

**Tyne Esk LEADER Programme 2014-20: Progress Report****Report by Director of Education, Communities and Economy****1. Purpose of Report**

- 1.1 The purpose of this report is to update Cabinet on the progress of the Tyne Esk Leader Programme 2014-20 following Scottish Government approval of the Local Development Strategy and Business Plan.

**2. Background**

- 2.1 The LEADER programme (an acronym in French meaning links between actions for the development of the rural economy) is one element of the Scotland Rural Development Programme 2014-2020 (SRDP) which aims to improve agriculture and promote economic and community development within rural areas of Scotland.
- 2.2 The LEADER Programme in Scotland and SRDP is part of the European Union (EU) Common Agricultural Policy (CAP) and is funded by the European Commission and the Scottish Government. LEADER is a bottom-up method of delivering support to communities for rural development. Grants are awarded by Local Action Groups (LAGs) to projects that support delivery of a Local Development Strategy.
- 2.3 The aim of LEADER is to increase support to local rural community and business networks, to build knowledge and skills and encourage innovation and cooperation in order to tackle local development objectives.

Scottish LEADER Programmes are expected to contribute to seven areas of activity;

- driving community action on climate change
- enhancing rural services and facilities, including transport initiatives
- enhancing natural/cultural heritage, tourism and leisure
- supporting food and drink initiatives (e.g. short supply chains, community food)
- building co-operation with other LAGs in Scotland, UK and Europe
- equal opportunities for all in our rural communities
- sustainable development of fisheries areas (for fisheries).

There are 21 LEADER Programmes in Scotland each run by a separate LAG.

- 2.4 The previous two LEADER Programmes (Leader + 2002-06 and LEADER 2007-13) have been administered by East Lothian Council as lead and have applied throughout the rural areas of Midlothian and East Lothian. Midlothian Council has supported these programmes as a key partner providing funding towards administration support and performing some key administration functions. Midlothian's elected member with the portfolio for Economic Development, supported by the Economic Development Manager has held a voting role on the LAG for these past two Programmes making decisions on funding allocations, project approvals and strategic priorities.

### **3. Arrangements for the New 2014-20 LEADER Programme**

- 3.1 At the close of the 2007-2013 LEADER Programme it was proposed that Midlothian Council would pursue the role as lead Accountable Body for the new 2014-20 Programme. This decision was supported by the previous LAG and both Local Authorities.
- 3.2 Midlothian Council Economic Development staff have led the development of the new Tyne Esk LEADER Local Development Strategy (LDS) and Business Plan for the 2014-20 Programme in close partnership with colleagues from East Lothian Council. These two documents were submitted and approved by the Scottish Government in November 2015. (Copies of both documents have been placed in the Members' library).
- 3.3 Midlothian Council has received an indicative funding allocation from the Scottish Government of £3.4M to administer a LEADER Programme throughout the rural areas of Midlothian and East Lothian running until the end of 2020. This programme will deliver the priorities set in the Tyne Esk LEADER LDS. This LDS has been produced and agreed by the LAG and is the result of extensive public consultation. An associated Business Plan for the Programme has also been produced which sets out the processes and structure for the strategy delivery.
- 3.4 The Tyne Esk LAG for the new 2014-20 programme has 16 individual members. All were selected through a competitive process for their skills and areas of expertise which will enable delivery of the outcomes identified in the LDS. The LAG has a minimum 51-49% split between the non-public and public sector in line with Scottish Government guidance. The chair and vice chair have been elected through a democratic process.
- 3.5 The portfolio holder for Economic Development Cllr Jim Bryant is a voting member on the LAG, supported by the Economic Development Manager who can vote by proxy in Cllr Bryant's absence. This position is mirrored by counterparts from East Lothian Council. The remaining LAG members represent various industries and sectors from throughout East Lothian and Midlothian. Community planning officers from both Local Authorities have observer status on the group to strengthen the link between the LAG and the community planning function within each area.

#### **4. Aims, Objectives and Funding**

- 4.1 The approved Tyne Esk Local Development Strategy for LEADER has the following aims, objectives and themes. This was produced as a result of extensive public consultation and in consideration of existing neighbourhood plans and local strategies.

##### **Aim**

To strengthen our rural communities: economically, socially and environmentally.

##### **Objectives**

- To support our communities to be more inclusive, resilient and to flourish.
- To create/enhance conditions for business growth and set up.
- To support the local environment, natural and built, to add value to our communities and businesses in a sustainable way.

There are two overarching priorities: community development and co-operation; and economic development.

In order to help achieve these objectives three key development themes have been identified:

- Community, co-operation and cohesion.
- Economic development, including business development and local employment.
- Enhanced environment.

Grants will be awarded to projects that can successfully demonstrate a strong link to one or more of these themes and which consider the LEADER values of innovation and cooperation.

