOMY		SPF	REPF	Other	
Sustainable Tourism					
> Promoting Mid Devon	rev	£ 6,388.45	£ -	£ -	£ 15,000.00
> Showcasing Equipment	cap	£ -	£ -	£ -	£ -
> Willow Trail	cap	£ -	£ -	£ -	£ -
> Sustainable Tourism (Capital Grants Scheme)	cap	£ -	£ -	£ -	£ -
Visitor Signage					
> Town Visitor Boards		£ -	£ -	£ -	£ 10,000.00
> Gateway Signs (eg J27)		£ -	£ -	£ -	£ -

There is £6,388.45 of revenue funding through the SPF for year one to support tourism in Mid Devon. For expediency, year one spend will be focused on the outputs relating to reach and improving number of online searches for Mid Devon places. By increasing awareness of Mid Devon in Year One, it is hoped that the follow-on projects will have a better start point to launch from. Therefore, we are looking to invest in enhanced Search Engine Optimisation with improvements to the website and Google Ads campaigns. We are also looking into extending the reach of the Visit Mid Devon guide to attract visitors from locations close to Mid Devon's rail networks (such as Plymouth, Bristol, Taunton, North Devon, London). This element of the project will be complemented by additional promotional features using existing budget.

For years two and three, the main project will see the development and piloting of a two-week Mid Devon walking festival to encourage more people to explore the local area and increase visitor numbers, particularly at the close of the main holiday season. The Love Your Town Centre area of intervention will sit alongside this area, with the Vibrant Town Centres funding scheme able to support activities and events in Mid Devon's towns to coincide with the walking festival.

Years two and three will be complemented with a number of capital projects through the REPF developing a Willow Trail (to support the walking festival) and improved visitor signage at the main entry points into Mid Devon. There will also be a Capital Grants Scheme delivered through the REPF to support

tourism businesses seeking to diversify or grow in order to enhance their visitor offer.

Recommendation: that the SPF for Year One is focused on the reach and web searches outputs with activities that deliver against these.

2.4 Work Hubs

This area of intervention focuses on supporting provision of flexible workspace in Mid Devon with the wider aim of supporting the start-up and growing micro businesses that use that space.

Key outputs required from this area of intervention are:

- Community and neighbourhood infrastructure projects: Number of organisations receiving grants
- Community and neighbourhood infrastructure projects: Number of facilities supported/created
- Community and neighbourhood infrastructure projects: Increased users of facilities/amenities
- Enterprise infrastructure and employment / innovation sites: Number of businesses receiving grants
- Enterprise infrastructure and employment / innovation sites: Number and m² of commercial buildings developed or improved
- Enterprise infrastructure and employment / innovation sites: Increased amount of investment
- Enterprise infrastructure and employment / innovation sites: Number of premises with improved digital connectivity

WORK HUB & INCUBATOR SPACE DEVELOPMENT		SPF	REPF	Other
Work Hub Study		£ -	£ -	£ 22,000.00
Flexible Workspace (Capital Grant Scheme)	cap	£ 30,000.00	£ -	£ 5,000.00

This project will deliver a Capital Grant Scheme to support incubator space and work hub development in Mid Devon with the aim of creating small flexible office and workshop space. This will both support the growth and expansion of existing work hubs as well as the development of new locations and facilities across the District. It is anticipated that there will be an element of supporting provision with the town centres as well as rural areas, with the rural element focusing on developing existing community facilities to create a network of community work and learning hubs.

There is a need to determine and understand Mid Devon's need and existing offer across the District as well as identify the right opportunities for investment with this scheme. There is £22,000 of earmarked reserves set aside for a work hub study to provide this base information. However, it will not be possible to undertake the study ahead of all financial spend within the timeframe required. Therefore, for Year One, we propose launching the Grants Scheme for existing work hubs only to enhance their offer. Alongside this, we will progress the Work

Hub Study. Then, in Years 2 and 3, we will run the Grants Scheme to deliver new provision as directed by the Study.

Recommendation: That the year one allocation for the Flexible Workspace Capital Grants Scheme is prioritised for existing work hubs in Mid Devon with aspirations for growth. Secondly, that a study be commissioned to understand the demand for flexible workspace in Mid Devon's town centres and rural areas is commissioned using the allocated earmarked reserves.

