

Report

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Report to:	Enterprise Services Committee
Date of Meeting:	1 March 2016
Report by:	Executive Director (Community and Enterprise Resources) Executive Director (Finance and Corporate Resources)

Subject:	Lanarkshire EU Rural Development LEADER Programme 2014 - 2020
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1. Purpose of Report

1.1. The purpose of the report is to set out:-

- ◆ the background and outputs from the 2007-2013 LEADER Programme, and
- ◆ proposals for the new LEADER Programme for the period 2014-2020.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the outputs from the 2007-13 LEADER Programme are noted;
- (2) that the outcome of the successful bid to Scottish Government for a new LEADER programme 2014-2020 for Lanarkshire resulting in an indicative allocation of £4,066,953 is noted;
- (3) that the proposals detailed in the report to support implementation of the new programme are agreed; and
- (4) note that Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) may apply to Rural Development Trust employees

3. Background

3.1. The report sets out: (1) what the LEADER Programme is, (2) what the LEADER Programme 2014-20 will do, (3) how the programme will be implemented and (4) next steps and timescales.

What is the LEADER Programme

3.2. LEADER is part of the Scottish Rural Development Programme (SRDP) aimed at promoting economic and community development within rural areas. It is funded by the European Union and Scottish Government to encourage new and innovative approaches to support rural development.

- 3.3. The South Lanarkshire Rural Partnership (SLRP), chaired by Councillor Eileen Logan, with the Council as Lead Partner, has secured two previous LEADER programmes covering 2000-06 and 2007-13. A Local Action Group (LAG) was established with the remit to implement and monitor the previous Local Development Strategy (LDS) and approve funding for projects. Membership of the LAG comprised a range of public and quasi public sector agencies (e.g. South Lanarkshire Council, Scottish Government, Scottish Natural Heritage, Scottish Agricultural College, Chamber of Commerce and a variety of Community Groups and Voluntary Organisations). Guidance from Scottish Government stipulates that public sector representation should be no more than 49% of overall LAG membership. To support the LAG, the Rural Development Trust (RDT) was, following a tendering exercise, appointed to manage and administer the Programme. At closure of the 2007-13 programme RDT staff dealing with LEADER comprised 3 officers: one manager, a development officer and administrator (FTE 2.5).
- 3.4. The 2007-13 programme focused on five themes:
- Developing local communities;
 - Enhancing environmental assets;
 - Improving rural transport;
 - Growing business; and
 - Promoting the rural area including tourism
- 3.5. SLRP was initially awarded £1.47m from the SRDP to deliver actions in the period up to 2013, although this sum was eventually increased to £1.98m reflecting SLRP's proven track record in project development and implementation. An evaluation of the programme was undertaken with the outputs set out in Appendix 1.
- 3.6. In 2013 the SLRP began to prepare for a new programme of activity for the period 2014 - 2020. The Scottish Government recommended that this should also cover part of North Lanarkshire Council (NLC). The reasoning for this was the area in NLC was relatively small geographically, coterminous with and had similar characteristics to the South Lanarkshire LEADER area. It therefore did not warrant a separate programme either administratively or financially. Within this context a new LEADER LDS has been prepared and approved by the SLRP, the LAG and the Scottish Government. This, together with the programme of activity associated with it, seeks to build upon the successes of the previous two programmes.

4. What will the LEADER 2014/20 Programme do?

- 4.1. The SLRP co-ordinated and successfully completed an application process to the Scottish Government. In turn, a grant offer of £4,066,953 was made by the Scottish Government on the 31 August 2015 and the Council as the Accountable Body accepted this on 7 October 2015.
- 4.2. The 2014/20 LEADER programme seeks to develop a sustainable rural South Lanarkshire and improve the quality of life for our diverse rural communities. In doing so, it seeks to address the specific challenges that face our rural communities, including access to jobs and services as well as poverty and disadvantage. In turn, three themes have been identified to guide the programme which also takes into account priorities set by the European Commission and Scottish Government:

- Developing local communities;
- Promoting enterprise, jobs and growth, particularly for young people; and
- Enhancing our heritage, culture and the environment.

