



## Report to Cabinet

<b>Date:</b>	9 May 2023
<b>Title:</b>	<b>Buckinghamshire's Rural Business Grants Fund delivery and governance approach</b>
<b>Cabinet Member(s):</b>	Martin Tett
<b>Contact officer:</b>	Claire Phillips
<b>Ward(s) affected:</b>	All wards excluding built up areas such as Aylesbury, High Wycombe, Chesham, Amersham, Beaconsfield
<b>Recommendations:</b>	<p><b>To agree the programme eligibility and parameters for businesses applying for a Grant</b></p> <p><b>To include the Buckinghamshire Rural Business Grants Fund in the council's capital programme</b></p> <p><b>To form a new funding panel to guide the review process of eligible grant applications</b></p> <p><b>To delegate the awarding of grants to Economic Growth and Regeneration Service Director, in consultation with Cabinet Member and S151 Officer</b></p>
<b>Reason for decision:</b>	<p>To agree the Council's approach to allocating the Rural England Prosperity Funding.</p> <p>To agree appropriate programme parameters are in place before launching the fund, alongside delegated decision-making for grant applications to ensure the grant funding is allocated as stipulated by Defra by March 2025.</p>

## **1. Executive summary**

- 1.1 This paper sets out details of the Rural England Prosperity Fund (REPF) which was announced by DEFRA in September 2022.
- 1.2 The REPF is a new capital fund from Defra and is a 'top-up' to the UKSPF. It is part of the succession from the EU funded LEADER and Growth Programmes which were part of the Rural Development Programme for England and hugely successful in Buckinghamshire with over 50 businesses supported.
- 1.3 The Council submitted its Addendum to the UK Shared Prosperity Fund (UKSPF) Investment Plan in November 2022.
- 1.4 DEFRA have now approved our addendum and Buckinghamshire Council has been awarded £1.8m to deliver the Rural England Prosperity Fund Capital Grants programme over two financial years up to 31<sup>st</sup> March 2025.
- 1.5 This paper proposes the delivery approach and governance needed by the Council to ensure high quality delivery and value for money, that will support growth for rural businesses and support a vibrant Buckinghamshire rural economy.

## **2. Content of report**

- 2.1 Buckinghamshire has been allocated £1.8m from the REPF, to deliver a capital grants programme. The programme will run from April 2023-March 2025, with 25% (£450k) allocated in year 1 and 75% (£1.35M) in year 2.
- 2.2 Our Investment Plan submitted to government outlined that activity would be focussed on supporting rural businesses with the following intervention selected for 100% of our funding:
  - capital grant funding for small scale investment in micro and small enterprises in rural areas
- Linked to this intervention, we are expected to deliver the following outcomes which were based on the results of the previous LEADER programme as a baseline.:
  - a) Jobs created - 55
  - b) Number of new businesses created - 5
  - c) Number of businesses experiencing growth - 10
- Although not a requirement of our Investment Plan, we proposed indicative targets to be achieved using the results from the previous LEADER programme as a baseline.

- 2.3 DEFRA's approach allows Councils to design and manage schemes as they see fit, with guidance stating that due diligence will need to be carried out, ensuring beneficiaries have robust business plans demonstrating the need and viability leading to the success of a project.
- 2.4 This report sets out the parameters and eligibility, the process for applying for a grant and how applications will be reviewed and awarded funding.

#### **Parameters, eligibility and programme details for the fund**

- 2.5 To help inform the parameters of the programme and design how the Bucks Rural Business Grants Fund should be delivered, the Council has been working collaboratively with the Bucks Local Enterprise Partnership (LEP) and Buckinghamshire Business First (BBF), who both have experience of delivering EU rural funding in the Rural Development Programme for England and LEADER programmes in the past.
- 2.6 There are a number of Government requirements that the Council must follow to administer the REPF funding:
- a) Areas that the programme covers are rural areas, with built-up areas such as High Wycombe, Aylesbury, Chesham, Amersham, Beaconsfield and some of the surrounding villages not eligible for the funding.
  - b) Businesses must be classified as a micro to small enterprise (0-50 employees) and a turnover or balance sheet less than or equal to €10 million in-line with DEFRA's requirements.
  - c) Projects being supported through REPF cannot have received funding through another DEFRA scheme and the Council will need to ensure that projects are not being double funded.
- 2.7 The following parameters for allocation of the capital grant fund are proposed and designed in collaboration with BBF and the LEP:
- a) Grant amounts offered will range from £2,500-£300,000. Applicants will need to inform the Council whether they are in receipt of any state aid within the last 3 rolling years, to ensure they are not over the limit.
  - b) Grants will initially be offered at a 40% rate with businesses needing to match fund the remaining 60%; if demand is low due to the grant not being adequate then we can consider raising the percentage.

