

Committee and Date Shropshire Hills AONB Partnership 17 March 2015	Item 4
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'NATURAL GROWTH' LEADER PROGRAMME 2015-2020 UPDATE

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Summary

This paper presents an update on the 2015-20 LEADER programme.

Recommendation

The Partnership is recommended to note and comment on the current position with the new LEADER programme.

Background

1. Confirmation of budget

The AONB Partnership as a prospective LEADER Local Action Group (LAG) submitted to Defra on 5 September the 'Natural Growth' Local Development Strategy (LDS) for southern Shropshire as its bid to deliver the 2015 – 2020 LEADER programme (available at <http://www.shropshirehillsaonb.co.uk/looking-after/leader/>). On 26 November 2014 DEFRA confirmed that this submission had been successful.

77 of the 84 submissions to run LEADER programmes across England were initially approved. Following recent approval of a further three submissions on appeal, we received a letter from Defra on 27 February confirming the programme budget for the Natural Growth LEADER programme in southern Shropshire as follows:

	Allocation in Euros (€)	Allocation sterling (£) [This is an indicative budget amount based on a 0.8 exchange rate].
Allocation	€2,540,000	£2,032,000

This is the 13th largest allocation among the 80 LAGs, reflecting both the size of our area and its significant inclusion of uplands, which have been weighted to some extent.

The firm allocation is made in Euros, and the sterling equivalent will be confirmed by Defra annually. This does mean that the actual sterling programme budget will be dependent on exchange rate fluctuations during the period. For both grant allocations and Management and Admin (at 18% of the total programme), this will make planning ahead more difficult, but is unavoidable.

2. Management & Admin (M&A) arrangements

The confirmation of the programme budget enables us to plan in more detail some of the operational arrangements for delivering the programme. We have made a request to Defra for us to operate M&A at the maximum allowable rate of 18%, since the programme amount allocated is less than we had bid for. We are awaiting confirmation on this. An indicative outline allocation of the M&A budget is shown below, based on an overall M&A rate of 18%.

Programme year	LEADER Co-ordinator all-in costs including redundancy	Animation	Management	Admin	Office costs	Publicity	Finance Officer	Monitoring Officer	Totals
Jan 2015 - Dec 2015	£35,912	£2,000	£3,200	£1,600	£900	£539	£6,000	£1,000	£51,151
Jan 2016 - Dec 2016	£36,618	£6,000	£3,200	£1,600	£900	£400	£10,000	£3,000	£61,718
Jan 2017 - Dec 2017	£37,530	£6,000	£3,200	£1,600	£900	£400	£10,000	£3,000	£62,630
Jan 2018 - Dec 2018	£38,519	£6,000	£3,200	£1,600	£900	£400	£10,000	£3,000	£63,619
Jan 2019 - Dec 2019	£39,583	£2,000	£3,200	£1,600	£900	£400	£10,000	£3,000	£60,683
Jan 2020 - Dec 2020	£47,859		£3,200	£1,600	£900	£400	£10,000	£2,000	£65,959
Totals	£236,021	£22,000	£19,200	£9,600	£5,400	£2,539	£56,000	£15,000	£365,760

This is on the basis of a single full-time Co-ordinator employed by Shropshire Council within the AONB Partnership team, with a proposed upgrade (subject to confirmation) from the last programme. The Finance and Monitoring Officer roles are to be provided (on a chargeable basis) by Shropshire Council. The amounts claimable in office costs are subject to detailed guidance and calculations from Defra, and time for line management and admin support are projected and then claimed on a timesheet basis for actual time spent. The level of M&A budget available allows an amount for additional 'animation' (column 3 in the table above). Since this is not really large enough to amount to an additional post, even part time, the preferred option may be to use this to call in time from some other members of the AONB Partnership staff time. This would be at a low enough level to be manageable in workload terms, but would provide valuable linkages with other work these staff are involved in, and they would bring valuable relevant knowledge.

3. Recruitment to Panels

The Partnership as the LAG needs to appoint Approvals and Appraisal Panels. These will need to include representatives of the wider working area of this LEADER programme and appropriate to its priorities, as set out in the Natural growth LDS. Appointees to the Approvals Panel who are not currently Partnership members will become members. This process of recruitment will begin very shortly, in order hopefully to enable members to benefit from some of the training to be offered by Defra (see below).

