



West
Northamptonshire
Council

WEST NORTHAMPTONSHIRE COUNCIL CABINET

17th JANUARY 2023

**CABINET MEMBER RESPONSIBLE FOR ECONOMIC DEVELOPMENT,
TOWN CENTRE REGENERATION AND GROWTH – COUNCILLOR DANIEL
LISTER**

Report Title Rural England Prosperity Fund (REPF)

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West Northants Rural UKSPF Evidence Base

1. Purpose of Report

- 1.1. To update Cabinet Members of West Northamptonshire Council's submission of an Addendum to the UK Shared Prosperity Fund Investment Plan to draw down the allocation of £1.3m from the Rural England Prosperity Fund (REPF).

2. Executive Summary

- 2.1 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.
- 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. 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.
- 2.3 West Northamptonshire Council (WNC) has been allocated £1,367,953 for a two-year period up until March 2025.
- 2.4 WNC has engaged with councillors, organisations across the public, private and third sectors, internal services and MPs to identify the opportunities and challenges for the area, to inform the selection of interventions and the allocation of funding.
- 2.5 WNC has developed and submitted an investment plan addendum outlining how the REPF will be used from a pre-set list set by the Department for Environment, Food, and Rural Affairs (DEFRA).

3. Recommendations

- 3.1 It is recommended that the Cabinet:
 - a) Note an investment plan addendum to draw down the REPF was submitted to the Department for Environment, Food, and Rural Affairs (DEFRA) on 30 November 2022.
 - b) Note the selected interventions and funding allocated within the submission.
 - c) Note that DEFRA will review the WNC REPF Addendum and year one funds are expected to be received in April, following sign off.

4. Reason for Recommendations

- a) To ensure that Cabinet and the wider public are aware of the steps taken in relation to available government funding.
- b) To ensure West Northamptonshire benefits from this grant funding to enhance the community, boost the economy and support residents and businesses.
- c) To maintain ongoing economic growth within the area, particular with the impending loss of EU funding and the need to utilise UKSPF to deliver positive economic development within the community.

5. Report Background

- 5.1 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.
- 5.2 The Rural Fund objectives sit within the UKSPF investment priorities for:
- Supporting Local Business
 - Community and Place.
- 5.3 They also relate to 2 of the Levelling Up White Paper Missions:
- Mission 1 – Living standards
 - Mission 9 – Pride in place.
- 5.4 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.
- 5.5 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.
- 5.6 DEFRA will provide detailed mapping of eligible rural areas for each local authority, but analysis has shown that the former authority areas of South Northamptonshire and the majority of Daventry are eligible, but the former Northampton borough is not. WNC await confirmation from DEFRA to ensure all eligible areas are recognised for potential delivery of projects.
- 5.7 For eligible local authorities to draw down the funding allocated per area, each authority must develop an addendum to their UKSPF Investment Plan, including expenditure and outcomes of which interventions will be funded through the REPF.
- 5.8 In order to develop a comprehensive narrative around the needs, challenges and opportunities of West Northamptonshire, WNC facilitated a robust consultation far exceeding the requirements set out by Government. This was to ensure that local stakeholders and Councillors had the ability to input into how the REPF would be allocated for this area.
- 5.9 This consultation included the following:
- Early and ongoing engagement with WNC councillors
 - Ongoing attendance at the WNC Executive Leadership Team and Executive Programme Board meetings
 - An online survey sent to all WNC Councillors, all Parish Councils and local stakeholders
 - Two thematic workshops covering each investment priority – communities and place & supporting local business

- One-to-one meetings, including with the former Chair of the LEADER group and Chairman of the SEMLEP Rural Group.
- 5.10 91 delegates attended the two workshops and 32 respondents completed the online survey, providing views on the challenges, opportunities and needs of the area.
- 5.11 Having effectively engaged with Members, the community and stakeholders, as well as analysed the necessary data and strategies, WNC had the tools to establish which of the 11 government-provided interventions should be allocated funding. This was informed through the consultation and a review of the challenges and opportunities in the area, as well as identifying gaps in current and future funding, such as EU funding/LEADER.
- 5.12 The main recommendations from vast strategy/policy review, detailed data analysis and the consultation, were to address rural transport issues which have an impact on the community, the visitor economy, employers and more, as well as to fund grants to businesses. Based on this, the following interventions have been included in the WNC REPF Addendum:

Communities and place

- Funding (capital grants) for impactful volunteering and social action projects to develop social and human capital in local places. This intervention corresponds to the UKSPF intervention E9.

