

Report to: Cabinet



Date of Meeting: 8 September 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release: N/A

Innovation and Resilience Fund – Policy and Terms of Reference

Report summary:

This report sets out the proposed Policy for the deployment of the Innovation and Resilience Fund (formerly known as the AIR Fund) Policy and associated Terms of Reference for the decision making Panel. The Policy document details how the application process will be managed and the criteria businesses and organisations will be required to meet to access the grant funding. The Terms of Reference sets out the roles and responsibilities of members sitting on the IRF Panel, including the task of rejecting or awarding IRF grant funding. These documents build on the work already undertaken and presented in the AIR Fund Prospectus published in February 2021.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That Cabinet:

1. Recommends the approval of the appended Innovation and Resilience Fund (IRF) Policy document
2. Recommends the delegation of authority to the Service Lead (Growth, Development and Prosperity) in consultation with the Leader, Deputy Leader, Portfolio Holder for Finance and Chief Finance Officer to agree such further changes to this Policy as may be required
3. Recommends the approval of the appended Terms of Reference document for the IRF Panel
4. Recommends the delegation of authority to the Service Lead (Growth, Development and Prosperity) in consultation with the Leader, Deputy Leader, Portfolio Holder for Finance and Chief Finance Officer to agree such further changes to this Terms of Reference document as may be required
5. Recommends the approval of the appointment of a cross-party group of members to the IRF Panel, comprising the Leader, Deputy Leader and Portfolio Holders for Finance and Climate Action & Emergency Response, two Conservative members, one of the Independent members and one Cranbrook Voice member, to be nominated by the respective Groups

Reason for recommendation:

With clearly defined eligibility criteria in place, officers can begin to develop the application forms and back-office processes needed to launch the IRF scheme in late September 2021. The terms of reference will enable members of the IRF Panel to make decisions which are consistent with the Policy once the scheme is live.

Officer: Tom Winters twinters@eastdevon.gov.uk 01395 571528

Portfolio(s) (check which apply):

- Climate Action and Emergencies
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change High Impact

Risk: Low Risk;

Links to background information [AIR Fund Prospectus](#), [ARG Guidance](#), [Team Devon Economy and Business Recovery Prospectus](#), [Supporting Economic Recovery](#) Agenda item 13 report to Cabinet 3rd Feb 2021; [Business Support Grant Measures](#) Agenda item 7 report to Cabinet 20th Jan 2021; [Covid-19 Economic Response and Recovery – Resources](#) Agenda item 17 report to Cabinet 25th Nov 2020

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

Report in full

1. Background and context

1.1. To date East Devon District Council has provided Government funded grants to local businesses totalling more than £83.3m, including over £4.2m in discretionary ARG (Additional Restrictions Grant) funding. The delivery of COVID-19 business grant funding has been a lifeline for East Devon businesses of varying sizes operating in varying sectors. As our focus now shifts away from business survival focussed support, the upcoming Innovation and Resilience Fund will act as the Council's primary tool for cultivating East Devon's economic recovery.

1.2. During the 25 November 2020 Cabinet meeting, members agreed to reserve £1m of the original ARG allocation to fund a recovery focussed grant scheme. This was put on hold, as further restrictions were introduced and the whole ARG allocation was required for the survival focussed grants to businesses. As EDDC managed to successfully spend its ARG funds by the Government's July 2021 deadline, EDDC will now receive a further £1,144,070 of funding from Government, all of which must be spent by the end of March 2022. On 14 July 2021, Cabinet approved the request to spend up to £100,000 of this top-up to cover the overspend from the ARG3 scheme, with the remainder used to fund the IRF scheme in lieu of the original £1m reserve. A further £1m of EDDC's business rates retention scheme pilot will be used to match-fund the ARG top-up. Therefore, a total of at least £2,044,070 will be available for the IRF scheme.

1.3. The need for a recovery focussed scheme cannot be understated. The number of East Devon based Universal Credit claimants stood at almost 2,600 in June 2021, compared to just below 1,000 in June 2019. The number of employees furloughed in June 2021 stood at 3,500, with the associated risk of further job losses as the furlough scheme winds down. For those in work, the lowest paid 20% of workers have witnessed a 13% drop in income, with house prices reaching record levels and inflation expected to reach 4% (the highest rate in a decade) later this year.