4. Defra programme development activity

Information aimed at will be published on the GOV.UK webpage. The GOV.UK webpage will be the "landing site" for anyone interested in LEADER and this will include a mapping / postcode locator as well as the relevant links to LEADER group contact details.

DEFRA are in the process of developing a single, nationally consistent Operating Manual for LEADER groups to use. They will be seeking LAGs' views on various documents, forms and guidance during the preparation of it and they anticipate that the majority of the Operating Manual will be ready by the end of March 2015.

In order to roll out the new operating procedures, DEFRA will be running a series of local workshops to familiarise LAGs with the content of the Operating Manual. The sessions will look to cover:

- Eligibility and State Aid regulations
- Carrying out appraisal work, business processes and operating manuals
- Contracting and project monitoring
- The 'DORA' IT database and reporting system
- Claims processing

These training sessions will be primarily aimed at Programme Managers, although LAG chairs, LAG members and other Accountable Body staff are welcome to attend if desired.

A 3 year delivery plan and a 12 month Action Plan will be developed over the coming weeks. Defra's timetable working towards a June / July start date is as follows:

March 2015

- Discuss the content of the national LEADER handbook with LEADER representatives.
- Finalise the National LEADER handbook and approve local specific content.
- Discussions on proposals for LEADER Exchange Group for the new Programme.
- Formally contract with approved LAGs.

April/May 2015

- Formal training for LEADER group representatives in operating processes and procedures, eligibility, state aid, IT systems and appraisal training.
- Discussions on proposals for co-operation for the new Programme.

May / June 2015

- Forms and Handbook presented to LEADER groups: these will only be distributed for use once the training programme has concluded. In the meantime DEFRA be asking you for some content for the handbook that is unique to your LAG, for example your priorities.
- First meeting of the national LEADER Exchange Group (date tbc).

June /July 2015

- LAGs invite applications.

The LEADER Co-ordinator has been following up enquiries from potential applicants (including referrals from Shropshire Council and NFU), and giving general advice, with provisos about the start date of the programme. The Co-ordinator's contract has been

extended by three months (until 31 March 2015), and DEFRA have advised that management and administration costs will be claimable from 1 January 2015.

5. Further information

A Questions and Answers document has been published (please see appendix 1). This national document has been created as a result of the questions that LAGs have been sending to their local Rural Development Teams. It will be update regularly up until the point that the National LEADER Operating Manual is released. Not all of the detail of this will be necessary for all Partnership members, but the document does give some useful information on how the new programme will work.

List of Background Papers Natural Growth LEADER LDS submission at http://www.shropshirehillsaonb.co.uk/looking-after/leader/
Human Rights Act Appraisal The information in this report is compatible with the Human Rights Act 1998.
Environmental Appraisal The recommendation in this paper will contribute to the conservation of protected landscapes.
Risk Management Appraisal Risk management has been appraised as part of the considerations of this report.
Community / Consultations Appraisal The topics raised in this paper have been the subject of earlier consultations with Partnership members.
Appendices Appendix 1 Defra LEADER 2014-20 Post Approval Q&A document v1.2

LEADER 2014-2020 Post Approval Q & A

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General

Q1.1 What is LEADER?

A1.1 LEADER is an established method of delivering rural development funds at a local level. It uses local knowledge to promote a joined-up 'bottom up' community-led delivery of RDP grants. In England this is being delivered by Local Action Groups (LAGs) and it targets rural areas with specific needs and priorities.

A Local Action Group brings together individuals from local public, private and civil societies, who have been delegated powers of strategy and delivery. Through an agreed Local Development Strategy, LAGs are able to tackle important local priorities in a locally specific, innovative and participative way.

Q1.2 Where will LEADER operate?

A1.2 Details of the [number] areas where LEADER will operate are available at [Link]

Q1.3 When will the LEADER programme period end?

A1.3 All LEADER project spend will need to be completed by 31st December 2020. M and A claims must be submitted and paid by RPA by End March 2021.

Q1.4 Will there be a National LEADER website and how will it link back to individual groups?

A 1.4 There will be LEADER pages on gov.uk which will have headline information of what LEADER is and which groups are approved etc. These pages will also provide a link to the individual LEADER group websites. However we cannot use gov.uk as the main websites for LEADER groups because they are not government departments. There will also be the National Rural Network pages on gov.uk which will replace what the Rural Network provided under the previous programme.