Supporting local business

- Funding (capital grants) for small scale investment in micro and small enterprises in rural areas. Including capital funding for net zero infrastructure for rural businesses, and diversification of farm businesses outside of agriculture to encourage start up, expansion or scale up of these businesses where this involves converting farm buildings into other commercial or business uses.
- 5.13 The indicative financial breakdown between the two investment priorities, for which each only has one intervention, are as follows:
- Communities and place: 40 per cent = £547,181
 - Supporting local business: 60 per cent = £820,772
- 5.14 In terms of the financial breakdown per annum, DEFRA has advised that pending approval of their REPF addendum to UKSPF Investment Plans, it expects eligible authorities to receive 25% of their allocation in Year 1 and 75% in Year 2.
- 5.15 For the UKSPF, The Department for Levelling Up, Housing and Communities (DLUHC) advised that it is important to note that it was looking for high level proposals and outcomes based on local context. The investment plan was not an exhaustive document containing detailed project or intervention planning. The REPF Addendum mirrors this, only allowing for a strategic overview to be included in the submission.
- 5.16 DLUHC has confirmed that it recognises that some priorities may change following investment plan sign-off and will work with the lead local authority should any changes need to be made to the UKSPF investment plan.

5.17 In considering their REPF priorities, local authorities may decide to make changes to their UKSPF expenditure profile and deliverables in future years. This and any subsequent changes to the REPF addendum can be dealt with through the UKSPF change process.

5.18 DEFRA anticipates that approval of Rural Fund Addendums will be provided in January 2023.

6. Issues and Choices

6.1 To note the requirement to develop and submit an addendum to the UKSPF investment plan for the REPF to DEFRA has been completed. This is to develop pride in place and deliver specific interventions within West Northamptonshire, which have been identified based on detailed analysis and engagement with stakeholders within the community.

6.2 To note that not developing and submitting an addendum for the REPF by the deadline would have resulted in a loss of major potential investment into the area, which would be used to support the local community and economy.

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 along with UKSPF allocations in line with the Expenditure Profile submitted with the UKSPF Investment Plan, though it is possible to reallocate funds from year to year with sufficient justification for doing so.
- Any REPF not delivered internally by WNC will be awarded following a funding competition which will be developed ahead of any funds being paid out. This will align with the existing WNC Community Grants.
- There is a risk that any unspent funds will be returned to DEFRA, however this will be monitored on a regular basis with DEFRA's support to ensure the funds are spent in line with the expected outputs for each intervention receiving funding.
- 4% of the UKSPF can be used for management of the UKSPF and REPF, which will include a Funding Manager to oversee the management and delivery of the fund, mitigating any risks and ensuring both funds achieve the outputs/outcomes of WNC's allocations.

7.2 Legal

- To access REPF funding, the Council as a lead authority for the funding was 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 flexibly to support interventions via:
 - Grant to public or private organisations, following a project competition

- Commissioning third party organisations
- In-house provision
- However, Government has indicated that competitions for projects is the default approach for selecting recipients of public grants.
- 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 REPF 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 REPF.
- In submitting the Investment Plan Addendum, Government required assurance that legal obligations and all minimum standards set by the government will be adhered to.

7.3 Risk

- Risk: Any unspent REPF funds would have to be returned to DEFRA after March 2025.
- Contingency Measure: WNC would develop a Grant Funding Agreement with any external organisation delivering WNC UKSPF and monitor this regularly to ensure funding was being delivered according to the necessary timescales, with the desired outputs/outcomes.
- Risk: The delay of UKSPF Year 1 payment will increase outputs and the delivery required between 2023-25 adding additional resource to manage both UKSPF and REPF accordingly.
- Contingency Measure: A dedicated Funding Manager will monitor spend and outputs/outcomes accordingly to ensure delivery is on schedule and funds will not need to be returned, working with DLUHC and DEFRA to ensure targets are realistic and achievable within the deadlines.

7.4 Consultation

- In order to successfully assess impact, deliverability and strategic fit when analysing the interventions to address using the REPF, WNC has procured a consultant to support the development of the investment plan addendum. Consultation included with stakeholders, partners and internal/external services. This also includes local MPs, WNC councillors, town councils, and both public and private sector organisations, including the third sector.

7.5 Consideration by Overview and Scrutiny

- N/A

7.6 Climate Impact

- Where proposals for projects which align with the interventions set out in the REPF addendum have a climate impact, the council will ensure the provider will undertake the relevant environmental impact assessments.

7.7 Community Impact

- This funding 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

- Communications will be developed to inform and engage stakeholders to raise wider awareness of the opportunities the REPF creates for partners, employers and residents once the investment plan addendum has been approved by Government.

8. Background Papers

8.1 8 November 2022 - Cabinet Report – Rural England Prosperity Fund

8.2 Rural England Prosperity Fund: prospectus -

<https://www.gov.uk/government/publications/rural-england-prosperity-fund-prospectus/rural-england-prosperity-fund-prospectus>