- Grants to businesses will be awarded through the Minimal Financial Assistance concept under the Subsidy Control regime, which will limit the maximum funding from all public sources to £315,000 over a rolling 3 year period with the Council's maximum grant award being £300,000.
- 2.8 Detail on the proposed eligibility and parameters can be found in Appendix A.
- 2.9 It is recommended that the grant application process is a rolling call for projects, with specific dates published for when applications will be considered by a funding panel.
- 2.10 First year funding will need to be awarded and paid to businesses that have completed projects by 31<sup>st</sup> March 2024, second year funding will need to be paid to businesses that have completed projects by 31<sup>st</sup> March 2025 so the deadline for full applications will be December 2024 to ensure enough time is available for projects to be completed and claim for funding.
- 2.11 If the Council has not allocated all funding by December 2024, then projects can still be accepted but will be on a case-by-case basis to ensure they can complete within the limited timeframe up until 31<sup>st</sup> March 2025.
- 2.12 The Council will provide two funding routes; one for smaller grants of £25,000 or less and one for grants greater than £25,000. The smaller grants application process will be a lighter touch approach, but still with due diligence checks on applicants.

### **Process for applying for funding**

- 2.13 An initial Expression of Interest (EOI) form will help filter out applications and build a pipeline of interested businesses.
- 2.14 Businesses will be made aware of the eligibility criteria and parameters of the programme from the outset, with details to be published on the Council's website and explained to applicants when being supported by Buckinghamshire Business First.
- 2.15 Buckinghamshire Business First, who have vast experience and expertise in administering similar funds will support us in sifting EOIs. This sifting process will help us receive only eligible applicants. Buckinghamshire Business First will be able to offer other forms of support to businesses that are not eligible for REPF.
- 2.16 Applicants will need to complete an EOI outlining details of their business, what they want the grant for and how much they are applying for. This EOI will then be assessed and if eligible, applicants will be sent a Full Application.

- 2.17 Applicants will have 3 months to complete a Full Application, but during that time can request longer if the project is more complicated. Support and detailed guidance will be available from the Council and Buckinghamshire Business First to ensure good quality applications are received. A full list of the supporting documents to be requested for a full application can be found in Appendix B and will be made available to applicants during the application process.
- 2.18 When an application is completed and submitted by the applicant, Buckinghamshire Business First will review and assess the application to make sure it is eligible and has all the information requested to go forward to a Funding Panel.
- 2.19 The process for applying for a Grant will need to be robust and stand up to scrutiny from any external parties and the applicant if the decision is not the outcome they expected.

#### **Project Assessment, Funding Panel & Decision Making**

- 2.20 A new funding panel to review eligible projects will be formed consisting of two Cabinet Members, two rural businesses and the Local Enterprise Partnership. This will provide member opportunity to engage in the process, along with rural business representatives.
- 2.21 A detailed summary of eligible projects will be provided to the funding panel highlighting merits and potential drawbacks, allowing them to either recommend or reject an application. The Funding Panel will be able to make recommendations for funding, but final decisions and sign-off will be from those with the delegated decision-making authority.
- 2.22 It is recommended that the award of grant funding will be made by the Economic Growth and Regeneration Service Director in consultation with Cabinet Member and S151 Officer.
- 2.23 Once a project has been approved, a Grant Agreement will be drawn up. Applicants will be monitored on outputs and outcomes in line with their Grant Agreement. It is understood that outputs such as jobs created may not be realised until 6-12 months after the grant is awarded due to the business needing to grow because of the grant. This will mean the Council will need to receive monitoring reports from businesses up to 12 months after the award.
- 2.24 Monitoring and site visits will be conducted with applicants to ensure the Council's funding is being utilised effectively and further promote the programme to other interested businesses.

- 2.25 Guidance for applicants wishing to apply for grant funding will be available, to help them understand what is needed and expected from them through the application process. The guidance will detail how applications will be assessed and scored, so that they can build a compelling grant application.
- 2.26 We recommend that decisions from the funding panel are final and no appeals allowed. However, businesses would not be excluded from applying again for a different project.

