
Rural England Prosperity Fund Business Grant Scheme

Committee considering report:	Executive
Date of Committee:	14 December 2023
Portfolio Member:	Councillor Martin Colston
Date Portfolio Member agreed report:	18 September 2023
Report Author:	Sam Robins and Daniel Phelan
Forward Plan Ref:	EX4467

1 Purpose of the Report

- 1.1 This report puts forward a proposal on how to design and administer the rural business grant scheme which forms the main part of West Berkshire's Rural England Prosperity Fund investment plan. The scheme is aimed at promoting diversification and stimulating growth in small rural businesses.
- 1.2 The Council's investment plan for the Rural England Prosperity Fund, submitted to Government in November 2022, allocated £297,994 to undertaking a capital grant scheme for micro and small businesses in rural areas; nearly half of the total £597,994 fund. This report outlines the scheme's intervention guidance, proposed scheme options, grant values, eligibility criteria, and scoring process.

Acronyms

- UKSPF – UK Shared Prosperity Fund (national 'levelling up' funding scheme)
- REPF – Rural England Prosperity Fund (addendum to the UKSPF for rural Councils)

2 Recommendation

- 2.1 That the proposals for the design of the business grant scheme which are set out in Section 6 are approved; and that the scheme is launched in line with the delivery programme set out in paragraph 6.22.
- 2.2 If approved by Executive, then the scheme will be launched immediately.

3 Implications and Impact Assessment

Implication	Commentary
<p>Financial:</p>	<p>The business grant scheme will have a total value of £297,994, which is ring-fenced grant funding that has been provided by the Department for Environment, Agriculture and Rural Affairs (DEFRA) under the Rural England Prosperity Fund (REPF). The investment plan that was submitted to Government in November 2022 allocated £297,994 of the total £597,994 of funding to a business grant scheme.</p> <p>Any REPF funding that is not spent on eligible projects or distributed as grants by March 2025 will need to be returned to central government.</p> <p>The funding has been provided upfront and therefore there are no direct financial implications upon the Council, other than officer time required to administer the scheme.</p> <p>The UKSPF, which is the wider ‘umbrella’ fund that the REPF falls under, allows the Council to utilise up to £60,000 of the fund for administration up until March 2025 – a separate proposal will be put forward through the financial review panel to utilise this money to resource the schemes.</p>
<p>Human Resource:</p>	<p>The scheme will be delivered primarily by the Economic Development Team. Support will also be needed at certain intervals from the Communications Team and finance team to support with making payments.</p>
<p>Legal:</p>	<p>The Rural England Prosperity Fund (REPF) falls under the wider UK Shared Prosperity Fund (UKSPF) scheme and therefore consideration has been given to the UKSPF guidance and funding requirements when designing this scheme.</p> <p>Subsidy Control Act 2022 is one important area of consideration and all applicants to this scheme will need to demonstrate (through a declaration) that they are below the Subsidy Control grant threshold.</p> <p>All UKSPF / REPF schemes need to conform with the Council’s Procurement regulations where works are procured. The schemes also allow for grants to be distributed at the Council’s discretion (with a preference for competitive schemes – which this will be).</p>

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<p>Risk Management:</p>	<p>Two key risks identified are fraud and underspend of grant funding.</p> <p>There is a potential risk of underspend in the 2023/24 financial year. However, DEFRA have stated that they will allow for a carry-over provided the majority of funds have been issued.</p> <p>Mitigating the risk of fraud is a high priority when providing grants using public money. The risk will be mitigated through cross checking various applicant details and including control / claw back rules in the application form.</p>			
<p>Property:</p>	<p>There are no property related issues.</p>			
<p>Policy:</p>	<p>The scheme will contribute towards the Council Strategy (2019-23) objectives of:</p> <ul style="list-style-type: none"> - Priority 3 - Support businesses to start, develop and thrive in West Berkshire - Priority 4 - Develop local infrastructure, including housing, to support and grow the local economy <p>The scheme aligns with the council's current Core Policy CS10: Rural Economy which encourages proposals to diversify the rural economy, provide jobs, and maintain the vitality of rural settlements.</p> <p>West Berkshire's emerging Local Plan Review also provides policy support for the scheme through Policy DM36: Farm Diversification, and Policy DM35: Sustaining a Prosperous Rural Economy.</p> <p>The scheme is also aligned with the Economic Development Strategy, which identifies the Council's aim to improve the resilience of the rural economy by encouraging rural businesses to diversify in order to improve their income potential and safeguard rural employment.</p>			
	Positive	Neutral	Negative	Commentary
<p>Equalities Impact:</p>		X		

