

Community Renewal Fund – Taking Forward Delivery in Devon

Joint Report of the Head of Economy, Enterprise and Skills and County Treasurer

Recommendation: That the Cabinet agrees to:

- (a) the Council acting as Lead Authority for the Community Renewal Fund, for up to £12.25m of projects on behalf of the national programme;
- (b) the Council recognising the Community Renewal Fund payment profile, providing short term cashflow for the Community Renewal Fund should its bid be successful; and
- (c) using the management fee secured to resource the delivery of the Lead Authority role including contract management, financial and legal capacity within the Council.

1. Summary

- 1.1 This report sets out the details of the Community Renewal Fund programme within the UK, and the Council's role in developing and submitting a bid to the fund on behalf of Devon partners.
- 1.2 The report seeks approval from Cabinet to act as Lead Authority for any funding awarded through the scheme that is expected to be announced late summer, and to put in place relevant cash flow and staffing and capacity to deliver any successful award.
- 1.3 The bid submitted consists of 16 individual projects seeking £12.25m of revenue funding. It supports the priorities set out in the Team Devon Economic Recovery Prospectus and the Council's wider objectives of supporting better outcomes for vulnerable individuals and communities. The bid complements the capital programme of projects submitted under the Levelling Up Fund. The Community Renewal Fund is considered a pilot programme by Government to test how to design and manage future national funding by taking a local approach to local challenges. It will help inform the UK Shared Prosperity Fund, which replaces EU Structural Funds and is proposed to be introduced next financial year.
- 1.4 The submission has been developed in an inclusive and transparent way, inviting proposals from a range of organisations across the county, and in consultation with Team Devon partners in District Councils.

2. Introduction

- 2.1 The Community Renewal Fund ('CRF') is a £220m national revenue programme which seeks to introduce short term revenue projects over the remainder of this financial year and to trial Government's preferred approach to the replacement of the EU Structural Funding regime.
- 2.2 The fund is focused around four core investment themes, skills and training development, employment support, business support and funding for communities and places. Government announced the fund in the March Budget and asked upper tier authorities to act as Lead Authorities for the fund, running the call process at a local level, and then contracting and managing applicants to complete projects awarded funding by 31 March 2022.
- 2.3 The fund provides for a range of organisations to apply for projects within a 'place' (districts, boroughs or unitary authorities) with a threshold of £3m set for each place, and a minimum bid value of £500k. Investment has been encouraged to be spent on opportunities which address specific and evidenced local challenges within the four core investment themes and which promote economic recovery and growth, decarbonisation, and support improved equity across areas. In considering taking forward this fund, the Council also sought projects to address inequalities.
- 2.4 Government identified 100 places nationally that it considered to be a particular priority, due to enhanced levels of deprivation, issues around accessibility or the impact of COVID. To improve these priority areas potential success from the fund, Government indicated it would give appropriate bids an additional 30% weighting through scoring where half of the project occurs within the administrative boundary of a priority area. Within Devon, Torridge and West Devon have been identified as priority places.
- 2.5 The process has also been subject to a considerable level of pace. Announcing the approach in the March Budget, Government asked upper tier authorities to establish and run an open and transparent project selection process in each of their areas through April / May, and be ready to submit a local package of appraised and quality assured projects by 18 June.
- 2.6 The Council has worked intensively over the past few weeks to meet this requirement. Bringing together an in-house CRF team in early April and securing delegated agreement to prepare a bid, officers then developed and rolled out an open call process for projects from the 14 April, with a bid deadline of 19 May.
- 2.7 The Council developed a detailed bidding invitation, to provide potential bidders with a strong steer on the type of content, themes and value for money the Council was seeking from any project put forward. The invitation can be found at the following link for information -[UK Community Renewal Fund: Invitation to submit project bids in Devon](#). This was reinforced through a

programme of webinars on the scheme, and an open enquiry line for detailed issues.

