

Initiation Form

Summary		Reference:		RUR001
Activity Name:	<i>Rural Business Development and Farm Diversification</i>			
Activity Description:	<i>A bespoke offer supporting farm diversification, including commercialisation linked to nature recovery, improving the quality of tourism provision, and food and drink processing grants for non-farmer owned businesses¹</i>			
Investment Priority:	Supporting Rural Businesses	Intervention:	1.1 Capital grants for small scale investments in micro and small enterprises in rural areas 1.2 Capital grants for growing the local social economy and supporting innovation	
Funding Available:	£ 1m (Total)	£ 1m (Capital)	£ 0 (Revenue)	
Type of funding opportunity:	<i>Direct Delivery via the Good Growth Hub</i>			
Open Date:	01/05/2023	Close Date:	24/07/2023	

Context
Description: Description of the activity and what is expected to be achieved
<p>The Rural Prosperity Fund will align with the wider Good Growth Programme and delivery of the UK Shared Prosperity Fund (SPF) in Cornwall and the Isles of Scilly (CIS) with the aim to deepen support and investment into rural areas with a bespoke offer. It will prioritise places outside of larger towns and support the sectors that are the dominant workplaces and businesses in these areas. Under this programme, we want to invest in projects that will develop the diversification and commercialisation of non-agricultural</p>

¹ Listed under point 2.2 of the RPF Guidance: [Rural England Prosperity Fund: prospectus - GOV.UK](https://www.gov.uk/government/publications/rural-england-prosperity-fund-prospectus)
www.gov.uk

activity, whilst delivering against our Good Growth principles which are underpinned by decarbonisation, environmental growth and nature recovery.

Agriculture makes up a large part of the economy in CloS (16.8% GVA compared to 3.8% in England), and farmers are facing a seismic shift in the way they are being supported by government. The transition from the area-based EU Common Agricultural Policy annual payment (Basic Payment Scheme BPS), towards payment for the provision by farmers of public goods in better land and nature management (Environmental Land Management, ELMS) is taking place over a phased seven-year period between 2021-2028. Initial delays in the transition have resulted in a funding gap at exactly the same time as agricultural input cost inflation has risen to approx. 25% without a similar increase in output values.

A budget allocation of £1m will be made available from the 2023-25 Rural Prosperity Fund to the CloS Good Growth Hub, to create a bespoke rural offering of capital grants of up to £200k to rural businesses with a focus on farm and rural business diversification. The fund will prioritise nature recovery investments; improvements to the quality of the existing tourism offer; food and drink processing for non-farmer owned businesses; and projects that grow the local social economy. It will help lessen the impact of the reduction in Basic Payment Scheme income, by helping farms to diversify through starting up, expanding or scaling up non-agricultural commercial activity. The types of activity that will be funded are:

- Commercial activity linked to nature recovery (for example wild seed harvesting, or the development of a nursery to supply nature recovery projects)
- Commercial activity linked to improving the quality of existing rural tourism and leisure facilities, with priority given to projects that help to extend the peak season into the shoulder months², for example: wedding venues; the provision of facilities for pet and equines such as kennels, livery and pet health venues.
- To reflect local circumstances, new bed space for the IoS can be prioritised alongside quality improvements to existing provision, subject to local support for this from the Council of the Isles of Scilly
- Capital funding for converting farm buildings to other commercial or business uses
- Purchase of equipment for food and drink processing businesses that are non-farmer owned³, for example: new process and packaging machinery such as brewing equipment and onsite vending machines; equipping development kitchens or modernising existing kitchen equipment for increased energy efficiency or increased productivity through automation.
- The creation of multifunctional rural business hubs providing shared workspace and networking opportunities for rural businesses, for example: flexible access to commercial kitchens; co-working spaces.

Capital grants to enable the establishment of rural community businesses, for example: provision of premises for community owned shops; equipment to support the showcasing of local food and drink products. Please note that only capital funding is available through this open invitation and projects coming forward will need to ensure that any revenue funding needed for the project to succeed has been secured from other sources. Projects will also need to demonstrate “additionality” and value for money.

All projects must incorporate the Good Growth principles and ensure that delivery contributes towards these.

Strategic Alignment: Description of how proposals should meet strategic objectives, local need and the programme priorities. Expectations for coordination with other funding programmes.