- 4.2 Within the Tyne Esk funding allocation of £3,490,769, the Scottish Government stipulate key areas of spending:

- Administration: Up to 25% of the budget to deliver and administer the programme. This includes staff costs. A small proportion of this will be used towards administration of the Forth Fisheries Programme which covers part of East Lothian and will be led by Scottish Borders Council.
- Farm Diversification: minimum 10% of budget allocation
- Rural Enterprise: minimum 10% of budget allocation to assist businesses and business activities.
- Cooperation Projects: minimum 10% of budget allocation for collaborative projects with other LEADER areas nationally or at European level.

This leaves a remaining 45% of the budget for the main local grants programme.

- 4.3 Working within the LEADER framework, the LAG has the capability to set and review spending priorities along with minimum and maximum levels of funding awards. LEADER has the capability to fund up to 100% of project costs if agreed through the LAG. At this time further guidance is awaited from the Scottish Government as to eligibility criteria for the Programme.
- 4.4 LEADER is a rural fund and has a maximum population threshold of 150,000. This means it would not have been possible for the whole of East and Midlothian to be included within the programme. Settlements over 10,000 are also ineligible unless a strong argument can be provided for inclusion, whilst in keeping within the 150,000 population limit.
- 4.5 The LAG proposed, and this has been accepted by the Scottish Government, that the areas to be included in the Tyne Esk LEADER programme 2014-2020 are:
- All of Midlothian with the exception of Dalkeith but including Dalkeith Country Park
  - All of East Lothian with the exception of Musselburgh West and parts of Musselburgh East (but including the Wallyford and Whitecraig areas)

It was felt the rural argument to support the inclusion of these areas was less strong and omission of both reduces the overall Tyne Esk population to slightly over 150,000. This has been accepted by the Scottish Government. This represents improved coverage from the 2007-13 LEADER Programme where in Midlothian, Penicuik was ineligible along with areas of Bonnyrigg and Lasswade.

- 4.6 On approval from the Scottish Government, Midlothian Council as Accountable Body has been issued with a Service Level Agreement (SLA). This details the relationship between the Council and the Scottish Government and also the requirements, responsibilities and accountabilities of each for the Programme period 2014-20. This SLA has been issued to all 21 Accountable Bodies delivering LEADER Programmes throughout Scotland. Spend on the Tyne Esk funding allocation cannot begin until this SLA is signed by both parties.
- 4.7 A separate Memorandum of Understanding will be drafted detailing the relationship, responsibilities and accountabilities between Midlothian Council and the LAG.

## **5. Report Implications**

### **5.1 Resource**

Within the Tyne Esk funding award, up to 25% of this can be designated towards administration costs. The LAG has stipulated within the Local Development Strategy and Business Plan that this allocation will be utilised in full in order to effectively perform the administration function.

This budget allows for the recruitment and employment of new staff members to administer the programme. Benchmarking against similar LEADER areas with similar budget allocations has identified the requirement for three new staffing positions; a LEADER Coordinator, Project Officer and Finance Support Officer. These staff members will be employed for the duration of the Programme until the end of 2020. They will be based within Midlothian Council's Economic Development Team, reporting to the Economic Development Manager. The full costs of employment including salaries, equipment and training will be met and claimed for within the administration budget of the Tyne Esk awarded LEADER allocation. In keeping with the conditions of funding, these positions will be advertised externally.

Staff members will be located within Fairfield House. Whilst all direct staffing costs will be reclaimed from the funding allocation, an amount of in-kind costs will be applicable to Midlothian Council. This includes indirect staffing costs such as provision of office accommodation, access to supplies and services such as telephone services, office supplies, IT support and HR services. As with all European programmes, there is set guidance on record keeping and maintaining audit trails which must be retained for a period of seven years following the closure of the programme. Acknowledgement to LEADER funding support must be made clear throughout the administration and promotion of the Programme.

The LEADER staff team, working alongside the LAG, will lead on the coordination, development and management of the Tyne Esk LEADER Programme. They will ensure the effective financial and compliance management of the Programme in line with requirements of the Service Level Agreement. At this time further guidance is awaited from the Scottish Government which includes information on claims and financial monitoring. The Scottish Government are introducing an on-line system to help the management of this.

In line with previous LEADER Programmes, funding is awarded retrospectively. This means all programme costs including grant projects must be initially met by Midlothian Council as Accountable Body and claimed retrospectively on production of appropriate evidence to show defrayment of payments from the bank. Repayment claims are likely to be made on a quarterly basis by the Scottish Government. Further guidance is awaited from the Scottish Government on this process.

Detailed within the SLA between Midlothian Council and the Scottish Government is the requirement for Midlothian Council as Accountable Body to provide an annual programme report. This should include a financial and internal audit report. There may be opportunity to purchase external services such as external audit utilising the allocated administration budget if this service cannot be provided in-house.

## 5.2 Risk

Considerable financial and human resource has been spent in the preparation of the Tyne Esk Local Development Strategy and Business Plan which has been approved by the Scottish Government. Withdrawal from the role as lead partner or Accountable Body would result in significant delay to the opening of the programme leaving the LAG to search for another suitable organisation to take on this function. The Programme cannot open nor spend be made until this structure is in place. Local authorities are best placed to take on this role as is the case in all but one of the twenty one Scottish LEADER areas. (The only non local authority Accountable Body is the Cairngorms National Park Authority).