4.3. In contrast to the previous two schemes, there is no requirement for the Council to provide match funding to the overall programme. There is, however, a requirement for the Council to act as Lead Partner and Accountable Body, support the programme and raise awareness and understanding of all other potential funding streams and related opportunities to support and complement LEADER activity.

4.4. The Scottish Government has set out as part of its guidance that elements of the overall budget should be allocated as follows:

- a minimum of 20% to business and enterprise half of which is to be targeted at activities for farm diversification;
- programme management and administration to account for a maximum of 25% of the overall award; and
- a minimum of 10% to be applied to Transnational Collaborative projects involving joint work with other LEADER areas for example around youth employment activity, agricultural diversity or community based tourism.

4.5. As set out in paragraph 4.2 three themes have been identified and from this a number of key objectives have been set through consultative processes undertaken, desk research and through discussion with the Scottish Government. This has expressed a consistent support for prioritising spend towards community development and business growth. On this basis it is appropriate that these objectives be given priority in terms of spend. These also reflect the priority outcomes detailed by the European Commission, Scottish Government, the Council and its Community Planning Partners. Measureable outputs and outcomes have been identified for each of the objectives as well as target groups as set out in Appendix 2. Baseline data linked to appropriate indicators are being established against which progress will be measured.

4.6. Taking the above into account, and recognising that the LAG must approve the final figures the funding can be broadly allocated as follows:

Spending Area	SLC	NLC	Total
Developing communities (40%):	£1,019,290	£ 287,492	£1,306,782
Growing Business (35%):	£891,900	£251,554	£1,143,454
Heritage culture and the environment (25%):	£637,033	£179, 682	£816,715
Management and Administration	£ 800,000	£0	£ 800,000
Total	£ 3,348,223	£718,728	£4,066,951

4.7. Given that the Programme will be open to funding bids from a wide range of community groups, voluntary organisations and local businesses (including farms) to undertake projects that align with the key themes within the LDS, it is not possible to be definitive at this stage over what exactly will be supported. This will only be known when project submissions are developed, submitted and approved. Council Services could be applicants to the fund for suitably relevant projects that meet LEADER objectives and eligibility criteria. The programme team will work with Resources and locally based Council backed initiatives, such as the Clyde and Avon Valley Landscape Partnership and New Lanark Trust, to maximise the opportunities available to them. It is anticipated that the funding will meet a range of project costs elements of which may involve staffing.

5. How will the Programme be implemented?

5.1. Following on from the previous sections, attention now requires to be given to put in place the arrangements to deliver the programme. In this regard there are 3 broad areas to consider as set out below.

(1) – Management and Administration

5.2. In broad terms the structure for the previous LEADER programmes remains appropriate i.e. the LAG supported by officers to manage and administer the funds. The LAG, again, comprises of public sector organisations, businesses, third sector organisations and community groups. It is proposed that the new Lanarkshire LAG be formed from the previous South Lanarkshire LAG, supplemented by new representatives to reflect the inclusion of the North Lanarkshire area. The proposed final makeup of the LAG will be reported to an appropriate Committee of the Council for its consideration in due course.

5.3. It is also set out in the guidance that:

- LAGs are established as a wholly independent and autonomous group;
- In line with previous LEADER programmes, public sector representation must not exceed 49% of the make-up of the LAG or sub groups;
- The Chair of the LAG and/or sub groups must be totally independent and cannot be an employee or representative of the Accountable Body; and
- Consideration be given to detailing the respective roles and responsibilities between the Accountable Body and the LAG via a Memorandum of Understanding (MOU). Legal Services have had sight of a number of already approved MOUs for other Leader Programmes in Scotland and are in the process of finalising a bespoke version for the Lanarkshire Leader Programme.

5.4. The Council, as the Accountable Body, has responsibility for the overall management of Lanarkshire LEADER in terms of compliance and finance. On behalf of the LAG, the Council is required to establish a delivery team. The previous two LEADER programmes were managed and administered on behalf of the LAG by RDT. The management requirements for the new programme (including the introduction of a new IT system from the Scottish Government) are complex and more onerous.

