

RURAL ENGLAND PROSPERITY FUND

1. RECOMMENDATIONS

- 1.1 That the Cabinet note the content of this report and agree the proposed mechanism for the allocation of the Business Support element of the Rural England Prosperity Fund.
- 1.2 That the Cabinet agree that an Investment Plan be prepared for Cabinet approval to allocate the Community Infrastructure Improvements.

2. INTRODUCTION

- 2.1 The government launched its UK Shared Prosperity Fund (UKSPF) Prospectus in April 2022 as part of its Levelling Up agenda. The funding is intended to reduce inequalities between communities and covers the three-year period up to March 2025.
- 2.2 The UKSPF is in essence a replacement to the EU structural fund. The New Forest District Council received an allocation of £1 million; at the Cabinet meeting of the 29th July 2022 the priority themes for use of the Council's funding allocation were agreed.
- 2.3 In August 2022 the Council, along with other local authorities in England, submitted its investment plans for UKSPF to the UK Government. This Investment Plan is supported by Government.
- 2.4 The Rural England Prosperity Fund is a top-up to the UKSPF and is available to eligible local authorities in England. It succeeds EU funding from LEADER and the Growth Programme which were part of the Rural Development Programme for England.
- 2.5 The Rural England Prosperity Fund is referred to as the 'Rural Fund' in this report. Defra (Department for Environment, Food & Rural Affairs) is the government department administering the Rural Fund. DLUC (Department of Levelling Up and Communities) is the government department administering the UKSP Fund.
- 2.6 To access funding under the Rural Fund, Local Authorities were asked to provide specific additional information as an addendum to their UKSPF Investment Plan. The Rural Fund addendum was submitted on 30 November 2022. Local Authorities are awaiting an update on this process.
- 2.7 This Cabinet Report sets out the proposed Rural Fund delivery processes for the element of the fund that will support businesses and confirms the next steps to identify what the community infrastructure element of the fund will be allocated to.

3. BACKGROUND

- 3.1 Rural areas often face specific challenges including lower productivity rates, poorer connectivity and poorer access to key services
- 3.2 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. Rural Fund objectives sit within the UKSPF investment priorities for 'Supporting Local Business' and 'Community and Place'.

- 3.3 Rural Fund projects must be in a 'rural area' defined by Defra as: '*towns, villages and hamlets with populations below 10,000 and the wider countryside*'. Within the scheme area are also '*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*'. For these reasons, not all of New Forest District will be within the area covered by the Rural Fund. An outline map of the Rural Fund area is shown at appendix 1 however more detailed mapping will be available in due course.
- 3.4 Funding allocations were determined at local authority level, dependant on the area defined as 'rural' and is for the financial years 2023 to 2024 and 2024 to 2025. The allocation for the New Forest is £540,115.
- 3.5 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.

4. RURAL FUND DELIVERY PROPOSALS

- 4.1 The New Forest Rural Fund allocation will be split 60/40 between projects to support businesses and those supporting community infrastructure. It is a capital grant programme only, it will not fund revenue costs such as running costs, staffing or promotional activities etc. It is also limited to small and medium sized enterprises in the programme area (defined as less than less than 250 employees and a turnover of under £12.9 million).
- 4.2 The Rural Fund scheme guidance allows Local Authorities to determine local priorities for funding within certain parameters set by Defra. The New Forest Rural Fund will prioritise 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. RURAL FUND CAPITAL GRANTS FOR BUSINESSES

- 5.1 The Rural Fund business grants will be administered by the Economic Development team.
- 5.2 The Rural England Prosperity Fund ends in March 2025; however it is anticipated that grant funded projects will be completed by 31 December 2024 in order that the necessary reporting and scheme closure activities can be undertaken by the deadline. The grant application window will open when Defra launch the scheme, their ambition is that this will be in April 2023, and it will remain open to new applications until Autumn 2024 or when the budget is fully allocated.
- 5.3 The proposed New Forest Rural Fund criteria for applicants and projects is detailed at Appendix 2 but in summary, the fund will support small scale capital investment projects requiring grant support of £5,000 to £15,000. Applicants will be asked to

contribute a minimum of 10% cash match-funding which demonstrates their commitment to the project.

- 5.4 Applicants will initially submit an 'Expression of Interest' in order that basic eligibility checks can be undertaken. Eligible applicants will then be invited to submit a Full Application form and provide evidence to support their application such as quotations, financial forecasts etc.
- 5.5 Applications to the Rural Fund will be assessed by officers against the scheme criteria and guidance. Defra have not yet released this guidance however it is anticipated to include assessment criteria such as:
- Does the application demonstrate how the project will help the business to grow and improve productivity
 - Strategic fit
 - Value for money
 - Need and demand
 - Financial viability
 - Delivery and sustainability
 - Contribution to net zero and nature recovery objectives
- 5.6 Approved applicants will be issued with a Grant Offer Letter detailing the specifics of the project, key milestones and agreed outputs; the latter are specified by Defra and include the number of jobs safeguarded and created, number of businesses adopting new to the firm technologies or processes, number of businesses with improved productivity and number of new businesses created. The Grant Offer Letter will also specify how long the grant funded asset must remain in the business; it is anticipated that this detail will be clarified by Defra.
- 5.7 Cash-flow is an issue for many businesses undertaking capital investment. Therefore, as the detailed processes for delivery of the grants are finalised, consideration will be given to the timing of the payment of grant monies to beneficiaries.
- 5.8 The proposed Rural Fund criteria and delivery processes will be regularly reviewed and, if necessary, modified to reflect best practice and/or in light of emerging guidance from government or uptake of the fund.

