Rural England Prosperity Fund: Addendum to UKSPF Investment Plan

Local context

You have already submitted your UKSPF investment plan. Here, we would like you to provide any additional information about specific rural challenges, market failures, and opportunities for rural businesses or rural communities in your area that you would like us to consider.

Shropshire is in the top decile of upper tier local authorities in England and Wales in terms of the sparsity of its population. With a population of 323,600 and covering 319,730 hectares, there is an average of just one person per hectare in Shropshire compared with around 4 nationally. Shropshire's land mass is 97.5% rural, and this area accommodates significantly more than half of Shropshire's population (57.2% or 185,200 people). There are 13 market towns, and numerous villages spread across the County, meaning that the population is disparate, with many people heavily reliant on cars and facing disproportionately long journeys to access education, employment and services. Shropshire's county town Shrewsbury, with a population of 77,100, is the only location in Shropshire that falls outside the eligibility criteria of the UKSPF Rural funding.

Shropshire's rurality poses a number of key challenges and opportunities, and many of the challenges that the County as a whole is facing are exacerbated in rural areas. Transport and connectivity are key issues, with limited public transport contributing to an extreme reliance on travelling by car. Whilst digital connectivity has improved immeasurably over the last decade, there are still some areas where broadband speeds are inadequate, and the County lags behind more urban locations insofar as Gigabit roll-out and 5G mobile coverage is concerned. This can impact on businesses' ability to operate and trade effectively in rural parts of the county and can lead to digital exclusion amongst rural communities.

The cost-of-living crisis is impacting communities and businesses across the country, and rural areas are particularly affected. It is well-documented that the budget required by rural households to achieve a minimum acceptable standard of living is considerably higher than elsewhere in the UK. This higher cost of living is partly because of distance to services, poor access to lower priced shopping centres and the cost of heating homes. Fuel and energy price rises disproportionately impact rural populations given their reliance on the car and the already high levels of fuel poverty. 12.3% of Shropshire households were already thought to be in fuel poverty prior to the recent price increases, which is the equivalent of 16,826 homes (BEIS). These households are spread across the county, but are more likely to be located in the most rural parts, especially in the South West, where houses are often off-grid and poorly insulated.

Shropshire has an ageing population, with 25% of the population currently aged 65 or older compared to the England average of 18.5%. The age profile of the rural population is even more heavily weighted to older age bands – approximately 61% of the 65-79 population in Shropshire live in rural areas as well as 58% of the 80+ population. This means that there are disproportionately fewer working age people living rurally, and that the dependency ratio (number of economically active people compared with the number of inactive people) is higher. The dependency ratio is used by economists as a measure of the pressure on the productive working age population particularly financially in terms supporting the up-bringing and care needs of the dependent population. This pressure on the working age population can impact on local economic growth and can make it challenging for rural employers to recruit the workforce that they need to grow.

The rural nature of Shropshire's economy is reflected in the breakdown of enterprises and employment by sector. A fifth of all enterprises registered for VAT or PAYE are classified as agricultural. This compares with 4.6% of enterprises nationally. Shropshire has the full spectrum of agricultural commodities and has the second highest number of people working in agriculture in England, behind Cornwall. More than 10,000 people work on farms across Shropshire, including around 1,500 casual and part-time workers. This figure does not include those working in allied industries and those involved in the wider food and drink sector. Shropshire farms generate more than £200 million to the economy and there are nearly 4,000 farm holdings across more than 280,000 hectares. More than four-fifths of the County's land mass is farmed. The majority of farmland is grassland (60%) followed by cereals (27%). Compared to the rest of the country, Shropshire has the second highest number of sheep and cattle out of all local authorities in England, and the third highest number of poultry.

