

REPORT TITLE: RURAL ENGLAND PROSPERITY FUND – INVESTMENT PLAN PROPOSAL

15 NOVEMBER 2022

REPORT OF CABINET MEMBER: Cllr Lucille Thompson, Cabinet Member for Business and Culture

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WARD(S): ALL

PURPOSE

In September Government announced a top-up to the UK Shared Prosperity Fund with an additional grant allocation to local authorities under the Rural England Prosperity Fund. Winchester City Council has been allocated £745,096 of funding to be spent on support for rural businesses and rural communities. As with the UK Shared Prosperity Fund the council is required to submit to Government by the end of November an online application in the form of an investment plan to enable access to the funds.

This report sets out the investment proposals under which capital projects can come forward for funding from the market towns, villages and rural areas of Winchester district. The investment priorities and indicative funding profile over the two-year programme April 2023 to March 2025 is also provided and will form the basis of the Council's investment plan.

RECOMMENDATIONS:

That Cabinet:

1. Note the UK Rural England Prosperity Fund (Rural Fund) proposed investment interventions and rank as set out in Table 3;
2. Note the list of interventions and indicative Rural Fund allocation as outlined in Table 4, to be funded from the Council's allocation of the Rural Fund;
3. Delegate authority to the Corporate Head of Service: Economy &

Communities, in consultation with the Cabinet Member for Business and Culture, to take the necessary decisions and actions required to submit an investment plan and accept the allocation of funds;

4. Delegate authority to Corporate Head of Service: Economy & Communities to implement and administer the scheme and all related grant schemes and plans in accordance with the requirements and priorities of the prospectus and fund;
5. Approve a capital budget of £745,096 to be funded by the Rural Fund;
6. Delegate authority to the Corporate Head of Service: Economy & Communities, in consultation with the S151 officer, to incur capital expenditure in accordance with the requirements of the Fund.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 1.1 The Rural England Prosperity Fund is a “top-up” and extension of the UK Shared Prosperity Fund (UKSPF) already allocated to Winchester City Council and which was considered by Cabinet in July (CAB3356). The council plan outcomes identified in that report remain valid for this funding allocation, with the following additions.
- 1.2 Tackling the Climate Emergency and Creating a Greener District
- 1.3 The Rural Fund has specific interventions providing funding for:
 - a) net zero infrastructure for rural businesses
 - b) rural circular economy projects
 - c) creation of and improvements to local rural green spaces
 - d) active travel enhancements in the local area
- 1.4 To support green growth, consideration should be given to how projects can work with the natural environment to achieve objectives. At a minimum, this needs to include the project’s impact on natural assets and nature. Projects that deliver the greatest economic, environmental and social should be prioritised.

1.5 Vibrant Local Economy

1.6 Supporting Rural Businesses is an investment priority and can support interventions through funding (capital grants) for:

- a) small-scale investment in micro and small enterprises in rural areas, including:
 - (i) capital funding for net zero infrastructure for rural businesses, and
 - (ii) 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.
- b) growing the local social economy and supporting innovation, including:
 - (i) community businesses
 - (ii) cooperatives and social enterprises
 - (iii) research and development sites
- c) the development and promotion (both trade and consumer) of the visitor economy, such as:
 - (i) local attractions
 - (ii) trails
 - (iii) tourism products more generally

1.7 Living Well

1.8 Supporting Rural Communities is the second investment priority and can support interventions through funding (capital grants) for:

- a) Investment and support for digital infrastructure for local community facilities.
- b) Investment in capacity building and infrastructure support for local civil society and community groups.
- c) Creation of and improvements to local rural green spaces.
- d) Existing cultural, historic and heritage institutions that make up the local cultural heritage offer.
- e) Local arts, cultural, heritage and creative activities.
- f) Active travel enhancements in the local area.
- g) Rural circular economy projects.
- h) Impactful volunteering and social action projects to develop social and human capital in local places.

2 FINANCIAL IMPLICATIONS

2.1 The Rural Fund can support investment in interventions starting from 1 April 2023 and all UKSPF contributions, including the Rural Fund, must be spent by 31 March 2025. Other sources of funding, including the council's own contributions, can be spent after this date to complete schemes.

2.2 Funding of £745,096 is allocated to the council and Government has stipulated that this be spent on a 25% / 75% split over the two year programme. Under current guidance there is no opportunity to carry forward allocations into year two. Any unspent fund will be need to be returned to government.

