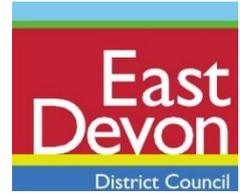




**Funded by
UK Government**



East Devon District Council

**Innovation and Resilience Fund Round 2
(IRF2)**

Policy & Guidance

This project is funded by the UK Government through the UK Shared Prosperity Fund

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Definitions

The following definitions are used within this document:

‘Applicant’; means the individual or organisation applying to the IRF2 scheme for project funding;

‘Capital funding’; means expenditure that results in the acquisition or construction of a fixed asset (land, building, vehicle, equipment) or enhancement of an existing fixed asset;

‘Council’; means East Devon District Council;

‘Department for Environment Food and Rural Affairs’ (DEFRA); means the Government department responsible for the Rural England Prosperity Fund (REPF) [scheme and guidance](#);

‘Department for Levelling Up, Housing and Communities’ (DLUHC); means the Government department responsible for the UK Shared Prosperity Fund (UKSPF) [scheme and guidance](#);

‘Funding Agreement’; means the agreement between the Council and the applicant that sets out the terms and conditions of the project funding award;

‘Innovation and Resilience Fund’ (IRF2); means the current (second round) grant scheme administered by the Council;

‘Match-funding’; means funds provided by the applicant or another source (excluding the Council) to fund a percentage of the total project cost;

‘Project’; means the activity which the applicant is seeking to achieve using project funding;

‘Project funding’ (IRF2 funding); means the Innovation and Resilience Fund grant awarded by the Council to the applicant;

‘Quote’; means the estimated cost of a good or service provided by a supplier to the applicant;

‘Ratepayer’; means the person who, according to the Council’s records, is liable for occupied business rates in respect of the relevant non-domestic premises/hereditament;

‘Revenue funding’; means expenditure incurred for the purpose of the business’ daily activity, services or to maintain fixed assets;

‘Rural England Prosperity Fund’ (REPF); means the [funding](#) provided by DEFRA;

‘Trading’; means businesses and organisations that are carrying on a trade or profession, or buying and selling goods or services in order to generate turnover;

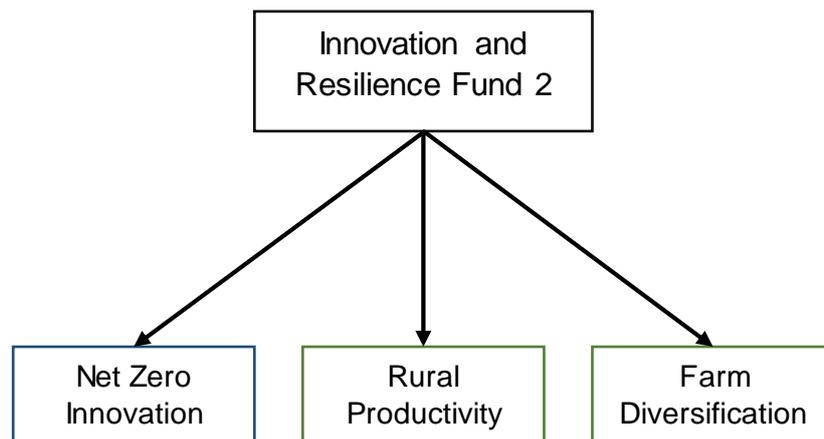
‘UK Shared Prosperity Fund’ (UKSPF); means the [funding](#) provided by DLUHC.

1.0 Scheme Purpose and Background

1.1 The purpose of this document is to determine eligibility for a grant award payment under the Council's second round of the Innovation and Resilience Fund scheme (IRF2).

1.2 The purpose of this scheme is to provide project grants to businesses in East Devon to improve competitiveness and strengthen resilience by adapting to a green and inclusive local economy.

1.3 Applicants to the IRF2 scheme are required to choose between one of three funding pathways: the Net Zero Innovation pathway, the Rural Innovation pathway, or the Farm Diversification pathway.



2.0 Funding

2.1 A total of £186,341 has been allocated to this scheme for the 2023/24 financial year. This includes £106,787 of East Devon's Rural England Prosperity Fund (REPF) allocation for the Rural Innovation and Farm Diversification pathways issued by DEFRA, and £79,554 from East Devon's UK Shared Prosperity Fund (UKSPF) allocation for the Net Zero Innovation pathway issued by DLUHC.

2.2 The Council reserves the right to amend the total funding allocated to this scheme should other UKSPF and REPF interventions underspend or overspend their respective allocations.

2.3 A third round of the IRF scheme will be launched in the 2024/25 financial year with a separate allocation and policy document.