- 2.8 The Council was also able to bid, and a ringfenced internal team was established from early April to support both project development and appraisal functions, allowing the authority to both assist individual bidders, and maintain the independence of its appraisal approach. This delineation between bid teams and appraisal officers in house was particularly important to demonstrate transparency and parity of treatment of all bids received.
- 2.9 The Council received 39 bids in total worth over £26m. Detailed appraisals of these, including checks on financial and operational capacity of bidders, fit with the Government's criteria for the scheme, issues around state aid and commerciality and assessment of value for money and need were undertaken during May. The appraisal team included internal and external expertise, with specific advice sought on strategic fit, environmental strengths, appropriate business support and skills provision, and the applicant's approach to equality and diversity.
- 2.10 At the end of the detailed appraisal process around 22 projects of the original 39 met the broad criteria for submission to Government. The team worked during early June to complete the final suite of projects including working with applicants and District Council partners around areas for collaboration between projects, and feeding back and iterating on points raised through due diligence and other appraisal processes to improve areas highlighted in the appraisal process. The available funding allocation within the two priority areas of Torridge and West Devon was significantly over-subscribed and this required officers to consider options to scale quality projects to allow more to meet the funding thresholds, without reducing impact and deliverability.
- 2.11 The outcome of the full appraisal process was a submission of 16 projects worth £12.25m by the 18 June deadline. A detailed outline of the project's portfolio submitted can be found at Annex 1 of this paper.
- 2.12 The appraisal team has run an open process and brought together a coherent and attractive portfolio of projects, reflecting the concerns and the needs of Devon communities and which we believe meets the ambitions of Government around levelling up and accelerated recovery. The package includes a focus on enhancement of the County's green infrastructure and natural capital; support for our small businesses, particularly within our rural and coastal areas; additional assistance for individuals seeking a job or to retrain / upskill; supplementary support for individuals with a disability, younger and older people, those from a disadvantaged background or are in a harder to reach community; and targeted support around those communities which have yet to benefit from other growth funds.
- 2.13 In total, the project portfolio submitted could create or safeguard over 1,000 jobs, provide 3,000 high value training places and 3,700 supported learning places, support the establishment of 400 new business, and facilitate the development of 1,000 decarbonisation and innovation plans.

- 2.14 Government has indicated a 6 week period to review applications put forward from across the Country and making a final selection of the projects it wishes to proceed with, offering up to £220m funding to the successful Lead Authorities and applicants. An announcement is expected in the Summer of awarded bids, with an expectation that local authorities will rapidly mobilise the selected schemes.
- 2.15 Following consultation with regional and national peers, we currently anticipate that between £500m and £750m of projects will have been submitted to the fund. Competition is therefore likely to be high for any allocation, placing a premium on effective communication and promotion of the County's bid. Officers are therefore also working closely with communications and policy colleagues about raising local and national awareness of the Devon bid. This includes specific briefings for MPs and Members, and engagement with wider national stakeholders with an interest in the bid's content (Chamber of Commerce networks, College and Training Provider Networks, Universities, Local Enterprise Partnership).

3. Proposal

- 3.1 Given the pace required around the Community Renewal Fund, the Council to date has taken forward development and appraisal activity on a purely speculative basis. Whilst Government has effectively required every upper tier authority to participate and provided a small amount of financial support to facilitate this, there has been no guarantee that anything submitted will be awarded funding.
- 3.2 If the Devon bid is successful, all or in part, the Council will be asked to act as Lead Authority, and approval is sought for the Council to:
- act as the contracting authority for up to £12.25m across the 16 projects;
 - provide in-year available cash flow to facilitate project delivery; and
 - utilise the management fee awarded to cover contract management, finance and legal resources needed.

Details on each of these asks are set out below.

- 3.3 Permission to act as the Lead Authority – Permission is sought to enter into a Funding Agreement with the Ministry of Housing and Local Government (MHCLG) and contract with the lead applicant for the successful schemes selected. This will involve holding the funds awarded, contracting, monitoring and managing all selected schemes, management of related risks and underperformance, and evaluating and reporting on lessons learnt from the funding to the Department in advance of the new Shared Prosperity Fund.
- 3.4 Agreement to make available in year cashflow headroom to support the delivery of the programme – Government has indicated as part of the development of the CRF programme that it intends to release funding to Lead Authorities in two stages; Half will be paid upfront and the balance at the end

of the delivery period. It is anticipated that each project will have differing delivery timescales, reimbursement profiles and arrangements which will not mirror the payment from Government to the Council. Consequently, the Council will need to temporarily cashflow the programme. This would be reimbursed at the year-end by Government (in the second 50% payment), but Devon would carry some risk around its defrayal during January -March 2022.