Table 1. Winchester district Rural Fund allocation profile

2023/24	25%	£186,274
2024/25	75%	£558,822
Total	100%	£745,096

2.3 Unlike the UKSPF, this additional funding allocation does not come with any element of administrative costs support, so all activity in support of managing and reporting must come within existing recourse.

2.4 Any grants awarded to external organisations or funds used to invest in council projects need to account for all costs (including staff) and any additional capital funding and be able to cover ongoing maintenance costs implications. Funding has to be used on capital projects that means it must be spent on lasting assets such as a building or equipment. It cannot be used for revenue costs such as running costs or promotional activities. Grants and funding must be for business or community purposes and cannot be used to fund domestic property improvements or to buy private vehicles for example.

2.5 Value for money and additionality will need to be shown along with any future private investment that could be unlocked. It may be possible to use revenue funding from the council's UKSPF allocations to support the capital from the Rural Fund top-up. But this will need to be consistent with the council's UKSPF investment plan.

3 LEGAL AND PROCUREMENT IMPLICATIONS

3.1 The delivery of the funding will be through two routes: a competitive grant process for external organisations and business; and procurement and contracting for council investment. To demonstrate value for money, competitive procurement to deliver the range of projects if funding is secured, will be considered per project in accordance with the grant, the Councils Contract Procedure Rules and the Public Contract Regulations 2015.

3.2 As part of the process to select projects for funding due diligence will be conducted and assurance sought that grant beneficiaries have robust

business plans that demonstrate best value and the viability and success of projects. Checks to ensure there is no duplication of funding from programmes or schemes supporting similar activities will also need to be completed.

4 WORKFORCE IMPLICATIONS

- 4.1 The council is the lead authority for the administration of the Rural Fund and role of the council will include deciding how to award grants and funding for both external and direct delivery on its own projects. This will involve:
- a) managing local project calls for selecting projects in line with approved plans
 - b) approving applications
 - c) contracting with successful applicants
 - d) making payments
 - e) day-to-day monitoring
- 4.2 No additional support resources has been allocated to local authorities to assist with the delivery of the Rural Fund. This fund's administration, management and reporting will be combined with the governance and staff resources for the delivery of the UK Shared Prosperity Fund and as set out in Cabinet report CAB3356.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 Rural Funding must be used for capital projects and spent on lasting assets such as buildings or equipment. All projects must account for the ongoing maintenance costs and responsibility for this will remain with the asset owner. No asset liability shall be transferred to council as a consequence of any grant funding.
- 5.2 Further to making any decision that relates to property and assets, such as whether or not to dispose and acquire, which mechanism and the property and/or project development, the Public Sector Equality Duty (PSED) objectives must be taken into consideration. A further consideration will be whether public property and assets are able to comply with the PSED such as design and access.

6 CONSULTATION AND COMMUNICATION

- 6.1 Consultation was carried out to develop the proposed fund allocation as follows:
- a) Briefings with the Cabinet Member for Business and Culture
 - b) Item in DSU to advise all members on 14th October
 - c) Item in the October Parish Connect

- d) Discussed at the Winchester District UKSPF (Shadow) Partnership Board on 2nd November
 - e) Item on the agenda of the Parish Liaison Briefing on 15th November
 - f) Emails to partners and stakeholders to advise of proposed allocations
 - g) Meetings with project managers across the council
 - h) MPs have been informed
- 6.2 Feedback and comments have been received from Campaign to Protect Rural England (CPRE), EM3 Local Enterprise Partnership (LEP), Hampshire Cultural Trust, Corhampton & Meonstoke Parish Council, Hambledon Parish Council, Colden Common Parish Council and Micheldever Parish Council.
- 6.3 The consultation has shown full support for the funding opportunity, overall support for the split of funding by investment proposal with those representative bodies calling for a greater share for the sector/organisations they represent. All feedback will be taken into consideration prior to the investment plan submission.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The fund can provide opportunities for projects to support the Council's 2030 Carbon Neutrality target and the objectives outlined in the Carbon Neutrality Action Plan.
- 7.2 As one of the investment proposals includes funding (grant) for capital investment in carbon reduction or elimination projects, there will be a requirement to capture emission data as part of the reporting and project evaluation in respect of any grant.