2.4 Whilst the awarding of grants will be at the Council's discretion, both DEFRA and DLUHC have set down criteria which must be met by each business receiving grant funding.

3.0 Eligible Applications

3.1 For the purposes of this scheme the following eligibility criteria must be met in order to receive project funding through the Innovation and Resilience Fund Round 2.

3.2 The fund is open to applications from the following types of businesses and organisations under the three pathways:

- Net Zero Innovation: businesses, including in collaboration with education providers and other public sector bodies
- Rural Innovation: rural micro, small and medium sized businesses (SMEs), excluding farm businesses
- Farm Diversification: farm businesses

3.3 A business must be trading at the time of their IRF2 application. Businesses are considered to be trading if they are carrying on a trade or profession, or buying and selling goods or services in order to generate turnover. Non-trading organisations, such with education providers and other public sector bodies, are able to participate in a collaborative application under the Net Zero Innovation pathway but cannot submit an individual application or apply through the Rural Innovation or Farm Diversification pathways.

3.4 A business can only receive IRF2 project funding if it:

- is seeking capital funding for a specific transformational project/innovation
- does not intend to use the funding to substitute lost income/turnover, to cover existing (non-project related) fixed business/operation costs, or to act as a wage supplement
- can demonstrate that it primarily operates and trades within East Devon
- is not in administration, insolvent or has been struck off the Companies House register
- has not exceeded the permitted subsidy control threshold

3.5 Special exemptions to 3.4 for applicants seeking limited revenue funding under the Net Zero Innovation pathway will be considered in cases where applicants can demonstrate that; such revenue costs cannot be funded without IRF2 funding; and the proposed project will lead to exceptional positive benefits for the local economy. Businesses seeking to submit an 'exceptional application' will be required to email irf@eastdevon.gov.uk with specific justifications for support and full details of their case before submitting an expression of interest.

3.6 All items fully or partially purchased using IRF2 funds must be fully utilised in East Devon. For the Rural Innovation and Farm Diversification pathways, an organisation must utilise any IRF2 funded items within the rural areas of East Devon. DEFRA considers all areas of East Devon to be 'rural' apart from Exmouth. A map of eligible rural areas can be found [here](#) (once open expand 'Administrative Geographies', then expand 'Other Administrative Boundaries' and tick the box titled 'Rural England Prosperity Fund'. Tick the box titled 'Aerial Photography' to view when zoomed in. The areas outlined in red within the district of East Devon are ineligible for REPF funding).

3.7 A business can only receive IRF2 funding if they own or lease the premises the IRF2 funded items will be utilised from/within. Where the property is leased, the lease must not expire for at least another 2 years and the applicant must have all necessary consents in place from the owner of the premises to utilise the IRF2 funded items where this is contractually required.

3.8 A business can only receive IRF2 funding for one application. Successful Round 1 recipients of the IRF (awarded funding between Sept 2021 and April 2022) are welcome to apply for this

round (Round 2), however the UKSPF Panel are likely to prioritise those applicants who have not received IRF funding in any previous round.

3.9 For the Net Zero Innovation pathway, where a collaborative bid is sought, this bid must include one business and at least one separate organisation. The business is required to apply on the behalf of the collaborative partnership and will be responsible for coordinating group input and ultimately for successfully delivering the project if IRF2 funding is awarded. A collaborative bid must be able to demonstrate that the project will directly benefit the business applying.

3.10 Applicants (directors/owners/major shareholders) of more than one business can apply to the IRF2 for each business, with separate project proposals required from each business. If an applicant is a director/owner/major shareholder of more than one business registered/trading at a particular address, only one of those businesses can receive project funding. Collaborative bids are not eligible in cases where the majority of participating businesses/organisations have either shared directors, shared owners, shared major shareholders or immediate family members acting as directors, owners or major shareholders.

3.11 Where the Council has reason to believe that the information provided by the applicant during the application process is incomplete or inaccurate, it may withhold or recover any project funding awarded.

3.12 Where any business or individual misrepresents information or contrives to take advantage of the scheme, the Council will look to recover any project funding paid and take appropriate legal action. Likewise, if any person is found to have falsified records in order to obtain project funding.

4.0 Eligible Projects

4.1 Applicants can only apply for IRF2 funding to deliver a project that will have a transformational effect on the business and complies with the objectives of the pathway chosen by the applicant. The IRF2 is not designed to support the continuation of a business's standard operations and practice.