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A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could impact on inequality?		X		
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?		X		The scheme aims to award funding to businesses based on their proposals for rural diversification. As such, the scheme should not have any negative effect on protected groups.
Environmental Impact:	X			The scheme aims to provide capital grant funding for small scale investment in micro and small enterprises in rural areas, which could include net zero infrastructure.
Health Impact:		X		
ICT Impact:		X		
Digital Services Impact:		X		
Council Strategy Priorities:	X			The REPF Business Grant scheme aims to support the commitments West Berkshire Council has made to rural diversification and support for the equestrian industry, as highlighted in the Economic Development Strategy.
Core Business:		X		
Data Impact:		X		Information from application forms will need to be stored according to GDPR.

Consultation and Engagement:	<p>Officers have held conversations with the following organisation in the development of both the Rural Prosperity Fund Investment Plan, and in the design of the business grant scheme:</p> <ul style="list-style-type: none">- National Farmers Union- North Wessex Downs Area of Outstanding Natural Beauty- Department for Environment, Agriculture and Rural Affairs- Representatives of rural businesses in West Berkshire at our Rural Business Forum <p>Further engagement will happen at the next Rural Business Forum in November 2023 and through webinars after the scheme launches.</p>
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4 Executive Summary

- 4.1 This report sets out a proposal for the design of a capital grant scheme for rural businesses in West Berkshire, including details around the goals, timeline, eligibility, and assessment process. This scheme is the main element of the Council’s investment plan for the [Rural England Prosperity Fund](#), and a key way of stimulating rural economic growth and diversification.
- 4.2 If the proposals for the scheme set out in section 6 are approved by Executive, then the scheme can be publicised and opened for applications right away, with an aim to begin providing grant funding to rural businesses in early 2024.

5 Background

- 5.1 West Berkshire Council has been allocated £597,994 of funding through the Rural England Prosperity Fund, and our investment plan for how to spend this locally was approved by Economic Development Board in November 2022. The plan included £297,994 of funding for a capital grant scheme for small rural businesses to stimulate growth and diversification. The remaining £300,000 was allocated to a village hall grant scheme and a project to extend the Eling cycle way.
- 5.2 Funding for the grant scheme is divided across two financial years with **£99,498** in 2023–2024 and **£198,495** in 2024–2025. The main constraint imposed by the funding profile is a failure to distribute the entirety of the £99,498 2023/24 allocation in year, will require a request to carry it forward. Although a carry-over request is very likely to be agreed.
- 5.3 The Rural England Prosperity Fund is part of the wider UK Shared Prosperity Fund – but designed and managed by the Department for Environment, Food and Rural Affairs

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(DEFRA) in partnership with the Department for Levelling Up, Housing and Communities.

Rural Prosperity Fund ‘interventions’

5.4 The Rural England Prosperity Fund sets out several pre-determined ‘interventions’ that act as project categories which all REPF projects must fall under. [Read more about the interventions here.](#)

5.5 The rural business grant scheme will fall under the pre-defined 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 to encourage starting up, expanding or scaling those businesses where this involves converting farm buildings to other commercial or business uses

5.6 The REPF guidance provides examples of projects which DEFRA envisage as being eligible for a business grant, which are copied in italics below:

Creation and expansion of rural leisure and tourism businesses. For example:

- *Creating event venues or farm tourism facilities such as accommodation, Agritourism, wedding venues and leisure facilities.*
- *Provision of facilities for pet and equines such as kennels, livery and pet health venues. This could relate to the equestrian industry which is prevalent around Lambourn.*

Purchase of equipment for food processing for non-farmer-owned businesses. For example:

- *Purchasing new process and packaging machinery such as brewing equipment and onsite vending machines.*
- *Equipping development kitchens, or modernising existing kitchen equipment for increased energy efficiency or increased productivity through automation.*

Diversification of land use. For example:

- *Creation of small Office units on rural estates*
- *Rental (redeveloping barns and land to be rented out to other business and customers)*

5.7 Case studies for examples of rural diversification can be found on the REPF prospectus linked below (Sections 2.2-2.4)

<https://www.gov.uk/government/publications/rural-england-prosperity-fund-prospectus/rural-england-prosperity-fund-prospectus>

6 Proposal

6.1 The UKSPF guidance stipulates that grants must be awarded on a competitive basis. A transparent competitive process necessitates a scoring system, and it is proposed this

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is done by a panel including members, officers and potentially an impartial rural business representative.

- 6.2 The Economic Development Team have experience in delivering schemes of this kind. The Covid Additional Restrictions Grant (ARG) 'Challenge Fund' was designed in a similar way where businesses were invited to submit project proposals which were assessed competitively, and the highest scoring applications were awarded funding. Nearly £700,000 was awarded across 44 businesses in early 2021.
- 6.3 Paragraphs 6.4 to 6.22 below set out proposals for key elements of the scheme such as the main goals, eligibility details, grant values and delivery timeline.

Application process

- 6.4 As with previous grant schemes an application pack will be published on the Council's website containing the detailed scheme guidance and eligibility criteria, along with an application form which must be filled in and returned to the Council along with supporting information. This will be publicised widely as set out in Appendix A, and applications may be submitted digitally or physically.
- 6.5 Applications should be for a capital project proposal that the applicant business will deliver, asking for a specific level of grant funding to undertake the project. Businesses will need to provide a business case for their project in their application form, including details around background, purpose, local impact, costs, and deliverability – along with supporting evidence such as quotes for the work and any match funding.

Scheme Criteria

- 6.6 The scheme will prioritise high-value grants to maximise impact, and businesses will be evaluated based on predefined criteria related to job creation, product and industry diversification, revenue generation, employment space creation, and carbon neutrality. Additionally, businesses should demonstrate additionality and their contribution to creating new economic activity or markets in West Berkshire.

Grant Values

- 6.7 It is proposed that a minimum and maximum threshold for grant values is set, from £10,000 to £40,000, and that businesses may bid for the specific amount required for their project proposal, within that range. This allows the scheme to offer flexibility, while ensuring that: A. officers are not overwhelmed with small scale applications, and B. that the fund is not taken up by a very small number of large grants.
- 6.8 The flexible banding approach may mean that a small amount of residual grant funding remains. However, this can be addressed by allocating any residual funding to part-fund applications, or re-allocate to another REPF scheme (village halls or Eling Cycle Way)

Scheme goals and scoring Criteria

- 6.9 Applications will be assessed against a pre-defined criteria, where there is a score and weight assigned to different outputs we are looking for. Below is an example of potential criteria.

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- Full Time equivalent (FTE) Jobs created and safeguarded as a result of the project
- New products as a result of diversification
- Increased number of tourists visiting rural West Berkshire
- Industries diversified into
- New revenue streams generated as a result of the project
- Employment space created, measured in sq. ft
- Projects that make progress towards carbon neutrality
- Must demonstrate additionality – i.e. activity that would not occur if this grant was not provided.
- Creation of economic markets that are new to West Berkshire
- Applicants from target industries e.g. businesses currently in agricultural or equestrian looking to diversify.
- Match funding – encouraged but not required
- Deliverability – including a timeline and any risks to deliverability such as planning permission, and how these are being addressed

6.10 In order to assess the points above businesses will be asked to provide the following information in their application:

- Benefits to the local rural community (employment, employment space, potential rent gained, capacity for number of tourists per year etc.)
- A full breakdown of costs for the project they are proposing funding for. This would include quotes from suppliers to demonstrate value for money.
- A breakdown of value for money (what would the potential revenue over the next 5 years be compared to the costs)
- Outline of potential risks that the project may face if funding is granted (planning permission, underspend of grant money, etc.)
- Outline of the time frame the projects will be delivered in.
- Agreement to acknowledge WBC in all promotional activity of their scheme. (See Appendix A section 4).

