

Portfolio Holder Sustainable Communities

Decision to be taken on or after 22 June 2012

Warwickshire Rural Growth Network

Recommendation

That the Portfolio Holder Sustainable Communities approves submission of the Warwickshire Rural Growth Network Delivery Plan (full application) to the Department for Environment, Food and Rural Affairs.

1.0 Background

- 1.1 The Rural Growth Network (RGN) initiative is part of a package of new measures announced in the Government's Rural Economy Growth Review. It was launched in December 2011 with a competition for Local Enterprise Partnerships (LEPs) or local authority areas to apply to become one of up to six pilot areas. These pilots, which will be supported by up to £15 million of Government funding, are designed to test different mechanisms by which LEPs and local authorities can support sustainable economic growth in rural areas. In addition, RGN pilot areas will also have preferential access to other Government and Rural Development Programme for England (RDPE) funding.
- 1.2 The Council, at the request of the CWLEP Farming and Rural Business Focus Group, worked with Coventry and Warwickshire Chamber of Commerce to co-ordinate the submission of an application from Coventry and Warwickshire Local Enterprise Partnership (CWLEP). The application was endorsed in January 2012 by both the CWLEP Board and the Council's own CWLEP Advisory Group. The CWLEP Advisory Group also gave its approval, if the application was successful and subject to this decision-making process, for the Council to act as accountable body.
- 1.3 In March 2012, the Government announced that the CWLEP would be one of five RGN pilot areas. The others are in Cumbria, Devon & Somerset, Durham & Northumberland, and Swindon & Wiltshire. A detailed Delivery Plan (or full application) must now be submitted to the Department for Environment, Food and Rural Affairs (DEFRA) before a formal offer of funding can be made to the Council acting on behalf of the CWLEP.

2.0 Warwickshire Rural Growth Network

- 2.1 DEFRA envisaged that each RGN pilot, whilst different, would involve the creation of a network of enterprise hubs across a defined rural area. These hubs would provide the accommodation and infrastructure needed by rural businesses to start up and grow; act as a focal point for a range of support in

the area; have a strong focus on supporting women-led rural enterprises; and facilitate knowledge transfer, mentoring, training and skills development.

- 2.2 Warwickshire's rural areas have good business start up rates. Indeed, they have some of the highest rates in the country. However, these businesses tend to remain small and fail to experience growth therefore not creating the employment opportunities nor generating the growth and prosperity the local economy needs. Warwickshire partners, therefore, decided to focus the CWLEP's submission on helping rural businesses grow whilst at the same time providing support for new start ups (with a particular focus on helping women).
- 2.3 The Council and Chamber of Commerce worked with a range of partners including the District and Borough Councils, the Royal Agricultural Society for England (RASE), Stoneleigh Park and Coventry University to develop the application. The pilot is focused around Stoneleigh Park – as this is considered to be both a key asset for the sub-region and also a natural home for such a network – and includes the following activities:
- A new private sector funded Rural Technology and Innovation Centre at Stoneleigh Park as the “central hub” for the network;
 - Two enterprise “hubs” – one in the north and one in the south of the county – which will provide business space, hot desk facilities, business support and specialist advice;
 - Further support for smaller enterprises and home-based businesses through links with the community hubs currently being established by North Warwickshire Borough Council;
 - Rural business advisors to provide help, support, signposting and advice;
 - Dedicated support to help boost female entrepreneurship and specialist support for women in business;
 - Links to Coventry University, the University of Warwick and other specialist support agencies to increase the use of innovation and to demonstrate the use of technology with a particular focus on low carbon and environmental technologies;
 - Grants and loans through a new access to finance package;
 - Work with the Districts and Boroughs to help support and streamline planning applications for new business space within rural areas for growth businesses; and
 - A rural business network.
- 2.4 At this early stage it is estimated that the pilot will generate 150 new business start ups, 20 innovative rural/ land-based spin out companies, 400 business assists, 500 new jobs, and a £50 million increase in regional Gross Value Added (GVA). The project will run until March 2015.
- 2.5 The Delivery Plan – which has to be submitted to DEFRA on 22 June 2012 – includes the following sections:
- Contribution to the Government's RGN pilot initiative;
 - Fit with local plans for economic growth (i.e. the CWLEP Strategy and the “Going for Growth” agenda);

- Longer-term plans and sustainability;
- Planning and other consents;
- Total funding;
- Project milestones;
- Project activities;
- Project expenditure;
- Risk management;
- Collaboration and partnership;
- Project management and governance;
- Reporting and review; and
- Monitoring and evaluation.

2.6 The Council is applying for approximately £2.075 million from the main RGN fund and a further £320,000 from a separate (Home Office) fund to support women in business.

3.0 Issues and Risks for WCC

3.1 Delivery – It is proposed that the Council acts as accountable body for the RGN pilot on behalf of the CWLEP. The activities themselves will be delivered by partners or contractors to be appointed following a small number of competitive (procurement) exercises. A Procurement Plan is currently being developed with Legal Services for discussion with the Strategic Procurement Unit and approval by the Project Board.

3.2 Management and administration – The application includes provision for the Council's additional costs including set-up, programme management, legal and state aid advice, due diligence, contracting, project and contract management, Finance, and evaluation.

3.3 Grant terms and conditions – DEFRA, after some delay, has provided a copy of the standard RGN grant terms and conditions. They have been reviewed by Legal Services and include the usual provisions expected within any grant agreement. DEFRA has the right to recover grant monies if the Council performs inadequately or uses funding inappropriately. The Council, as accountable body, will be liable both for its own acts and omissions and those of its partners/ sub-contractors. However, these risks can be managed by strong project management and by ensuring the terms and conditions are passed down to partners or contractors via funding agreements or service contracts. The terms and conditions also place an obligation on the Council to ensure compliance with public procurement and European state aid rules. This is not expected to be problematic.

Next Steps

4.1 DEFRA has indicated that it should be in a position to make a formal offer of funding shortly after receipt of the Delivery Plan. This will be considered by the Project Board and then, in line with Contract Standing Orders, the Strategic Director for Communities together with the Strategic Director for Resources. Further reports will be brought to Members as appropriate

including to seek approval for any capital funding to be added to the Capital Programme.

- 4.2 In addition to the main RGN and women in business funds, RGN pilot areas also have preferential access to the micro-enterprise strand of the (RDPE funded) Rural Economy Grant which provides support to high value, high growth rural enterprises which employ 10 people or less. The Council and other partners are currently working with DEFRA to identify what support should be available under the scheme and the best way for local businesses to apply. One option is for the Council to administer the scheme locally. This would be the subject of a separate application for funding.

Background Papers

1. Rural Growth Network Pilot – CWLEP Application (31 January 2012)
2. Draft Warwickshire Rural Growth Network Delivery Plan

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