4.2 A project is considered to be transformational if it can achieve either of the following:

- The creation of new jobs or safeguarding of existing jobs
- The adoption of new technologies or processes to increase productivity

4.3 A project must be compliant with the objectives of a particular pathway. The objectives of each pathway are as follows:

- Net Zero Innovation: allow the business to develop a new product, service or technology with a strong net zero focus
- Rural Innovation: allow the rural business to grow by significantly increasing productivity or by developing a new product, service or technology
- Farm Diversification: allow the farm business to diversify by developing a new product, service or technology not related to agriculture

4.4 Project funding from the IRF2 can only be used to purchase the items and services necessary to deliver the transformational project as outlined in the applicant's application form.

4.5 For the avoidance of any doubt, the following costs and activities are not eligible for IRF2 funding:

- Funding for any items or activity not relating to the IRF2 pathway chosen by the applicant
- Funding for any revenue costs (including salaries, wages, etc.) not covered by the special exemption outlined in 3.5
- Funding to cover aesthetic and non-transformational changes to a business, its existing premises, products, marketing, website, etc.
- Funding for any activity that would lead to a significant increase in carbon emissions or biodiversity loss
- Funding to cover the continuation of a business/organisation's standard operations, fixed costs (rent/mortgage payments, utility bills, vehicle leases, equipment leases, insurance, etc), input costs, taxes or debt repayments
- Funding to purchase financial and non-productive assets, such as stocks, shares, bonds or buy-to-let property
- Funding to cover costs associated with depreciation or normal wear and tear

4.6 Only one project can be submitted per application, although an application can contain costs for more than one item, service or provision to deliver that project.

4.7 All projects must be delivered within 18 months of when the project funding is awarded. This requirement will be included within a binding funding agreement to be signed prior to any project funding being awarded. Special exemptions for projects that require more than 18 months to be delivered will be considered where applicants can demonstrate that their proposed project will lead to exceptional positive benefits for the local economy. Businesses seeking to submit an 'exemption application' will be required to email irf@eastdevon.gov.uk with specific justifications for support and full details of their case before submitting an expression of interest. Once funding is awarded, extensions to the 18 month project completion deadline will only be considered in exceptional circumstances.

4.8 IRF funding cannot be used to purchase items or procure services for projects where planning permission is required but has not been granted.

4.9 All IRF2 recipients are responsible for maintaining and securing the IRF2 funded equipment at their own cost.

5.0 Funding Amounts

5.1 Applicants will be required to request a funding amount in the full bid application form that is based on the estimated total cost of their proposed project, excluding VAT. Copies of quotes must be provided to evidence those costs when the full bid is submitted.

5.2 Project funding of up to £20,000 is available per business or collaborative partnership. The minimum grant amount that can be requested by any applicant is £2,500.

5.3 Applicants must match-fund at least 50% of the total project cost. Any voluntary match-funding above 50% committed by the applicant will be scored favourably during the appraisal of the application. Match-funding will only be regarded as such if it is committed and not already spent.

5.4 Match-funding above 50% will be required in cases where the applicant is unable to use IRF2 funds to cover the total cost of the eligible project. In this case, the applicant is required to detail the total cost of the project and evidence the match-funding available to the applicant, either using internal funds or funding from an additional external source.

5.5 The IRF2 scheme cannot support projects that have received funding from other DEFRA schemes, including the Farming in Protected Landscapes Programme, the Farming Investment Fund and the Platinum Jubilee Village Hall Improvement Grant Fund.

5.6 In cases where the applicant is seeking to purchase equipment which is VAT rated, IRF2 funding cannot be used to pay the VAT element of this cost. Any VAT costs incurred by the applicant will not be regarded as match-funding.

5.7 All applicants must provide copies of quotes for the items and/or services they intend to procure using the project funding. At least two quotes should be provided per good/service from at least two separate suppliers, with the applicant highlighting the preferred supplier. One quote will be accepted when a specialist good/service is required and it can be demonstrated that only one supplier is present in the market.

5.8 All quotes provided by the applicant must be provided as a screenshot or scan, along with a date and a web address if the price is found online. All quotes will be subject to verification. Applicants which propose to use local suppliers will score more highly compared to suppliers outside of the district.

5.9 Applicants are welcome to provide quotes and procure from any supplier, excluding suppliers where the applicant is a director, or major shareholder of the supplier, or where an immediate family member of the applicant is a director or major shareholder of the supplier.

5.10 The Council will undertake both pre and post-payment anti-fraud checks. Any attempt to fraudulently claim public grant funding will result in funds being recovered and legal action being taken in every instance.

6.0 Making an Application

6.1 All applicants are required to submit an expression of interest application form online before they can submit a full bid application form. There will be no exceptions to this. The expression of interest period will allow applicants to briefly outline their project idea to the Council. Applicants will then be provided with feedback regarding the eligibility of the project.