6.11 Applications will be assessed for eligibility and sent on to the panel, where they will be scored against the criteria given above. Using a specified criteria will ensure decision-making is as fair and transparent as possible.

Match funding

6.12 It is not proposed that match-funding be an essential requirement for this scheme, in order to ensure applications are received from the widest range of businesses possible. However, match funding will be encouraged, and a score will be awarded (in line with the other scored criteria) to businesses that contribute match funding when grant funding has a significant impact on unlocking their initiative.

Eligible geographies

6.13 As this scheme is specifically aimed at rural SMEs, it is necessary to define which parts of West Berkshire count as 'rural' for the purposes of the scheme. DEFRA employs the ONS 2011-based Built-Up Area and Built-Up Area Sub-Division geographies as its categorization for determining urban and rural areas.

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- 6.14 It is proposed the same urban/rural classification approach used by DEFRA is used for this scheme locally. This means that any projects to receive funding will need to lay in the areas of West Berkshire that DEFRA deems as 'rural' and not within the 'urban' areas. This will be set out in the accompanying scheme guidance which will include both a map of eligible areas and instructions on how to use the DEFRA interactive map so businesses can easily input the address of their proposal and be informed on their eligibility.
- 6.15 A flexible approach will be taken to the geographic eligibility to ensure businesses are not arbitrarily excluded, for example if a business is registered in an urban area but predominantly operates in rural areas and this is explained in their application.

Business / applicant eligibility

- 6.16 It is proposed any type of rural business will be eligible to apply, not just those in 'traditional' rural industries such as agriculture.
- 6.17 DEFRA guidance states that REPF intervention 1.1 (business grants) is for micro to small businesses, which ONS defines as a business with fewer than 10 full-time employees. Therefore, applicant businesses will need to have fewer than 10 FTE and provide confirmation of this in their application. There is a risk that this will severely limit the number, or scope, of applications, so we will keep this under review and, if necessary, address it with DEFRA.
- 6.18 Businesses should have been trading since August 2020 in order to apply for the scheme. This represents businesses that are at least 2 years old and were trading prior to the announcement that funding had been secured for the scheme.
- 6.19 This will reduce two key risks: the first being fraud, and the second being the risk of giving funding to a young business that is at a high risk of going bust or failing, as around 40% of businesses fail within the first 3 years of trading (source: [Statista](#)).
- 6.20 An essential requirement of the REPF defined in the scheme guidance is that grant funding is not provided to businesses that have received funding from any of the following DEFRA schemes:
- [The farming in protected landscape programme](#)
 - [The farming investment fund](#),
 - [The platinum jubilee village hall improvement grant fund](#).
- 6.21 Businesses will need to declare in their application that they have not received double funding or other funding sources from DEFRA. Additionally, businesses will need to declare that they are below the Subsidy Control threshold, as set out in the [UKSPF guidance](#).

Delivery timeline

- 6.22 It is proposed to run a rolling scheme where applications are accepted on an ongoing basis and aim to allocate a set amount of funding per month or support a set number of applications per month.

1. **December 2023:** launch scheme and communications campaign (including videos and other assets), opening for applications on an open-ended basis. The Rural Business Forum on 6th November was used to promote the scheme to rural business stakeholders.
2. **January 2024 - February 2024:** Review applications on a monthly or bi-weekly basis through a Member/Officer panel. Awarding funding each month to the highest scoring applicants. Any eligible applicants that don't receive funding will be rolled over to the following months and be assessed again against newer applications.
3. **Late March (end of year 1):** Review applications and any residual funding. Depending on the amount of funding remaining after the previous rounds, we can request a rollover to the 2024–2025 financial year. If there is too much funding remaining for a rollover, previous pipelined projects can be re-assessed and distribute the remaining funding to the highest-scoring applications.
4. Repeat this process every month into 2024/2025 fiscal year until all funding has been awarded. Increase the funding awarded per month to circa £25,000, giving 8 months to award all the funding.