### **3. Other options considered**

- 3.1 The recommended approach has been developed with the support of BBF and the LEP, who both have experience of running similar programmes successfully. REPF is seen as an evolution of LEADER, in the design process for REPF we took the necessary parts of the application process and reduced the bureaucracy by removing elements that were no longer relevant.
- 3.2 Funding has been awarded directly to the Council and it is the Council's responsibility to run and manage the programme, and to meet the objectives of the REPF funding pot. By ensuring we have a robust and transparent approach to decision making on successful grant applications, the Council will be able to ensure it allocates its REPF by the required deadline from Defra.
- 3.3 The funding can only be used towards capital grants, which means that the Council can only provide funding to businesses for investment in capital assets.
- 3.4 A number of options were considered from grant amount, types of businesses applying to how the applications are assessed and considered, but with the support of BBF and the LEP we were able to design and recommend a robust and credible outline for how REPF should be delivered.

### **4. Legal and financial implications**

- 4.1 Buckinghamshire Council is the accountable body responsible for overseeing delivery of the programme and distribution of grant funding to businesses in accordance with corporate policies and standards.
- 4.2 Funding allocations have been set by DEFRA with 25% (£450k) allocated in year 1 and 75% (£1.35M) in year 2. It is the Council's responsibility to ensure all funding is allocated or DEFRA will claim back the funding.
- 4.3 It is recommended that the Bucks Rural Business Grants Fund be added to the council's capital programme.

- 4.4 Funding will be allocated to the Council at the beginning of the financial year, so we will not have to forward fund and reclaim the grant.
- 4.5 To reduce risk to the Council, Businesses that are awarded funding will be expected to claim in arrears - they will need to use their own funds to deliver the project once they have been given a Grant Agreement and then claim back the funding from the Council. This will allow the Council to know the money has been spent on the project and not allow for businesses to sit on funding that has been awarded or use it for other purposes.
- 4.6 The Council will need to be aware that capital grant funding carries risk and that not all businesses awarded funding will succeed and may fail. The processes and design of the grant programme being proposed in this paper will help minimise this risk, by supporting businesses through the process and ensuring they have a sound business plan and robust business case.
- 4.7 The Council will carry out thorough due diligence on applicants including but not limited to Director checks and financial assessments, and that the businesses have the cash to cashflow the project and match funding is in place. This will help reduce the risk of fraud and of providing funding to failing businesses. These checks will be carried out prior to the shortlisting for the Funding Panel, with applications that do not pass the tests clearly being requested to provide further information or rejected.
- 4.8 The robustness of the project financials in the applications will be checked by Buckinghamshire Business First and the Council.
- 4.9 The grant agreement will make it clear that any risk of overspends on projects must be borne by the applicant.
- 4.10 A finance officer will also sit as an observer on the Funding Panel to help support discussions on the decision-making process.
- 4.11 S151 Officer will be involved in the decision-making process for project applications.

## **5. Corporate implications**

- 5.1 No implications have been identified for property or HR at this stage. The following corporate implications have been identified:
  - a) Climate change – the Bucks Rural Business Growth Fund is focussed on providing Grant Funding to support business growth, and in some cases projects may focus on carbon reduction.
  - b) Sustainability - the Bucks Rural Business Growth Fund is focussed on providing Grant Funding to support business growth, however in some cases projects may focus on improving environmental sustainability.

Additionally, business cases will be required to set out how their projects are sustainable.

- c) Equality - An equalities screening assessment has been undertaken and it is considered that no inequalities or adverse impacts will arise from this fund. We can ask applicants of the fund to consider the equalities impacts of their projects.
- d) Data - A Data Protection Impact Assessment will be undertaken
- e) Value for money will be a key assessment criteria when reviewing submitted grant applications.

## **6. Local councillors & community boards consultation & views**

- 6.1 This is part of the UKSPF County-wide investment plan for Buckinghamshire, and there has been oversight of the investment plan intervention through the Buckinghamshire Growth Board. Going forward, there will be engagement with Members and Community Boards to ensure their support to promote this fund to their local business communities.

## **7. Communication, engagement & further consultation**

- 7.1 We recommend that the REPF programme is branded and marketed as the Bucks Rural Business Grants Programme, so that businesses and applicants can easily understand the nature of the programme.
- 7.2 Local stakeholders have been engaged through the design and development of the programme. This, and further communication offline, has provided opportunity for stakeholders to express their views and offer evidence to help shape the programme and offer insight from similar programmes.
- 7.3 A communications plan will be developed to maximise coverage of the programme – including engaging with business support organisations and rural business organisations and the Rural Forum to promote the programme.

## **8. Next steps and review**

- 8.1 Following approval of the recommendations and approach set out in this paper, the grants programme will launch in early May.

## **9. Background papers**

- 9.1 none





## **10. Your questions and views (for key decisions)**

- 10.1 If you have any questions about the matters contained in this report, please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider, please inform the democratic services team. This can be done by email to [democracy@buckinghamshire.gov.uk](mailto:democracy@buckinghamshire.gov.uk)