6.2 If the proposed project outlined in the expression of interest appears to be consistent with the eligibility criteria set out in section 3 and section 4, the applicant will be invited to submit a full bid. If this is not the case, the applicant will be declined to proceed and advised to better align any future expressions of interest with the policy.

6.3 For this Second Round of the IRF, the expression of interest online application form is available to complete with effect from 28 April 2023. This stage of the scheme will remain open until 19 May 2023. The scheme will remain open for full bids until 9 June 2023. The Council reserves the right to close the scheme at an earlier time and date or extend the duration of the scheme. Further details regarding scheme dates and deadlines will be detailed and regularly updated online at www.eastdevon.gov.uk/irf. Any business considering making an application to the IRF2 is advised to subscribe to the Council's email business bulletin to ensure they receive up to date information in relation to the fund. You can subscribe [here](#).

6.4 Applicants who are invited to submit a full bid application will receive a digital application document via email. Applicants must complete this application form and return to the Council via email appending all the required evidence and supporting documents, such as quotes or any feasibility studies and business plans for example.

6.5 The Council reserves the right to request any supplementary information from applicants, and they should look to provide this, where requested, as soon as possible. The Council will suspend an application in the event an applicant fails to provide sufficient requested evidence. If this is not provided within the required timeframe communicated to the applicant in the request, the application may then be rejected.

6.6 An application to the Innovation and Resilience Fund is deemed to have been made when a duly completed full bid application form is received via the Council's inbox irf@eastdevon.gov.uk

6.7 Full details of the Council's scheme, including how to apply are available online at www.eastdevon.gov.uk/irf and marketed via the East Devon business update which all businesses are encouraged to subscribe to.

7.0 Assessing Applications

7.1 Full bid applications will be scored by officers using a scoring matrix. The table below outlines how points will be assigned:

Category	Description
Employment	Will new higher wage employment opportunities be created or existing jobs safeguarded?
Funding	Has the applicant committed any voluntary match-funding (above 50%) either through internal funds or an additional external funding source?
Green	Will there be greenhouse gas savings or biodiversity enhancements?
Local	Does the applicant seek to procure from an East Devon business?
Need	Does the applicant have sufficient funds to purchase the items without IRF2 funding?
Pathway	How relevant is the project to the pathway chosen by the applicant?
Priority	Is the applicant in a priority group?

Productivity	Will this significantly increase productivity in the production or provision of existing products or services?
Risk	What is the likelihood of the project not achieving its core aims?
Value	Are the project costs reasonable and adequately evidenced?

7.2 The scoring matrix also contains pass/fail criteria based on sections 3 and 4 of the Policy. The application must pass all of these pass/fail criteria if it is to be approved.

7.3 If the application fails any of the pass/fail criteria, or scores 20% or below of the available points in the scoring matrix, the application will either be rejected, or the applicant will be asked to amend their full bid application and resubmit it.

7.4 If an application both scores above 20% of the available points and passes the pass/fail criteria in the scoring matrix, the application will be presented to the UKSPF Panel of EDDC councillors who will make a final decision on each application. The total scores identified for each application will assist UKSPF Panel members in determining the competitiveness of a particular application. The UKSPF Panel will review submissions and can choose to approve the application, reject the application or ask the applicant to amend their full bid application and resubmit it with the required additional information.

7.5 Where amendments are required to a submitted full bid application, a member of the IRF team will provide feedback on what amendments would improve the likelihood of the application being re-considered.

7.6 Officers will use their professional judgement and discretion to determine how many points are awarded to each application based in the information provided, whether an application fails to score highly enough to be presented to the UKSPF Panel or whether amendments and a resubmission of the application is required before or after being presented to the UKSPF Panel.

7.7 All decisions made by the Council shall be notified to the applicant by email.

8.0 Funding Agreement

8.1 Before any funds can be awarded, applicants must sign a Funding Agreement to ensure the business agrees to use the IRF2 grant payment to deliver the specific project milestones, sub-tasks and outcomes detailed in their application and within the required 18 month delivery timeframe. The Funding Agreement will only be shared with applicants who have had their project approved for funding by the UKSPF Panel. The Funding Agreement will be provided to the applicant by email.

8.2 The purpose of the Funding Agreement is to ensure that IRF2 grant awards are not used for purposes which the Council considers to be inappropriate. The Funding Agreement is a legal document that will allow the Council to reclaim project funding from the IRF2 recipient should the terms and conditions set out in the Funding Agreement not be met.

