

# CABINET



**URN : 23-247**

**Report Title : Rural England Prosperity Fund (REPF) Grant Scheme**

**Report to: Cabinet**

**Date of meeting : 9 October 2023**

**Responsible Cabinet Member: Cllr Daniel Candon**

**Responsible Director / Officer : Executive Director of Place, Natasha Hayes**

**Is this a Key decision ? Yes**

**Date added to Forward Plan of Key Decisions if a Key Decision: 5 September 2023**

## EXECUTIVE SUMMARY / INTRODUCTION FROM CABINET MEMBER

The Rural England Prosperity Fund (REPF) forms part of the UK Shared Prosperity Fund (UKSPF) Investment Plan and covers similar themes to the old EU rural programmes. REPF is additional UKSPF funding which has been allocated to rural areas in recognition of their specific needs, including connectivity, access to key services and lower economic development rates.

GYBC was allocated £400,000 REPF funding over the period 2023/24 and 2024/25. The REPF prospectus sets out an expectation that the funds are distributed to external beneficiaries. This report provides an overview of the delegated, discretionary grant scheme that has been designed for the Borough and the proposed approach to implementation, delivery and reporting.

## RECOMMENDATIONS :

That Cabinet :

- notes and considers the proposed grant scheme and process
- delegates delivery of the scheme outlined herein to officers, with regular ongoing reporting to be aligned with the UKSPF programme

## 1. Introduction

- 1.1. Following consultation with ELT, the Leader and the Town Board, a £400,000 Rural England Prosperity Fund (REPF) addendum to the Borough's main UKSPF Investment Plan was submitted for Government inspection on 30 November 2022. This was approved, unmodified, and an MoU was signed on 2 June 2023.
- 1.2. REPF can be viewed as a replacement for the EU-backed RDPE/LEADER grant funding that was targeted at rural businesses in support of the EU Common Agriculture Policy. It was designed to support activities that address the particular challenges rural areas face, including business diversification and development, farm business diversification and community infrastructure with the aim of improving productivity and strengthening the rural economy and rural communities.
- 1.3. There is no new capacity funding to administer/deliver REPF and there was a clear presumption in the prospectus that the funds would be distributed to external beneficiaries.

## 2. Work to Date / Proposal

2.1. There are two REPF Investment Priorities, with several subsidiary interventions:

**Investment Priority 1: Supporting Rural Business** (£340,000 across the period 2023/24 and 2024/25)

- Capital grants for small scale investment in micro and small enterprises in rural areas
- Capital grants for growing the local social economy and supporting innovation
- Capital grants for the development and promotion (both trade and consumer) of the visitor economy

**Investment Priority 2: Supporting Rural Communities** (£60,000 across the period 2023/24 and 2024/25)

- Capital grants for impactful volunteering and social action projects to develop social and human capital in local places

2.2. The financial breakdown by intervention presented in *Annex 1* is indicative but the respective budget allocations correspond to the associated outputs and outcomes. Examples of the types of eligible projects and expenditure eligible for grant support are presented in *Annex 2*, alongside the approved outputs and outcomes, split by intervention.

2.3. There are strict geographical eligibility criteria, with potential beneficiaries limited to an area effectively comprising the Borough minus Great Yarmouth, Gorleston and Bradwell. For reference, the REPF-eligible area can be found at:

*<https://magic.defra.gov.uk/MagicMap.aspx> – then select ‘Administrative Geographies’ > ‘Other Administrative Boundaries’ > ‘Rural England Prosperity Fund’*

## 3. Impact / Next Steps

3.1. It is recommended that capital grant support for projects provides a maximum of 50% of eligible project costs. The average award is estimated to be £20,000, corresponding to the ‘tipping point’ required to incentivise these kinds of capital investments and extend access to the scheme to as many beneficiaries as possible.

3.2. As per other UKSPF-funded delegated grants, it is recommended that this scheme should be administrated by the Inward Investment Team, using the same processes.

3.3. A delegated grant scheme process has been developed by the Inward Investment service in partnership with the designated Finance officer. This draws directly on officers’ previous development and delivery of successful schemes.

3.4. The core two-stage system, processes and controlled documentation have been provisionally ‘re-skinned’ for each UKSPF scheme – and REPF – in order to streamline back-office administration. This integrates UKSPF-specific guidance and conditions, including the eligibility of expenditure and beneficiaries.

3.5. Updates will be provided to local members and the portfolio holder for economic development on the projects funded after each grant funding round.

3.6. The proposed grant administration process is as follows:

**(a) Design, scheduling and promotion of calls for expressions of interest**

It is proposed that officers design, schedule, publish and promote periodic 'calls' for expressions of interest (EOIs) – a simple web-based form – aligned to the funding profile (*Annex 1*) and the contracted outputs/outcomes (*Annex 2*) with a two- or three-week application window. These will package up capital grant funding and associated outputs/outcomes.

This would be undertaken by the Business Advisor, with the promotion of calls for expressions of interest for capital grant support for projects via Council-controlled channels, press releases, ward members, links to officers' industry contacts and third-party organisations (such as Barclays' rural banking business and the NFU) and the Norfolk Investment Framework Facilitator at Norfolk County Council, who was previously involved in the delivery of RDPE/LEADER funding and has been invited to join the Town Board in order to satisfy REPF 'Local Partnership Group' specifications.

