

This Report will be made public on 15 November 2022

Report Number **C/22/57**

To: Cabinet
Date: 23 November 2022
Status: Key Decision
Responsible Officer: Ewan Green - Director of Place
Cabinet Member: Councillor David Monk, Leader of the Council
Councillor David Wimble, Cabinet Member for the District Economy

SUBJECT: RURAL ENGLAND PROSPERITY FUND

Summary: This report presents an overview of the Governments Rural England Prosperity Fund (REPF) and details the allocation the Council will receive. The report outlines a recommended approach for use of the funding in an Addendum to the submitted UKSPF Investment Plan and seeks agreement for the delivery of the fund.

REASON FOR RECOMMENDATIONS:

Cabinet agreement is required to accept the Rural England Prosperity Fund grant allocation and to agree the basis which will guide use of the funding. Cabinet is also asked to recommend to Council that the grant be included in the General Fund Medium Term Capital Programme.

RECOMMENDATIONS:

1. To receive and note report C/22/57.
2. To note the Rural England Prosperity Fund prospectus and funding allocated to the Council.
3. To agree to accept the £571,471 Rural England Prosperity Fund grant and to recommend to the Council that it is included in the General Fund Medium Term Capital Programme.
4. To agree the basis of addendum to the UK Shared Prosperity Fund Investment Plan as outlined in section 5 of the report.
5. To agree the Local Partnership Group arrangements as outlined section 5 of the report.
6. To agree that a grant application be submitted to the Magnox Socio Economic Fund for a resource assist with the delivery of Rural England Prosperity Fund projects as detailed in section 4 of the report.
7. To delegate authority to the Director of Place, in consultation with the Leader of the Council, to take the necessary decisions and actions required to finalise the addendum and to implement and administer the scheme and all related projects in accordance with the requirements and priorities of the prospectus and fund.

8. To note that the delivery of the addendum will form part of the UK Shared Prosperity Investment Plan which will be reported in the Quarterly Performance Report to Cabinet.

1. BACKGROUND

1.1 The Rural England Prosperity Fund (REPF) was announced on 3rd September 2022 which builds on, and is complementary to, the UK Shared Prosperity Fund (UKSPF). To access the REPF allocation, the Council is required to provide additional information via an addendum to the UKSPF investment plan to Government.

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 The REPF is to support the UKSPF investment priorities for:

- (a) Communities and place
- (b) Supporting local business

As with the UKSPF, within each investment priority there are a range of interventions (refer to appendix 1) which have associated outcomes and outputs.

1.4 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.
- **support new and improved community infrastructure**, providing essential community services and assets for local people and businesses to benefit the local economy

1.5 Folkestone and Hythe District Council (FHDC) has been allocated £571,471 to be spent over a two-year period from 2023-2025 and is responsible for delivery at the local level. The funding split across the two-year period will mean FHDC will receive 25% (£142,868) in 23-24 and 75% (£428,603) in 24-25.

1.6 There is no administrative allowance associated with this fund.

1.7 Local authorities should develop the addendum, outlining the proposed use of the funding, and submit this by 30th November 2022 to receive their allocation of the fund.

1.8 Local authorities are required to consult with local rural partners when delivering this scheme (the council can use the UKSPF Local Partnership Group) and engage proactively with the local MP.

1.9 Once approved, the first payment is expected at the beginning of the financial year of 2023 and the subsequent payment will be received at the beginning of the financial year in 2024.

1.10 Further background on the REPF can be found via:
<https://www.gov.uk/government/publications/rural-england-prosperity-fund-prospectus>

1.11 This report provides an overview of the fund and outlines a suggested approach for the Council to follow in relation to delivery of the REPF.

2. OVERVIEW OF RURAL ENGLAND PROSPERITY FUND ADDENDUM

2.1 FHDC submitted its UKSPF Investment Plan in August 2022 following a period of consultations and internal discussions. It should be noted that the REPF should not replace funding plans for rural areas under the UKSPF but used as a top-up to help address the extra needs and challenges facing rural areas, of which the Council is required to provide additional information via an addendum to the UKSPF investment plan to government.

2.2 The addendum will need to cover the following three areas:

- a) Local Context: Include local evidence of challenges, market failures and opportunities.
- b) Interventions: There is a defined list of options to choose from, of which Councils must explain how they respond to local context.
- c) Delivery: as per UKSPF, how and when the Council will deliver the interventions identified.

2.3 The addendum should align with the UKSPF Investment Plan (as both funding streams will ultimately form a single plan) and will also need to consider complimentary proposals such as the Levelling Up Fund and wider Corporate Action Plans.

2.4 Local authorities, through their stakeholder group, will align their chosen projects to specific interventions which will dictate suggested indicators so both the Council, and the government, can monitor change and improvement.

3. FUNDING CRITERIA AND ELIGIBILITY

3.1 Funding is capital only and must be for business and/or community purposes. There is no revenue allocation through his fund.

3.2 Revenue funding from the UKSPF funding allocations can be used to support delivery of capital projects from the rural fund.

3.3 For REPF purposes, rural areas are:

- a) towns, villages and hamlets with populations below 10,000 and the wide 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'
- 3.4 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. The fund is unable to be used to support projects that have already received funding from other DEFRA schemes.