5.5. There are two options open to the Council:

- a) go out to competitive tender
- b) bring the management and administration in house

- 5.6. In relation to first of these options, whilst it would on the face of it be useful to test the market, given the scale and nature of the monitoring, reporting and governance arrangements being imposed by the Scottish Government there is a real possibility that such a tendering process could lead to no suitable contractor being identified. Indeed, the RDT Board has already taken a decision not to respond to any tender invitation. The alternative option of bringing the function in house has the attraction of enabling the Council to maintain a very close oversight of the programme, which is crucial given that the authority is the Accountable Body and the inherent risk and potential penalties involved should the programme not be delivered in line with Scottish Government guidelines. On balance therefore, weighing up the remote prospect of landing a good contractor against increased assurance over the successful delivery of the programme in line with Council procedures, it is proposed that it is in the best interest of the authority to bring this function in house.
- 5.7. This view is supported by the fact that the management and administration of the new programme of the other 21 LAGs in Scotland is being undertaken by Councils. Therefore it is proposed that the delivery team is established within the Council. Funding for this will be met in full from resources ring fenced in the new LEADER Programme. The staff will be responsible to the LAG for the management and animation of the LEADER Programme in Lanarkshire and have direct operational responsibility for the programme.
- 5.8. Based on the experience of the previous programme, as well as the increased funding level which has to be delivered within a relatively tight timescale across South and North Lanarkshire, it is recommended that the delivery team comprises up to four posts: a Programme Manager, two Development Officers and a Clerical Assistant. These posts have been evaluated in accordance with the council's competence initiative and grading scheme:

Post Title	Proposed No. of Posts (FTE)	Grade/Level	SCP Range	Hourly Rate	Annual Salary (Max)	Total Cost including on costs
Programme Manager	1	Grade 4 Level 2-5	79-88	£20.43- £23.38	£37,282.71- £42,666.16	£47,609.48 - £54,484.69
Development Officer	2	Grade 3 Level 2/4	55-74	£14.28 - £18.97	£26,059.57- £34,618.35	£33,278.07 - £44,207.63
Clerical Assistant	1	Grade 1 Level 1-4	16 31	£8.12 - £10.00	£14,818.19 - £18,429.00	£18,848.74 - £23,303.97

- 5.9. The total cost of this structure (taking a mid salary point) is c. £160,000 p.a, equivalent to c. £800,000 over the life of the five year programme. It is noted that the staff costs is some 20% of the programme funding, and therefore below the 25% guideline referred to in paragraph 4.4. The detail of how it is proposed to fill these posts is set out in the "Employee Implications" section below.

(2) - Reporting Framework

- 5.10. The new Programme will be monitored through processes which are currently in place and which satisfy Council, Scottish Government, Audit Scotland and EU structural fund requirements. A reporting framework is being developed that will provide information on spend and outcomes on an ongoing basis to the Council and its Community Planning Partners. This will comprise of reporting to the CMT, Enterprise Services Committee, the Rural Taskforce, the South Lanarkshire Rural Partnership and the Sustainable Economic Growth Board.

(3) – Service Level Agreement

- 5.11. A Service Level Agreement (SLA) is required to be agreed and signed between the Scottish Government and the Council as Accountable Body. The SLA sets out the roles, responsibilities and delegated functions as follows:
- Scottish Government as the Managing/Paying Agency are responsible overall for operational implementation and delivery of the SRDP in an efficient, effective and regulatory compliant way;
 - South Lanarkshire Council as the Accountable Body (acting on behalf of and with the full authority of the LAG) will, amongst other things; undertake a range of payment and processing functions associated with LEADER development. Under the SRDP the Council is required to provide the animation and administration of the LDS and meet the reporting and audit requirements detailed in the SLA.
- 5.12. A model SLA has been prepared by the Scottish Government and shared with all 21 Councils as Accountable bodies. The Lanarkshire LEADER SLA was signed off by the Council at the beginning of February.
- 5.13. In summary, with a robust SLA in place between the Council and the Scottish Government, an agreed MOU between the Council as the Accountable Body and the LAG and by bringing the management and administration function in house, the Council's roles and responsibilities will be well defined and its interests suitably protected.
- 6. Next Steps and timescales**
- 6.1. Following on from the above, there are now a number of actions that require to be implemented to put in place the structures and management arrangements, and ultimately open the programme up for project bids. An overview of these actions and timescales is set out in Appendix 3.
- 7. Employee Implications**
- 7.1. Following discussion with Personnel and Legal Services, and based on the percentage of time that RDT employees are involved in supporting the LEADER programme, it is currently assessed that TUPE may apply. Those RDT employees who may transfer through this process will be entitled to retain their existing terms and conditions. Although the Council will, in consultation with staff, seek over time to realign these to be consistent with Council terms and conditions.

