

RURAL ENGLAND PROSPERITY FUND - ADDENDUM

Finance & Investment Advisory Committee - 3 November 2022

Report of: Detlev Munster, Strategic Head Property & Commercial

Status: For Decision

Also considered by: Cabinet - 10 November 2022

Key Decision: Yes

Portfolio Holder: Cllrs. Peter Fleming & Lesley Dyball

Contact Officer: Emily Haswell - Extn 7261

Recommendation to Finance & Investment Advisory Committee:

- a) That the report be noted, and any comments be forwarded to Cabinet.

Recommendation to Cabinet:

- a) That Cabinet notes the proposals, which will form the Rural England Prosperity Fund (REPF) addendum, alongside the previously approved UK Shared Prosperity fund (UKSPF) investment plan.
- b) That Cabinet approves delegation of authority to the Strategic Head of Property and Commercial in consultation with the Leader of the Council, to take the necessary decisions and actions required to finalise the addendum and accept the allocation of funds and to implement and administer the scheme, in accordance with the requirements and priorities of the fund.

Reason for recommendation: The purpose of this report is to gain Cabinet approval of the Rural England Prosperity Fund (REPF) addendum to the UK Shared Prosperity Fund (UKSPF) investment plan. The Council has received a provisional allocation of £501,308 for the REPF (in addition to the allocation of £1million from the UKSPF). The REPF covers the financial years of 2023/24 and 2024/25.

The Council has been allocated additional funding based on the extent of the rural area in recognition of the additional needs to level up rural England. The Council is required to submit the addendum via the online portal by end of November. This has necessitated the need for an urgent decision. Informal consultation has taken place with rural enterprises and groups who have been supportive of the proposed approach, which is to work with West Kent Local Authorities to create a dedicated fund to support both rural and tourism businesses in a similar way to the successful West Kent LEADER Programme. This approach will maximise outcomes for the rural areas within the District and the rural businesses and organisations therein.

Introduction and Background

1. The UK Shared Prosperity fund (UKSPF) will support the UK Government's wider commitment to level up all parts of the UK by delivering on each of the levelling up objectives. The funding for this scheme has 3 main investment priorities:
 - Communities and place
 - Supporting local business
 - People and Skills
2. The previously agreed Investment plan for UKSPF has been submitted in accordance with requirements and we are currently awaiting feedback and approval of these plans.
3. On 3rd September 2022 it was announced that additional funding would be allocated to those authorities that were significantly rural in nature in recognition of the additional need for investment to level up rural areas.
4. Sevenoaks District Council has been allocated an additional £501,308 for the period 2023-25. The allocation is released in line with a set funding profile and as Capital funding.
5. An addendum to the UKSPF investment plan (previously agreed at cabinet on 7th July) has to be submitted by end November detailing plans to spend the allocation and which interventions and outcomes and outputs will be achieved.
6. Following on from the successful delivery of the West Kent LEADER Programme, it is proposed that the three West Kent authorities collaborate on the allocation and spend of their Rural England Prosperity Fund (REPF) funding to create a West Kent wide rural grants scheme that focuses on supporting both rural businesses and rural communities to deliver capital projects. While the West Kent Partnership will act collaboratively and share administrative expenses, the respective funding allocations will only be used within the respective administrative boundaries.
7. The benefits of undertaking this approach are that:
 - In an environment where public sector resources are stretched, running one grant scheme across West Kent as opposed to three separate schemes offers considerable efficiency savings. This is especially the case given that Government is not allowing any of this particular funding to be top sliced to cover administration costs.
 - There is considerable experience across the three local authorities of running rural grant programmes such as West Kent LEADER, especially within Sevenoaks District Council (who acted as the Accountable Body).
 - Aligning across West Kent will reduce potential confusion amongst prospective applicants, as the criteria and timing of calls for proposals will be uniform across the area.
8. Collaborating across West Kent does not mean that each local authority area will be throwing their funding into one pot for applicants to access. Instead, by

ring-fencing the allocations given to each area, there will be no danger of funding allocated for one local authority going to a project elsewhere in West Kent.