² The creation of bed space for tourism in Cornwall will be a very low priority and only funded if clear evidence for demand and no displacement can be proven

³ Farmer owned food and drink businesses can access support from Defra’s Farm Investment Fund

Proposals should demonstrate their strategic fit and link to local community, social or economic needs.

The Rural Prosperity Fund (RPF) supports the aims of the Government's Levelling Up White Paper and Future Farming Programme. The RPF builds on and is complementary to the UK Shared Prosperity Fund (SPF) and supports the wider commitment to level up all parts of the UK. On the key metrics identified in the Levelling Up White Paper Cornwall and the Isles of Scilly is one of the areas in the UK that is most in need of levelling-up. The RPF will in particular have a focus on supporting rural areas, including CloS, to address challenges around:

- lower productivity rates
- poorer connectivity
- poorer access to key services

This opportunity contributes significantly to the achievement of Government's Mission 1 for Levelling Up: Living standards – pay, employment and productivity rising in every area of the UK.

This opportunity contributes significantly to the achievement of Government's Mission 9 for Levelling Up: Pride in Place – people's satisfaction with their town centre and engagement in local culture and community will have risen in every area of the UK.

This invitation to bid is part of the Supporting Rural Business priority where the Rural Fund will make capital funding available with the aim of:

- supporting new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy. This includes farm businesses looking to diversify income streams

It covers the following interventions:

- 1.1 Capital grants for small scale investment in micro and small enterprises in rural areas.
- 1.2 Capital grants for growing the local social economy and supporting innovation.

The Cornwall and Isles of Scilly [Rural Prosperity Fund Investment Plan Addendum](#) outlines local challenges and priorities for the Rural Prosperity Fund. Rural Cornwall and the Isles of Scilly is a very special place to live and work with a wealth of invaluable assets. However, some of the unique characteristics of CloS also presents challenges for meeting changing needs and delivery of key infrastructure to support population and economic growth. Cornwall's beautiful but peripheral location and the remoteness of the Isles of Scilly pose particular challenges in terms of social deprivation, an absence of large employers, high house prices compared to average earnings and higher transport costs with implications for travelling to learn and work. All of these challenges have an impact on businesses and local communities with low productivity and low wages being the overarching challenge for CloS.

All activity funding via this initiation form should contribute to the ["Good Growth" outcomes and principles](#) outlined in the [CloS UK SPF Investment plan](#). Higher levels of funding may be granted to projects, activity or initiatives that deliver the greatest contribution to the objectives outlined in this opportunity especially where they are located and/or target the areas and people of Cornwall and the IoS most in need of levelling up. Applicants are always encouraged to apply for the lowest level of funding required to make the project happen.

Projects should note that the RPF cannot fund projects that have received funding from or are eligible to apply to other Defra schemes, including:

- [Future Farming Schemes, including Farming Investment Fund](#)
- [Farming Transformational Fund](#)
- [Farming Equipment and Technology Fund](#)
- [Farming Innovation Programme](#)
- [Farming Resilience Fund](#)
- [Farming in Protected Landscape Programme](#)
- [The Platinum Jubilee Village Hall Improvement Grant fund](#)

The RPF cannot fund projects or costs where there is a statutory duty to provide them.

The CloS RPF is complementary to the wider SPF and priority will be given to projects located outside of larger towns as we know that smaller and rural-based places within CloS have historically been less successful in accessing funding. All projects coming forward for Rural Prosperity Funding must articulate how they will benefit rural businesses and/or rural communities within CloS. This targeting will ensure that activity funded via the RPF complement activity within the wider SPF by extending the reach of these activities and ensuring that rural areas within CloS benefit from the additional funding made available through the RPF. Please note that following updated guidance from Defra there are some geographical parts of Cornwall and the Isles of Scilly (CloS) which are ineligible for the Rural Prosperity Fund (RPF) due to them not being classified as rural based on Defra's rural classification for Rural Prosperity Fund⁴.

