



Cabinet

12 October 2022

Report of: Councillor Rob Bindloss - Portfolio
Holder for Growth and Prosperity

Rural England Prosperity Fund

Corporate Priority:	Delivering sustainable and inclusive growth in Melton
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	None
Exempt Information:	No
Key Decision:	Yes b) Making savings or generate income of £50,000 or more
Subject to call-in:	No General exception -

1 Summary

- 1.1 The Rural England Prosperity Fund (REPF) announced was announced on 3rd September. It builds on, and is complementary to, the UK Shared Prosperity Fund.
- 1.2 THE REPF is a national £110m pot of funding that is being allocated to eligible Local Authorities to enable levelling up in rural areas. The REPF seeks to address challenges disproportionately faced by rural areas.
- 1.3 Melton Borough has been allocated £400k for 2023/24 and 2024/25 (in total) and is responsible for delivery at the local level. To access the REPF allocation, the Council is required to provide additional information via an addendum to the UKSPF investment plan to Government.
- 1.4 This report provides cabinet with an overview of the Rural England Prosperity Fund, an update on progress made in developing a bid. It also seeks approval to further explore opportunities around pooling of resources and submission of the bid.

2 Recommendation(s)

That Cabinet:

- 2.1 Approves the continuation of work to develop an evidence-based submission including a rural capital grants scheme to draw down £400k funding allocated to Melton Borough via the Rural England Prosperity Fund.
- 2.2 Delegates to the Director for Growth and Regeneration in consultation with the Portfolio Holder for Growth and Prosperity, authority to finalise and submit the final REPF submission as an addendum to the Council's UK Shared Prosperity Fund application and arrange appropriate administrative arrangements for delivery of the fund.

3 Reason for Recommendations

- 3.1 The management and delivery of the REPF scheme will support the Council to deliver on its corporate priorities and in particular:
 - a) Priority 1: Excellent services positively impacting on our communities
 - b) Priority 3: Delivering sustainable and inclusive growth in Melton
 - c) Priority 4: Protect our climate and enhance our rural, natural environment
 - d) Priority 6: Connected with and led by our community
- 3.2 It would provide a direct boost towards the local economy and communities through providing capital grants to business and eligible community groups where certain conditions are met.
- 3.3 To enhance the reach and impact of the aspirations set out within the Council's UK Shared Prosperity Fund Investment Plan.

4 Background

- 4.1 The [Rural England Prosperity Fund](#) (REPF) was announced on 3rd September 2022. It builds on, and is complementary to, the UK Shared Prosperity Fund (UKSPF).
- 4.2 Melton Borough Council submitted its UKSPF investment plan on 1st August 2022 following a significant programme of works which included:
 - a) Consultation with a vast array of partners from across the borough and with interest in the borough relating to the local economy and our rural communities
 - b) Significant background and desk-based research to inform decision making on prioritisation of interventions.
 - c) Internal discussions amongst impacted teams and with members to ensure all considerations were taken on board during the delivery of the investment plan to make sure it best met local needs.
- 4.3 The evidence base and associated engagement activities and consultation feedback that led to the development of the Council's UKSPF provide a positive rationale and starting

point for drafting a REPF submission. The draft submission would be circulated to stakeholders, members and partners who will have the opportunity to feedback before submission prior to the end of November.

5 Main Considerations

- 5.1 The Fund is seeking to address challenges disproportionately faced by rural areas and relates to 2 missions in the levelling up white paper (missions 1 – living standards, mission 9 – pride in place).
- 5.2 The REPF should not replace funding that is in place for rural areas under UKSPF, it is a top up to help address the extra needs of rural areas. To access the REPF allocation, the Council is required to provide additional information via an addendum to the UKSPF investment plan to Government.
- 5.3 These addendums will need to cover 3 areas.
- a) Local Context – referencing the fund’s investment priorities – supporting rural businesses and supporting rural communities
 - b) Interventions – there is a defined list of options we can choose from, and we have to explain how the ones we choose respond to the local context
 - c) Delivery – as per UKSPF, how and when the Council will deliver the interventions identified
- 5.4 **Timeframes:**
- 5.4.1 On 12th September, the addendum platform was launched through which the addendums will need to be submitted. The submission window is open between 3rd Oct and 30th Nov.
- 5.4.2 The work required to achieve this deadline means the Council will need to proceed at pace. This will require stakeholder engagement and support, and effective arrangements must be agreed to enable delivery. The Council will need to demonstrate its capacity and capability to deliver interventions through this funding between 1st April 2023 and 31st March 2025.
- 5.4.3 Following successful submission of the document, approvals from Government are anticipated during January 2023, with first payments received in April 2023.
- 5.5 **Criteria and Eligibility:**
- 5.5.1 Funding is capital only and must be for business or community purposes. There is no revenue allocation through his fund.
- 5.5.2 The REPF cannot fund things such as running costs, domestic property improvements or for private vehicles.
- 5.5.3 Revenue funding from the UKSPF funding allocations can be used to support delivery of capital projects from the rural fund.
- 5.5.4 Based on the description used within the guidance, it is considered that all of Melton Borough and Melton Mowbray are eligible areas within the programme. The guidance states ‘Projects must be in a rural area. For Rural Fund purposes, rural areas are:
- a) towns, villages and hamlets with populations below 10,000 and the wider countryside
 - b) 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’