9. It is proposed that this REPF scheme follows a similar approach to the West Kent LEADER Programme, and includes interventions relating to both business and communities. However, in order for the scheme to be clear, simple and targeted it is suggested that we keep the number of interventions to a minimum, possibly focussing on those that are slightly more general in scope. Indeed, if we end up with too many different interventions, there will be a lot of small pots of funding to manage.
10. Through discussion with West Kent authorities we have considered the long list of **interventions** and as such the following interventions are proposed to be included in the scheme:

Supporting Rural Business:	<p>1.1 Capital Grant Funding for Small Scale Investment in Micro and Small Enterprises in Rural Areas</p> <p>1.3 Capital Grant Funding for Developing and Promoting the Visitor Economy</p>
Supporting Rural Communities:	<p>2.3 Capital Grant Funding for Creation and Improvements to Local Rural Green Spaces</p> <p>2.4 Capital Grant Funding for Existing Cultural, Historic and Heritage Institutions that make up the Local Cultural Heritage Offer</p> <p>2.6 Capital Grant Funding for Active Travel Enhancements in the Local Area.</p> <p>2.7 Capital Grant Funding for Rural Circular Economy Projects</p>

11. These interventions would relate to the potential Outcomes and Outputs in the following table:

Intervention	Output	Outcome
1.1	Number of businesses supported	Number of businesses experiencing growth
1.3	Number of businesses supported	Number of businesses increasing their turnover

2.3	Amount of green or blue space created or improved	Increased footfall Increased visitor numbers
2.4	Number of organisations receiving grants	Increased footfall Increased visitor numbers
2.6	Amount of new or improved cycleways or paths	Improved perception of facilities or amenities.
2.7	Number of organisations receiving grants	Number of community-led programmes as a result of support

12. It is proposed that the funding is split in the following way which aligns with the information provided along with our funding allocation:

Intervention	2023/24	2024/25	Total
1.1	15%	15%	30%
1.3		20%	20%
2.3		15%	15%
2.4	10%	5%	15%
2.6		15%	15%
2.7		5%	5%
Total	25%	75%	100%

13. Consideration of the most appropriate application process included the lessons learned from LEADER funding alongside the requirements for REPF scheme. It is proposed that there will be regular calls for proposals, with information about the scheme, guidance notes and an application form accessible via a host page (with signposting via other local authority sites).

14. It is proposed that West Kent Partnership reserve funding be allocated to create a rural officer to assist with the application process. In terms of the lessons learned from the LEADER programme, additional support for applicants would be valuable to assist the smooth process of applications and speed up the timeframe.

The following features of the scheme are suggested:

- Grants of a maximum of £25,000
 - Grant intervention rate of 50% with slightly higher rates available in exceptional circumstances based on community and social value. (although the recommendations from the LEADER Closure Report suggested 40%, given the difficult economic conditions it is suggested that 50% would be more appropriate)
 - The scheme will be promoted via Local authority business networks and social media, Parish Councils and Rural District Councillors, Business representative organisations - NFU, Sevenoaks Chamber of Commerce, Kent Invicta Chamber, FSB etc.
15. The applications would be initially assessed centrally (by the Rural Projects Officer) and then shared with the West Kent Economic Development Teams for any comments. Once comments are received, the Rural Officer will then make a recommendation for each application to the panel.
16. It is proposed that the Panel should be based on the existing West Kent LEADER ELAG and could consist the following Members:
- Rural Business Representatives
 - Action with Communities in Rural Kent
 - Produced in Kent
 - Kent Downs & High Weald AONBs
 - A Cabinet Member representative from each Local Authority (SDC, TMBC and TWBC)
 - KALC
 - Visit Kent

The panel would consider all the applications and allocate funding from ring-fenced local authority pots accordingly.

Consultation

17. Discussion regarding plans has taken place with Economic Development teams from across the 3 West Kent authorities, as well as wider within the Kent Economic Development Officers group. In addition informal discussion has been held with a range of rural landowners in the District who were supportive of the proposal to create a programme with similarities to the LEADER funding scheme.
18. In addition a focus group with rural and visitor economy businesses was held on 3rd October, the group endorsed the proposals for use of funding to develop rural businesses, feeling that there was an opportunity to develop and grow small rural enterprises and that the proposed funding would enable and support this activity. Consultation has also taken place with ELAG group on 17th October, this group was previously responsible for the allocation of the LEADER funding so their support of this follow on scheme is welcomed. The consultation to date has shown broad agreement for proposals.