8 PUBLIC SECTOR EQUALITY DUTY (PSED)

- 8.1 As part of the proposed governance for the delivery of the council's UKSPF the Corporate PSED Panel will be used to advise and give guidance on investments that come forward for implementation. This will also include a requirement for fund applicants to complete an Equality Impact Assessment for their projects.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 The submission of the investment plan does not have any direct implications for data protection. As the Rural Fund is for capital investment it is unlikely there will be the need to hold personal information. However, organisations and or businesses whose projects do require the holding of individual personal data will be required to demonstrate that they are GDPR compliant in handling and storing such data and this will be a requirement within the grant agreement.

10 RISK MANAGEMENT

10.1 Medium Risk; This Investment Plan and the delivery of the Rural Fund will be combined with governance of the UKSPF, including its risk assessment and management. There will be an ongoing need for robust programme management to ensure that the key interventions contained in the Investment Plan are delivered. The UKSPF risk assessment is given in the following table.

Risk	Mitigation	Opportunities
<p><u>Financial Exposure</u></p> <p>The fund must be used for the purposes it is intended – if not there may be a need to claw back funds.</p> <p>The programme under or overspends on the budget allocation and profile.</p>	<p>Detailed financial performance monitoring will be built into the programme management processes for each project and service and will form part of the grant agreement / contract.</p> <p>There will also be programme level financial monitoring and reporting to both the external Partnership Board and internally through existing project reporting processes.</p>	
<p><u>Exposure to challenge</u></p> <p>As there is limited funds available so there may be challenge on why certain interventions are given funding and not others.</p>	<p>An open and transparent process for final project selection. A costed business case for each will need to be provided to the Partnership Board that will advise on selection.</p>	
<p><u>Innovation</u></p> <p>New programmes and funding regimes with fixed frameworks can stifle innovation in delivery</p>	<p>Some projects and services will be aimed at new activity and new approaches will be encouraged within the scope of the UKSF framework.</p>	
<p><u>Reputation</u></p> <p>Failure to achieve the</p>	<p>A Partnership Board with cross district</p>	<p>As outcomes are achieved there is the</p>

Risk	Mitigation	Opportunities
outcomes and share the benefits of the UKSPF across the district results in negative perception of the council.	representation will ensure the view of a wide range of interests and places are considered in the selection and delivery of projects.	opportunity for PR and reporting on what investments have delivered to showcase action across the district.
<u>Achievement of outcome</u> The projects and services fail to meet the target outcomes they are were designed to achieve.	The milestones, expectations and timescales will be set out in a Memorandum of Understanding. There will be a formal reporting request every six months, with qualitative updates on a more frequent basis also required. Projects / service deliverers will be required to carry out evaluations of the intervention to demonstrate the effectiveness and achievement of outcomes.	Opportunity exist to develop evaluation and customer insight process and approaches by learning from other organisation undertaking this as part of their project / service delivery evaluation.
<u>Property</u> Investment in property increases ongoing costs or fails to achieve the planned savings and improvements.	All capital expenditure projects will be required to include all financial implications within the detailed business case and final proposals for funding.	
<u>Community Support</u> There is a lack of capacity within local community organisations to deliver or participate in projects.	Project / service deliverers will be required to include all staff costs and resources necessary to deliver the intervention within the detailed project submission for funding.	Projects that support community development are included in the programme.
<u>Timescales</u> Projects are not delivered to the required deadlines.	The Partnership Board will provide oversight to the funding programme monitoring delivery and identifying delays and	

Risk	Mitigation	Opportunities
	slippage so that these can be addressed at the earliest opportunity.	
<u>Project capacity</u> Lack of staff resources reduces capacity to deliver the projects and services.	Project / service deliverers will be required to include all staff costs and resources necessary to deliver the intervention within the detailed project submission for funding.	

11 SUPPORTING INFORMATION:

11.1 Background

11.2 Government published its Rural England Prosperity Fund (referred to as Rural Fund) prospectus and local authority funding allocations on 3rd September 2022. It states that the fund has been created as:

“Rural areas often face specific challenges including:

- a) lower productivity rates
- b) poorer connectivity
- c) poorer access to key services

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.”