The breadth of Shropshire's agricultural industry means that Shropshire also has a strong food and drink processing sector and is home to the UK headquarters of Muller and the base for other large food businesses including PDM Salad Growers, ABP, Premier Foods and Oaklands Eggs. There are approximately 100 food and drink processors active in Shropshire, accommodating 4,200 workers, which is 3.3% of all Shropshire jobs (1.3% in England). Food and drink processing made a 4.2% contribution to total GVA in Shropshire in 2020 (£259 million) – this compares with the sector's 1.4% contribution nationally.
As well as land-based, Shropshire is also over-represented by businesses in wholesale, motor trades, accommodation and food services and public administration. In contrast, Shropshire has comparatively fewer information and communication, finance and insurance, professional, scientific, and technical and business administration and support businesses.
With its rich blend of natural, industrial and social heritage, Shropshire is a unique and diverse county that has a strong visitor economy. 23% of the county is designated as areas of natural beauty, with three national natural reserves, internationally important wetland sites, a variety of geological features unequalled in any area of comparable size in Britain, two World Heritage Sites within the Council area, 7000 listed buildings Grade 1,2 or 2*and the third longest rights of way network in the country. Blended with fascinating historical features such as the Ironbridge Gorge and Flaxmill Maltings, numerous museums and opportunities for self-led learning, the area offers untapped potential for a strengthened cultural and community offer which will benefit residents, increase levels of wellbeing and pride in place and also boost visitor numbers and spend. Participation in cultural activities is already comparatively high in Shropshire, with 53% having attended an event, performance or festival within the last 12 months, 40% having spent time doing a creative, artistic, theatrical or musical activity, and 46% having visited a museum or gallery (Active Lives Survey). Further investment in this arena would facilitate higher levels of participation amongst local residents as well as enriching the tourism offer.

Shropshire currently attracts (pre-pandemic) approximately 13m visitors a year, but the opportunity exists to diversify and grow the visitor economy further, linking with opportunities identified as part of the Communities and Place investment priorities. The visitor economy sector is forecast to grow by 73% between 2012 and 2036, taking GVA to £367m. The creative industries sector is forecast to grow by 174% over the same period, generating £331m by 2036 and employment opportunities in higher value, professional jobs. Taken together, the value of the natural and historic heritage offer is significant, with economic return of visits to the environment estimated to be up to £100m per year. As important sectors of the local economy, support going forward has the potential to grow the market, even without increasing the number of visitors.

Productivity in rural locations is impacted by the sector mix that predominates outside the main urban hubs. In 2017, the productivity of Predominantly Rural areas was around 85% of that for England as whole, down from 91 per cent in 2001. Across Shropshire, GVA per hour worked is consistently lower than the national average and the gap has widened in recent years. In Shropshire, GVA of £26.60 per hour worked was generated in 2019 – this is £9.20 or 25.7% less than in the national average and £5.20 (16.4%) less than in the West Midlands. The gap has widened since 2010, with GVA per hour worked rising by 14.2% in Shropshire compared with growth of 23.9% in the West Midlands and 19.9% nationally. Shropshire currently has a lower than national average GVA per head, at 20.5% less than the West Midlands average and 30.1% less than the UK average. This is influenced by the large retired population and significant levels of out-commuting (especially amongst the better paid) as well as the types of sectors making the greatest contribution to the economy.

Residents earnings in rural locations tend to be higher than workplace earnings, as residents often commute to more urban places where they can command higher salaries. For those that either want or need to work in their local area, access to well-paid work is a challenge with a predominance of low paid tourism and hospitality related jobs that are frequently insecure and unpredictable. Consequently, there are high levels of in-work poverty. Approximately a tenth of Shropshire households are in receipt of universal credit (13,641 households in May 2022). Lack of public transport and high costs compound challenges for those needing to develop skills and/or access employment opportunities. Those living in rural localities have to travel much further distances to access larger employment centres where the range of employment opportunities is greater. Even with a car, it takes an average of 27 minutes for a Shropshire resident to get to an employment centre with at least 5,000 jobs (16 minutes nationally), and using public transport, this journey time is extended to 52 minutes. (Department for Transport, Journey Time Statistics). With the exception of Shrewsbury, there are no main employment centres within Shropshire.

