

Report to: **Executive**

Date: **26 January 2023**

Title: **UK Shared Prosperity Fund & Rural England Prosperity Fund**

Portfolio Area: Economy – Cllr Bastone

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: Recommendations will be presented to the Council meeting to be held on 16 February 2023.

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RECOMMENDATIONS:

It is RECOMMENDED that the Executive:

- 1. Approves the delivery of the package of support within our UK Shared Prosperity Fund (UKSPF) investment plan which has been agreed with the Levelling-Up Department.**
- 2. Agrees to waive the requirements of the Council’s Contract Procedure Rules to seek tenders, if they would otherwise required, and an exemption from the Rules is made to enable a direct award of contracts to the businesses identified in Section 5 to meet the timetable of the programme as set out by Department for Levelling Up, Housing and Communities.**
- 3. Approves the Rural England Prosperity Fund proposal submitted to Government, which if successful will begin delivery from April 2023.**

1. Executive summary

- 1.1 In March 2022 the Government announced funding for a business and community support programme, UK Shared Prosperity Fund (UKSPF), which form part of the Levelling Up agenda. The funding allocation for the South Hams is £1,062,367.

- 1.2 In order to access the allocated funding, the Council devised and submitted an investment plan to the Levelling-Up department by the 1st of August 2022. These plans set out; local economic and community challenges, opportunities, examples of the types of projects to be delivered and indicative outputs and outcomes.
- 1.3 Recognising this fantastic opportunity our approach has been to analyse the UKSPF scope and target where it intersects with our adopted corporate strategy – Better Lives for All. In doing so we will leverage the funding to deliver the priorities of the Council and maximise the impact for our residents, communities and businesses.
- 1.4 Members have played a crucial part in shaping the proposals prior to submission through the members workshops, as well as the clear priorities members have approved in Better Lives for All.
- 1.5 Following approval of our business plan, the UKSPF work programme can now commence delivery and it will targetting:
 - i. The Marine Economy
 - ii. Regenerative Farming and the agricultural sector
 - iii. Inclusive and active travel
 - iv. Business and community support
- 1.6 All four strands have a golden thread of clean growth and decarbonisation running through them, that will shape the support and outcomes, as required by UKSPF.
- 1.7 This is a three year programme running until 2024/2025. Details of the work programme are set out in this report.

2. Development of the local investment plan

- 2.1 Details of the application process were released to local authorities in May 2022. The team identified areas of alignment between our Corporate Strategy, Levelling-Up objectives, and wider Government policy areas (including climate and transport policy). A presentation was then delivered to members in June 2022, suggesting an approach which looked to deliver against these aligned objectives. Members provided positive feedback and made suggestions to strengthen the proposals which were taken on board.
- 2.2 Throughout June and July 2022, the Placemaking Team met with a number of partner organisations who specialise in the delivery of support against these themes and a range of stakeholders who could potentially benefit from support to identify the kind of measures that could have a positive impact on their businesses. These stakeholders and partner organisations include:
 - Devon County Council
 - Neighbouring local authorities
 - Dartmoor National Park Authority
 - AONB Teams

- National Highways
- National Trust
- SusTrans
- WSP (a consultancy firm working with Devon County Council on transport strategy)
- The Apricot Centre
- Riverford Farm
- The Good Food Loop
- University of Plymouth
- University of Exeter
- North Devon Biosphere
- National Farmers Union
- Business Information Point
- The Carbon Trust
- Retrofit Academy
- British Intellectual Property Centre
- Community Energy Groups
- Businesses (Marine, Agricultural, Transport, Construction and other)

2.3 From these discussions, a range of projects under each theme were developed, which would deliver against UKSPF outputs and outcomes which were submitted to Government on the 31st of July 2022. Following the submission of the plan, work has been ongoing to further develop project proposals and to more accurately estimate the outputs and outcomes for each of our proposed projects.

2.4 Members were also updated on the proposed projects and how their suggestions had been incorporated into the investment plan. For example, additional resource was switched from the marine economy to the agri-tech and regenerative farming programme, and a number of partner organisations which members suggested we liaise with have now been engaged and had the opportunity to input to the programme, such as the community energy groups.