Role of LAG Members

Q2.1 Are there going to be terms of reference for the LAG members?

A2.1 We hope to be able to issue guidance on the terms of reference, roles and responsibilities, and code of conduct for the LAG in April . Individual LAG members will not be liable for decisions made by the LAG. If a project fails then the RPA will take the decision on what, if any recovery should be sought from the project applicant themselves.

Q2.2 What coverage do LAG members have against the threat of legal action? Parish Councillors have Personal Indemnity cover

A2.2 Individual LAG members should not be subject to any threat of legal action. Applicants will be able to appeal against any rejections through firstly the ABs procedures and the ultimately through RPA appeal procedures.

Contracting with LAGs

Q3.1 Do LAGS have to write a delivery plan?

A3.1 Yes, we will be providing a template for this and instructions on how to complete over the next few weeks.

Q3.2 Will Accountable Bodies be issued with a contract for the full programme budget (of which a proportion will be M&A) or will the AB receive a contract for the M&A only?

A3.2 The AB will receive a contract for full programme budget of which a proportion will be M and A as the AB is responsible for ensuring that the programme budget is committed and projects deliver and claim to contract.

Q3.3 Will the Accountable Body receive a grant offer letter for Management & Administration?

A3.3 Yes, the RPA will contract with the Accountable Body for programme expenditure including Management & Administration. We will confirm budgets and issue contracts shortly.

Q3.4 Given the fact that LAGs will receive a new Sterling allocation each year to reflect exchange rate fluctuations, will contracts cover the full programme period or will a new contract be issued each year?

A3.4 The contract will set out the lifetime allocation in Euros. This will then be converted into Sterling for budgeting purposes on an annual basis. Therefore, the sterling allocation over the life time of the whole programme will be subject to fluctuations based upon the Euro/Sterling exchange rate.

Q3.5 If fluctuations in the exchange rate result in a reduction in available M&A, how will LAGs/ABs be covered in the event that a significant change in exchange rates lead to the programme becoming unaffordable?

A3.5 This is a risk that the Accountable Body and the LAG will have to carry. We will confirm Sterling budgets annually which will give the AB some scope to plan ahead. We will be monitoring exchange rates closely and their impact on M and A.

Budgeting

Q4.1 Is it still the expectation that LEADER projects will be allowed to match with other public funding?

A4.1 This will be covered in the applicant's handbook. For projects of a commercial nature we would expect that the RDP grant would be matched with private funds. For non-commercial projects, other sources of public funding could be used as match; however state aid would need to be considered.

Q4.2 Are FE colleges public or private organisations?

A4.2 Public.

Q4.3 Some LEADER groups may choose to operate a 5 year programme as opposed to a 6/7 year programme. Towards the end of the programme, if budgets are increased or redistributed, will they be at a disadvantage?

A4.3 It is too early to say with any degree of certainty. It would depend on when any redistribution was made, and it would also depend on what the M&A requirement of the LAG would be. For example, if it is project budget that is available for reallocation (and not project budget plus a pro rata M&A budget), then a group may not have sufficient M&A/resources to support them in spending any extra allocation.

Q4.4 What guidance will Defra/RPA be giving on the parameters for changes to the financial profile? For example, will there be restrictions on the amount of changes a LEADER group can make to their priority allocations, given that the way that they allocated these formed part of the LDS assessment process?

A4.4 We would expect a LAG's allocation to each of the priorities to remain as set out in the LDS unless there is justification to change due to, for example, changes in the economic climate/new government priorities etc. The mechanism for requesting a change will be through the Delivery Plan which LAGs will be required to submit to us annually.

Management and Administration

Q5.1 Can the groups exceed 18% M and A for the first year but over the programme life average 18%?

A5.1 Yes, as project spend is likely to be quite low in the first year.

Q5.2 We understand that Accountable Bodies will be permitted to incur M&A costs from 01/01/15. The AB would like to recruit a short-term post for say an initial 6 months at perhaps 1 or 2 days per week. This would be a part time post to keep things moving until we are ready to employ a full time/longer term post later in the year. Is it acceptable to use M&A to fund a short term post from Jan-June 2015?

A5.2 This would be an eligible cost. It is suggested that a local RD discuss the merits/disadvantages to this proposal given that training of LAG staff is expected to take place in April/May

Q5.3 Does the apportionment methodology for staff time only apply to those not working on the RDPE project full time and can all their salary costs (including sickness/holidays/bank holidays/etc) therefore be claimed for those working full time?