Planning considerations

6.23 It is likely that applications for projects that require planning permission will be submitted. The published scheme guidance will clearly indicate that the Council is **not** giving any kind of planning consent or 'approval' of the principle of the project if the applicant receives REPF funding. Schemes will need to show that they either have permission or have undertaken a pre-application to determine the likelihood of receiving permission.

7 Other options considered

- 7.1 There is a need to conform with the guidance of the UKSPF which dictates that the scheme should be competitive and support rural businesses along with giving broad priorities for outcomes, which can be [read in more detail here](#). However, the thresholds for eligibility, grant levels and detailed priorities of the scheme are at the discretion of the Council to determine. The proposals above are designed in the interest of impact, fairness, and deliverability.
- 7.2 An alternative delivery timeline was considered where two fixed-term windows would be offered for applications, where bids are scored competitively at the end of each window and payments made to the highest scoring bids. While this has the benefit of creating the most competitive environment for applications and therefore the greatest value for money, along with being relatively simple to administer; it had the major drawback of lacking flexibility and condensing the resource requirements into a short space of time.
- 7.3 Another option would be to not deliver a business grant scheme at all, instead repurpose the funding into another eligible rural capital project based on economic development. In order to do this West Berkshire's REPF investment plan would need to be substantially changed and a suitable alternative project found – which would need to be

deliverable in full by March 2025. When designing the original investment plan no such alternative project was found.

8 Conclusion

- 8.1 A business capital grant scheme is an excellent way of using the Rural England Prosperity Fund grant to leverage the greatest local impact possible from a limited amount of funding. This type of scheme allows the Council to stimulate economic growth across a range of locations and industries, along with attracting private match funding.
- 8.2 Proposals around the scoring and eligibility criteria of the scheme are driven by a need to conform with Government guidance, while other elements such as the goals, grant values, and match funding are meant to allow as wide a range of applications as possible while ensuring deliverability.
- 8.3 The recommendation set out in Section 2 will allow the scheme to be launched with an application pack and communications campaign release, including a scheduled webinar. The aim will be to distribute the entire £98,498 2023/24 funding allocation by the end of March 2024, followed by the £198,495 2024/25 funding allocation by the end of March 2025. Finally, a follow-up period with the successful businesses will monitor their use of the funding and the impact of the scheme.

9 Appendices

9.1 Appendix A – Business Engagement Plan

Subject to Call-In:

Yes: No:

- The item is due to be referred to Council for final approval
- Delays in implementation could have serious financial implications for the Council
- Delays in implementation could compromise the Council's position
- Considered or reviewed by Scrutiny Commission or associated Committees, Task Groups within preceding six months
- Item is Urgent Key Decision
- Report is to note only

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Appendix A

Business Engagement Plan for the REPF grant scheme

1. Purpose of the Engagement Plan

This engagement plan provided an overview of how we will publicise the REPF rural business grant scheme and engage with potential applicants. The aim is to reach as many rural businesses as possible and received applications from a wide range of rural industries.

This is an indicative overview to use as a basis for the communications campaign, which will evolve and develop as the scheme progresses.

2. Timeline for the Engagement Plan (assuming scheme proposals are approved)

December following Executive approval: Application pack and scheme guidance published on Council website, along with press release, video with Portfolio Holder, social media, newsletters, and promotion through partner channels, ward members and town and parish councils.

December onwards: Webinar, direct engagement with businesses through available online and physical forums (such as FSB). Ongoing regular communications campaign to keep the scheme in focus, throughout its lifetime.

3. Main stakeholders

Economic Development Team, Comms team, National Farmers Union, North Wessex Downs Area of Outstanding Natural Beauty, Rural business representatives, Berkshire LEP, Newbury Weekly News, graphics team, Economy Portfolio Holder, ward members and town and parish councils.

4. Promotional material to be produced

Webpage, copy of (newsletter, socials, and press release), graphics, copy for webinar, member video, presentation for webinar, webinar link, potential for physical flyers.

As a requirement of funding, we need to comply with the UKSPF promotional material outlined in [section 7.7](#). This includes the Levelling Up and Funded by Gov logos, along with straplines.