3. Funding

3.1 UKSPF has rigid approach to the proportion of funding that must be spent during each year of the programme:

Allocation 2022/2023 (£)			Indicative allocation 2023/2024 (£)	Indicative allocation 2024/2025 (£)
Capital	Revenue	Capacity		

15,000	113,928	20,000	257,856	675,583
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4. UKSPF Programme of Activities

4.1 A programme of activities has been developed against each of the 4 themes:

4.2 **Active and Inclusive Travel:**

- Commission a Local Cycling and Walking Infrastructure Plan (LCWIP) across South Hams and West Devon to identify the important cycle and walking routes and barriers along these. The LCWIP will be a key piece of evidence to support active travel within the revisions to the Joint Local Plan. A behaviour change study will also run alongside the LCWIP to identify ways to increase uptake in active travel.
- A suite of active and inclusive travel projects will be supported as identified within the LCWIP. These projects may include: e-bike trials or hubs, officer and member training, behaviour change campaign and a fund to support small scale physical infrastructure improvements and/or feasibility studies.

4.3 **Agriculture and Regenerative Farming:**

- The programme recognises that there is an existing wealth of farming expertise within the South Hams, and therefore focuses on areas of support aligned to clean growth and decarbonisation – which do require continuous engagement as it is constantly evolving and improving.
- R&D focused project which will see agricultural businesses given the opportunity to work with knowledge organisations (such as the University of Plymouth), and businesses developing new technologies. The aim being to make our agricultural sector a test bed for new and emerging technologies and processes, helping the local industry to lead the rest of the UK in future advances, in productivity, automation, resilience and yields.
- It creates the conditions needed for tech developers to test their products in the real world, monitor performance and receive direct feedback from end users before launching their products to the wider market. Our delivery partner will be Devon Agri-Tech Alliance, led by Devon County Council. It has a total project cost of around £160,000 through South Hams UKSPF over the next two years, with the project starting from April 2023.
- Working with local expertise the work programme will deliver a regenerative farming project to support agricultural businesses to transition towards a more sustainable (but commercially viable) approach. Changes would include a move away from fertilizers to regenerative

farming processes, which focus on soil quality to improve yields and climate resilience. The programme involves formal training and work placements to ensure support is available for our farmers of tomorrow.

- Trainees will be placed within farming businesses, and will work with the business to develop a transitioning plan and to begin implementing the necessary changes. Though the process of transitioning to regenerative farming takes approximately 7 years to complete, UKSPF will help a significant number of farming businesses to begin this process.
- There is also a land consultancy element to the project, which will identify opportunities for agricultural businesses to bring unused land into beneficial uses, for example, the planting of wildflowers to improve biodiversity, or the planting of fast growing trees which can be used for fuel or for natural flood risk mitigation.
- The project will be delivered by the Apricot Centre, based in Dartington, who specialise in regenerative farming training, providing direct support to farms to help them transition to regenerative farming processes, and land consultancy. The cost of this project is £80,000 through the South Hams UKSPF allocation for the 2 years. However, this project will start from January, as their programme of activities runs on a calendar year rather than a financial year.
- Finally there is a food distribution project to help increase the opportunities for locally produced food and drink to reach local marketplaces (whether these are food and drink businesses, local distribution networks, or actual marketplaces). This aims to reduce the food-miles related to local crops and produce. Farmers will also be encouraged to make their land accessible at suitable times of year, for site visits to be coordinated so that people are able to visit and learn about how their food is produced.
- This is also being delivered through the Apricot Centre and Riverford Farm in the South Hams (and the Good Food Loop in West Devon). The project will cost £45,000 of South Hams UKSPF over the 2 year period starting from April 2023.

4.4 Marine Economy & Decarbonisation:

- A key outcome of our UKSPF Marine Economy work, will be a baseline study for the District that will set out the key locations, trades and activity for our marine economy. It will inform our place making and economic support objectives in the future as well as strategic planning, through the JLP Policies.

- Studies to carbon footprint a variety of elements of our marine economy and marine related activities, are also required to ensure our net zero 2030 target is reached, which will lead to the development of a strategy to decarbonise those marine activities. It will include feasibility studies to decarbonise the Lower Dart Ferry and Salcombe Water taxis.
- A project will be delivered which builds upon a successful pilot programme in Plymouth, to strategically rollout electric charging facilities for marine vessels across the South Hams.
- The feasibility work for a remote power solution for the Salcombe Harbour visitor pontoon which would enable vessels to draw power without having to dock.
- The delivery of a number of pilot projects which will see new technologies and processes being trialled at key sites across the South Hams that will help the industry to transition towards decarbonisation.

