

Report to: **Overview & Scrutiny Panel**

Date: **17 March 2016**

Title: **BRIEFING ON THE SOUTH DEVON COASTAL LAG AND GREATER DARTMOOR LEAF PROGRAMMES**

Portfolio Area: **Strategy & Commissioning
Cllr Michael Hicks**

Wards Affected: **All**

Relevant Scrutiny Committee: **N/A**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **n/a**

Author: **Liz Abell** Role: **Managing Director, The DR Company & Programme Manager, Greater Dartmoor LEAF & South Devon Coastal LAG**

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RECOMMENDATION:

That the Panel

- 1. Endorse the contents of this report; and**
- 2. Advise The DR Company how they would like to be kept informed about the activities of the Local Action Groups.**

1. Executive summary

- 1.1. This report details the governance arrangements and how decision making is performed in respect of applications to the South Devon Coastal area Local Action Group (SDC LAG) and the Greater Dartmoor area Local Enterprise Action Fund (GD LEAF).
- 1.2. The procedure for processing and deciding upon LAG projects is very robust. They are governed by the Rural Payments Agency (RPA, part of Defra) and cover every element from first contact with projects through to project completion and claiming grant money.
- 1.3. It is recommended that the Panel endorse the contents of this report.
- 1.4. The Panel is requested to confirm to DR Company how they would like to be kept updated about the progress of the scheme and the activities of the groups.

2. **Background**

- 2.1. At the November O&S Panel meeting, the Business Development Group Manager presented an update on the LEADER programme. Members requested further detail around the governance and decision making processes employed by the SDC LAG and GD LEAF and invited Liz Abell, the Managing Director of the DR Company to present to the panel on this topic.
- 2.2. South Hams District Council has been awarded €1.895 million to allocate to projects in the SDC area and €2.465m to allocate to projects in the GD LEAF area, €4.36m in total. These awards were made from the Rural Development Programme for England (RDPE). Note: These figures are stated in € Euro as this programme distributes European funds.
- 2.3. These amounts include the cost to deliver the schemes which will be completed in conjunction with our contracted programme managers, the DR Company (The Diverse Regeneration Company CIC). The net amount available to prospective applicants is €3.73m after all of the animation and running costs have been accounted for.

3. **Local Action Group (LAG) Processes and Decision Making**

- 3.1. The procedures for processing and deciding upon LAG projects are very robust. They are governed by the Rural Payments Agency (RPA, part of Defra) and cover every element of procedure from first contact with projects through to project completion and claiming grant money.
- 3.2. Basic decision process:
 - ⇓ Applicant contacts DR team for advice on eligibility and a Project Advisor is allocated
 - ⇓ Applicant completes 16 page outline application form, with assistance from Project Advisor
 - ⇓ Outline application is formally checked for eligibility and fit with programme objectives by DR team, using 7 page form and 27 page guidance notes. This typically takes 1 day per project.
 - ⇓ If eligible, applicant completes 31 page Full Application form plus 3 x quotes for every item requested, supporting documentation (e.g. marketing plan, relevant permissions, etc.), with assistance from Project Advisor. This typically takes 2 – 3 days per project.
 - ⇓ Full application is formally checked in detail for eligibility by DR team, using 14 page check form and 25 page guidance form. This typically takes 3-5 days per project.
 - ⇓ Full application is appraised by trained volunteer from the local area, using 10-25 page appraisal form, and 54 page guidance notes, with extensive assistance from the DR team. This is taking 1.5 - 2.5 days (for volunteers) and 2 – 4 days (for DR team) per project currently.

The appraisal includes a check on displacement, competition and “deadweight” as part of the impact/outputs of the project. Deadweight is activity that would happen even if the project did not receive the funding applied for.

- ⇓ Appraisal is quality checked by RPA to ensure all guidance has been followed precisely.
- ⇓ LAG members make decision, based on appraiser’s recommendation and information about whether or not to fund the project. Conditions may be set. Process governed by guidance notes.

3.3 LAG Decision Panels: Each LAG has a member application process. Applications are scored according to a standard system by the LAG appointment panel (of 5/6 people, including Cllrs). Aim is to ensure coverage geographically, by gender, age group, business sectors and knowledge areas. Anyone can apply at any time. All applications will be considered. Representation from all relevant local authorities includes both a councillor and an officer on each LAG.

3.4. Absolute rules:

- Conflicts of interest are declared, recorded and acted upon
- All key duties within the process are carried out by independent people (Separation of Duties)
- The whole process is regularly and rigidly audited.