- 3.5 Agreement to deploy the management fees secured from successful CRF awards to resourcing relevant programme, financial and legal management capacity – Recognising the need to support Councils manage the CRF programme, Government has made available a 2% top slice for programme management. It is proposed to utilise this funding to facilitate programme management capacity within the Economy, Enterprise and Skills Service, financial management within the Finance Team and legal capacity through Legal Services or external solicitors to support contracting and related work. If Devon were to secure the full £12.25m bid, the management top-slice would amount to £245,000 to be split between managing services and cover any external services needed to supplement in house capacity.
- 3.6 It is anticipated that the Council as Lead Authority would be required to take forward relevant contracting and delivery of any successful CRF awards from 1 September 2021. As set out, all expenditure and delivery has to be completed by the 31 March 2022.

4. Options/Alternatives

- 4.1 Given the nature of the Community Renewal Fund, the Council would have limited options around Lead Authority status if it were to be successful through the current bidding process. Government has identified its requirement that upper tier authorities act as the Lead Authority for the fund where relevant, and there would be considerable pressure brought to bear if Devon did not decide to proceed. However, the following options could be considered:
- Devon County Council does not proceed – Recognising that the management of the CRF programme represents an additional burden to the Council, the authority decides against hosting the CRF programme. Whilst having some short-term financial benefits (potentially reducing risk), project funding is lost to the County (most likely redistributed to other places), related outcomes and outputs are lost, and significant relationship and reputational damage occurs with Government and partners organisations. This is also likely to have significant national implications around the delivery of the future Shared Prosperity Fund.
 - Devon seeks to negotiate for a smaller group of projects / improved cashflow – Recognising the additional burdens involved, the Council seeks to manage down the level of selected projects and programmes to reduce the ask on its exchequer and resources in the balance of this financial year. Whilst reputational impact is reduced, individual partners lose activity or funding as a result, with downstream impacts for individuals'

communities and cohorts. Government also factors the issues experienced into its thinking around the delivery of the Shared Prosperity Fund.

- Devon seeks to protect its position through insisting successful project partners take on relevant payment risks – The Council seeks to pass on the preferred payment profile from MHCLG to successful projects, limiting support to 50% before the end of contracted delivery. Risk is reduced to DCC, but significant additional pressure is placed upon smaller applicants around sustaining cashflow. Projects are delivered, but some projects withdraw due to a lack of capacity and / or level of risk likely to be imposed to their wider business operations. Future funding rounds are seen as less attractive as a result by community and social partners.

4.2 Given the above, officers would recommend that the Council seeks to proceed with the current CRF approach. As set out elsewhere in this report however, relevant action to limit risk should be fully integrated into the Authority's management and accountable body approach. This may include further negotiation with MHCLG over payment terms.

5. Consultations

5.1 As set out, the Community Renewal Fund in Devon has been subject to an open and transparent call for projects, followed by detailed and challengeable appraisal approach. The final submission has been brought forward following three months of intensive cross partner working, with clear support and communication throughout.

5.2 Full details of the CRF process and application approach can be found on our website at [UK Community Renewal Fund 2021-2022 - Economy and Enterprise \(devon.gov.uk\)](https://www.devon.gov.uk/uk-community-renewal-fund-2021-2022-economy-and-enterprise)

6. Financial Considerations

6.1 Government has indicated that their preferred approach to the Community Renewal Fund is for upper tier authorities to act as Lead Authorities for relevant local funding. In principle, this carries a significant level of financial commitment, including the management of the funds themselves, potential responsibility for underperforming projects (including any subsequent claw back arrangements), and costs around any forward funding of the programme.

6.2 The Government hasn't published the final Terms and Conditions for this scheme. However, the processes developed to date by the Council has drawn heavily on previously successful schemes, in order, to reduce the risk. As part of the appraisal approach taken, due diligence was integrated into the initial CRF appraisal process, and bids submitted have been through a high-level assurance check to remove those likely to face immediate financial challenges. This has also identified a secondary set of conditions and financial controls which the authority would be seeking to impose through

individual contracts if any awards are made, to de-risk future delivery, and protect individual applicants from unhealthy levels of overcommitment.