4.5 **Wider Business Support & Consultancy:**

- Specialist advisors programme - working with our business communities to develop bespoke decarbonisation plans. These plans will explore all elements of the business including, the buildings they operate from, their processes and production lines, their logistics chains, and their end products and services. The plans will set out a pathway that businesses can follow to decarbonise their activities.
- A study of our construction sector and its supply chain to identify gaps in local capabilities to deliver low carbon or decarbonised construction projects. Support will then be delivered to improve these capabilities, putting our local construction businesses in a resilient position where they will be ahead of the curve with regards to their ability to meet future planning and building regulations.
- A project will be delivered to support our community energy groups. Since the removal of the RCEF (Rural Community Energy Fund), it has proved challenging for Community Energy Groups to move forward with projects that would provide clean energy and energy efficiency measure to local communities. Through this project, they will be provided with a shared resource to help them draw down other Government funding to move their projects forwards.

5. Procurement

- 5.1. DLUHC have recommended that Councils consider using procurement exemptions to expedite delivery of the programme and achieve their aspiration to spend our Yr 1 allocation by the end of March.
- 5.2. Given the value of the contracts involved, the Council's Contract Procedure Rules would require tenders to be sought. The Rules do however envisage that the requirements of the Rules in respect of contracts below the UK Procurement Threshold may be varied or waived by Council or the Executive.
- 5.3. Having reviewed the delivery programme, it is recommended that Rules requiring tenders are waived and an exemption is granted to enable the direct appointment of the Agri-Alliance and the Apricot Centre. This is on the grounds that:
 - 5.3.1. The Agri-alliance has been created as a pan-Devon body to specifically deliver against the UKSPF funding available from multiple local authorities. It is entirely unique and so is a "limited market" in procurement terms.
 - 5.3.2. The Apricot Centre is the only establishment locally (and therefore in such a way as will be successful and target our farmers and residents) that is able to deliver the programme that has been devised to meet our specific UKSPF and Corporate Strategy priorities. It is also deemed to be unique and can justifiably rely on an exemption.
 - 5.3.3. The value of the proposed contracts although over £100,000 is below the UK Procurement Threshold.
 - 5.3.4. The delivery of the numerous other strands of the programme, including the LCWIP do not require an exemption as they have already been pre-procured by the team at risk, or fall below the procurement financial thresholds.

6. Governance

- 6.1. For each of the themes, a steering group is being set up which will consist of key delivery partners, members and businesses and community representatives. The programme will report internally through the Strategic Delivery Board, and externally through the Executive.
- 6.2. Delivery partners will be required to report to the local authority on a quarterly basis so that funding can be released retrospectively, relating to the outputs and outcomes they have achieved. At present, delivery partners are returning delivery profiles to the local authority which will be agreed prior to the commencement of their projects. This will form the basis of their reporting, which will be provided to each of the theme steering groups, while an overview of outputs and outcomes by theme will be provided to the Strategic Delivery Board.

7. Rural England Prosperity Fund

- 7.1. In September 2022, the Government announced a further package of support available to rural areas (by Government definition, our entire local authority area is deemed to be rural), the Rural England Prosperity Fund (REPF).
- 7.2. This funding is 100% capital, and has a narrower set of outputs and outcomes which it must be used to deliver – but must align with the priorities and outcomes in the UKSPF. Again, the funding also needs to deliver decarbonisation. The deadline for submission was November 30th 2022. Full prospects here: <https://www.gov.uk/government/publications/rural-england-prosperity-fund-prospectus/rural-england-prosperity-fund-prospectus>
- 7.3. Our approach to use UKSPF revenue funding to further our Better Lives for All priorities, has proved tactically successful, as we can now leverage the REPF capital funding to deliver some of the recommendations that come out of UKSPF, particularly in the areas of active travel and marine decarbonisation.
- 7.4. The allocated funding for the South Hams is £843,000. If proposals are accepted by the Government, this funding will begin from April 2023 and will run for 2 years until the end of March 2025.