Although Shrewsbury is the principal employment sector in Shropshire, accommodating 2,850 businesses and 45,000 employees, most enterprises are located in the County's market towns and within the rural hinterlands. More than four-fifths of enterprises (13,050, or 82.1% of the total) operate outside of Shrewsbury. These are mostly small and micro businesses, accounting for a combined workforce of 82,000 (64.6% of Shropshire's workforce).

Gross weekly median earnings for people working in Shropshire in 2021 stood at £555.80 per week. Weekly earnings in the West Midlands in 2021 stood at £585.00, which is £29.20, or 5.3% higher than in Shropshire. Nationally, the £612.80 average weekly earnings is £57.00 higher than earnings commanded in Shropshire (+10.3% higher).

Shropshire's market towns play a number of important and distinctive roles and possess a range of quality assets that combine to offer significant growth potential to boost the economy. They are key service centres that support local people and businesses within the towns and in the surrounding hinterlands. They also present as visually attractive, authentic, traditional market towns, with features and assets that appeal to many people, making the towns a desirable choice for living in or visiting.

Whilst some market towns may be considered relatively affluent and offer access to a range of facilities and services, others are experiencing the challenges caused by historic infrastructure, vacant or derelict buildings and spaces and a lack of flexibility in the way retail, services and facilities are provided.

Accessing services, including health care, can also be more challenging in rural locations – the average journey time to access GP services by foot or public transport in Shropshire is 20 minutes compared with 13 minutes for England. Getting to a hospital by car takes an average of 29 minutes for Shropshire residents against 20 minutes nationally (Department for Transport Journey Time Statistics). It takes significantly longer for Shropshire residents to get to a food store by foot or by public transport than their national counterparts (16 minutes compared with nine minutes, Department for Transport Journey Time Statistics).

Access to the natural environment is known to have a positive impact on mental as well as physical well-being. Despite Shropshire's sparsity, a significant proportion of those living in the county are unable to readily access natural spaces near their homes. Analysis of greenspace and the Rights of Way network illustrates inequality across the county, with significant parts of the north and east having little or no Accessible Natural Greenspace (as set out by recognised Natural England Accessible Greenspace Standard – ANGSt1) and the Rights of Way network can also be patchy. Improving access to green space would help improve long-term physical and mental health conditions. It could also help those who are least likely to access the natural environment regularly: the over-65s, people who are economically disadvantaged, those with a disability, and the unemployed. For these people, accessible greenspace needs to be near to home or on a public transport route. Even in the Shropshire Hills, where there is a plethora of promoted routes and high quality publicly accessible parks and sites, many of these are limited to those who are physically fit. The Shropshire Great Outdoors Strategy aims increase the amount of accessible natural greenspace from 1.66ha/ 1,000 population to 2.0ha.

Interventions – rural business	
Please choose the interventions you wish to use under the rural business investment priority. Select as many options as you wish from the menu. The list of interventions can be viewed here.	
2023-2024 interventions:	Funding (capital grants) for small scale investment in micro and small enterprises in rural areas.
2024-2025 interventions:	Funding (capital grants) for small scale investment in micro and small enterprises in rural areas.
Please explain how the interventions selected will address local rural business challenges, market failures, and opportunities (max 300 words)	
Small-scale capital grants will help to encourage investment and improve productivity within small and micro rural enterprises. Due to inflation and increasing interest rates, businesses will not necessarily be able to make the necessary investments themselves to improve their productivity and sustainability, however a grant will help to stimulate such investment. Shropshire Council will look to prioritise the awarding of grants to businesses that can demonstrate how the investment will lead towards increased productivity, creation or safeguarding of jobs, or improved energy efficiency / environmental sustainability. The challenges which the grants will potentially address include:	

