

NAME OF COMMITTEE	Resources
DATE	7th October 2014
REPORT TITLE	Rural Development Programme for England – Local Action 2015-2020
REPORT OF	Economic Development Officer
WARDS AFFECTED	All wards in West Devon

SUMMARY OF REPORT:

This report seeks to put in place arrangements that will enable effective delivery of approx. £2.2 million of external funds covering West Devon and parts of South Hams and Teignbridge for the period 2015-2020 under the Community Led Rural Development Programme for England. This community led programme is known as the Greater Dartmoor Local Enterprise Action Fund (LEAF)

FINANCIAL IMPLICATIONS:

1. A contribution of £10,400 (£16,400 less current budget £6,000) per annum for 6 years and totalling £62,400 is required from each of the three local authorities together with a lesser contribution of £6,900 per annum from the National Park in order to deliver both programmes. The Programme predicts a return of investment in excess of £4 million for £62,400 sought from West Devon Borough Council.
2. A cost pressure of £10,400 has been shown in the financial strategy for 2015/16.

RECOMMENDATIONS:

Members of the Resources Committee agree an annual contribution of £16,400 (Current £6,000 plus an additional £10,400) a year for 6 years, totalling £62,400 towards the costs of programme management and administration and project development from unearmarked reserves.

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1. BACKGROUND

RDPE - Local Action 2007 – 2013

- 1.1 During the 2007 – 2013 programme, the Greater Dartmoor LEAF brought in excess of £1.6m European funding to the area to support projects that were focused on:
- Creating and growing businesses
 - Innovative service provision
 - Bringing greater benefits from our unique environment
- 1.2 In total, over 200 projects were funded, and achieved the following results:
- Created over 60 full time jobs
 - Supported over 550 businesses
 - Provided over 750 free/subsidised training courses
 - Attracted over 5,000 additional tourists
 - Provided new/improved facilities for 28 communities 65
- 1.3 Please refer to Annex B – a list of LEAF projects supported 2007 – 2013.
- 1.4 In addition to the European funding, a further £3.2 million of match funding was generated, the majority from the private sector. The final total overall project value exceeded £4.8 million pounds.
- 1.5 The programmes were run through a partnership with South Hams District Council as accountable body (responsible for financial probity and contract holders for the programmes), the DR Company as delivery body (responsible for management and administration) and groups of local volunteers as management teams for each programme (responsible for making decisions about how to invest the funding locally).
- 1.6 The programmes worked to exacting European and national audit standards, with detailed, rigorous procedures for the responsible management and disbursement of the funds to local projects that matched onto the Local Development Strategies.
- 1.7 The programme was recognised as one of the most successful Local Action Groups nationally (out of 64), being awarded with additional funding from Defra in recognition of this good performance.

RDPE - Local Action Transition Period 2014

- 1.8 Funding of £35,000 was secured to develop two new local development strategy (LDS) covering the LEAF area which have been submitted to Defra to bid for RDPE – Local Action funding. Please refer to Annex C which illustrates revised programme areas using parish boundaries. This includes reference to the adjoining South Devon coastal LAG which covers parts of South Hams and Teignbridge not covered by the GD LEAF programme. The two LAGs are jointly administered by South Hams as the Accountable Body and The DR Company in terms of programme management.

- 1.9 DEFRA has given the following guidance regarding the total amount of funding that could be made available:

	LEAF	
Min	£	1,853,000
Ave	£	2,184,000
Max	£	2,623,000

- 1.10 DEFRA have also indicated that we should use the average figure for budgeting purposes, which would provide a total budget of £3.8m across the two programmes.

- 1.11 The calculation for funding Local Action Groups is based on the information below:

Basic minimum budget (calculated to ensure all LAGs sustainable) + top up budget:

- 15% based on rural population
- 20% based on rural density*
- 50% based on GVA compared with England average
- 15% based on sparse coverage*

* ONS definitions of density and sparsity are used for this formula

Transition Period Timescales:

- Consultation with the business community took place between June and July to inform the development of a local development strategy.
- The local development strategy has been written, approved by the LEAF and signed off by the Heart of the South West Local Enterprise Partnership during August.
- The Local Development Strategy was submitted to Defra on the 5th September.
- DEFRA will make a decision during the Autumn of 2014
- The programme starts January 2015
- Funding for projects commences January 2015

Heart of the South West Local Enterprise Partnerships (LEP)

- 1.12 The LEP has submitted plans to Defra for spending a European Agriculture Fund for Rural Development (EAFRD) allocation of approx. £15.5 million. This is a separate funding allocation. It is important that the LEP activities and the LAG/LEAF activities are complementary.

Overarching Aim

- 1.13 To deliver economic growth in rural areas, through job creation, business growth and improved productivity – using Leaders (known as the RDPE - Local Action programme) six policy priorities

Specific Objectives

- 1.14 70% of project funding has to be delivered directly in support of jobs and growth. However, it is expected that every project a LAG approves must

demonstrate it has a benefit to the rural economy. Specific objectives are:

- Support for Increasing farm productivity
- Support for micro and small enterprises including, farm diversification
- Support for rural tourism
- Provision of rural services
- Support for cultural and heritage activity
- Support for Increasing forestry productivity

2. ISSUES FOR CONSIDERATION

2.1 South Hams District Council (SHDC) has agreed to continue as an Accountable Body for the programme.

- SHDC has a proven track record of sound management and administration
- A single Accountable Body for both the LEAF and LAG entity ensures greater efficiency and best value for money

2.2 The Delivery Body for the previous LEAF programme was the DR Company. A procurement process will be undertaken by the Accountable Body at the end of 2014 to ascertain the next Delivery Body.