2. IRF Policy

2.1. There is a clear and practical case for supporting East Devon's recovery from the COVID-19 pandemic. The IRF scheme is the principal means of offering that support at a local level. The IRF scheme places an emphasis on:

- Projects that enable and safeguard high value jobs
- Projects that support business diversification and the development of new and innovative products
- Projects that offer inclusive opportunities to disadvantaged individuals
- Projects that enable carbon reductions and biodiversity enhancements

A key overarching objective is to ensure that businesses and organisations are able to thrive in a post pandemic environment.

2.2. As the IRF is recovery rather than survival focussed, applicants must propose a specific project which they are seeking funding for and propose how much IRF grant funding they require to deliver that project. These projects must have a transformational effect on the business/organisation, rather than supporting aesthetic changes or subsidising their usual operational costs. Grant funding must be used to purchase products and services necessary to deliver the proposed project and must be compliant with the Government's ARG guidance.

2.3. There are two stages to the IRF application process, an expression of interest stage (Eoi) and a full bid application stage. The Eoi will be available to complete online, allowing EDDC to capture all of the information required by Government for issuing ARG funds. The Eoi will also give officers insight into the applicant's proposed project, allowing them to offer advice or refer them onto the BIP (Business Information Point) who can act as a project sponsor, assisting the applicant with their full bid application, at no cost to the applicant. The full bid application will require applicants to outline their project proposal in more depth, allowing officers to score each application against the key objectives detailed in the Policy. The IRF will also enable collaborative applications to be submitted, which can include non-commercial organisations.

2.4. Applicants will score more highly if they are willing to match-fund the project costs themselves or access additional funding from another source. Demonstrating good value for money, risk mitigation and a commitment to spend IRF funding via local suppliers will also benefit IRF applicants. Additional scores will also be applied to those in 'priority groups', including the sectors specified in the Team Devon Economy and Business Recovery Prospectus for example. The scoring matrix will be presented to the IRF Panel for approved prior to launch.

2.5. The name of the scheme was changed from the Adaptation, Innovation and Resilience Fund (AIR Fund) to the Innovation and Resilience Fund (IRF) due to multiple misinterpretations that the AIR Fund scheme was targeted specifically at the aerospace sector, Exeter Airport or businesses located in the Airpark and Skypark. The name was changed to reassure prospective applicants that businesses in all sectors, based anywhere in East Devon, can apply.

3. IRF Panel and Terms of Reference

3.1. The Policy document outlines how the application process for the IRF is to function. An important part of that process is the decision-making roles and responsibilities rested with the IRF Panel. The Terms of Reference set out how decisions are to be made, the role officers have in supporting panel members and ensuring the whole process is consistent with the Policy. This will ensure that every application is taken through the same process route and is judged fairly on its own merit.

3.2. The Terms of Reference also set out the frequency of meetings and the preparatory work undertaken by officers to support panel members in their decision making capacity.

3.3. It is advised that the IRF Panel supersedes the ARG Panel, continuing with the same cross-party allocation of panel members and the same structure of meetings.

4. Engagement and Communications

4.1. To ensure the IRF application process is inclusive, accessible and practical, an IRF Business Review Group will be assembled, whereby a small number of representatives from the local business community will be invited to test and review the application forms prior to the scheme launch. This will ensure the forms do not become overburdened with technical jargon and are written in a way which encourages applicants to submit a full bid.

4.2. A detailed communications plan is being drafted to ensure the scheme is promoted and marketed across the whole local area, targeting a range of businesses across various sectors. This will include email notifications, newsletter releases, social media posts and direct contact with businesses who have already shown interest in the scheme.

5. Conclusion

5.1. The IRF scheme will be a pivotal part of EDDC's economic recovery plan. With a clear Policy document in place, the Economic Development team can begin to deliver the promise to provide an innovation and resilience focussed scheme for local businesses and organisation. An IRF Panel, supported by the Terms of Reference, will allow democratic oversight of the scheme, working in tandem with the Policy document and utilising the positive experiences of the previous ARG Panel.

5.2. Our recommendation is for Cabinet members to approve the Policy and Terms of Reference documents and to confirm the appointment of a cross-party IRF Panel.

Financial implications:

There are no additional finance implications to that previously approved by Council. The funding for this scheme, as set out in the report, is from Government monies and £1m from the Council's Business Rate Reserve which the use of the Reserve for this purpose has already been approved by Council.

Legal implications:

Legal Services has not had the opportunity to review the Terms of Reference and Policy prior to the publication of this paper, we will work with colleagues subsequently to ensure that all is in order and in accordance with scheme rules etc.