

NAME OF COMMITTEE	Executive
DATE	11 September 2014
REPORT TITLE	Rural Development Programme for England – Local Action 2015-2020
REPORT OF	Economic Development Officer
WARDS AFFECTED	All wards in the South Hams

SUMMARY OF REPORT:

This report seeks to put in place arrangements to enable effective delivery of approx. £3.8 million of external funds, covering South Hams, West Devon and Teignbridge for the period 2015-2020 under the Community Led Rural Development Programme for England.

These community led programmes are known as the South Devon Coastal Local Action Group (LAG) and the Greater Dartmoor Local Enterprise Action Fund (LEAF).

FINANCIAL IMPLICATIONS:

1. An annual contribution of £16,400 per year for 6 years, totalling £98,400 towards the costs of programme management and administration and project development from the Economic Initiatives Reserve.
2. The costs to the Accountable body of £17,500 per year which would be met fully through the management and administration budget allocated to the Rural Development Programme for England. More details appear at section 4 below.

RECOMMENDATIONS:

That the Executive:-

1. Approves that the Council performs the function of Accountable Body for both the Greater Dartmoor Local Enterprise Action Fund (LEAF) and the South Devon Coastal Local Action Group (LAG) for the Rural Development Programme 2015-2020
2. Agree an annual contribution of £16,400 per year for 6 years, totalling £98,400 towards the costs of programme management and administration and project development from the Economic Initiatives Reserve.

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BACKGROUND

1.1 Rural Development Programme for England (RDPE) - Local Action 2007-2013

During the 2007 – 2013 programme, the Greater Dartmoor LEAF and South Devon Coastal LAG, brought a total of £3.8m of European funding in to the area to support projects that were focused on:

- Creating and growing businesses
- Innovative service provision and
- Bringing greater benefits from our unique environment

In total, over 200 projects were funded, and achieved the following results:

- Created over 80 full time jobs
- Supported over 650 businesses
- Provided over 1,000 free/subsidised training courses
- Attracted over 8,500 additional tourists and
- Provided new/improved facilities for 65 villages (e.g. community shops, village halls, etc)

Appendix A shows a list of the LAG projects supported under the 2007-2013 programme and

Appendix B shows a list of the LEAF projects supported under the 2007-2013 programme.

In addition to the European funding, a further £6.57 million of match funding was generated, most of it from the private sector. The final total overall value exceeded £9 million pounds.

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 Devon Renaissance (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).

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.

The programmes were recognised as two of the most successful Local Action Groups of 64 nationally and both being awarded additional funding from the Department for the Environment, Food and Rural Affairs (Defra) as they progressed in recognition of this good performance.

1.2 Rural Development Programme for England (RDPE) - Local Action Transition Period 2014

Funding of £70,000 was secured to develop two new local development strategies (LDS) covering the LEAF and LAG areas which have been submitted to Defra to bid for RDPE – Local Action funding. Appendix C illustrates the revised programme areas using parish boundaries.

1.3 Rural Development Programme for England – Local Action 2015-2020

Defra have given the following guidance regarding the total amount of funding that could be made available:

	LEAF		LAG	
Min	£	1,853,000	£	1,446,000
Ave	£	2,184,000	£	1,635,000
Max	£	2,623,000	£	1,865,000

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.

1.4 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

1.5 In 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.

1.6 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.

1.7 Transition Period Timescales

The following table sets out the transition period timescale:

Actions	Timescale
Consultation with the business community to inform the development the local development strategies.	The consultation took place between June and July 2014
The local development strategy has been written, approved by the LEAF and the LAG and was signed off by the Heart of the South West Local Enterprise Partnership	August 2014
The Local Development Strategies for the LEAF and the LAG were submitted to Defra	5 th September 2014
The procurement of a delivery body	Commenced at the beginning of September 2014 and will be completed before Christmas
Defra will make a decision	Autumn 2014
The programme commences	January 2015
Funding for projects	Commences January 2015

1.8 Heart of the South West Local Enterprise Partnerships (LEP)

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.

1.9 Overarching Aim

To deliver economic growth in rural areas, through job creation, business growth and improved productivity – using Leader (known as the RDPE - Local Action programme) six policy priorities noted in 1.8.