- 5.5.5 Any organisation with a legal status can apply for a grant. Grant funding cannot be used to deliver what would be considered to be a statutory function.
- 5.5.6 The fund is unable to be used to support projects that have already received funding from other DEFRA schemes.
- 5.5.7 The two priority investment areas are identified as
- a) **Supporting Rural Businesses:** example projects include funding for small scale investment in micro and small enterprises, capital grant funding to increase productivity and to develop and promote visitor economy.
 - b) **Supporting rural communities:** For example, capital grants for digital infrastructure, creation and improvement to local green spaces, grants for arts culture and heritage activity, rural circular economy projects.
- 5.6 **Responsibilities as the accountable body:**
- 5.6.1 Local Partners should be consulted when delivering this scheme – the council is able to use the UKSPF local partnership group and will engage proactively with the MP.
- 5.6.2 The council has complete discretion how to award grants under these schemes as long as they are in adherence with outlined criteria (summary of these provided in section 5.5).
- 5.6.3 Specific Responsibilities have been assigned to the Council in delivery of the REPF:
- a) Managing local project calls for selecting projects in line with approved plans
 - b) Approving applications
 - c) Contracting with award projects
 - d) Making the payments
 - e) Day to day monitoring
 - f) Any due diligence on awarded projects.
 - g) Ensuring no duplication of funding with similar schemes that support similar activities (this will require monitoring)
 - h) Reporting, monitoring and evaluation (albeit it this will form part of standard UKSPF reporting)
 - i) In line with WTO reporting obligations certain expenditure will also need to be reported.
 - j) Requirement to ensure compliance with subsidy control and public procurement rules.
- 5.7 **Admin Resource:**
- 5.7.1 Discussions are in progress with colleagues in neighbouring Local Authority areas to look at the possibility of pooling admin resources, for example, to bring in a specific position that will oversee part of the processing, monitoring and overall compliance in accordance with the responsibilities for this scheme.
- 5.7.2 To have this resource in place we would expect to need to come to an agreement as to how this will be delivered by January to enable either contracting process or employment process to be completed by the 1st April 2023. Should these discussions not be successful the delivery of this scheme will be met through existing resource within the local authority using the £47,600 admin allocation from the UKSPF to buy in additional part time admin support.

5.8 Drafting and submission of the Addendum:

5.8.1 The external support used to assist with the drafting of the UKSPF documentation have been contacted and identified they have capacity to support delivery of this document. This cost can be met from existing budgets and is in accordance with the council's contract procedure rules.

5.9 Developing a scheme to allocate the REPF funding:

5.9.1 Due to the scale and size of the funding the Council has available, and the minimal resource allowed to us, it is expected that to ensure the Melton area maximises the benefits from this funding, grant schemes will be developed to enable communities or businesses to submit applications for grant funding.

5.9.2 To achieve this it is proposed to have 2 grants schemes: 1 for supporting rural communities and 1 for supporting rural businesses. Each scheme will have to develop a policy document outlining eligibility, criteria and priority areas and relevant guidance and templates.

5.9.3 To ensure this is in place for the 1st April 2023 it is expected work will start now. This will be led by the Regeneration Manager who will work with relevant teams. These policies and the processes in place to consider and award grants will draw upon the evidence gathered through desk based research and local consultation and be developed in partnership with officers across finance, legal and communications. It will be overseen by the Portfolio Holder for Growth and Prosperity and their adoption will be considered by a subsequent formal decision.

6 Options Considered

6.1 The Council could choose not to submit a bid to access the Rural England Prosperity Fund. This is not recommended as it would mean the residents and businesses would miss out on an additional £400k of capital funding to help delivery of key projects across the borough that will lead to improved quality of life and also increased productivity and growth within our local economy.

7 Consultation

7.1 Following approval to progress officers will begin consultation with the UKSPF Partnership group to ensure additional priorities highlighted are considered within the context of the REPF delivery. This will inform the addendum that will be submitted to government by 30th November.

7.2 The Council will also engage with rural partners such as the National Farmers Union, FSB and Leicestershire Rural Partnership to gauge specific rural concerns to enable these to be picked up as part of the planning process

7.3 Contact will be made with the local MP to ensure the views of residents are identified within the addendum and inform the final policy documents for awarding rural grants.