3.5. Project Delivery

Projects are contractually bound to spend on (and only on) the items listed in their application. Expenditure must be evidenced and payments are made in arrears against verified costs. Project outputs are reported and evidenced, e.g. must include NI numbers for people in new jobs created.

Project have to demonstrate they have complied with all funding conditions. 15% (min) held back until all conditions and evidence supplied. If project is found to have failed to deliver what they declared, up to 100% funding can be clawed back.

3.6. General Note on the Programmes:

All process have been developed centrally and are considerably more complex and time consuming to administer than previously experienced. When DR Company tendered for this work, our responses and budget were based on previous experience.

The actual requirements far exceed this, and our budgets are stretched to the limit to deliver the programme. We are actively lobbying for some of the bureaucracy and complexity of this programme to be reduced.

4. Brief Summary of Previous Programme Impact

4.1. Greater Dartmoor Local Enterprise Action Group 2008 - 2013

Funding: £2.0m from EU/Defra, matched with £3.2m from private sector, invested in over 100 projects

Some of what has been achieved through these projects:

- Created over 59 full time jobs
- Helped over 500 businesses with a combination of funding and business advice
- Provided free/subsidised training for more than 750 people
- Attracted over 5,000 new tourists to the area
- Provided new and improved facilities in 28 different communities

4.2. **South Devon Coastal Local Action Group 2008 - 2013**

Funding: £1.8m from EU and Defra, matched with £3.3m private sector money, invested in 113 projects

Some of what has been achieved through these projects:

- Created over 35 full time jobs
- Helped over 135 businesses with a combination of funding and business advice
- Provided free/subsidised training for more than 275 people
- Attracted over 3,500 new tourists to the area
- Provided new and improved facilities in 54 different communities such as sports facilities, community shops, etc

4.3. We also carried out surveys with local businesses, and found that:

“Around one third of businesses had taken the opportunity to access public funding to assist with business development plans, usually less than £10,000 per business.

Their experience of this was overwhelmingly positive in terms of business benefits, reporting increased profitability and turnover as a direct result.

The results were more positive for businesses in receipt of SDC LAG funding than other types of funding. Whilst the application process, particularly for South Devon Coastal LAG was considered challenging, the benefits far outweighed the effort involved, and has enabled businesses to thrive in spite of the wider economic conditions.”

Further details on all of this are available on the DR Company website, or on request.

4.4. **New Programmes 2014 - 2020**

Both programmes are now open and accepting applications. There is around £1.2m available in South Devon Coastal area and £1.5m in the Greater Dartmoor area for projects (variable depending on € exchange rate)

The new programmes are economically focused.

To date, Greater Dartmoor LEAF has approved funding for two projects, amounting to £85k of investment. Greater Dartmoor was only the third programme nationally (out of 80) to agree any funding.

South Devon Coastal will make a first funding decision in March 2016.

5. Options available and consideration of risk

- 5.1. South Hams District Council has contracted with the RPA to become the accountable body for the LEAF and LAG scheme. It has also contracted with DR Company to be the programme manager for the delivery of these schemes. These contracts run simultaneously until the end of 2020.
- 5.2. Members should note that risk is assessed throughout the project appraisal and approval process, as detailed above in section 3.

6. Proposed Way Forward

- 6.1. It is recommended that the Panel endorse the contents of this report.
- 6.2. The Panel is requested to confirm to DR Company how they would like to be kept updated about the progress of the scheme and the activities of the groups.

7. Implications

Implications	Relevant to proposals	Details and proposed measures to address
Legal / Governance	N	There are no direct legal implications arising from the report
Financial	Y	There are no direct financial implications arising from this report. South Hams is the accountable body for both groups, but does not make a financial contribution. Staff costs to administer the scheme are reimbursed as part of the administration of the scheme.
Risk	Y	Risk to South Hams District Council of being the accountable body and contracting body with successful applicants is mitigated due to the governance arrangements surrounding the LEAF and LAG groups and the considerable checking process employed by those groups and the RPA.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	N/A
Safeguarding	N	N/A
Community Safety, Crime and Disorder	N	N/A

Health, Safety and Wellbeing	N	N/A
Other implications	N	N/A

Supporting Information

Appendices: None

Background Papers:

- Update on the Rural Development Programme for England (RDPE) 2014 – 2020, a report to Overview & Scrutiny Panel, 19th November 2015 by the Group Manager, Business Development