7.2. On this basis there will be a two stage process to establish the delivery team. First, is to undertake the TUPE process which will include appropriate consultation and information exchange with RDT, due diligence and employee liability checks. Second, should the outcome of the TUPE process result in all or some of the RDT employees transferring to the Council, then it is proposed to operate the programme on this level of staffing (i.e. up to 2.5 FTE) initially before committing to the potential staff complement of 4 posts. All staffing costs will be funded from the LEADER budget. Even if all 4 posts were filled then the staffing costs would amount to around 20% of the total programme costs which would be within the 25% ceiling set by the Scottish Government.

8. Financial Implications

8.1. All salary costs will be met from the resources allocated by Scottish Government for the management and administration of the new programme. As previously indicated there is no requirement for the Council to provide a contribution as match funding to the overall programme. There are continued opportunities for the Council to attract additional external funds to partners' projects in support of the agreed objectives and priorities within the programme.

9. Other implications

9.1. Any risks associated with the Programme will be managed through robust monitoring processes which are currently in place and which satisfy Council, Scottish Government, Audit Scotland and EU structural fund requirements. The Council has a proven track record of supporting the implementation and administration of a wide range of externally funded programmes and projects. Information on spend and outcomes will be reported on an ongoing basis to the CMT, Enterprise Services Committee, the Rural Taskforce and the Sustainable Economic Growth Board.

9.2. There are no issues in relation to sustainability indeed the whole premise of the Programme is to make rural communities more sustainable

10. Equality Impact Assessment and Consultation

10.1. This report does not introduce a new policy, function or strategy, or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

10.2. Extensive consultation exercises have been undertaken with local rural community and voluntary sector groups, Council Resources and services, relevant partner agencies, the local business community and the Scottish Government in developing the new LDS.

Michael McGlynn
Executive Director (Community and Enterprise Resources)

Paul Manning
Executive Director (Finance and Corporate Resources)

24 February 2016

Links to Council Values/Objectives

- Supporting the local economy by providing the right conditions for growth, improving skills and employability
- Tackle disadvantage and deprivation
- Develop a sustainable Council and communities

Previous References

- LEADER Management Programme 2000 - 2006
- LEADER Management Programme 2007-2013

List of Background Papers

None.

Contact for further Information

If you would like to inspect the background papers or want further information please contact:

Jim McCaffer Head of Regeneration Services

Ext: 3813 (Tel: 01698 453813)

E-mail: jim.mccaffer@southlanarkshire.gov.uk/martin.mcmanus@southlanarkshire.gov.uk

or

Martin Mc Manus Rural Regeneration Manager

Ext: 3834 (Tel: 01698 453834)

E-mail: martin.mcmanus@southlanarkshire.gov.uk

LEADER 2007-13 Outputs

Developing Local Communities

- 158 community groups receiving financial support from LEADER
- 75 community led capital investment projects supported
- 101 projects supported that established new facilities/services
- 55 feasibility studies/ audits/ surveys undertaken
- 3982 young people supported through a LEADER project
- 1704 people with support needs supported through a LEADER project

Enhancing Environmental assets

- 48 projects supported aimed at environmental enhancement
- 14 access improvement projects supported
- 39 outdoor recreation projects supported

Improving rural transport

- 4 rural transport projects generating 6892 additional passenger journeys

Growing our rural economy

- 176 small / micro businesses advised
- 59 small / micro businesses receiving financial support from LEADER
- 12 new businesses established
- 64 social enterprise led projects receiving financial support from LEADER
- 103 jobs created
- 479 jobs safeguarded
- 39 individuals returning to work as a result of services provided by a LEADER project
- 166 individuals gaining a qualification through a LEADER supported project
- 1429 individuals gaining new skills or re-training through a LEADER supported project