- 6.3 If all currently submitted projects were to be selected for award, the County would be asked to take on responsibility for £12.25m of new activity. This would be ringfenced, with £6.12m (50%) provided upfront (alongside relevant management costs) and the remainder at the end of the programme.
- 6.4 As Lead Authority, the Council would be responsible for agreeing the terms of the reimbursement of each project. The guidance states that *“it is for Lead Authorities to decide how they wish to make payments to project deliverers”*. As a consequence the Council would agree reimbursement of each project based on achievement of agreed outputs, outcomes or spend with the ability to be flexible to facilitate delivery but within the constraints of the financial regulations. This would however have a temporary impact on the Authority’s cashflow until the final reimbursement is received from MHCLG.
- 6.5 Match funding was an aspiration of the prospectus for each bid. Where possible the applicants have included an assessment of either cash or in-kind match. The final Terms and Conditions of the scheme should indicate how this element of the successful projects is to be reported.
- 6.6 Whilst the CRF programme is 95% revenue based, there is a small amount of capital funding also included to facilitate IT equipment and other small asset costs. Within Devon’s £12.25m portfolio, around £300,000 of capital has been applied for by applicants. If the projects which have sought small capital amounts were to be successful, relevant capital monitoring and management would also be required.

7. Legal Considerations

- 7.1 The legal implications of the recommendations have been considered and taken into account in the preparation of this report.
- 7.2 The principle legal requirement of the proposal is a need for the authority to act as contracting body for the projects selected by the MHCLG. Contracts will need to be prepared in line with relevant Public Contract regulations, and relevant monitoring and management put in place to ensure compliance.
- 7.3 On a practical level, the adoption of accountable body status for any potential programme would enable additional funding support for legal capacity to address any additional burden imposed. Work is ongoing with legal colleagues on how best to engage any additional capacity required.

8. Environmental Impact Considerations (Including Climate Change)

- 8.1 There are no direct environmental impacts from this report. However, if the bids put forward through the CRF programme were to succeed, they include significant investment in decarbonisation, environmental management, development of natural capital and related matters. Colleagues from within the

Council's environment team have been involved in the appraisal and development of the programme, and the Council would hope that the resultant portfolio would have a tangible and positive impact on our collective ambitions around climate change and environmental enhancement.

9. Equality Considerations

- 9.1 In bringing forward the Community Renewal Fund, Devon County Council has explicitly emphasised the need for successful projects to meet and contribute to the Council's ambitions around improving equity, extending opportunity and ensuring that project's actively address our equality concern through its bidding prospectus. Whilst referenced by Government, Devon has reinforced the need for bids to address equity and diversity through their content and ensure that they are actively promoting best practice approaches.
- 9.2 To reinforce this requirement, the Council has included and integrated advice from its lead Equality Officer into its appraisal process for the CRF programme, giving a weighted opinion on each of the applications put forward, and then requiring applicants to iterate and incorporate the advice received into relevant aspects of their bids.
- 9.3 Subject to the success of our bid, it is the intention of the contract team / appraisal team to sustain this focus into delivery. Devon will be seeking assurances from successful projects that relevant equality and diversity practice is integrated and taken forward through projects, with the advice provided at appraisal used as a foundation for monitoring and management of relevant delivery. This will be done in conjunction with the Equalities team.

10. Risk Management Considerations

- 10.1 This proposal has been assessed and all necessary safeguards or action have been taken/ will be included to safeguard the Council's position.
- 10.2 Where risks have been identified, such as the management of underperforming projects, the implications of these have been taken into account in preparing this report and resultant operational / management approaches.
- 10.3 Subject to any formal award by MHCLG, the corporate and/or community risk registers will also be updated as appropriate.

11. Public Health Impact

- 11.1 In bringing forward the project complement involved, considerable thought has been given around enhancement of community capacity, individual wellbeing and health, and the wider improvement of social equity and capital.
- 11.2 As such, and subject to the shape of any final award, it is anticipated that the CRF portfolio should have a beneficial impact on public health and wellbeing within the communities targeted by its provision. This will include support

around skills, employability, young person and adult wellbeing, support for those with a disability or other health barrier, and specific support for those with a mental health barrier to engagement and progression.

12. Summary

- 12.1 The above report sets out next steps on taking forward the Community Renewal Fund in Devon. Subject to Cabinet approval, and any award by Government, the recommendations included will enable the County to deliver up to £12.25m of new support for communities and economic recovery over the next six months, with a focus on some of our hardest to reach coastal and rural communities, as well as most disadvantaged residents.
- 12.2 Whilst increasing our responsibility as an authority, successful delivery of the CRF over the next 9 months will also play a crucial role in demonstrating Local Government's ability to lead on the successor funds to the EU structural programme, and reinforcing our credentials as local leaders on recovery, economic growth and social mobility and equity.