Please note:

- **Cornwall Council reserves the right to allocate more or less funding than the values set out in this invitation to bid.**

This invitation to bid is subject to Defra sign-off of the CloS Rural Prosperity Fund Investment Plan Addendum

Route to Market: **Direct Award** Explain the chosen route to market

The farm diversification grants will be delivered by Cornwall Council's Good Growth Hub team situated with the Economy and Skills Service in Cornwall Council. Direct delivery via the Good Growth Hub will allow Cornwall Council to build on its award-winning CloS Growth Hub while consolidating a fragmented business support landscape by providing a single front door for businesses seeking support alongside embedding the good growth principles consistently within the delivery of the programme. The incorporation of the Rural Prosperity Fund small grants and specialist support function within the broader offer provided by the Good Growth Hub will further contribute to the delivery of a streamlined support service that does not duplicate the support that is provided.

Specific Requirements: Description of specific requirements

⁴ In CloS the following broad locations are **not eligible** for RPF: RNAS Predannack; Lands End Airport; Falmouth and Budock Water; Penryn; Restronguet Creek Waters Edge; RNAS Nancekuke; Camborne, Pool, Redruth; Illogan; Eden Project; Par Harbour; Saltash; St Marys Airport, Isles of Scilly. In addition the following are only eligible if the application from a project in this area clearly demonstrates benefits to rural businesses or communities in the surrounding areas (To be Confirmed on Application): Lelant Downs; Perranporth Airfield; St Eval Airfield; St Merryn Airfield; Davidstow Airfield. It is recommended that you check eligibility on the DEFRA magic website to make sure your project is based in an eligible area. The map can be found under Administrative Geographies > Other Administrative Boundaries > Rural England Prosperity Fund - <https://magic.defra.gov.uk/MagicMap.aspx>

As part of the response to this initiation form, we want to see a delivery plan submitted alongside the application form. This fund offers capital funding only and projects coming forward to the Good Growth Hub will need to ensure that any revenue funding needed for the project to succeed such as staff costs has been secured from other sources. All project activity must be completed by the 31 March 2025 and therefore projects coming forward must have relevant permissions in place to start activity as soon as possible and be in a position to comfortably deliver the project and relevant outputs and outcomes within this relatively short timeframe.

The delivery plan should articulate how the Good Growth Hub will manage awarding these the capital grants, detailing how the above conditions are met and including the process for referring businesses to providers of other bespoke support based on initiation forms BUS001c, BUS002d and BUS007d, to ensure businesses receive relevant business support services of high quality. The Rural Prosperity Fund (RPF) is complementary to the wider Shared Prosperity Fund (SPF) and we expect projects coming forward for the RPF to avoid any duplication with activity funded under SPF and where possible dovetail with and extend the reach of activity funded via SPF.

Cornwall Council encourages applicants to maximise the leverage of other funding within project design. However, we recognise not all projects, or applicants will be able to secure match funding. Applicants should note value for money will be a selection consideration as it has a number of benefits, including enhanced alignment with other provision and efficient delivery which increases value for money. Therefore, we will take the overall funding package for each project, including any match funding, into account. All projects must demonstrate adherence to subsidy control rules.

Cornwall Council and the Council of the Isles of Scilly are committed to ensure that projects supported through the Shared Prosperity Fund deliver green and inclusive economic growth. That the jobs created are well paid, quality jobs, that all our communities are able to access the opportunities available through this fund and that our environment benefits from this economic prosperity.

The good growth outcomes have been designed to ensure that all SPF applicants consider the impact of their project and identify what contribution it will make towards good growth. Whilst we accept that not all projects can contribute to every good growth outcome, we will expect projects to:

- contribute the [good growth outcomes and principles](#)
- design their project using the good growth outcomes
- report on the good growth contribution of the project

We therefore expect proposals coming forward in response to this initiation form to articulate how the above Good Growth principles will be carried into the delivery of this activity. The good growth policy will provide further detail and support will be provided from within the Good Growth Team.

Proposals should also:

1. Set out how people and skills and talent development opportunities are included as part of wider project delivery
2. Demonstrate how activity will complement and not duplicate mainstream, existing and other funded activity. Highlighting the wrap-around support being proposed, and how communities and beneficiaries to be supported will be identified and engaged.
3. Respond to a clearly identified need and clearly describe the need.

Not conflict with national policy or local strategies.

