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APPROVAL OF THE RURAL ECONOMY GRANTS SCHEME

Purpose of Report

A funding scheme to support rural businesses has been offered to the Council by Defra to administer on behalf of the Swindon & Wiltshire Local Enterprise Partnership. The fund will total £1million. Funds made by the Council will be made as grants and 'bankroll' the scheme. The Council will then reclaim funds from the funder, Defra, to reach a 'clean sheet' by 31 March 2015.

Background

Defra has offered a Funding Agreement to Wiltshire Council for up to £1m of grant aid to distribute to expanding and start-up micro-businesses over the forthcoming period to 31 December 2014.

The scheme is funded under the Rural Development Programme for England 2007-2013 (RPDE).

It will be available in rural Wiltshire and Swindon local authority areas, but not available to non-rural businesses. It is available to the areas due to the presence of the Swindon & Wiltshire Rural Growth Network pilot.

Material issues for consideration

The scheme will operate in a similar way to the LEADER programmes, also funded by RDPE. Grants will be made to approved applicant businesses to expand and start businesses. The costs of the grant will be reimbursed to approved applicant businesses directly on presentation and authorisation of a valid and legitimate claim.

The scheme is targeted at military leavers and women-led businesses in key sectors, but will not be exclusive to any particular group.

Timetable

The schedule to distribute the monies is:

- 7 May 2013 Project start date

- 30 November 2013 Gateway review of progress, in order to draw down full facility of £1m
- 31 March 2014 Completion of all project commitments – maximum £1m
- 31 March 2015 End date for all project spend, and reimbursement to Wiltshire Council from Rural Payments Agency

The Gateway review will seek to assure Defra that commitments are made and that the financial profile will not deviate. Should insufficient progress be made by 30 November, the remaining scheme allocation will be withdrawn or reduced, but existing commitments will be honoured.

Operations

To ensure an effective delivery, the scheme will be managed and guided by the Economy and Regeneration’s experienced Accountable Body team, already familiar with the eligibility and accounting regime of RDPE.

It will ensure a well governed and efficient approvals process. A full operating manual will be published to ensure due regard is given to RDPE scheme rules and decision-making protocols. There is an expectation of diligence and audit from Defra and other governmental agencies. The team is working with the Wiltshire business support service and The Enterprise Network, the investment service and MCI partners to ensure that there are sufficient numbers of quality applications.

Environmental Impact of the Proposal

There are no environmental impacts to consider at this stage.

Equalities Impact of the Proposal

There are no equalities impacts to consider at this stage.

Financial Implications

The financial risk associated with this scheme is that applications might be approved and funding is subsequently transferred for projects that are not eligible and then Wiltshire Council cannot be reclaim the grant from RDPE.

This risk is mitigated by an experienced compliance team in Economy & Regeneration, who will deploy technical appraisals to ensure only eligible projects are approved and that all of the required evidence is obtained. Financial controls have been implemented to monitor and report on the scheme.

The overall liability of bank-rolled grant at any given time is not known, however, interim claims for reimbursement to Wiltshire Council from the Rural Payments Agency will be made, with the schedule set out as:

- 31 Jan 2014 £100,000
- 31 March 2014 £100,000
- 30 October 2014 £200,000

- 31 December 2014 £200,000
- 31 March 2015 £400,000

Pre-identified resources from the Rural Growth Network will be used to provide facilitation of applications (in 2013-14) and to support compliance costs. It is not anticipated that additional resources will be necessary for the operation of successful and compliant scheme.

Legal Implications

A funding agreement addressed to Mr. Alistair Cunningham has been offered by Defra. The scheme proposes central re-imburement of funds expended under the programme. As Wiltshire Council will take on the role of the accountable body it will therefore bear the risk should there be dispute as to deliverables. As the final documentation is still under discussion with DEFRA negotiations should be geared to minimising any such risk to Council as DEFRA will agree. Similarly there will be a need to have appropriate mirrored terms within the beneficiary contracts to mitigate this risk during implementation of the grant scheme.

Reason for Proposal

Approval for the Council to enter such a funding scheme is required pursuant to Part 3A (Delegation of Executive Functions) of Wiltshire Council's Constitution.

Proposal

To agree that the Council administers the Rural Economy Grants scheme on behalf of the Swindon & Wiltshire Local Enterprise Partnership

The following unpublished documents have been relied on in the preparation of this Report:

None