3. LEGAL IMPLICATIONS

3.1 Under section 2 of the Localism Act 2011 the Council has general powers of competence to promote the economic, social and environmental well-being of its area.

3.2 The report is being brought to Resources Committee so that Members are aware of the future implications for the Council in making this bid.

3.3 A contract between the accountable body, a delivery body, South Devon Coastal Local action Group/Greater Dartmoor Local Enterprise Action Fund to be put in place.

3.4 Un-earmarked reserves over £30,000 (which it will be after 6 years) needs to be approved by Resources Committee. (Financial regulations Section 6)

4. FINANCIAL IMPLICATIONS

4.1 A contribution of £10,400 (£16,400 less current budget £6,000) per annum for 6 years and totalling £62,400 is required from each of the three local authorities together with a lesser contribution of £6,900 pa from the National Park in order to deliver both programmes. This represents a proportionate amount to the benefit expected to be delivered to each local authority area.

4.2 Funds are available through unearmarked reserves.

4.3 South Hams District Council agreed to be the Accountable Body for the previous two programmes and is prepared to perform this role again, achieving a significant efficiency saving.

4.4 The Accountable Body takes responsibility for the legal and financial management of the grant disbursed to the programmes. As the organisation receiving the funding, the accountable body is therefore responsible for putting

in place an audit trail, overseeing contract management with suppliers and ensuring that the projects has sufficient cashflow.

- 4.5 It is the Accountable Body's role to ensure that proper and effective Governance is in place, overseeing the allocation and spend of external funding streams.
- 4.6 The costs to the accountable body is approximately £17,500 per year which would be met through the management and administration budget allocated to the programme.
- 4.7 December 2013, DEFRA announced that the Rural Payments Agency (RPA) will become an 'Expert centre' responsible for processing all Common Agriculture Payments (CAP) which would include payments currently delivered by the Rural development programme for Local Action. It is therefore likely that during the programme the responsibility for processing the payments will transfer to the RPA.
- 4.8 Each project within the programme will have a specific amount of money allocated to it. Should any of the projects exceed its allocation of funding, this would have to be met by the funding applicant themselves, not by the accountable body. Any further risk to the Accountable Body is mitigated by the fact that the funding is paid retrospectively on receipt of invoices and evidence of delivery.
- 4.9 In terms of financial benefits, the opportunity exists to benefit from £3,819,000 across the two programmes over the 5 years to 2020 to support eligible projects with an estimated overall value in excess of £9 million.
- 4.10 Further EU funding is likely to become available as the programmes progress, and will be awarded to the programmes performing most effectively. The local partnerships running these programmes have an excellent track record and plan to benefit from this opportunity.

5. RISK MANAGEMENT

- 5.1 The risk management implications are as set out in Annex A attached to this report.

6. OTHER CONSIDERATIONS

Corporate priorities engaged:	Economy, Environment and Community
Considerations of equality and human rights:	N/A
Biodiversity considerations:	N/A
Sustainability considerations:	This programme will contribute too a more resilient and sustainable business environment, focused on jobs, growth and productivity within the rural economy

Crime and disorder implications:	None
Background papers:	None
Appendices attached:	Annex A – Strategic Risk Assessment Annex B – GD LEAF Projects 2007 – 2013 Annex C – GD LEAF Boundaries Map

7. CONCLUSIONS

- 7.1 This programme presents an opportunity to maximise an external funding, whilst meeting a Council priority within the Economy Delivery Plan and contributing towards the development of a resilient and vibrant local economy.
- 7.2 This funding would also lever additional financial contributions from other sources to the extent that the total value of projects to be supported is expected to be in excess of £4 million. **Every £1 spent by the Council in the previous programme attracted £133 project value.**

STRATEGIC RISK ASSESSMENT

Risk Score 20-25: very high; 12-19: high; 8-12; medium; <8: low

No	Risk Title	Risk/Opportunity Description	Inherent risk status			Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel		
1	Local Authority Contributions	Failure to approve contributions leading to loss of funds/opportunity to continue highly effective partnership delivery of projects and programme	5	2	10	↔	<p>Other authorities would have to consider delivering the programme without this support.</p> <p>A reduced contribution may be possible but may result in reduced support for projects and reduced impact.</p> <p>Close partnership working would need to be achieved in any event.</p>
2	Programme Delivery	Lack of project ideas and capacity to deliver/opportunity to deliver a range of projects which are ready to commence and will be realised throughout the lifetime of the programme with significant impact on the viability of the local economy.	4	2	8	↔	<p>Currently there is a long list of projects keen to apply for these funds, but should this dry up then there would need to be additional promotional and capacity building activity with associated costs.</p>
3	Officer capacity in view of other work pressures, as well as the capacity of partners	Focused approach to work load. This project would be delivering key actions within the Economy Delivery Plan & adding value to the wider local economy.	4	2	8	↔	<p>Capacity remains limited but has been effective throughout the last programme and with no further reduction in staffing levels, in particular in the early phases, then a similar high level of delivery can be anticipated.</p> <p>Without it further expertise would need to be acquired at a significant cost or again the programme may fail to deliver effectively.</p> <p>This could lead to reduction of funds and a lost opportunity to apply for additional funds later in the programme.</p>