A5.3 Yes. All staff costs can be claimed for staff employed full time on LEADER.

Q5.4 How should the LEADER groups profile M&A costs - monthly or quarterly?

A5.4 We will supply LAGs with a proforma template to complete shortly. The assumption is that LAGs will claim for M&A costs on a quarterly basis, and quarterly profiling will be sufficient.

Q5.5 If an Accountable Body appoints one LAG officer to manage 2 LAGs, would there be a need to complete timesheets to apportion the time spent working on each LAG? Or would the AB simply claim back the full salary as they would if this person is only working on one LAG?

A5.5 The AB will need to keep a record of how they apportion time between the various LAGs to ensure each LAG is compliant with 18% M and A limit. However we expect that only one claim for M and A need be submitted for each AB .

Q5.6 Are there any special rules governing claiming for Travel and Subsistence both by members and in the M and A?

A5.6 We would expect that if possible and if the LAG member represents a particular organisation, the T & S should be paid for by that organisation. If T S is to be reimbursed from the M and A budget then the normal T & S rules operated by the AB would apply.

Q5.7 What does the term “Breakdown of T&S” in the M&A Guidance mean?

A5.7 We would expect to see details of the travel and subsistence, so effectively we would need to see the detail of the claim the staff member submits to the Accountable Body for reimbursement, dates of travel, purpose of travel, detail of rail costs or mileage etc.

Q5.8 What procurement process do LAGs need to demonstrate when going to external contractors to for example) design a new website?

A5.9 We would expect Accountable Bodies to follow the procurement rules outlined in the Guidance on M and A issued in December 2014.

Q5.9 The M&A Guidance states that “Where there is missing evidence of spend or defrayal, an irregularity will be raised and the associated funding will be withheld. A penalty may also be raised against the claim.” Could you advise the specific penalty?

A5.9 The rules for the new programme are that where an irregularity is found to be in excess of 10% of the claim total, then the irregularity amount is removed from the claim, and a penalty equal to the irregularity amount is also applied. So if the irregularity was £11 in a £100 claim, then the penalty would be £11 so the claim would be reduced by £22. The previous programme used 3% for the trigger.

Q5.10 The M&A Guidance states that “LAGS/Intermediary Bodies will not be given more than 14 days’ notice of the [Set-up Evaluation] visit”. How much notice will be given?

A5.10 We would hope to be able to give 14 days’ notice for these checks but there may be occasions when either party needs to hold the visit earlier so it is not possible to define how much notice we could give.

Compliance

Q6.1 What are the expectations on separation of duties?

A6.1 This is dependent on decisions about delegation and we therefore cannot give a definitive answer at the moment.

Q6.2 It might not be possible to provide original invoices. Is it acceptable to provide certified copies?

A6.2 Accountable Bodies should explain what they can and cannot provide to adhere to the M and A Guidance and why. RPA Compliance will then need to decide whether this is acceptable or not.

Q6.3 What evidence is required in support of NI and pension contributions?

A6.3 Accountable Bodies need to provide evidence that they have paid the HMRC for the employer's NI contributions etc. This should be bank statements as explained in the M and A Guidance.

Q6.4 What constitutes eligible expenditure for publicity?

A6.4 Accountable Bodies should seek to achieve value for money in their use of M and A and use digital by default wherever possible to promote the availability of LEADER funding.

Q6.5 The M&A guidance issued to LAGs states that printing costs are not eligible expenditure (page 5 iv). Why is this?

A6.5 This is to do with government publicity rules. Government policy is to move towards digital publication of guidance and on-line application wherever possible. As part of marketing, the costs of creating the pdf are eligible; the costs of printing are not, except in very exceptional circumstances. .

Project selection

Q7.1 Under what circumstances would Defra/RPA exercise the right of veto over a project at sign-off? Should Defra/ RPA views be made available to LAG members earlier to save discussion time on non-acceptable projects?

A7.1 We expect that RDT will be involved early on in project eligibility issues, before the project reached the LAG decision making bodies for a final decision.

Q7.2 Will LAGs be able to approve projects which are physically located outside of the LAG area but where the end beneficiaries are within the LAG area? For example, a woodland management business that is located in an urban area but carries out their activities in rural areas - or a farm that is consumed by an urban area but is still a working farm.