- Digital connectivity – grants for equipment and alternative infrastructure for connectivity where issues exist.
- Rising energy costs – grants for new energy or resource efficient equipment and renewable energy generation.
- Low productivity – grants for updating and expanding production capacity

The grants will help to maximise the following opportunities:

- Expansion of the visitor economy – supporting tourism attractions or accommodation
- Diversification of land-based businesses – to move into other sectors, such as tourism, food processing, retail, etc
- Growing Shropshire's key sectors – grants supporting the development of key sectors including land-based, food processing, environmental technologies and manufacturing

Please rank the interventions selected in order of expected value added
The Rural Fund is concentrating on one intervention area only. It is believed that the small-scale capital grants funding intervention will add the most added value to the existing range of UKSPF interventions on business support.

Interventions – rural communities	
Please choose the interventions you wish to use under the rural communities investment priority. Select as many options as you wish from the menu.	
2023-2024 interventions:	• Funding (capital grants) for creation of and improvements to local rural green spaces. • Funding (capital grants) for existing cultural, historic and heritage institutions that make up the local cultural heritage offer. • Funding (capital grants) for active travel enhancements in the local area.
2024-2025 interventions:	• Funding (capital grants) for creation of and improvements to local rural green spaces. • Funding (capital grants) for existing cultural, historic and heritage institutions that make up the local cultural heritage offer. • Funding (capital grants) for active travel enhancements in the local area.
Please explain how the interventions selected will address local rural community challenges, market failures, and opportunities (max 300 words)	
Shropshire's rurality poses several key challenges and opportunities, and many of the challenges that the County as a whole is facing are exacerbated in rural areas. Transport and connectivity are key issues, with limited public transport contributing to an extreme	

reliance on travelling by car. Whilst digital connectivity has improved immeasurably over the last decade, there are still some areas where broadband speeds are inadequate, and the County lags behind more urban locations insofar as Gigabit roll-out and 5G mobile coverage is concerned. This can lead to digital exclusion amongst rural communities.

The challenges which the grants will potentially address include:

- Poor or restricted access to services and facilities, including public green spaces, in rural communities – improvements to footpaths and other forms of access will encourage people to explore the countryside more.

- Health inequalities seen in deprived rural communities – investment in active travel infrastructure will help people to improve their lifestyle and health but providing safe and convenient alternatives to car transport.

- Viability of cultural, historic and heritage facilities post pandemic – grant funding will help in improve visitor experience and make facilities more accessible.

- Rising energy costs – grants for new energy or resource efficient equipment and renewable energy generation across existing cultural, historic and heritage institutions.

The grants will help to maximise the following opportunities:

- Expansion of the visitor economy – for the cultural, historic and heritage institutions
- Improvement and creation of green spaces and the resultant biodiversity gain
- Increased active travel capacity by improving and creating new active travel networks

Please rank the interventions selected in order of expected value added

All the identified investment will add value to the local economy and communities. However, the following ranking of interventions reflects how the Rural Fund will complement the existing UKSPF interventions. The active travel priority was not included within the main UKSPF programme and therefore the Rural Fund will add significant value to what will be achieved overall, and it also connects to the recent work undertaken around the Shropshire Local Cycling and Walking Infrastructure Plan. Support of green spaces will also add great value to the UKSPF investment because it will help to extend into rural areas improved access and dovetail with what was planned for urban settings through the improvements to public realm.

- Funding (capital grants) for active travel enhancements in the local area

- Funding (capital grants) for creation of and improvements to local rural green spaces.

- Funding (capital grants) for existing cultural, historic and heritage institutions that make up the local cultural heritage offer.

