

WEST NORTHAMPTONSHIRE COUNCIL CABINET

8th November 2022

**Councillor Daniel Lister, Cabinet Member for Economic Development, Town
Centre Regeneration and Growth**

Report Title	Rural England Prosperity Fund
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Appendix A – [Rural England Prosperity Fund: Prospectus](#)

Appendix B – [Rural England Prosperity Fund: Interventions, Objectives, Outputs and Outcomes](#)

1. Purpose of Report

- 1.1. To inform Cabinet Members of West Northamptonshire Council's allocation of £1.3m from the Rural England Prosperity Fund and the approach to draw down this funding from April 2023.

2. Executive Summary

- 2.1 The Rural England Prosperity Fund (REPF or the Rural Fund) succeeds EU funding from LEADER and the Growth Programme which were part of the Rural Development Programme for England.
- 2.2 The Rural Fund is integrated into the UK Shared Prosperity Fund (UKSPF) which supports productivity and prosperity in places that need it most. The Rural Fund is a top-up to UKSPF allocations and supports activities that specifically address particular challenges rural areas face.
- 2.3 REPF can only fund capital projects for small businesses and community infrastructure which will help to improve productivity and strengthen the rural economy and rural communities.
- 2.4 West Northamptonshire Council must submit an addendum to the UKSPF Investment Plan including additional information outlining how the REPF will be used, including justification by 30 November 2022.

3. Recommendations

- 3.1 It is recommended that the Cabinet:
- a) Note UK Government has advised WNC as the Lead Authority for REPF (£1,367,953.00 for a two-year provisional maximum allocation and the requirement to develop a REPF addendum to the UKSPF Investment Plan
 - b) Endorse the approach to develop the REPF Investment Plan by sourcing evidence and liaising with internal and external stakeholders, as well as Councillors
 - c) Note WNC must submit the Rural Fund addendum by 30 November 2022

4. Reason for Recommendations

- 4.1 Reasons for recommendations:
- a) To ensure West Northamptonshire benefits from this grant funding to enhance the community, boost the economy and support local residents and businesses.
 - b) To deliver local economic growth, particularly with the impending loss of EU funding and the need to utilise UKSPF & REPF to deliver positive economic development within the community.

5. Report Background

- 5.1 The Rural Fund supports the aims of the government's Levelling Up White Paper and Future Farming Programme. It funds capital projects for small businesses and community infrastructure. This will help to improve productivity and strengthen the rural economy and rural communities.
- 5.2 The Rural Fund is integrated into the UKSPF which supports productivity and prosperity in places that need it most. For eligible local authorities, the Rural Fund is a rural top-up to UKSPF

allocations. It supports activities that specifically address the particular challenges rural areas face. It is complementary to funding used to support rural areas under the UKSPF.

- 5.3 The Rural Fund sits alongside existing Department for Environment, Food and Rural Affairs (DEFRA) schemes, including:
 - The Farming in Protected Landscapes programme
 - The Farming Investment Fund
 - The Platinum Jubilee Village Hall Improvement Grant Fund
- 5.4 The Rural Fund cannot support projects that have received funding from other Defra schemes.
- 5.5 Eligible local authorities qualify for an allocation based on factors developed in line with the scheme objectives. This includes the size of their rural populations. Not all authorities with rural areas are eligible.
- 5.6 The Rural Fund objectives sit within the UKSPF investment priorities for:
 - Supporting local business
 - Community and place
- 5.7 The Rural Fund provides 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
- 5.8 This funding should not replace funding plans for rural areas under the UKSPF. It is a top-up to help address the extra needs and challenges facing rural areas.
- 5.9 Grants must be for business or community purposes. You cannot use grants to fund domestic property improvements or to buy private vehicles. You cannot spend grants on revenue costs such as running costs or promotional activities.
- 5.10 Projects must be in a rural area. For Rural Fund purposes, rural areas are:
 - Towns, villages and hamlets with populations below 10,000 and the wider countryside
 - Market or 'hub towns' with populations of up to 30,000 that serve their surrounding rural areas as centres of employment and in providing services
- 5.11 Example projects with could be funded include grants for:
 - Food processing equipment to scale up from domestic to commercial kitchens (non-farming businesses only)
 - Converting farm buildings to other business uses
 - Rural tourism such as investments in visitor accommodation and farm diversification for event venues

5.12 To access the Rural Fund, WNC must complete a short template. This is an addendum to the UKSPF investment plan, including additional information outlining how WNC shall use the funding and justification of plans.

5.13 In line with the UKSPF Investment Plan, the Rural Fund addendum must include the following;

5.13.1 **Local context** - local evidence of challenges, market failures and opportunities. WNC should link these to the Rural Fund priorities. Challenges may include:

- Low productivity in the rural economy
- Farms diversifying their business models during the agricultural transition
- Deprivation in rural communities

5.13.2 **Selection of interventions and outcomes** – identification of the interventions and outcomes WNC want to fund from the list provided by DEFRA, including justification for each selection. An explanation of how the interventions selected will address local challenges, market failures and opportunities must be included, as well as demonstration of how each intervention will deliver additionality. There is also a requirement to outline why the interventions could not be funded using private finance instead of government funding.