A7.2 It is expected that the project and the beneficiary will be located in the LAG area. The LAG would have to carefully consider why projects outside of their area can't access other funding sources, and why the LAG is an appropriate funding route. The LAG would also have to satisfy themselves, and be able to demonstrate that the beneficiaries are within the LAG area.

Q7.3 Will commissioned projects be allowed and if so how will the process work?

A7.3 We are yet to design the business process for procured projects so will provide further details on due course.

Q7.4 How will co-operation projects be dealt with?

A7.4 We are finalising the process for how the Co-operation fund will work and will provide further details in due course.

Q7.5 Will there be small grants / delegated grants/ fast track grants? And how will they operate?

A7.5 We will be issuing a nationally consistent two stage process in the first instance. We may then be in a position to consider a fast track process at a later stage.

Q7.6 Where the measure allows discretion will LAGs be told by us what rate to use or will they be permitted to exercise a degree of local flexibility?

A7.6 The final amount of grant and therefore intervention rate will need to be determined by the appraisal assessment of need for public funds. The project should only receive the minimum amount of fund required to ensure the project can go ahead.

Q7.7 What are the requirements for project applicants in terms of procurement?

A7.7 Projects must follow the procurement process we will set out in the Handbook.

Q7.8 How will appeals from failed applicants be dealt with?

A7.8 We would expect that in the first instance the applicant should use the individual accountable bodies' appeals routes. If an applicant exhausts that route then we will look at what the next steps might be.

Guidance and training

Q8.1 When will the National LAG Operational Guidance be available?

A8.1 We will be providing a full suite of training in April/May when we will be covering various aspects of the business process and operating manual. We hope to upload draft versions of the guidance onto the new IT system (DORA) before the training commences.

Q8.2 What tools will be available to LEADER groups to find out if an applicant is based in an eligible area?

A8.2 In the first instance we will be providing groups with maps but are also looking at the possibility of a postcode look up tool. We will provide more details in due course.

Q8.3 Is it still the expectation that ABs will issue their own offer letters?

A8.3 Yes. Accountable Bodies will issue their own offer letters. Training will be provided on the level of detail to be provided in the offer letter to projects.

Q8.4 If the Accountable Body feel assured that M&A can be reclaimed from 01/01/15, are they able to advertise for staff after 01/01/15 and will all recruitment costs also be eligible for claiming back once contract signed?

A8.4 Guidance on M and A was issued on 19 December 2014 to all successful groups. The cost of recruiting LAG staff is an eligible cost, but ABs will need to check our guidance for advice on how to evidence the defrayal of such cost.

Q8.5 How many staff per LAG will be trained? How many training sessions will be required to cover the range of topics?

A8.5 We expect to provide (as a minimum) training on the following subjects: project eligibility and state aid, business processes (operations manual), appraisal training, DORA, We would expect that the representatives would be dependent on the subject matter but programme managers, LAG members and AB would be welcome to attend. We may need claim processing training depending on the outcome of delegation discussions.

Q8.6 New staff may not be in post until March/April 2015. Will there be subsequent training for these staff?

A8.6 We now expect that training will commence in April, with further training on claims processing occurring nearer the summer. Groups should consult with the local RDT if they feel that this schedule will not meet their requirements.

Q8.7 Can LEADER training commence mid-March onwards, as they have yet to recruit staff?

A8.7 Training for LEADER groups is planned to start in April, with the majority of the training being completed by June. Training will however be on-going and tailored to the particular phases of project delivery that groups are in. Therefore claims processing training may not be delivered until after June.

Paying Claims

Q9.1 Transition fund remittance notes from RPA have contained no detail e.g. LAG name or reference - what format will be used in the new programme?

A9.1 More information will be provided in the claims processing session but it will identify the LAG by name and reference number.

Q9.2 Will the RPA be imposing a minimum claim amount for LEADER claims?

A9.2 We would expect that the minimum claim for LEADER projects would be £2,500 unless there are exceptional circumstances why it should be lower.

Leader Exchange Group

Q10.1 When will the Leader Exchange Group meet next and will all LAGs be invited?

A10.1 We are currently considering the future structure and role of the LEG and how attendees will be selected and will provide more details in due course. We will set up an online consultation to collect views of all LAGs. .