Other options Considered and/or rejected

19. The guidance for completing the addendum is clearly set out in the prospectus and accompanying documents. As detailed above the benefits of working with the West Kent Partnership authorities are efficiencies of scale, benefits of promoting a wider area and the precedent from delivery of a successful West Kent Leader programme. The ring fencing of funding to ensure no cross subsidy between Districts would be in place to ensure each District/ Borough uses their full allocation within their area.
20. Within the UKSPF Investment Plan interventions for Sevenoaks District have been highlighted to support rural areas, therefore a West Kent Scheme would ensure a greater reach of support to rural areas in the District in addition to the already proposed actions under UKSPF. If not working on a West Kent level the administration requirements for this Capital rural funding allocation would be greatly increased and with no administrative allowance within the funding would be challenging to resource alongside other commitments within the UKSPF investment plan.

Key Implications

Financial

21. The Scheme is funded through the REPF allocation (£501,308) which is to be profiled across the 2023/24 and 2023/25 financial years as outline in table 3 above. Funding is to be used for capital projects only.
22. To assist with the administration and delivery of the funding programme, the Council will need to appoint a Rural Projects Officer. The additional staffing to administer the scheme will be shared equally with the West Kent Partners and will be funded from the Partnership's existing reserve budget, which has been ring-fenced.
23. The financial management of the allocation under REPF will be subject to regular reporting and monitoring from each Local Authority that has received an allocation therefore financial and performance monitoring will be required.

Legal Implications and Risk Assessment Statement

24. Local authorities will receive a grant determination letter and Memorandum of the Understanding for the UKSPF setting out fund requirements and obligations which will need to be checked for any liabilities or other undertakings required by the Council. As REPF forms an addendum to UKSPF it is expected that this will be covered within these documents.
25. The proposed scheme will include the creation of a grant funding policy with guidance and will need to be in place prior to the scheme launch to ensure all legal and data sharing aspects are agreed by the applicant.

26. Subsidy control measures will need to be carefully considered to ensure grants are distributed fairly and do not distort the market.
27. The Council will operate as accountable body for this scheme, but its liability will be restricted only to the funding pot allocated to the Council. However, as accountable body, the Council will be the employer of the Rural Projects Officer, who will be employed for a two year period.

Risks

28. If the District Council did not proceed to approve the REPF addendum the following risks would need to be considered:
 - a) A missed opportunity to be part of a West Kent wide scheme and a potential delay or failure to utilise Government funds for supporting the levelling up of the rural areas in our District.
 - b) Failing to support local businesses and communities within rural areas to access capital funding to support them in sustainability, recovery and growth.
 - c) Reputational risks with Government, other West Kent local authorities and local stakeholders whereby other Boroughs and Districts deliver successful schemes but Sevenoaks fails to do so.
 - d) The Council, as accountable body, will be responsible for the employment of the Rural Projects Officer.
 - e) The Council will need to ensure it complies with the Subsidy Control Regime and ensure the grant programme is fair, equitable and transparent. It will also need to ensure it complies with document retention policies linked to the fund.

Equality Assessment

29. Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and does not vary between groups of people. The results of this analysis are set out immediately below.
30. The application process for this funding will be designed to ensure that grants are distributed equitably and fairly, this will need to be monitored regularly reviewed and reported alongside outcomes and outputs to ensure the process remains equitable for all.

Net Zero Implications

31. Members are reminded of the Council's stated ambition to be Net Zero with regards to carbon emissions by 2030. The decisions recommended in this paper directly impact on this ambition. The impact has been reviewed and there will be an increase on carbon emissions produced in the district as a result of this decision.
32. The grant scheme will require applicants to consider their environmental impact and state how their proposals will minimise and offset any increase in emissions. This will be considered as part of the application process by the panel and monitored.

Conclusions

33. The report outlines the planned approach to the REPF addendum, which is based on consultation with local rural stakeholders, West Kent neighbouring authorities and is believed to represent the most effective support for businesses and communities within rural areas.

<p>Appendices</p> <p>None</p> <p>Background Papers</p> <p>None</p>
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Detlev Munster

Strategic Head of Commercial and Property