6. RURAL FUND CAPITAL GRANTS FOR COMMUNITY INFRASTRUCTURE

- 6.1 The submission to UKSPF noted that rural isolation in terms of community cohesive and access to services was a problem across the District. The New Forest lacks a single major centre in the district, instead it is characterised by a number of smaller towns, including the rural hub towns of Ringwood and Lymington (in accordance with the Fund definition). Within this dispersed geography the role of parish halls and community centres act as vital hubs in creating a sense of community and pride on the local area.
- 6.2 It is important that they are physically well-maintained and are functional community spaces able to offer a range of uses both recreational and service-led for local residents. In line with the Council's response to climate change adaptation and transition to net zero, there is also a need to ensure facilities across the District such as parish halls and community centres are fit for purpose in this regard.
- 6.3 A total of £216,046 of the REPF has been allocated towards capital improvements across qualifying rural community venues. Work is underway to ascertain those

communities at greatest risk of isolation, and where there is opportunity to improve facilities and affect change. Based on the findings of this work an Improvement Plan will be developed identifying capital projects that can be delivered. The agreed projects will deliver physical improvement to halls and/or community centres in the qualifying rural areas which will either improve accessibility or the facilities within these buildings or ensure that the buildings are more energy efficient or deliver other physical adaptations to move towards net zero.

- 6.4 When preparing the UKSPF bid it was recognised that there was a need for improvements to St George's Centre at Calshot. The building currently provides a range of community services for the residents of Fawley and Calshot. Further work is required to conclude the details of the improvements that are most appropriate for this building. However, at this stage this is seen as a priority project and will be highlighted as such in the Improvement Plan. A separate report will be bought to Cabinet to agree the Improvement Plan and the associated spending profile of the Rural Prosperity Fund.

7. CONCLUSIONS

- 7.1 The New Forest Rural Fund proposals will support productivity and prosperity in the rural areas of the New Forest and activities that specifically address the challenges faced by the rural areas in the district.
- 7.2 The proposals are complementary to funding used to support rural areas under the UKSPF.
- 7.3 Defra's ambition is that the Rural Fund is open to applications in April 2023. As such the processes and details of the capital funding for rural businesses and support for new and improved community infrastructure are being developed and will reflect Defra guidance as and when it is available, with a view to launching the schemes by 30 April 2023.

8. FINANCIAL IMPLICATIONS

- 8.1 The Rural Fund allocation is to support capital investment for businesses and communities. There is no separate revenue funding for the administration of the Rural Fund capital grants programme. These costs are to be met from the administration budget aligned to the main UK Shared Prosperity Fund.
- 8.2 The administration budget aligned to the main UK Shared Prosperity Fund is 4% of the allocation (£1 million) i.e. £40,000 to undertake necessary fund administration for both UKSPF and the Rural Fund for the funding period: April 2023 to March 2025. This includes project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement.

9. CRIME & DISORDER IMPLICATIONS

- 9.1 None

10. ENVIRONMENTAL IMPLICATIONS

- 10.1 The Rural Fund Addendum Proposals outline how investments contribute to net zero and nature recovery objectives. These include:
- the UK's commitment to cut greenhouse gas emissions to net zero by 2050

- wider environmental considerations, such as resilience to natural hazards
- the 25 Year Environment Plan commitments

10.2 Projects that deliver the greatest economic, environmental, and social benefits will be prioritised.

11. EQUALITY & DIVERSITY IMPLICATIONS

11.1 The Rural Fund recognises disparity between urban and rural parts of the district.

12. DATA PROTECTION IMPLICATIONS

12.1 The project will require beneficiary data to be collected and shared with Defra in accordance with GDPR.

13 PORTFOLIO HOLDER COMMENTS

13.1 I welcome this £540,115 Rural Fund which is to be allocated over the 2023/24 and 2024/25 financial years. 60% of these monies will be carefully directed to provide grant support of between £5,000 and £15,000 for our small to medium sized rural businesses. We will be working with the Town and Parish Councils to develop an Improvement Plan to identify improvements to vital community facilities within our rural areas.

We hope that DEFRA will be able to launch the scheme in April 2023. The NFDC Economic Development team is standing by to advise potential applicants and to administer the grant making process. I urge everyone to spread the word about this funding for our vital rural businesses.

For further information contact:

Claire Upton-Brown
Executive Head Planning,
Regeneration and Economy
Claire.upton-brown@NFDC.gov.uk

Sally Igra
Deputy Team Leader Economic
Development
Sally.igra@NFDC.gov.uk

Background Papers:

Business, High Streets & Tourism Portfolio Holder
Decision – 21 November 2022

Cabinet Report: UK Shared Prosperity Fund - 29
July 2022

Rural England Prosperity Fund: prospectus
Published 3 September 2022 available at
<https://www.gov.uk/government/publications/rural-england-prosperity-fund-prospectus>