Keri Denton
Head of Economy, Enterprise and Skills

Mary Davis
County Treasurer

Electoral Divisions: All

Cabinet Member for Economic Recovery and Skills: Councillor Rufus Gilbert
Cabinet Member for Finance: Councillor Phil Twiss

Local Government Act 1972: List of Background Papers

Contact for Enquiries: Keri Denton / Phill Adams

Tel No: 01392 383000

Room: County Hall, Topsham Road, Exeter EX2 4QD

Background Paper	Date	File Reference
------------------	------	----------------

Nil

Community Renewal Fund Taking Forward Delivery in Devon - Final

Annex 1 to EES/21/2: Community Renewal Fund – Overview of Devon’s Submission

Applicant	Application Name	Brief Description	Total
Devon County Council	Devon Agri Tech Accelerator	Building on Devon’s natural capital, an innovative project led by Devon County Council which will support farms to diversify and innovate, and the wider sector to work together.	£503,318.59
The Biosphere Foundation CIC	Biosphere	An integrated economic and environmental development programme, led by the Biosphere Foundation, which seeks to leverage Torridge and Northern Devon’s rural and coastal natural capital, as well as the recently remobilised Appledore Shipyard.	£1,350,140.00
Mid Devon Mobility	Stronger Together	A social transport / employment hybrid project, led by the Mid Devon Mobility VCS partnership, working with individuals from harder to reach backgrounds in rural areas to access employment opportunities within the public transport sector.	£500,449.68
Devon County Council	Retrofit Skills and Business Accelerator	A retrofit training project led by the Retrofit Foundation, promoting related employment opportunities through a blended learning approach.	£995,284.28
Serco Limited	Engaging Enterprise	A new self-employment support programme from Serco, which introduces additional innovative products and approaches to support those who may flourish in self-employment.	£795,171.00

Petroc	Promoting Innovation and Enterprise	A project which seeks to utilise new digital technology (AR, VR, MR) and knowledge transfer to fastrack innovation and upskilling across business in Northern Devon.	£500,939.00
Petroc	Innovation for Youth and Community	Led by PETROC College in partnership with Northern Devon partners, a project focused on filling gaps within existing youth and community provision to create a single programme which will support young people in rural / coastal Devon to return to work and learning.	£503,074.00
Devon and Cornwall Training Providers	Digital Devon	A digital skills and training project, led by the Devon and Cornwall training Provider Network in partnership with the HotSW DSP, aimed at aligning current digital skills and training provision, as well as promoting train the trainer and intermediate level digital skills roll out.	£585,200.00
School for Social Entrepreneur	Devon Enterprise Support for Social Enterprise	A targeted social entrepreneur's project led by the Dartington School for Social Enterprise, aimed at supporting individuals who are interested in setting up their own social enterprise from harder to reach / disadvantaged backgrounds.	£649,369.76
Devon County Council	Devon Elevation Fund	A delegated grant scheme led by Devon County Council which will provide support for business innovation and agility, creating new jobs, new products and allowing local business to play a more active role in building back better and improving local economic resilience.	£1,174,928.00

Devon County Council	Ability not Disability	A project focused upon addressing and fast-tracking employment for those with a disability within Devon.	£601,134.00
Project Cosmic	Velocity - VCSE Devon	A social enterprise support programme providing business support, training and peer-group development which builds resilience and innovation in the voluntary, community and social enterprise sectors.	£500,034.92
YTKO	Devon Start and Grow	A business support / enterprise programme that will support the development and fast tracking of micro business to take up post pandemic opportunities.	£1,050,000.00
Mid Devon	Reconnecting Tiverton	A regeneration and renewal project within Mid Devon, led by the District Council, which seeks to reinforce and improve the resilience of its main market town, Tiverton.	£1,365,201.00
Project Eden	Eden Grounds	A feasibility study led by the Eden Project, examining the potential to create a new high-quality visitor and food / green attraction at J27 of the M5.	£250,000.00
West Devon	West Devon Rural Recovery	A natural capital / visitor economy / employment project led by West Devon Council which will support the renewal and extension of West Devon's tourism offer.	£922,339.00