11.3 The Rural Fund provides capital funding to:

- a) 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
- b) support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy

11.4 Projects must be in a rural areas and 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.

11.5 This means that the city centre (town wards) is exclude from this fund.

Table 2. Winchester district ward population estimates 2020

Ward	Pop. Estimate 2020
Alresford and Itchen Valley	8,646
Badger Farm and Oliver's Battery	8,299
Bishop's Waltham	7,715
Central Meon Valley	9,329
Colden Common and Twyford	5,712
Denmead	7,633
Southwick and Wickham	7,668
The Worthys	6,579
Upper Meon Valley	5,628
Whiteley and Shedfield	6,459
Wonston and Micheldever	7,504
Town Wards	
St Barnabas	9,288
St Bartholomew	10,094
St Luke	6,441
St Michael	9,293
St Paul	9,637
Town Ward Total	44,753

Source ONS

11.6 Detailed Proposals

11.7 The Rural Fund is a rural top-up to UKSPF allocations and to the council's investment plan that was considered by Cabinet in July (CAB3356) and submitted to Government at the end of July. To secure the Rural Fund allocation the council is required to complete and submit a second application form that represents its Rural Fund Investment Plan. The application has three sections and the following summarises the information proposed for each.

11.8 *1. Local context*

11.9 *Detail and evidence our local challenges, market failures and opportunities.*
For the district this will include:

- a) The challenge of meeting net zero carbon and addressing climate impacts

- b) Building on LEADER¹ with further farm diversifications and sustainable farming / environmental land management transition
- c) Deprivation and access to services in rural communities and the need for improved / expanded community facilities

11.10 2. *Selection of interventions and outcomes*

11.11 *Identify the priority interventions and outcomes and rank them in order of expected value added.* For the district it is proposed to give priority to added value investment in carbon reduction and climate mitigation activities and to investment in community infrastructure and assets.

11.12 Table 3. Indicative Rural Fund Investment Interventions and Rank

Investment Proposal & Rank	Local context and Priority	Rural Fund Investment Intervention	Indicative Share of allocation
1. Net Zero / Climate Mitigation	<ul style="list-style-type: none"> • Council Plan - Greener Faster • Carbon Neutrality Action Plan • Green Economic Development Strategy (GEDS) • Bio-diversity Action Plan • Hampshire Movement Strategy 	<p><u>Supporting Rural Business</u></p> <ul style="list-style-type: none"> • Funding (capital grants) for small-scale investment in micro and small enterprises in rural areas. <p><u>Supporting Rural Communities</u></p> <ul style="list-style-type: none"> • Funding (capital grants) for rural circular economy projects. • Funding (capital grants) for investment and support for digital infrastructure for local community facilities • Funding (capital grants) for active travel enhancements in the local area 	40%
2. Community Infrastructure and Assets Improvement	<ul style="list-style-type: none"> • Council Plan - Pride in Place • Council Plan – Local Vibrant Economy • Green Economic Development Strategy (GEDS) • Digital Winchester 	<p><u>Supporting Rural Business</u></p> <ul style="list-style-type: none"> • Funding (capital grants) for growing the local social economy and supporting innovation. <p><u>Supporting Rural Communities</u></p> <ul style="list-style-type: none"> • Funding (capital grants) for investment in capacity building and infrastructure support for local civil society and community groups. • Funding (capital grants) for impactful volunteering and social action projects to develop social and human capital in 	25%

¹ LEADER was part of the Government's Rural Development Programme for England providing funding for projects that create jobs, help rural business to grow, and benefit the rural economy between 2015 and 2020.

Investment Proposal & Rank	Local context and Priority	Rural Fund Investment Intervention	Indicative Share of allocation
		local places	
3. Culture, Arts and Tourism Development	<ul style="list-style-type: none"> Council Plan - Inclusion & Engagement GEDS and emerging Sustainable Tourism Strategy & Cultural Strategy 	<u>Supporting Rural Business</u> <ul style="list-style-type: none"> Funding (capital grants) for the development and promotion (both trade and consumer) of the visitor economy <u>Supporting Rural Communities</u> <ul style="list-style-type: none"> Funding (capital grants) for existing cultural, historic and heritage institutions that make up the local cultural heritage offer Funding (capital grants) for local arts, cultural, heritage and creative activities 	20%
4. Green Spaces Enhancement	<ul style="list-style-type: none"> Council Plan - Greener Faster Bio-diversity Action Plan 	<u>Supporting Rural Communities</u> <ul style="list-style-type: none"> Funding (capital grants) for creation of and improvements to local rural green spaces 	15%