2.5 External Delivery Projects

Within Year One, we have three areas of intervention to commence but will be led by external partners:

- **Business Innovation Centre:** Petroc College are delivering on this project. There is £30,000 of capital funding to spend in Year One, for which they are seeking quotes for phase one of delivering the new Business Innovation Centre.
- **Business Innovation Outreach:** There is £16,750 of revenue funding to deliver business workshops and facilitated support to encourage start-ups, growth and innovation. It was originally intended that this would run alongside the Business Innovation Centre project to be delivered by Petroc College. However, we have the option to use Year One's funding with a separate provider in order to deliver the funding on time if Phase One of Petroc's BIC project cannot incorporate this.
- **Business Support Programme:** There is £7,812.55 of revenue funding for Year One to invest in a continued business support programme with Devon County Council.

3.0 Years Two and Three Delivery Plans

The SPF is an annualised grant and funding for the next year is not confirmed until the current year spend is achieved and it is demonstrated that MDDC has successfully delivered against forecast outcomes. Therefore, it is challenging to commit funding plans for year two ahead of this confirmation. However, we have identified an overview of plans for years two and three within the areas of intervention above and propose bringing a more detailed plan to a future PDG & Cabinet meeting.

4.0 SPF Policy

Mid Devon requires a Shared Prosperity Fund Policy outlining how the use of the Shared Prosperity Funding (including Rural England Prosperity Funding) will be allocated in line with Government requirements. The Purpose of the Policy is to ensure a consistent and transparent approach to awarding grants within the remit of the funding and to ensure that the required level of due diligence regarding SPF spend is followed.

Similar to the previous Additional Restrictions Grants policies, it identifies business eligibility criteria for the Capital Grants Schemes and required

compliance checks. Although, formation of the grant schemes is discretionary, these will align with our agreed areas of intervention as outlined within the Shared Prosperity Fund Investment Plan and all business recipients must meet the Government-set criteria (such as subsidy thresholds and solvency status).

The Policy will focus on financial control and outline the general requirements for all use of the funding. This will be appended by more specific grant scheme criteria for the individual capital grant scheme elements. For instance the Shopfront Enhancement Schemes have different scheme-specific criteria to the Vibrant Town Centres Scheme.

It is important, due to the timescales, that Mid Devon can approve an overarching Policy swiftly and any variations in response to Government requirements. With previous business grant schemes, delegated authority was awarded to the Cabinet Member for Finance along with a senior officer/officers of the Council to approve the policies relating to financial controls.

Individual scheme criteria are agreed at service level. Due to the annualised arrangement for Mid Devon to access further funding, it is important that each scheme is flexible and can be adapted to ensure swift delivery of the funding and that projects funded meet a) local needs and b) the key outputs. Similarly, it is important to note that within the Policy, due to the need to specifically allocate revenue or capital funding, some projects while meeting the criteria, may not be eligible and as a result, weaker scoring projects for the right funding type towards the end of the scheme may instead be successful.

Recommendation: We recommend that, similar to previous business grant policies, delegated authority is awarded to the Cabinet Member for Finance and the Director of Place to approve the SPF Policy. Clearly, given the relationship to finance matters, the Council's S151 officer will also be fully consulted in the formulation and finalisation of such policies with agreement secured to the policies, as required.

On the basis of the risks outlined above with regards to capital and revenue funding levels, we also recommend that delegated authority is given to the Cabinet Member for Planning and Economic Regeneration along with the Director of Place to jointly approve any required variations to the delivery plan and/or scheme guidance. That they also have joint delegated authority to approve variations to the SPF (and REPF) Investment Plan to reallocate funds from one area of intervention to another as required to support appropriate and timely spend of the funds. Any major variations to the Investment Plan must also have approval from the DLUHC.

We also recommend that for the duration of this scheme, the Economic Development Team Programme Update reports to Economy PDG, be updated to provide programme delivery updates for the SPF/REPF to allow transparency and enable member engagement and oversight.

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List of Background Papers: