

RURAL ENGLAND PROSPERITY FUND

1. RECOMMENDATIONS

1.1 It is recommended that Cabinet:

- a) agree the revised proposed mechanism for the allocation of the Business Support element of the Rural England Prosperity Fund as set out in paragraph 3.2.
- b) agree to delegate authority to the Strategic Director of Place, Operations and Sustainability in consultation with the Portfolio Holder for Planning and Economy on any further changes to the allocation of funds or other delivery issues.
- c) agree to delegate authority to the Strategic Director of Place, Operations and Sustainability to take all decisions and actions on the administration and allocation of the Fund in line with government guidance.

2. INTRODUCTION

2.1 The Rural England Prosperity Fund (Rural Fund) is a top-up to the UK Shared Prosperity Fund (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.

2.2 Funding allocations were determined at local authority level, dependant on the area defined as 'rural' and funding is for the financial years 2023/4 and 2024/5. The total allocation for the New Forest is £540,115.

2.3 The Rural Fund is a capital grant programme supporting business growth and improvements to community infrastructure. It will not fund revenue costs such as running costs, staffing or promotional activities. The allocation will be split 60/40 between projects to support businesses and those supporting community infrastructure.

2.4 The Rural England Prosperity Fund ends in March 2025. The Council is currently awaiting a Memorandum of Understanding with Defra which will determine the launch date for the grant schemes.

2.5 At its meeting of 1 March 2023, Cabinet agreed the following recommendations:

- 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.
- That the Cabinet agree that an Investment Plan be prepared for Cabinet approval to allocate the Community Infrastructure Improvements.

- 2.6 Following a review of guidance from the Department of Environment, Food and Rural Affairs (DEFRA), the proposed mechanism for allocating the business support element of the fund has been reviewed.

3. RURAL FUND DELIVERY, AMENDED PROPOSALS: CAPITAL GRANT SCHEME FOR BUSINESSES

- 3.1 The criteria for capital investment projects for businesses as agreed by Cabinet on 1 March 2023 included the following:

- The fund would support small scale capital investment projects requiring grant support of £5,000-£15,000.
- Applicants will be asked to contribute a minimum of 10% match funding to the project.
- Applicants initially asked to submit an Expression of Interest followed by a Full Application form.

- 3.2 The following amended criteria are now proposed:

- The fund will support capital investment projects requiring grant support of £5,000-£40,000.
- Applicants will be asked to contribute a minimum of 50% match funding to the project ie a maximum 50% grant rate.
- Applicants to progress directly to full Application Form.

- 3.3 The rationale for the proposed changes is as follows:

- In respect of the change to the upper limit, the proposal reflects guidance, made available from DEFRA since 1 March 2023, as to demonstrating 'additionality' from the grant investment in the project, ie to ensure that the project would not have happened anyway without the need for public funds. Additionality is more difficult to demonstrate with smaller grants. A higher grant limit will also encourage projects that result in long term job creation and improved productivity within the recipient business. The higher limit will mean that fewer projects overall are included which will reduce the level of administration required, making the scheme more cost effective.
- In respect of the match funding requirement, the higher limit is proposed to require a demonstration of the applicant's commitment to the project and to help stimulate private sector investment in rural areas. It also aligns with Rural Fund grants offered by other Hampshire councils.
- In respect of the move to a one stage application process, this reflects learning from delivery of the LEADER scheme. Officers from the Economic Development team will be available to discuss potential submissions with applicants so that bidders do not spend time on full applications for clearly ineligible projects.

- 3.4 All other aspects of the Rural England Prosperity Fund will be as agreed by Cabinet on 1 March 2023.

3.5 It is possible that further amendments will need to be made as the discussion with DEFRA evolves. It is proposed that such further amendments are delegated to officers in consultation with the Portfolio Holder for Planning and Economy.

4. CONCLUSIONS

4.1 The Rural Fund will support productivity and prosperity by funding projects that specifically address the challenges faced by the rural areas of the district.

4.2 The proposed amendments to the Council's approach to delivery, outlined in this report, will ensure the New Forest Rural Fund reflects existing and emerging DEFRA guidance, made available since the Cabinet report of 01 March 2023, and delivers a scheme that will benefit a wide range of applicant organisations and businesses.

5. FINANCIAL IMPLICATIONS

5.1 Cabinet was previously advised that 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. The recommendations in this report do not change that position.

6. CRIME & DISORDER IMPLICATIONS

6.1 None.

7. ENVIRONMENTAL IMPLICATIONS

7.1 Cabinet was previously advised that projects that deliver the greatest economic, environmental, and social benefits will be prioritised. That remains the case with the amendments proposed in this paper.

8. EQUALITY & DIVERSITY IMPLICATIONS

8.1 The Rural Fund recognises and is designed to help address disparity between urban and rural parts of the district.

9. PORTFOLIO HOLDER COMMENTS

- 9.1 I welcome the revised approach to delivering the Rural England Prosperity Fund. As Portfolio Holder, I am familiar with the challenges faced by rural wards across the district. I am very pleased that this fund is to be made available for both business and community infrastructure and hope that many organisations will come forward with projects to improve their facilities.

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Background Papers:

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

Cabinet Report: UK Shared Prosperity Fund - 29
July 2022

Cabinet Report Wednesday, 01 March 2023

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