

Select your area	
Your area	East Devon
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UKSPF Investment Plan reference number	ANON-QPA8-9PZP-D

Local context
You have already submitted your UKSPF investment plan. Here, we would like you to provide any additional information about specific rural challenges, market failures, and opportunities for rural businesses or rural communities in your area that you would like us to consider.
<p>As all of East Devon is classed as rural apart from Exmouth, all of the challenges, opportunities and market failures outlined in our UKSPF Investment Plan are equally applicable to this Addendum. For our deeply rural areas, there are additional factors to consider.</p> <p>Productivity Gap</p> <p>Challenge 4 of our UKSPF Investment Plan outlines the productivity gap between East Devon and the rest of the UK. Although we do not have access to data at a lower level, a 2017 investigation into rural productivity in the South West of England found that “rural productivity (GVA/workforce job) is 8% lower than urban productivity in the four [South West] LEP areas and 10% lower than the average for rural areas in England.” This study found that lower productivity is likely due to the prevalence of smaller scale businesses in typically lower value sectors such as tourism and agriculture. Growth for rural business can often be more difficult, due to the increased distance to markets/clients in urban areas. Attracting the right skilled workers is also more challenging, with less affordable housing for employees, poorer quality transport and broadband infrastructure also holding back many rural businesses. Newcastle University’s Centre for Rural Economy has highlighted how rural businesses in the South West are more likely to struggle obtaining finance compared to urban businesses. Due to the competitive advantages held by urban businesses over rural businesses, there is a case for providing additional support to rural businesses seeking to innovate or adapt to changing market conditions.</p> <p>Future of Farming</p> <p>In addition to the productivity issues facing small rural businesses, those businesses in the agricultural sector are facing particularly unique challenges. A study commissioned by the Great South West Partnership found that Devon farms are more at risk from the changing subsidy landscape. The study also confirms that farms in Devon tend to have more ‘small’, ‘very small’ and ‘intermediate’ farms when compared England as a whole. Due to the smaller nature of our farms, many will struggle to adapt their business as they may not have the necessary funds to invest in diversification. ONS data shows that 70% of East Devon agricultural land is grassland used to maintain livestock, compared to 48% of English agricultural land as a whole. This demonstrates East Devon’s reliance on livestock farming. The Great South West study confirms that “small livestock farms have higher labour costs, smaller revenue and more reliant on support payments; BPS reductions will hit hard and early in the transition” (p29). To mitigate against this risk, farms are encouraged to diversify their business, to identify alternative income streams within their farm-holding which sit outside of their agricultural operations.</p> <p>Tackling Climate Change</p> <p>Challenge 4 of our UKSPF Investment Plan sets out the challenge to reach Net Zero locally by at least 2050. Whereas many private sector businesses and public bodies are actively budgeting for net zero infrastructure, this process is much more challenging for smaller rural community</p>

organisations. Many of East Devon’s smaller rural community organisations do not have the necessary financial reserves or projected income to effectively transition to net zero. East Devon’s £2.1m Innovation and Resilience Fund (mentioned in Opportunity 3 of the Investment Plan) witnessed a large number of applications from community organisations to procure solar PV, air source heat pumps, EV charging, etc. Although these bids were not eligible for IRF funding, this process did demonstrate that demand for this type of support still exists, with minimal alternative funding sources for this type of investment. The REPF can be used to assist these organisations in reaching local carbon targets, thereby support the longevity of these essential community assets.

Rural finance evidence, What’s Holding Rural Businesses Back? (2017). Report available upon request.

Farming data, Assessing the impact of Agricultural Transition in Cornwall & the Isles of Scilly, Devon, Dorset and Somerset: Research to inform future planning (2022):
<https://heartofswlep.co.uk/wp-content/uploads/2022/05/GSW-agricultural-transition-report.pdf>

Rural productivity data, The SW Rural Productivity Commission Key Findings and Recommendations (2017): <https://heartofswlep.co.uk/wp-content/uploads/2017/10/HotSW-14332-A4-Overview-report-digital-doc-FINAL.pdf>

Interventions – rural business

Please choose the interventions you wish to use under the rural business investment priority. Select as many options as you wish from the menu. The list of interventions can be viewed here.

2023-2024 interventions: 1.1

2024-2025 interventions: 1.1

Please explain how the interventions selected will address local rural business challenges, market failures, and opportunities (max 300 words)

We aim to create a rural innovation fund to provide capital grant funding for small scale investment in micro and small enterprises in rural areas. The purpose of the scheme is to increase private sector investment in growth-enhancing activities, through targeted support for micro and small businesses to undertake innovation, diversification or adaptation based activity. Such activities will help to increase the productivity of the firm, with energy efficient, low carbon technologies and techniques given particular preference. This scheme will directly help to address East Devon’s productivity gap, increasing high-GVA economic activity in our rural areas. This scheme also links to the Net Zero Innovation Fund proposed within our UKSPF Investment Plan.