The SLA between Midlothian Council and the Scottish Government setting out the requirement for both partners has been examined by Midlothian Council Legal Services and no major areas of concern have been raised.

The three new staff members forming the LEADER staff team will be key in the management of the programme, ensuring financial eligibility of spend and fulfilling the requirements of the SLA. Failure to deliver on areas within the Programme or SLA does pose some financial risk in terms of reclaiming or disallowance of expenditure. This is not unique to Tyne Esk LEADER or indeed any European funded programme. To deal with such instances and provide comfort to Local Authorities, COSLA are working alongside the Scottish Government to provide a mechanism for dispute resolution for matters legal, audit or financial in nature. However key to minimising this risk is ensuring correct systems and procedures are in place and staff and the LAG work competently within the LEADER guidance. The staffing resource of this Programme has also increased substantially from those previous to ensure effective administration.

The LEADER Programme in Scotland is subject to a national delay in opening, caused by a variety of external factors. Spend on the LEADER Programme is time limited with a requirement for budgets to be allocated by the end of 2019 and project spend reclaimed early 2020. Further delay in the opening of the Programme may result in remaining unallocated grant funding as applicants take time to develop project ideas. This could limit the level of grant funding awarded and therefore local community and business benefit. There is already a high level of public awareness and interest for this Programme with a number of expressions of interest submitted.

## 5.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☒ Community safety
- ☒ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

#### **5.4 Impact on Performance and Outcomes**

The nature of the Tyne Esk LEADER Programme and Local Development Strategy accords across all the themes within the Single Midlothian Plan. It aligns strongly with the Midlothian Economic Recovery Plan, the key sectors and is in fact identified within the Recovery Plan as a key action or mechanism of support. The LEADER Local Development Strategy complements the work of the existing sixteen Midlothian Neighbourhood Plans and may be a potential method of support to aid project delivery. Community planning representation on the LAG helps to encourage collaboration and support for projects strategic in nature working towards achieving joint targets.

#### **5.5 Adopting a Preventative Approach**

The key aim of the Tyne Esk LEADER Programme and Local Development Strategy is to strengthen our rural communities: economically, socially and environmentally. Providing support to strengthen our communities and make them more resilient along with improving conditions for business growth and economic development will help to create a vibrant and successful local economy with the ability to positively address local issues and adapt to change.

#### **5.6 Involving Communities and Other Stakeholders**

An extensive programme of community and public consultation took place to help shape the Local Development Strategy. This included six open geographical sessions taking place throughout East Lothian and Midlothian Six targeted consultations were held with sector specific groups; farmers, social enterprises, small and medium sized businesses and young people. Opportunity to provide views and ideas was also available through an online survey. All sessions were advertised widely via local media, press, public notices, council websites, social media, chamber of commerce and the Federation of Small Businesses (FSB), and voluntary networks.

Building on the results of these specific local consultations have been the findings from the local action and neighbourhood planning processes conducted in each authority area; the Single Outcome Agreement for each area; also taking account of national and European priorities.

The LAG which includes representatives from both Local Authorities along with business, public and third sector have been involved throughout and directly contributed to the development of the Local Development Strategy. The LAG will be the key decision making body for the Tyne Esk LEADER Programme.

#### **5.7 Ensuring Equalities**

The Tyne Esk Local Development Strategy has been assessed against Midlothian Council and East Lothian Council's Combined Equalities Impact Assessment Framework. This has assessed the strategy as potentially providing a number of positive impacts for equalities groups including the following:

- Reduced isolation for older people through, among other things, intergenerational projects
- Access to affordable childcare, to help people take up employment
- Increased engagement/activities for young people
- Improved accessibility which is advantageous for varying forms of disabilities
- Improved employability including improved access to local employment through development of community transport schemes
- Financial and digital inclusion is a specific outcome and will help those in poverty or at risk of falling into it.

The only negative finding is that due to the fact that they are not rural areas, Dalkeith and Musselburgh in East Lothian are ineligible for the Programme. However there are alternative sources of funding to support improvements for groups within these areas.

### **5.8 Supporting Sustainable Development**

The Local Development Strategy highlights the need to involve and mobilise rural communities, enhancing cohesion and building capacity. A key objective within this is to support the local environment, natural and built, to add value to our communities and businesses in a sustainable way. This will be embedded within all LEADER activity.

### **5.9 IT Issues**

The Scottish Government will be rolling out an on-line system (LARCs) to ease the administration of the LEADER Programme. Users of this system must adhere to The Scottish Government's IT Security.

## **6.0 Recommendations**

### **6.1** It is recommended that Cabinet:

- (1) notes the success of the bid for funding for the Tyne Esk LEADER Programme 2014-20, and the details of that funding and operational arrangements set out in this report; and
- (2) agrees that Midlothian Council will act as Accountable Body for the 2014-20 Tyne Esk LEADER Programme.

**Date:** 18<sup>th</sup> December 2015

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### **Background Papers:**

Tyne Esk Local Development Strategy and Business Plan