5.13.3 **Delivery** – this includes the following:

5.13.3.1 **Expenditure** which must cover:

- The indicative spend profile for the 2 years of the fund
- How WNC will ensure value for money, including additionality and future private investment that could be unlocked
- Explanation of why the selected interventions cannot be delivered using private finance

5.13.3.2 **Approach to engagement with rural partners** – This includes a description of consultations with rural partners and plans for future engagement. Local MP's must also be engaged with to inform the Rural Fund.

5.14 Once consultation has been completed and interventions and outcomes have been selected with the necessary justification, the Rural Fund addendum must be submitted via an online portal. The deadline to submit the Rural Fund addendum is 30 November.

5.15 Once the Rural Fund addendum has been approved, the first payment is expected to be made in April 2023.

5.16 The UK Government will make an annual payment to eligible local authorities. This will be at the beginning of each financial year using powers in the UK Internal Markets Act 2020. Any underspends must be returned at the end of each financial year.

6. Issues and Choices

6.1 To note the requirement to develop and submit an Investment Plan addendum for the Rural England Prosperity Fund to the Department for Environment, Food and Rural Affairs to develop

pride in place and deliver specific interventions within West Northamptonshire, identified based on detailed analysis and engagement with stakeholders within the community.

- 6.2 To not develop and submit an Investment Plan for the Rural England Prosperity Fund would result in a loss of major potential investment into the area, which would be used to support the community and place and provide business support.

7. Implications (including financial implications)

7.1 Resources and Financial

- The REPF is 100 per cent grant funding, meaning there is no financial risk to West Northamptonshire Council's budgets.
- The REPF annual allocations will be monitored in line with the Expenditure Profile submitted with the REPF addendum.
- All REPF funding is for capital projects only and will be delivered as grants for business or community purposes.
- There is a risk that any unspent funds will be returned to DEFRA on an annual basis, however this will be monitored regularly with DEFRA's support to ensure the funds are spent in line with the expected outputs for each intervention receiving funding.
- Government expect local authorities to use the eligible 4% of the UKSPF for management of the REPF as well as the UKSPF, which will be used for a Funding Manager to oversee the management and delivery of the fund, mitigating any risks and ensuring the REPF and UKSPF achieve the outputs/outcomes of WNC's allocation.

7.2 Legal

- To access REPF funding, the Council as a Lead Authority for the Funding is required to complete an Investment Plan addendum. The Plan must be agreed by both the Council and by the Government to unlock the allocation.
- The Council will receive the allocation to manage, including assessing and approving applications, processing payments and day-to-day monitoring and will have overall accountability for the funding and how the Fund operates.
- The Fund can be used to support interventions which will be delivered through capital projects within rural areas.
- The Council has the necessary legal powers under section 1 of the Localism Act 2011 to deliver the Fund's levelling up objectives. The Council will be required to ensure that the proposed projects are delivered in a legally compliant way in accordance with all relevant legislation in relation to the activities undertaken.
- All spend associated with the Fund must be assessed by the Council in advance to ensure that proposed investment is compliant with the Council's Constitution, including the Public Contracts grant rules, (mechanisms to recover funding where beneficiaries do not comply with fund parameters, legal or any other requirements) processes and procedures as and where relevant.
- Interventions will be required to be delivered within the subsidy control regime. Government has indicated that further guidance on subsidy control and UKSPF will be issued to assist lead local authorities in carrying out their delegated delivery role.

- The Council is required to meet its statutory public sector equality duty in carrying out their duties related to the UKSPF and REPF.
- In submitting the Investment Plan, Government required assurance that legal obligations and all minimum standards set by the government will be adhered to.

7.3 Risks

- There are no significant risks arising from the proposed recommendations in this report.
- West Northamptonshire Council would risk reputational damage and the opportunity to further support economic recovery/growth if it did not submit the Investment Plan addendum to secure this funding.

7.4 Consultation

7.4.1 In order to successfully assess impact, deliverability and strategic fit when analysing the interventions to address using the Rural England Prosperity Fund, WNC has procured a consultant to support the development of the Investment Plan addendum. Consultation with stakeholders will include partners and internal/external services, as well as WNC Councillors.

7.5 Consideration by Overview and Scrutiny

7.5.1 N/A

7.6 Climate Impact

7.6.1 Where proposals for projects which align with the interventions set out in the UKSPF Investment Plan have a climate impact, the council will ensure the provider will undertake the relevant Environmental Impact Assessments.

7.7 Community Impact

7.7.1 This proposal will result in a positive impact on the whole West Northamptonshire community, including the quality of the place, resulting in economic growth and delivery of priorities set out within WNC's vision.

7.8 Communications

7.8.1 Communications will be developed to inform and engage stakeholders to raise wider awareness of the opportunities the REPF funds create for partners, employers and residents once the Investment Plans have been approved by Government.

8. Background Papers

8.1 N/A