This intervention will also support farms seeking to diversify their income through non-agricultural based revenue streams. Following a series of targeted strategies we are particularly keen to support cultural, leisure and tourism focussed diversifications, consistent with Opportunities 1 and 5 in our Investment Plan. This initiative will therefore help to provide financial support for local farm businesses with a specific and sustainable project, supporting farms as they transition to an alternative rural payment mechanism. We will ensure this scheme does not duplicate activities which can be funded through the Farming Investment Fund or East Devon’s Farming in Protected Landscapes Programme.

To ensure the rural innovation fund is successful in unlocking private sector investment, all grant funding will require a commitment to match-fund the requested amount by at least 50%. Our ambition is for the scheme to fund at least 20 rural micro and small businesses, each adopting new technologies or processes within the firm and unlocking demonstrable productivity

improvements. The scheme will encourage job creation where possible, although increasing productivity will be the primary aim of the fund, in an attempt to help close East Devon's productivity gap.

Please rank the interventions selected in order of expected value added

1.1

Interventions – rural communities

Please choose the interventions you wish to use under the rural communities investment priority. Select as many options as you wish from the menu.

2023-2024 interventions: 2.2

2024-2025 interventions: 2.2

Please explain how the interventions selected will address local rural business challenges, market failures, and opportunities (max 300 words)

We aim to create a rural leisure and tourism fund to provide capital grant funding for low carbon and accessibility focussed projects for local community organisations with a cultural or leisure focus. This will include rural charities, CICs, social enterprises, voluntary organisations, local authorities, education providers and other public sector bodies based locally. We are particularly keen to support cultural and leisure focussed organisations, in line with Opportunity 1 in our Investment Plan. The scheme will include grants for community buildings to fund EV charging points, solar panels, heat pumps, improved wheelchair access (beyond statutory requirements), etc.

The purpose of the scheme would be to help to strengthen our social fabric and foster a sense of local pride and belonging through investment in infrastructure for vital community spaces, thereby enhancing their resilience and pathway to net zero. The social and community focus of many local community organisations means that income beyond their operational costs is used to benefit rural residents and service beneficiaries. The cash reserves of many valuable local community organisations with fixed premises are simply not sufficient to fund the installation of solar PV, heat pumps and insulation measures required to reach their net zero targets by 2050. The proposed fund is a targeted opportunity to address this challenge. We will ensure this scheme does not duplicate activities which will be funded through the upcoming Platinum Jubilee Village Hall Improvement Grant Fund.

Our ambition is for the scheme to fund at least at least 20 community organisations, with each recipient increasing the perception and number of users of their facilities. The scheme will encourage projects to improve accessibility where possible, although increasing the take-up of net zero infrastructure will be the primary aim of the fund in an attempt to help achieve East Devon's net zero target.

Please rank the interventions selected in order of expected value added

2.2

Interventions outcomes

Please select what outcomes the interventions selected in the rural business investment priority are expected to achieve

At least 20 businesses adopting new technologies or processes to the firm.

At least 20 businesses with improved productivity.

At least 20 businesses experiencing growth.

Please select what outcomes the interventions selected in the rural communities investment priority are expected to achieve

At least 20 community organisations with improved perception of facilities or amenities.
At least 20 community organisations with increased users of facilities or amenities.

Delivery

Please set out the indicative spend profile of your REPF allocation, additional to that of your UKSPF investment plan. Please detail the indicative budgets at investment priority level and at intervention level, for the 2 years of the fund, including if REPF money will be used to complement UKSPF funded projects. (300 words max)

East Devon's REPF allocation of £854,298 will be split evenly between the rural business and rural communities investment themes. £427,149 will be allocated for intervention 1.1 and a further £427,149 for intervention 2.2 for the two years. As confirmed by Defra, our total allocation will be split 25:75 between years 1 and 2. As a result, £106,787 will be spent on each of the two interventions in year 1, totalling £213,574, with £320,362 spent on each of the two interventions in year 2, totalling £640,724.

Please be aware that a 25:75 split of our total allocation leads to figures with decimal numbers. To ensure our totals match, we have rounded our year 1 allocation down to £213,574 and rounded up our year 2 allocation to £640,724, thereby equalling our total allocation of £854,298.

Our REPF allocation will be used to complement two existing UKSPF funded schemes. Our REPF intervention 1.1 will be merged with our UKSPF intervention E29 to create one larger grant scheme with a 'net zero innovation' pathway (UKSPF funded) and 'rural innovation' (REPF funded) pathway. Our REPF intervention 2.2 will be merged with the grant element our UKSPF intervention E17 to create one larger grant scheme with a 'sustainable tourism' pathway (UKSPF funded) and 'rural culture and leisure' (REPF funded) pathway. By merging together multiple grant schemes we can minimise the need for additional development time whilst creating a more straightforward and accessible funding landscape for local businesses and community organisations.