1.10 Specific Objectives

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 and
- Support for Increasing forestry productivity

2. ISSUES FOR CONSIDERATION

2.1 South Hams District Council has been identified as the potential accountable body for both the LEAF and the LAG programme on the basis that:

- The Council has a proven track record of sound management and administration and
- A single entity would be the most efficient means to achieve best value for money.

3. LEGAL IMPLICATIONS

- 3.1 Under the Localism Act 2011 General Powers of Competence the Council has power to promote the economic, social and environmental well-being of its area.
- 3.2 The report is being brought to Executive 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.

4. FINANCIAL IMPLICATIONS

- 4.1 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.
- 4.2 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.
- 4.3 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.
- 4.4 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.
- 4.5 South Hams District Council received management and administration costs of £10,000 per year over the duration of the RDPE 2007-2013, which was put toward the audit team's costs. The costs to the Accountable body for the 2015-2020 programme is likely to be £17,500 per year which would be met fully through the management and administration budget allocated to the programme.
- 4.6 The RDPE 2007-2013 programme required an internal audit of every individual project claim to a standard set by Defra. The same extensive audit process was required by Defra regardless of the value of the claim and involved 70 days of auditor time in the peak year, and was subject to inspection. The Council's audit team were able to take this requirement into its plans during this period but with reduced resources following T18 this may not be possible in the future programme, depending on the standards and volumes set.

There may be a financial implication therefore in meeting the audit need of the programme which will only become known when Defra's requirements become clear.

- 4.7 The Council made an annual contribution to the delivery body of £27,000 per year for the delivery of the LEAF and the LAG programmes over the duration of the RDPE 2007-2013 programme. A reduced annual contribution to the delivery body of £16,400 per year is being sought for the RDPE 2015-2020 programme.

5. RISK MANAGEMENT

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

6. CONCLUSIONS

- 6.1 This project represents an opportunity to maximise an external funding opportunity, whilst meeting a Council priority within the Economy Delivery plan and contributing towards the development of a resilient and vibrant local economy. For every £1 spent in the 2007-2013 programme an investment of £23 was achieved.
- 6.2 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 £9 million.

7. OTHER CONSIDERATIONS

Corporate priorities engaged:	Economy, Environment and Community
Statutory powers:	Section 2 of the Local Government Act 2000
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:	Strategic Risk Assessment LEAF projects supported 2007-2013 LAG projects supported 2007-2013 Map of programme area

STRATEGIC RISK ASSESSMENT

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	Accountable Body Function	<p>Financial risk</p> <p>Funding opportunity of £3.8m across SHDC, WDBC & TDC</p>	4	2	8	↔	<p>Each successful project within the RDPE programme will be allocated a specific amount of funding. Should any of the projects exceed its allocation of funding this would be the responsibility of the project applicant.</p> <p>Funding for projects is paid retrospectively upon the provision of appropriate evidence which is inspected by Audit.</p> <p>10% of total projects costs are withheld from partners & businesses until the project has been completely signed off.</p> <p>Monitoring and evaluation of the programme will be undertaken on a regular basis.</p> <p>Meets an economy delivery plan priority: Maximising Funding Opportunities.</p> <p>The total project value is likely to exceed £9m</p> <p>The funding programme will be focused on the economy.</p>	
2	Local Authority Contribution	<p>Failure to approve Local Authority contribution could lead to the loss of the RDPE Local Action funding opportunity and the continued highly effective partnership delivering a community led programme of projects.</p>	5	2	10	↔	<p>Other Local Authorities would have to consider delivering the programme without this Councils contribution. This would severely affect the number of successful projects delivered in the South Hams as there would be no project development assistance.</p> <p>A reduced contribution would result in reduced support for projects and reduced overall impact of the overall programme.</p>	

3	Programme Delivery	Lack of project ideas. Capacity to deliver the programme	4	2	8	↔	Business workshops were held through June & July to gather project ideas to inform the creation of a local development strategy . Production of an effective communication strategy Sound Performance Management using proven processes and systems.
4	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	↔	Procurement of a delivery body to carry out management, administration and project development by a company that will have a proven track record with sound performance management to increase the capacity of both the Council and its partners. Council officer capacity remains limited but has been effective throughout the last programme.

Risk Score 20-25: very high; 12-19: high;

8-12; medium; <8: low