11.13 3. Delivery

11.14 3a. *Expenditure - Detail of what will be delivered with the funding and the indicative spend profile for the two years of the fund.*

11.15 Table 4. Expenditure profile and potential project deliverables

Investment Proposals	Potential delivery projects / activities	Indicative allocations		
		2023/24 (25%)	2024/25 (75%)	Total
		£186,274	£558,822	£745,096
1. Net Zero / Climate Mitigation	<ul style="list-style-type: none"> Energy generation PV/Solar/Heat Pumps Community energy schemes EV charging points Climate resilience & natural environment solutions / mitigation Circular economy initiatives Active travel - Creation of new or up-grading of existing footpaths and cycle paths 	£74,510	£223,529	£298,038
2. Community Infrastructure and Assets	<ul style="list-style-type: none"> Improvement / up-grades to community facilities Farm diversification projects 	£46,569	£139,706	£186,274

Investment Proposals	Potential delivery projects / activities	Indicative allocations		
		2023/24 (25%)	2024/25 (75%)	Total
Improvement	<ul style="list-style-type: none"> Digital infrastructure at rural hubs for community use and broadband for business hubs Community businesses, cooperatives and social enterprises Co-working spaces 			
3. Culture, Arts and Tourism Development	<ul style="list-style-type: none"> Improvements to tourism, heritage, arts and cultural buildings and sites to increase accessibility Maker spaces Improvement to cultural, arts or tourism facilities e.g. development, restoration or refurbishment assets and sites. 	£37,255	£111,764	£149,019
4. Green Spaces Enhancement	<ul style="list-style-type: none"> Community gardens and green spaces Greening of streets and paths Tree planting and rewilding of areas 	£27,941	£83,823	£111,764

11.16 *3b. Approach to engagement with rural partners - Detail of the consultations with rural partners and the plans for future engagement.*

11.17 Stakeholders and partners including, all Members, all Parish Councils, local MPs, Hampshire County Council, EM3 LEP and a group of representative bodies including South Downs National Park, CPRE, Community First, Hampshire Cultural Trust have been consulted on the investment proposals and funding allocations. The Partnership Board for the UKSPF already has representation from the community and environmental sectors, and representation from rural businesses and the land-based sector will be invited to join. Further engagement with these sectors will take place to help shape the grant funding programmes and to promote the opportunity for businesses and community organisation to apply for support.

11.18 Conclusion

11.19 The application and investment plan has to be submitted to government by the end of November 2022. It is recommended that the funding allocation is shared across four investment proposal, and in order of priority these are:

- a) Net Zero / Climate Mitigation
- b) Community Infrastructure and Assets Improvement
- c) Culture, Arts and Tourism Development
- d) Green Spaces Enhancement

- 11.20 It is recommended that the Corporate Head of Service: Economy & Communities, in consultation with the Cabinet Member for Business and Culture, be given authority to take the necessary decisions and actions required to submit an investment plan and accept the allocation of funds. This includes the required sign-off by the Leader of the Council, Chief Executive and Section 151 officer.
- 11.21 As the Rural Fund is aimed at providing capital funding to invest in buildings, assets and equipment by businesses and community organisation in the market towns and rural areas of the district it is recommended that a competitive grants programme is established for each of the four priority investment proposals.
- 11.22 The grant eligibility, criteria and award process will be devised with advice from the Winchester District UKSPF Partnership Board and relevant rural partners. It is recommended that delegated authority be given to Corporate Head of Service: Economy & Communities, in consultation with Cabinet for Business and Culture to determine the grant scheme(s) and to implement and administer the scheme and all related plans in accordance with the requirements and priorities of the prospectus and fund.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 Do not submit an investment plan to draw down the council's Rural Fund allocation. This is not recommended as the council would miss out on the opportunity to secure £745,000 funding for the rural businesses, communities and places across the district.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

CAB3356 - UK Shared Prosperity Fund – Investment Plan Proposal, 19 July 2022

[CAB3356 Shared Prosperity Fund.pdf \(winchester.gov.uk\)](#)

Other Background Documents:-

Rural England Prosperity Fund: prospectus

[Rural England Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](#)

APPENDICES:

None