8 Next Steps – Implementation and Communication

- 8.1 A number of steps are required to achieve bid submission within the timeframe applied. These are set out below. The submission will need to provide sufficient assurance around capacity and capacity to deliver.
 - 8.1.1 Develop evidence-based draft bid submission
 - 8.1.2 Input stakeholder feedback to form final submission
 - 8.1.3 Develop policy documentation and associated communication plan for delivery of capital grant schemes (business and community) for agreement and sign off
 - 8.1.4 Submit bid by 30th November as an addendum to the Council's UKSPF bid

9 Financial Implications

- 9.1 Some administrative allocation from the UKSPF allocation can be pulled upon to support delivery of this scheme. Depending on the success of our ask from the UKSPF programme to increase our admin % this amount could range between £47,600 and £95,200 over the 2-2.5-year length of the programmes.
- 9.2 Financial implications will depend on the outcome of the ongoing conversations with neighbouring local authorities.
- 9.3 There is the potential to utilise some of the revenue funding allocated via the UKSPF to support delivery of the REPF, but this is subject to confirmation from DEFRA and would mean some elements of the UKSPF programme would need to be reprofiled to allow for this.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 The fund must be used for capital projects. Grants must be for business or community purposes. They cannot be used to fund domestic property improvements or to buy private vehicles or on revenue costs such as running costs or promotional activities.
- 10.2 Once the additional information is approved and funding allocated, the Council is responsible for deciding how to award grants. This will involve:
 - 10.2.1 managing local project calls for selecting projects in line with approved plans
 - 10.2.2 approving applications
 - 10.2.3 contracting with successful applicants
 - 10.2.4 making payments
 - 10.2.5 day-to-day monitoring
- 10.3 Due diligence will be paramount to ensure Rural Fund beneficiaries have robust business plans which demonstrate the viability and success of projects.
- 10.4 There will be significant responsibilities that the Council is responsible for within the REPF funding. Beyond responsibility for Subsidy control and adherence with other legislation relating to contracting and procurement. There will be other legal requirements placed upon the Council as part of the contracting process with DEFRA to receive funding once they have approved the submitted addendum document to release the £400k.

- 10.5 The constitution, grant rules and internal processes and procedures must be adhered to.
- 10.6 Officers will work with the legal team throughout the process to ensure the relevant requirements are adequately considered and processes are in place to minimise and risk and to adhere to our responsibilities as the accountable body for delivery of the scheme in the Borough of Melton.

Legal Implications reviewed by: Monitoring Officer

11 Equality and Safeguarding Implications

- 11.1 An EIA will be filled out alongside the policy document for the suggested grant schemes to ensure that the grant scheme is equitable in both its criteria and delivery and does not inadvertently discriminate against any parts of our communities.
- 11.2 This EIA will be passed via the check and challenge group and signed off as part of the delegated decision-making process to enable submission of the REPF addendum before the deadline of the 30th November.

12 Community Safety Implications

- 12.1 There are no specific community safety implications arising from this report.

13 Environmental and Climate Change Implications

- 13.1 The Guidance for the REPF makes it clear that consideration should be given to how investments contribute to the wider national agendas such as net zero and nature recovery. This will be a key consideration in designing the grant criteria.

14 Other Implications (where significant)

- 14.1 Human Resources: depending on success of conversations with partner councils, if Melton Borough Council is identified as host for a shared post on behalf of the partnership, then there will be some HR implications. To be assessed further as discussions progress.

15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Not enough resource to effectively manage this fund alongside the UKSPF delivery	Very High	Critical	High Risk
2	Not enough interest in the grant schemes so not all the funding is spent within govt timeframes	Low	Marginal	Low Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
U kel	Score/ definition	1	2	3	4

6 Very High			1	
5 High				
4 Significant				
3 Low		2		
2 Very Low				
1 Almost impossible				

Risk No	Mitigation
1	Ongoing discussions with partner councils to look to pooling resources and creating efficiencies to bring in someone to manage across all three schemes as well as some admin support to ensure compliance. Access to the UKSPF fund to support administrative costs and requirements.
2	The schemes will be developed in advance to ensure we can hit the ground running as of 1 st April. The Grants application process itself will be made to be as easy as possible and officer will be on hand to support applicants throughout. Regular Grant application rounds will be held (once a quarter) to increase grants coming through. Allocations and amounts will be closely monitored to ensure all funding is utilised within the borough.

16 Background Papers

16.1 [UK Shared Prosperity Fund investment plan](#)

17 Appendices

17.1 None

Report Author:	Lee Byrne , Regeneration Manager
Report Author Contact Details:	01664 502589 LByrne@melton.gov.uk
Chief Officer Responsible:	Pranali Parikh , Director for Growth and Regeneration
Chief Officer Contact Details:	01664 504321 PParikh@melton.gov.uk