8.3 Project funding will be dispersed as soon as possible from the point when both the full bid application has been approved by the UKSPF Panel and the Funding Agreement has been signed by both the applicant and the Council.

8.4 Applicants should not start the process of purchasing, ordering or commissioning items or services relating to their IRF2 application until the Funding Agreement has been signed by both the applicant and the Council.

8.5 Successful applicants will be required to provide evidence to demonstrate that they have spent their project funding appropriately and in line with their supported project proposal and Funding Agreement. Applicants will also be required to provide regular updates to the Council to keep track of project milestones and whether the key project objectives have been met. Progress will be regularly reported to DEFRA and DLUHC. Further details regarding monitoring and evaluating will be outlined in the Funding Agreement.

9.0 Priority Groups

9.1 Applicants under the following sectors and activities will be prioritised in the scoring matrix:

Net Zero Innovation pathway:

- Businesses with a sustainable transport or clean energy focus

Rural Innovation pathway:

- Businesses based in villages, hamlets or the open countryside

Farm Diversification pathway:

- Proposals with a cultural, leisure or tourism focus

10.0 Subsidy Control

10.1 The UK is bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU.

10.2 Where an applicant is actively competing within a particular market, an IRF2 grant could be regarded as a subsidy. Where an IRF2 grant is regarded as a subsidy, the applicant must confirm to the Council whether or not the applicant has exceeded the minimum financial assistance limit. Further information regarding the Government's UKSPF subsidy control policy is available at www.gov.uk/guidance/uk-shared-prosperity-fund-subsidy-control-7

11.0 Scheme of Delegation

11.1 The Council has approved this scheme.

11.2 Officers of the Council will administer the scheme to ensure it meets the criteria set by the Council and in line with Government guidance.

11.3 The Council reserves the right to change any element of this scheme at any time. Significant changes will be communicated via the Council's email business bulletins. You can subscribe [here](#).

12.0 Review of Decisions

12.1 The Council will operate an internal review process but will only accept an applicant's request for a review of its decision relating to a full bid application. Decisions relating to an expression of interest submission will not be reviewed by the Council.

12.2 All such requests for a rejected full bid application to be reviewed must be made in writing to the Council within 14 days of the Council's decision. The request must state the specific reasons why the applicant is aggrieved with the decision of the Council and specifically set out how the application is Policy compliant, meeting all the necessary assessment criteria. New information may be submitted at this stage to support the applicant's appeal.

12.3 The application will be reconsidered by a senior officer as soon as practicable, and the applicant informed in writing or by email of the decision. This decision shall be final.

12.4 A business can reapply to the IRF2 scheme if their initial application was rejected. A second application will only be considered if the proposed project differs substantially from the project proposed in the initial application. A business can only reapply once. If a second application is also rejected, any subsequent applications will be automatically rejected.

12.5 The Council will not review any rejections where this has been issued due to a lack of remaining funds to award the applicant. Where the Council has remaining IRF2 funds which are below the grant request of the next highest scoring applicant, the UKSPF Panel will make a decision on how any remaining funds will be spent.

13.0 Complaints

13.1 The Council's 'Complaints Procedure' (available on the Council's website) will be applied in the event of any complaint received about this scheme.

14.0 Taxation

14.1 The Government has confirmed that grant payments funded through the UKSPF or REPF schemes will be classed as income for tax purposes.

14.2 The Council does not accept any responsibility in relation to an applicant's tax liabilities and all applicants should make their own enquiries to establish any tax position.

14.3 All applicants should note that the Council is required to inform the Government of all UKSPF and REPF payments made to organisations.

15.0 Risk of Fraud

15.1 Neither the Council, nor Government will accept deliberate manipulation of the IRF2 scheme or fraud. Any applicant found falsifying information to gain grant money or failing to declare entitlement to any of the specified grant will face prosecution and any project funding issued will be recovered from them.

15.2 Applicants should note that, where project funding is awarded by the Council, details of each individual payment will be passed to the relevant Government department for that particular fund.

16.0 Recovery of Amounts Incorrectly Paid

16.1 If it is established that any award has been made incorrectly due to error, misrepresentation or incorrect information provided to the Council by an applicant or their representative(s), the Council will take all required action to recover the amount in full.

17.0 Data Protection

17.1 All information and data provided by applicants shall be dealt with in accordance with the Council's Data Protection policy and Privacy Notices which are available on the Council's website.

17.2 Applicants will be made aware that detail about their application will be shared with DEFRA and/or DLUHC for the purpose of monitoring and evaluating the scheme. Details may also be shared with other Council departments and contracted parties for verification and anti-fraud purposes.