Budget & Spend Profile						
Funding Available:	£ 1m (Total)	£ 1m (Capital)	£ 0m (Revenue)			
Minimum Award:	£ 5,000	Maximum Award:	£ 200,000			
	23/24		24/25		Total	
Intervention	Capital (£m)	Revenue (£m)	Capital (£m)	Revenue (£m)	Capital (£m)	Revenue (£m)
1.1 Capital grants for small scale investments in micro and small enterprises in rural areas	0.25m	0.00	0.25m	0.00	.5m	0.00
1.2 Capital grants for growing the local social economy and supporting innovation	0.25m	0.00	0.25m	0.00	.5m	0.00
Total	.5m	0.00	.5m	0.00	1m	0.00
Total per year						
Intervention Rate:	Flexible but value for money must be demonstrated.		Target Leverage:			£ 1m (Total)
Spend Start:	01/04/2023		Spend End:			31/03/2025

Good Growth Principles

All SPF investments must be made in consideration of the Equality Act 2010. It is mandatory for all applications to assess impact of their project between people who share a protected characteristic and those who do not.

In addition, the following specific good growth principles must be considered for this activity:

Clean and Green		Business / Economy		Equality/Inclusive growth	
C1 Reduction in CO2 emissions	X	BE1 Increase % of workforce earning real living wage	X	EQ1 Invest in projects that encourage a healthy lifestyle	<input type="checkbox"/>
C2 Circularity - reduction in use of virgin raw materials. Recycle reuse principles	<input type="checkbox"/>	BE2 Improve productivity in all sectors	<input type="checkbox"/>	EQ2 Reduce gender pay gap	X
G1 Nature recovery	X	BE3 Contribute positively to CloS economy, environment and equality through purchasing/procurement	X	EQ3 Increased levels of functional numeracy and literacy in the adult population	<input type="checkbox"/>

G2 Attracting private sector green finance income to Cornwall	<input type="checkbox"/>	BE4 Upskilling the workforce	X	EQ4 Maximise opportunity for people with disability and ill health (including mental health)	X
Contribute to the Environmental Growth Strategy for Cornwall and Isles of Scilly	X			EQ5 Maximise work based opportunities for those with SEND particularly relating to spectrum disorders and dyslexia	X
				EQ6 support for the aging population to remain economically active	X
				EQ7 Support young (under 30) entrepreneurs	<input type="checkbox"/>
				EQ8 Levelling-up of towns and neighbourhoods throughout CloS	<input type="checkbox"/>
				EQ9 Increased capacity and place-based leadership in communities	<input type="checkbox"/>
				EQ10 Advance equality of opportunity between people who share a protected characteristics and those who do not (Equality Act 2010)	X
				EQ11 Assist individuals with complex barriers to employment to access opportunities	<input type="checkbox"/>
				EQ12 Have a positive impact on children and promote and uphold children's rights under United Nations Convention on the Rights of the Child (UNCRC)	<input type="checkbox"/>

Outputs/Outcomes

For this invitation to bid we are looking for activity that outcomes:

Outcomes related to supporting rural businesses:

- Jobs created
- Jobs safeguarded
- Number of businesses adopting new to the firm technologies or processes

- Number of businesses with improved productivity
- Number of businesses increasing their turnover

The outcomes stated here reflect our RPF Investment Plan Addendum submission to Government. Applicants should note Cornwall Council reserves the right to adjust and refine these outcomes as delivery progresses during the duration of our RPF programme and further national guidance becomes available.

Appraisal Criteria

Strategic Alignment	Good Growth	Deliverability	Value for Money
30 %	25 %	30 %	15 %

Explanation for criteria weighting

We will in particular place emphasis on projects ability to deliver within the relatively short timeframe for this programme as well as on how well projects will deliver against the strategic fit of this opportunity. We also place high importance on projects' ability to deliver against the Good Growth principles and outcomes. While Value for Money remains an important consideration, it is acknowledged that Value for Money can be harder to achieve in remote rural and coastal communities.

For further information on the programme please refer to the [Good Growth website](#). Completed Applications and relevant documentation must be submitted via email to goodgrowth@cornwall.gov.uk before the deadline stated on this Form.

Support and guidance to assist applicants through the application process is available at [Good Growth website](#).

More information on Shared Prosperity Fund can be found on the UK Government website; <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus>

Date Updated:	16/03/2023	Lead:	Good Growth Team
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