Interventions outcomes
Please select what outcomes the interventions selected in the rural business investment priority are expected to achieve
The desired outcomes of the grant awards will be as follows: • Jobs safeguarded • Businesses adopting new to the firm technologies or processes • Businesses with improved productivity • CO_2 reduction
Please select what outcomes the interventions selected in the rural communities investment priority are expected to achieve
The desired outcomes of the grant awards will be as follows: • Increased visitor numbers • Increased use of cycleways or paths • Increased users of facilities or amenities • Net biodiversity gain

Delivery
Please set out the indicative spend profile of your REPF allocation, additional to that of your UKSPF investment plan. Please detail the indicative budgets at investment priority level and at intervention level, for the 2 years of the fund, including if REPF money will be used to complement UKSPF funded projects. (300 words max)
Investment Priority – Supporting Rural Business Intervention - Funding (capital grants) for small scale investment in micro and small enterprises in rural areas. Including capital funding for net zero infrastructure for rural businesses, and diversification of farm businesses outside of agriculture to encourage start up, expansion or scale up of these businesses where this involves converting farm buildings into other commercial or business uses. Indicative Allocation: £1 million (£300k Y1, £700k Y2) Use: The expectation is that the funding will complement UKSPF funded projects insofar as it will augment the funding allocated to planned capital grant programmes, such as the successor schemes to successful ERDF projects and the Marches-LEP funded Clean Growth Marches programme. However, Shropshire Council will ensure that the Rural Fund is made readily accessible to all of the important rural sectors of the economy, including land-based and retail, which means that it will look to deliver a direct grant scheme through the rural fund should it be the case that the UKSPF programmes which are coming forward do not suitably cover the needs of rural businesses.

Investment Priority – Supporting Rural Communities Intervention - Funding (capital grants) for creation of and improvements to local rural green spaces. Indicative Allocation: £650k (£250k Y1, £400k Y2) Use: The equivalent UKSPF priority (E3) was not included within the original Investment Plan, therefore the use of Rural funding for this purpose will add value to what was to be delivered through UKSPF in Shropshire. Intervention - Funding (capital grants) for existing cultural, historic and heritage institutions that make up the local cultural heritage offer. Indicative Allocation: £300k (£100k Y1, £200k Y2) Use: The equivalent UKSPF priority (E4) was included within the original Investment Plan, therefore the use of Rural funding for this purpose will increase the funding available for appropriate projects within the defined rural area. Intervention - Funding (capital grants) for active travel enhancements in the local area. Indicative Allocation: £650k (£250k Y1, £400k Y2) Use: The equivalent UKSPF priority (E7) was not included within the original Investment Plan, therefore the use of Rural funding for this purpose will add value to what was to be delivered through UKSPF in Shropshire.
Please set out how you intend to select projects to support, detailing including how you will ensure they deliver value for money, including additionality. Please also set out how you will determine that projects cannot be funded by private finance. (500 words max)
The Rural Fund will be administered no differently to the 'main' UKSPF programme. This means that all funds will be allocated through an application process open to all organisations, including enterprises, that meet the funding criteria. The application process will be managed through a series of call windows and any specific requirements will be highlighted in the call window specification. A standard application form is being developed for UKSPF delivery in Shropshire, but it is likely that this will be adapted to reflect any specific conditions that apply to the call window specifications. However, in all cases, the application form will request specific information relating to value for money and additionality and will help to determine whether projects meeting local strategic priorities and have a need for public sector intervention. This will include sections on: 1. Subsidy Control and how the project meets the guiding principles of Subsidy Control, which includes additionality and displacement. 2. Outputs with reference to expectations on output unit costs, e.g. investment per job safeguarded. 3. Income generation and return on investment. 4. Options analysis. 5. Relevance to priorities as identified through local strategies, including Economic Growth Strategy, Outdoor Strategy, Cultural Strategy, Shropshire Plan, Shropshire

Local Cycling and Walking Infrastructure Plan and Health and Wellbeing Strategy

The assessment of the applications will follow the same model proposed in the UKSPF Investment Plan. Therefore, the following groups will undertake the key roles in relation to the application and approval process for the Rural Fund as part of their overall role in the delivery of UKSPF.