**(b) Pre-qualification screening**

At the close of the EOI submission window, the Business Advisor would undertake gateway checks, quickly sifting EOIs for potentially eligible projects and inviting these to complete a more-detailed full application form.

**(c) Full application**

Approved expressions of interest would be offered advice/assistance in the preparation of more-detailed full application forms by the Business Advisor on the basis that they would not be involved, in any way, with subsequent due diligence or decision-making.

Previous grant schemes have demonstrated a significant increase in the quality/eligibility of applications that have been facilitated/supported by project officers. It is proposed that applicants would be given three weeks to complete a full application and assemble the supporting documents (e.g. quotes).

**(d) Full application due diligence**

This would include a number of due diligence checks (e.g. procurement, beneficiary eligibility, financial standing, eligibility of proposed costs, deliverability etc.) corresponding to obligations around the handling of public funds and the specific requirements of UKSPF/REPF. Due diligence would be undertaken by the Economic Growth Manager, ensuring clear separation and independence from any pre-application support/facilitation provided by other officers.

**(e) Financial scrutiny**

This would be undertaken by the designated officer within the Finance team, encompassing the verification of capital costs on the basis of the due diligence supplied at the previous stage.

(f) **Consideration by grants panel**

A grants panel would be convened with formal terms of reference, comprising the Executive Director of Place, Head of Inward Investment, Head of Health Integration and Communities and designated Finance Officer.

The panel would consider all full applications received in response to a specific call and distribute the allocated funding and any additional conditions on a best-value basis to one or more (or no) applicants from the information presented in the application documentation, the due diligence summary report and any additional commentary from Finance.

(g) **Grant offer issue**

The grant offer letter template has also been drafted and is being reviewed by nplaw. The minuted decisions of the grants panel would be transposed into that document, alongside standard terms and conditions (e.g. the expiration date of the offer). Grants could not be awarded retrospectively, with eligible expenditure by beneficiaries taking place only after the issue of an offer to ensure clear 'additionality'.

(g) **Grant claim by beneficiary**

The Business Advisor would offer further assistance with grant claims, bringing together evidence of outputs/outcomes and defrayal in line with the terms of the original offer.

(h) **Grant claim screening**

This would be undertaken by the Economic Growth Manager to ensure the provision of originals or certified copies of the supporting evidence. The designated Finance Officer will then review and counter-sign any authorisations to settle claims.

#### **4. Financial Implications**

- 4.1. REPF capital funding of £400,000 over 2023/24 (£160,000) and 2024/25 (£240,000) has been secured from Government, fully capitalising the delegated grant scheme in *Section 3*. Internal resources to administer these schemes are already in place within the Inward Investment service; there is no new capacity funding to administer/deliver REPF. Government has indicated that unspent monies would be de-allocated by the Treasury.

#### **5. Risk Implications**

- 5.1. The distribution of delegated discretionary grants must be carried out in a manner that assures a) a competitive and transparent allocation process, and b) adherence to subsidy assessment and control requirements. The associated officers are experienced in every aspect the design and delivery of grant schemes, including COVID grants and other major publicly-funded business grants.

## 6. Legal Implications

- 6.1. Delivery of the approved REPF addendum is the subject of an MoU signed by the Secretary of State for Levelling Up, Housing and Communities and the Council on 2 June 2023.

## 7. Conclusion

- 7.1. This report provides members with an overview of the approved Rural England Prosperity Fund (REPF) addendum to the UK Shared Prosperity Fund (UKSPF) Investment Plan. The REPF prospectus set out a clear presumption that the funds would be distributed to external beneficiaries in the form of delegated, discretionary grant. Recommendations for the arrangements to deliver grant aid under REPF are set out and delegated authority for officers to proceed on that basis.

## 8. Background Papers

### **Annex 1: REPF approved budget breakdown by intervention**

### **Annex 1: REPF approved outputs and outcomes by intervention and indicative eligible projects**

*Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?*

Consultations	Comment
Monitoring Officer Consultation:	As part of ELT review
Section 151 Officer Consultation:	As part of ELT review
Existing Council Policies:	Not applicable
Equality Issues/EQIA assessment:	Not applicable; grant applicants and awardees will be determined on a competitive, transparent basis by factors other than protected characteristics – e.g. eligibility conferred by Government-defined geographies.

# Rural England Prosperity Fund (REPF) interventions, outputs and outcomes

Total REPF award value		£400,000		
	% split by intervention	£ split by intervention	Allocation 2023/24	Allocation 2024/25
Investment Priority: Supporting rural business				
Capital grants for small scale investment in micro and small enterprises in rural areas	30%	£120,000	£48,000	£72,000
Capital grants for growing the local social economy and supporting innovation	15%	£60,000	£24,000	£36,000
Capital grants for the development and promotion (both trade and consumer) of the visitor economy	40%	£160,000	£64,000	£96,000
Investment Priority: Supporting rural communities				
Capital grants for impactful volunteering and social action projects to develop social and human capital in local places	15%	£60,000	£24,000	£36,000
% REPF award by Financial Year (i.e. approved split by FY)			40%	60%
£ REPF award by Financial Year (i.e. approved spend profile)			£160,000	£240,000
Grand total				£400,000

## Rural England Prosperity Fund (REPF) interventions, outputs and outcomes

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