Promoting the Rural area

- 45 tourism projects supported
- 73 promotional/marketing activities undertaken

LOCAL DEVELOPMENT STRATEGY OUTPUTS AND OUTCOMES

Theme	Objective	Target Group	Outputs	Outcomes
Developing Communities	(1) Developing the capacities and capabilities of our rural area.	Community Organisations in most disadvantaged areas; Existing Third Sector and Support organisations and Groups; Voluntary Organisations in North Lanarkshire who have not had LEADER support	3 collaborative projects; 20 Community Awareness events; 5 Community Conferences 15 Projects supported in South Lanarkshire; 3 Projects supported in North Lanarkshire	Increase the percentage of people agreeing that they are more involved in their local communities (in particular the 15% most deprived data zones)
	(2) Provide support framework for community owned and/or managed Assets.	Community Groups/Trusts Community Owned Renewable Energy Projects	5 Asset Transfer Projects Supported. 2 Community owned Renewable Energy Projects supported.	Increase the capacity of the community and voluntary sector in Rural South Lanarkshire to secure strong, resilient and supportive
	(3) Improve mobility for rural residents.	Community Transport providers and residents of remoter rural communities.	3 Community Transport Projects supported.	communities (including the management of assets)

Theme	Objective	Target Group	Outputs	Outcomes
Growing Business	(1) Support younger aged group engagement and employment initiatives	16-25 year olds living in rural area; Rural Social Enterprises	5 Youth Employability Projects with a target of 30 Employees and Trainees	Reduce the level of claimant unemployment amongst 16-24 year olds;
	(2) To improve the viability and vitality of rural town centres.	Development Trusts; Business Groups and Trade Groups	4 Development Trusts Bids supported 2 BIDS supported	Increase percentage of school leavers into positive and sustained destinations;
	(3) To support collaborative initiatives that aim to improve the viability of the areas Agricultural Sector	Local food/drink businesses; Producer Groups; Farmers Markets; and Agricultural Support Groups	5 Businesses supported 2 Social Enterprises supported 2 Producer Groups supported 2 Agricultural Support groups supported	Increase the number of registered businesses per 10,000 adults; Increase the number of business start ups (including farm diversification)
	(4) To improve rural access and customer entry to business support	Social Enterprises Non agricultural / para agricultural businesses with identified growth potential	10 businesses supported 5 Social Enterprises supported	Maintain the number of business survival rates in rural south Lanarkshire over the lifetime of the programme;

Theme	Objective	Target Group	Outputs	Outcomes
				<p>Support the development and creation of a more vibrant rural town culture and identity;</p> <p>Support the development of a local rural transport strategy; and</p> <p>Support key third sector organisations with potential to support the rural economy.</p>
Heritage, Culture and the Environment	(1) To support collaborative visitor initiatives and strategic interactions to protect and enhance our natural and cultural assets.	Community/Businesses wishing to connect to major tourism and natural environmental attractions.	3 Community Projects and 3 Businesses connected to major tourism attractions. 5 projects linked to CAVLP/CSGN	<p>Protect and enhance the natural and cultural heritage assets in Rural South Lanarkshire; and</p> <p>Support collaborative visitor initiatives and tourism opportunities</p>

LEADER TIMETABLE 2015/2016

No	Actions	Timescale
1.	Finalise Staffing Profile. Progress TUPE process and clarify staffing issues.	Feb/March
2.	SLA Conclude discussions with Scottish Government and sign SLA	Feb
3.	Report to Enterprise Services Committee Report to Enterprise Service Committee – 1 March	March
4.	LAG Creation and Establishment. Facilitate the creation of the new LAG. Formalise governance structures and reporting framework via an MOU. Hold introductory meeting.	March
5.	Seek LAG Approval Guidance stipulates that the LAG must approve operational guidance and processes including a scheme of delegation, staffing and delivery resource, theme development; funding / budget allocations;	March /April
6.	Training Establish a training and induction programme.	March /April
7.	Publicity/Marketing and Communication Prepare narrative for programme brochure/press release/web site. Agree community awareness programme of activity	March /April
8.	Rural Community Conference Conference to launch LEADER	March /April
9.	Expressions of Interest Open scheme for EOI's from April 2016	April 2016
10.	Inviting applications	April - Ongoing