8. Interventions

- 8.1. The Placemaking Team worked with UKSPF partner organisations to develop proposals which would add value to the UKSPF programme while meeting the REPF criteria. The interventions which best align with the local authority's UKSPF proposals are:
- 8.2. Supporting Businesses:
- Capital grant funding for small scale investment in micro and small enterprises in rural areas
 - Capital grant funding for growing the local social economy and supporting innovation
 - Capital grant funding for developing and promoting the visitor economy
- 8.3. Supporting Communities:
- Capital grant funding for active travel enhancements in the local area
 - Capital grant funding for impactful volunteering and social action projects to develop social and human capital in local places
- 8.4. A number of projects have emerged which will strongly connect REPF with the local authority's UKSPF programme:

- Support for interventions identified in a Local Cycling and Walking Infrastructure Plan (LCWIP)
- The LCWIP will identify opportunities to deliver infrastructure improvements to make active travel options more accessible. REPF will provide a pot of capital funding to deliver some of the smaller scale interventions.
- Support for Community Infrastructure (village halls)
- As a part of the UKSPF work with community energy groups, there will be an audit undertaken of our rural community infrastructure, with a particular focus on strengthening the role that village halls play in providing a range of services to those who are rurally isolated. REPF will be able to support the delivery of any identified opportunities to strengthen the role village halls can play (eg energy efficiency improvements or the adoption of renewable technology that would enable them to play the role of a “warm bank”).
- Support for the adoption of innovative technologies
- Businesses receiving support through the UKSPF programme relating to R&D and the trialling of new and innovative technologies, will be able to apply for a grant to purchase the equipment being tested on their sites.
- Support for decarbonisation
- Businesses which go through the UKSPF programme to develop a decarbonisation plan for their business will be able to apply for a grant through REPF to implement some of the stages of the decarbonisation plan.

8.5. There will not be a requirement for businesses to go through a UKSPF programme in order to be able to apply for grant support, but those which have engaged with the UKSPF programme will have their application weighted favourably, when being considered by the project team.

9. Funding Profile

9.1. REPF also has a rigid spending structure that local authorities must abide by. Based on REPF requirements, the following spending profile has been proposed (Y1 = 2023/24, Y2 = 2024/25):

Rural Businesses

- Y1 - £150k
- Y2 - £293k

Capital grant funding for small scale investment in micro and small enterprises in rural areas

- Y1 – £60k
- Y2 – £110k

Capital grant funding for growing the local social economy and supporting innovation

- Y1 - £60k
- Y2 - £110k

Capital grant funding for developing and promoting the visitor economy

- Y1 - £30k
- Y2 - £73k

Rural Communities

- Y1 - £150k
- Y2 - £250k

Capital grant funding for active travel enhancements in the local area

- Y1 - £100k
- Y2 - 200k

Capital grant funding for investment in capacity building and infrastructure support for local civil society and community groups

- Y1 - £50k
- Y2 - £50k

10. Governance

- 10.1. Governance for the REPF programme will be undertaken through the same thematic groups being created for the UKSPF programme, and the Strategic Delivery Board.

11. Conclusion

- 11.1. The Placemaking Team has developed a programme of activity that the Government's Levelling-Up Department deems to be a good approach to delivering the UKSPF in the South Hams. The planned activities align closely with local objectives and will see the local authority working with a range of partners with an excellent track record for delivering high quality projects.
- 11.2. By taking a similar approach with the REPF, and interweaving it with our UKSPF activities, we are confident that the Government will support our approach with this new funding, and that we will be able to have an even greater impact on our businesses and our communities. Our projects will focus on improving productivity, creating sector resilience, and decarbonising our key industries, while ensuring that some of our most rurally isolated communities will have localised support infrastructure to help meet their existing and future needs.

12. Implications

Implications	Relevant to proposals Y/N	
Legal/Governance	Y	The governance and procurement implications are set out in Sections 5 and 6 of the report.
Financial implications to include reference to value for money		The financial implications are set out within the report.
Risk		
Supporting Corporate Strategy		
Consultation & Engagement Strategy		
Climate Change - Carbon / Biodiversity Impact		
Comprehensive Impact Assessment Implications		
Equality and Diversity		
Safeguarding		
Community Safety, Crime and Disorder		
Health, Safety and Wellbeing		
Other implications		