

Rural England Prosperity Fund

Report of the Climate Emergency and Countryside Portfolio Holder

Recommended:

1. That delegated authority be given to the Head of Planning Policy and Economic Development in consultation with the Climate Emergency and Countryside Portfolio Holder and Finance and Resources Portfolio Holder and Head of Finance and Revenues to submit the Rural England Prosperity Fund Investment Plan.
2. That if required, the Capital Receipts Reserve be used to forward fund approved expenditure until government funding tranches are released.

SUMMARY:

- To outline the requirements of the Rural England Prosperity Fund and explain the proposed process to develop and submit the Investment Plan required to draw down the funding.

1 Introduction

- 1.1 The purpose of this report is to outline the requirements of the Rural England Prosperity Fund and how this can be used to meet the objectives of the Council and its partners. It also proposes a process in order to submit the required Investment Plan by the deadline of 30th November 2022.

2 Background

- 2.1 To complement the UK Shared Prosperity Fund the Government has launched the Rural England Prosperity Fund (Rural Fund) worth up to £110 million for 2023/24 and 2024/25. It is the domestic replacement for the European funded LEADER Programme used to support the development of rural economies. The rural fund was launched on 3rd September with Councils required to submit an Investment Plan by 30th November in order to access their allocation.
- 2.2 The Borough's total allocation combined for the two years (2023/24 and 2024/25) is £514,097. This is broadly split 25% in the first year and 75% in the second. This capital funding is provided to (a) support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy; and (b) support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy.

- 2.3 There is no match funding requirement (unlike the Levelling Up Fund bid) and the rural fund is not a competitive process. The Government will appraise the Investment Plan and it is anticipated that this will be undertaken by January 2023 based on the Department for Environment, Food and Rural Affairs timetable. This Fund is an addition to the UKSPF allocation but restricted to support rural communities.
- 2.4 In order for the Investment Plan to be successful it needs to identify interventions (or projects) together with aligned outcomes, objectives and financial allocation to support the rural areas of Test Valley in line with the aspirations of the Government's Levelling Up Agenda. 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
- 2.5 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.
- 2.6 The Investment Plan must propose activities that must meet pre-set interventions. The Plan must set out the challenges and issues facing the Borough in order to select the most relevant interventions. The full list is below but the Plan does not need to meet all the interventions.
- Funding 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.
 - Funding for growing the local social economy and supporting innovation. This includes: • community businesses • cooperatives and social enterprises • research and development sites.
 - Funding for the development and promotion (both trade and consumer) of the visitor economy, such as: • local attractions • trails • tourism products more generally.
 - Funding for investment and support for digital infrastructure for local community facilities.
 - Funding for investment in capacity building and infrastructure support for local civil society and community groups.
 - Funding for creation of and improvements to local rural green spaces.

- *Funding for existing cultural, historic and heritage institutions that make up the local cultural heritage offer.*
- Funding for local arts, cultural, heritage and creative activities.
- Funding for active travel enhancements in the local area.
- Funding for rural circular economy projects.
- Funding for impactful volunteering and social action projects to develop social and human capital in local places.

2.7 At this stage officers are still investigating possible projects and activities to include which will inform the final list of interventions. Due to the tight timeframe to submit the Investment Plan it is recommended that we finalise with the Portfolio Holder following conversations with key partners.

2.8 It is envisaged that this capital funding will likely be in the form of grants to businesses and other organisations.

2.9 There is the ability to use revenue funding from our UKSPF allocations to support the capital from the Rural Fund top-up. This must be consistent with our UKSPF investment plans.

3 Corporate Objectives and Priorities

3.1 The projects contained within the Investment Plan touch on each of the four objectives of the corporate plan and the final plan will reflect these priorities where appropriate. There is also a significant connection with the objectives of Council strategies including the Climate Emergency Action Plan and the adopted interim Economic Strategy.

4 Consultations/Communications

4.1 Prior to submission, it is proposed to undertake a session of stakeholder engagement with those organisations whose understanding of the local rural economy and our communities will help identify the interventions and refine the projects contained within the Investment Plan.

4.2 In order for this engagement to be undertaken and projects confirmed within the relatively short window for submission it has proved necessary to report to Cabinet prior to having a completed Investment Plan. It is therefore proposed that the Investment Plan is finalised in consultation with the portfolio holders for Climate Emergency and Countryside and Finance and Resources.

5 Options

5.1 The option to consider is whether to submit an Investment Plan in line with the Rural Prosperity Fund interventions, or not.

6 Option Appraisal

6.1 This is a non-competitive Fund. We have been allocated £514,097 subject to submitting an Investment Plan which satisfies DEFRA's bidding criteria. Therefore the option is to develop the Investment Plan as proposed or to not submit and not receive this funding.

- 6.2 The release of the Rural Prosperity Fund provides the Council with an opportunity to secure significant funds to support rural business/communities. Whilst the fund is for capital schemes the scope of impact is one which covers a wide breadth of projects in line with the interventions as outlined in paragraph 2.6. As such there is clear justification for submitting the investment plan.

7 Risk Management

- 7.1 An evaluation of the risks indicates that the existing controls in place mean that no significant risks have been identified at this time.

8 Resource Implications

- 8.1 The rural fund is for capital projects only. The funding allocation will be added to the Capital Programme once the Investment Plan is approved.
- 8.2 The allocation of funding is split across the two financial years 2023/24 and 2024/25. Should the approved Investment Plan identify that it would be more beneficial to make payments at a faster rate than the funding is received, it is recommended that the Capital Receipts Reserve be used to forward fund the payments until the funding allocation is received.
- 8.3 It will be necessary to establish grant application mechanisms for some of the projects. Officers are considering what the best approach for considering and determining grants is. It is anticipated that this process can be met from within existing budgets.

9 Legal Implications

- 9.1 There are no legal implications arising from this report.

10 Equality Issues

- 10.1 There are no equality issues arising from this report.

11 Other Issues

- 11.1 Sustainability and Addressing a Changing Climate – This Fund can support projects that meet our sustainability and addressing a Changing Climate. There is funding for including capital funding for net zero infrastructure for rural businesses, creation of and improvements to local rural green spaces and circular economy projects.
- 11.2 Wards/Communities Affected – All parts of the Borough can potentially benefit from the rural fund with exception of the Andover wards where Government restrictions prevent the fund being used on market or ‘hub’ towns with a population exceeding 30,000.

12 Conclusion and reasons for recommendations

- 12.1 The Rural Prosperity Fund is an opportunity to support rural areas. Given the very short timeframe to consult and develop the Investment Plan it is recommended that delegated authority be given to the Head of Planning Policy & Economic Development in consultation with the Climate Emergency and Countryside Portfolio Holder and Finance and Resources Portfolio Holder and Head of Finance and Revenues to submit the Rural England Prosperity Fund Investment Plan.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	None	File Ref:	N/A
(Portfolio: Climate Emergency and Countryside) Councillor A Johnston			
Officer:	Jennie Pell	Ext:	8309
Report to:	Cabinet	Date:	26 October 2022