1. Priority Area Advisory Groups (draft call specifications, assess project applications) - for the Rural Fund, this will cover the Community and Place and Local Business Advisory Groups
2. Partnership Board (agreed call specifications, prioritise project applications based on initial assessment of advisory group)
3. Assurance Group (scrutinises prioritisation of project applications and recommends their approval for funding by Shropshire Council in its role as accountable body for the UKSPF / Rural Fund locally)

In some or all cases, a two-stage application process might be implemented that will require applicants to submit a pre-qualification EOI and a full application form, however both application stages will follow the same approval process as defined above.

In some scenarios it will make sense for intermediary organisations, such as local authorities or universities, to apply for both UKSPF and Rural Fund funds if their project ideas encompass the investment priorities of both funds. For example, it could be that an intermediary organisation might want to deliver a capital grant programme for business on decarbonisation, with grants being available for rural business through the Rural Fund and similar grants made available for non-rural businesses through UKSPF. Therefore, in a scenario like this, where the Rural Fund complements UKSPF investment, Shropshire Council will ensure that the intermediary body that delivers the grant scheme will follow the necessary expectations in how the funds are awarded to businesses.

Have you identified opportunities to work with other places on specific interventions and/or projects for the rural business interventions?	
Intervention(s) you intend to collaborate on:	• Funding (capital grants) for small scale investment in micro and small enterprises in rural areas
Place(s) you intend to collaborate with:	Shropshire is exploring a potential collaboration with Herefordshire Council in relation to the delivery mechanisms of the capital grant funding, which seeks to build on the existing arrangements within ERDF-funded projects, including but not limited to the Marches Small Equipment Grants, which Herefordshire Council administers for the wider Marches areas.
Have you identified opportunities to work with other places on specific interventions and/or projects for the rural communities interventions?	
Intervention(s) you intend to collaborate on:	None
Place(s) you intend to collaborate with:	N/A

Engagement
Further to your UKSPF Investment Plan engagement, have you engaged or consulted with rural stakeholders, or expanded your UKSPF local partnership group, to inform the information you have submitted above? If yes, please give details. You should also use this section to tell us aboutplanned future engagement with rural stakeholders.
Rural business owners, the Federation of Small Businesses, Shropshire Chamber and the NFU were already represented on the group that will assume the role of the UKSPF Partnership and the proposals herewith were circulated for comment to that group. Furthermore, the representation from the NFU and CLA was sort for the task and finish groups which were created to support the drafting of the UKSPF Investment Plan. The NFU became engaged in the process, but the CLA did not respond. The task and finish groups met specifically to consider the development of the proposals for the use of the Rural Fund in Shropshire. The business support group met on 8 November 2022, including representation from the NFU, Shropshire Chamber, Visit Shropshire (Shropshire DMO) and the Shropshire Association for Local Councils (SALC), to consider and prioritise business support interventions for the Rural Fund. The community and place group met on 9 November 2002, including representation from SALC, VCS Assembly and Shropshire Council officers from the culture, broadband and active travel teams, to consider and prioritise their potential intervention areas.

Are there aspects of your plans to use your REPF allocation that are not supported by rural stakeholders and the rural community? If yes, please provide more detail.
The interventions selected were discussed through the UKSPF task and finish groups and circulated for comment to the partnership board, and we believe that partners and stakeholders are support of the proposed uses of the Rural Fund.
Are there MPs who are not supportive of your investment plan? If yes, please list which MPs are not supportive and outline their reasons why.
MPs were consulted on the initial UKSPF Investment Plan and no negative comments were received. The Rural Fund briefing has been circulated to them and they will be updated on progress.

This document is to support in the drafting of your Rural England Prosperity Fund addendum to UKSPF Investment Plan. Please do not submit information using this document. Information can be submitted at https://consult.defra.gov.uk/rural-england-prosperity-fund/ad6e2088/