4. ADMINISTRATION RESOURCE

- 4.1 There is no administrative allowance associated with this fund and Officers are exploring an opportunity to seek external funding to support delivery via the Magnox Socio-economic Fund.
- 4.2 It is proposed to submit a grant application to the fund and that the outcome of this be reported in due course.

5. DEVELOPMENT OF THE REPF ADDENDUM

- 5.1 The Council is required to submit the REPF addendum by 30 November 2022. The addendum should align with the wider UKSPF Investment Plan to allow for continuity and alignment with local priorities. The addendum should also aim to support the ambitions and priorities set out in Council's Corporate Action Plan.
- 5.2 Following early engagement with rural stakeholders it was suggested that there is a need to focus on both supporting rural business and their communities. Key themes emerging from this engagement are:
- Cost of Living
 - Improving energy & resource efficiency
 - Enhancing the rural economy through diversification opportunities that communities will benefit from
 - Connectivity and inclusivity - ensuring our vulnerable citizens are supported and can access necessary facilities and amenities
 - Tourism opportunities - support delivery of the Coastal Destination project.

5.3 The table below sets out the proposed funding allocation per year against chosen interventions that best align to the above themes.

Priority	Intervention	23-24	24-25	Total Allocation
Supporting Local Business	1.1 capital grant funding for small scale investment in micro and small enterprises in rural areas	£60,438	£90,303	£150,741
	1.3 capital grant funding for developing and promoting the visitor economy	£0	£100,000	£100,000
Supporting Local Communities	2.2 capital grant funding for investment in capacity building and infrastructure support for local civil society and community groups	£82,430	£238,300	£320,729
	Total	£142,868	£428,603	£571,471

5.4 As part of the UKSPF Framework the Council will be responsible for submitting REPF additional information to DLUHC for approval. As part of this process, the Council must demonstrate how it will consult with rural partners to deliver and monitor the fund.

5.5 It is proposed to use the wider Folkestone & Hythe UKSPF Local Partnership which has already been established and invite additional representatives of the rural community to form part of that group. This will create one overarching group to support the full UK Shared Prosperity fund scheme.

6. Risk Management

6.1 The main risks associated with this are:

Perceived Risk	Seriousness	Likelihood	Preventative action
REPF addendum not being approved by government	High	Low	Development of priorities for the UKSPF Investment Plan based local need, aligns with corporate priorities and developed through engagement with Members and partners.

REPF addendum outputs and outcomes not achieved	High	Low	Robust monitoring processes will be established to monitor delivery and financial management of the fund. Progress will be reported to Members.
External resource not being approved	Medium	Medium	Projects will be prioritised based on resource availability.

7. Next Steps

7.1 The timescale for delivery of the REPF scheme is follows:

Cabinet Approval	23 rd November 2022
Addendum submission deadline	30 th November 2022
Explore external resource options	November 2022 – January 2023
REPF assessment window for government	November 2022 – January 2023
Anticipated date for approval of REPF Proposals	January 2022
Scheme launch and first call for projects / grant applications	February 2023
Funding period	April 2023 – March 2025

8. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

8.1 Legal Officer's Comments (NM)

There are no legal implications arising directly from this report. However the Council will need to ensure compliance with the terms and conditions of the grant fund.

8.2 Finance Officer's Comments (RH & LW)

The proposed profiling and broad use of the capital grant is outlined in the body of the report. The Constitution requires new capital schemes to be approved by full Council to be included in the capital programme, regardless of how they are funded, and the proposed use of the REPF capital grant will need to comply with this. It is suggested that approval for the proposed REPF funded capital schemes is built into the budget cycle for 2023/24 so they can be included in the update to the General Fund Medium Term Capital Programme which full Council is due to consider in February 2023.

8.3 **Diversity and Equality Impacts Officer Comments (GE)**

There are no equality and diversity issues directly arising from this report.

8.4 **Climate Change Officer Comments (OF)**

There are no climate change implications arising from this report however proposals for the chosen interventions should be assessed for climate change implications as applicable.

9. CONTACT OFFICER

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Rod Lean - Chief Officer Place and Growth

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The following background documents have been relied upon in the preparation of this report:

None.

Appendix 1 – Interventions

Supporting Local Businesses

Intervention 1.1: capital grant funding for small scale investment in micro and small enterprises in rural areas

- This includes capital funding for net zero infrastructure for rural businesses, and diversification of farm businesses outside of agriculture

Intervention 1.2: capital grant funding for growing the local social economy and supporting innovation

This includes:

- community businesses
- cooperatives and social enterprises
- research and development sites

Intervention 1.3: capital grant funding for developing and promoting the visitor economy such as:

- local attractions
- trails
- tourism products more generally

Supporting Local Communities

Intervention 2.1: capital grant funding for investment and support for digital infrastructure for local community facilities

Intervention 2.2: capital grant funding for investment in capacity building and infrastructure support for local civil society and community groups

Example projects include:

- Capital grants for provision of net zero infrastructure
- Capital grants for kitchens in community hubs

Intervention 2.3: capital grant funding for creation and improvements to local rural green spaces

Intervention 2.4: capital grant funding for existing cultural, historic and heritage institutions that make up the local cultural heritage offer

Intervention 2.5: capital grant funding for local arts, cultural, heritage and creative activities

Intervention 2.6: capital grant funding for active travel enhancements in the local area

Intervention 2.7: capital grant funding for rural circular economy projects

Intervention 2.8: capital grant funding for impactful volunteering and social action projects to develop social and human capital in local places