Please set out how you intend to select projects to support, detailing including how you will ensure they deliver value for money, including additionality. Please also set out how you will determine that projects cannot be funded by private finance. (500 words max)

To distribute REPF funding, we will develop a thorough grant application process. This will be based on similar schemes managed by EDDC, such as our £2.1m Innovation and Resilience Fund managed in 2021-2022. Our ability in managing this type of scheme was recently acknowledged and commended by the FSB, when our IRF scheme won the South West 'Future Ready' award at the FSB Local Government Awards.

We will publish a separate policy document for all UKSPF and REPF grant schemes for applicants to review. This document will outline the types of project which will be eligible for REPF funding and which projects will score more highly compared to others. Grant applications will be marked against a scoring matrix approved by a panel of EDDC councillors, who will also have the final say on each grant awarded. Each grant award will be conditional on the applicant signing a legally binding funding agreement to ensure that applicants use their funding in the intended manner.

Grant recipients who fail to use their grant in the agreed manner will be subject to grant reclamation.

The need to achieve value for money will be embedded within the scoring matrix of each grant application. Grants will be awarded in order of those who have scored the highest, with the scoring being primarily determined by the number of outputs and outcomes the applicant aims to deliver. A minimal match-funding threshold of 50% will be set for the rural business grants (intervention 1.1), with additional voluntary match-funding increasing the score of the application. We will explore the appropriateness of mandatory match-funding for the rural communities grants (intervention 2.2), although any voluntary match-funding will positively increase the score of the application.

Each applicant will be asked to outline why the project detailed within their grant application cannot be funded entirely by the applicant or funded via conventional sources of financing. For larger grant requests, we will request financial information, such as balance sheets and financial statements, from the applicant to confirm their financial situation. This review of the applicant's financial status will factor into the scoring process, with applications rejected outright where they cannot demonstrate the financial need for grant funding.

Our analysis of the local funding landscape would suggest that there are no similar schemes offering this type of grant support to local rural businesses and community organisations. As a result, we do not anticipate any duplication of efforts regarding other funding sources. The REPF funded schemes proposed in this addendum will therefore provide additionality, help to address local challenges regarding rural productivity and embrace opportunities relating to our net zero targets.

Have you identified opportunities to work with other places on specific interventions and/or projects for the rural business interventions?

Intervention(s) you intend to collaborate on:	None
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Place(s) you intend to collaborate with:	None
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Have you identified opportunities to work with other places on specific interventions and/or projects for the rural communities interventions?

Intervention(s) you intend to collaborate on:	None
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Place(s) you intend to collaborate with:	None
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Engagement

Further to your UKSPF Investment Plan engagement, have you engaged or consulted with rural stakeholders, or expanded your UKSPF local partnership group, to inform the information you have submitted above? If yes, please give details. You should also use this section to tell us about planned future engagement with rural stakeholders.

In early October 2022, we reconvened our Local Partnership Group to engage and consult our local stakeholders. Those stakeholders with a sole focus on Exmouth were still invited, although they were informed that Exmouth is the only part of East Devon ineligible for REPF funding. We also arranged a separate session with our regional NFU representative to ensure that our proposed interventions matched local demand from farms and other businesses in the agricultural sector.

The LPG and NFU were broadly supportive of our proposed interventions, providing a good level of input and guidance. For example, two members of the LPG expressed a desire for work hubs to be eligible for funding through the proposed rural business grant scheme. We will ensure that this

is accommodated when a policy document for this scheme is drafted in the coming weeks. The NFU representative expressed a desire for additional funding for farm diversification projects. We will ensure that such projects are accommodated within our proposed rural business grant scheme. A representative of Devon Communities Together confirmed the need for rural village halls to be supported with project funding. We will ensure that these types of organisations are eligible for funding within our proposed rural communities grant scheme.

Lastly, following our local stakeholder engagement, a final set of proposals were presented to our Programme Management Panel of East Devon District Council councillors. This meeting accepted the input provided by the local and rural stakeholders and concluded with a unanimous approval of the final set of interventions listed within this Addendum.

We intend to hold bi-annual meetings with the Local Partnership Group (augmented to include stronger rural representation) to update them on the progress of delivering the REPF and UKSPF interventions with the eventual aim to begin discussions for any future REPF or UKSPF rounds post-2024/25.

Are there aspects of your plans to use your REPF allocation that are not supported by rural stakeholders and the rural community? If yes, please provide more detail.

No

Are there MPs who are not supportive of your investment plan? If yes, please list which MPs are not supportive and outline their reasons why.

No

Confirmation of approval

Please provide the names of who has approved the submission of the additional information

Chief Executive:

Elected leader:

Section 151 officer: