



DRAFT PORTFOLIO HOLDER DECISION NOTICE

PROPOSED INDIVIDUAL DECISION BY THE PORTFOLIO HOLDER FOR ECONOMIC DEVELOPMENT

TOPIC – LEADER TRANSITION FUNDING

PROCEDURAL INFORMATION

The Access to Information Procedure Rules – Part 4, Section 22 of the Council's Constitution provides for a decision to be made by an individual member of Cabinet.

In accordance with the Procedure Rules, the Chief Operating Officer, the Chief Executive and the Chief Finance Officer are consulted together with Chairman and Vice Chairman of The Overview and Scrutiny Committee and any other relevant overview and scrutiny committee. In addition, all Members are notified.

If five or more Members from those informed so request, the Leader may require the matter to be referred to Cabinet for determination.

If you wish to make representation on this proposed Decision please contact the relevant Portfolio Holder and the following Democratic Services Officer by 5.00pm on Monday 16 December 2013.

Contact Officers:

Case Officer: Eloise Appleby, Assistant Director (Economy & Communities), eappleby@winchester.gov.uk, 01962 848 181

Democratic Services Officer: Nancy Graham, Tel: 01962 848 235, ngraham@winchester.gov.uk

SUMMARY

Background:

- The current Winchester and East Hampshire LEADER project funded through the Rural Development Programme for England (RDPE) ends in March 2014.
- Fieldfare LEADER (as it is known) has awarded 134 grants valued at £1.4m to a total of 134 projects across rural Winchester and East Hampshire. 81 of these projects are within Winchester District. Grants have been made for micro-business start up and development, farm diversification, training, conservation and community buildings. All of the funds for such grants within the current programme have now been allocated.

- Latest estimates are that 126 new jobs have been created and a minimum of 300 jobs protected across the area as a result of the grants, and that the total investment in the 134 projects equates to £7.5m.
- The Local Action Group (LAG) which oversees the project is a partnership of private, public and community-based organisations, including representatives from East Hampshire District and Winchester City Councils and the South Downs National Park Authority
- Winchester City Council is the Accountable Body for Fieldfare, contracted by Defra and legally responsible for ensuring compliance by grant recipients with funding conditions; for bank rolling administrative costs and grant payments, and for issuing grant payments to successful applicants. LEADER project costs are recovered from Defra and repaid to the Council on a quarterly basis.
- The Council also holds the contracts of employment of the two LEADER staff, hosting a full time Programme Manager and a part time Programme Support Officer.
- The existing employment contracts are fixed term and terminate on 31 March 2014, in line with the current LEADER programme.

The current situation:

- At the present time, full details of a next round of funding for LEADER have not been released. However, Defra invited existing LAGs to apply for transition funding before the summer to ensure continuity between the closure of the existing project and the start of a new programme.
- The Fieldfare LAG submitted a bid to Defra for £36,024 towards staff and activity costs between 1 April and 31 December 2014. In September, Defra announced that the bid had been successful and the full amount would be awarded.
- Applications for transition funding from Defra require evidence of match funding towards the delivery of agreed activities during the transition period. East Hampshire District Council and the South Downs National Park Authority have already provided written confirmation of their contributions, subject to Winchester City Council providing its contribution and the LAG securing transition funds from Defra. These contributions are shown in the Resource Implications section below.
- The LAG has asked the Council to continue to be the Accountable Body during the transition period.

Next steps:

- Government has indicated its continued commitment to the LEADER approach, and is likely to extend its reach in future (eg to urban areas) - possibly under the auspices of the Local Enterprise Partnerships. There is no automatic entitlement of existing LAGs to future allocations. However, maintaining staff capacity during the transition period will ensure that any funding bid from this area will be strong and compelling, giving the Winchester District the best possible chance of benefiting from this continued external investment.
- It is proposed that the Council agree to the LAG's request to continue in the role of Accountable Body during the transition period. Defra has therefore issued a draft transition contract which has been examined by the Head of Legal Services.
- Assuming Members are happy to support this proposal, officers will sign the contract and extend the two staff contracts to the end of December 2014.
- During the transition period, officers will examine emerging guidance from Defra about the next LEADER programme, and will work with the LAG to determine whether the Council is the most appropriate Accountable Body for any future bid.

Strategic Fit:

- The RDPE LEADER project supports delivery of the outcomes of economic prosperity, high quality environment and active communities in the Winchester District Community Strategy. It is a key element of the Council's support for rural businesses and rural communities.

PROPOSED DECISION

- 1) That the proposal for Winchester City Council to continue in its role as the Accountable Body for the Fieldfare LEADER project during the transition period from 1 April 2014 to 31 December 2014 be endorsed;
- 2) That the Assistant Director (Economy and Communities) be authorised to sign and return Defra's acknowledgement letter, accepting the Defra transition grant on behalf of the Fieldfare LAG;
- 3) That the Principal Management Accountant be the nominated individual to sign grant claim forms and any future variation documentation on behalf of Fieldfare (Winchester and East Hants) Local Action Group;

- 4) That, in advance of the 2014/15 budget process, the commitment from the economy and arts revenue budget of £8,000 in match funding for the transition period be approved, for the period 1 April to 31 December 2014.

REASON FOR THE PROPOSED DECISION AND OTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

The LEADER project has brought significant investment to our rural communities, and the Council has identified land-based industries as a core sector in its current economic strategy. Moreover, the project has been well supported by Members throughout the past five years and officers feel it would be difficult to justify a decision to opt out of the project or not to support the Fieldfare LAG when the Council's own budgets are under increasing strain. However, a number of options have been considered as follows:

- a. It would be possible for the Council not to support the transition plans outlined in this Decision Notice. If this were the case, there would be a resulting loss of skills and capacity, potentially reducing the chance of success of a new LEADER bid.
- b. It might be possible to fund the two LEADER posts without DEFRA transition monies (and therefore at a reduced cost in match funding), possibly on a part time basis or reducing the number of posts to one, but the LAG believes this will lead to a lower quality bid and will potentially cause existing post-holders to look for other employment, again leading to a loss of skills and experience. There would also be an impact on other Council staff in terms of providing LEADER-related administration and support (eg for audit visits by DEFRA). Again, given the relatively modest contribution required from each funding partner, the benefits of retaining the full team capacity appear to justify the sums.
- c. The potential for sourcing a private sector funding partner has been discussed by the LAG, but no such partner was found within the timescale set out for bidding.
- d. The Council could decline to be the Accountable Body for the transition period, in which case the LAG would need to find another body to fulfil this function, although some of the Council's existing obligations (i.e. for grants already paid) would remain in place for the next five years. It is possible that a future bid would look very different from the current programme, in terms of the geography, the sectors or the rural issues it covers. Winchester City Council may not be best placed, in this instance, to be the Accountable Body. Indeed, Members may not wish it to play this role, or the LAG may find an alternative body with which it prefers to work for some reason. This Notice in no way seeks to pre-empt such a decision, but the time required to change the Accountable Body simply for this

transition period will divert effort from the more important business of securing another major funding contract from Defra.

- e. The Council could decide not to continue its involvement with the Fieldfare RDPE LEADER project which would mean that it did not need to be concerned with a transition period. This could mean that Winchester City Council would be unlikely to benefit from any future Rural Development funding and European funds delivered through the LEADER approach.

RESOURCE IMPLICATIONS:

The proposed funding package for the transition period is set out below:

Leader Transitional Funding 2014/15 (April - December 2014)		
<u>Expenditure</u>	<u>£</u>	<u>£</u>
Employee & Travel Costs	44,507	
Administration Costs	2,340	
Other Costs (Development & Networking etc)	15,177	
TOTAL Expenditure		62,024
<u>Income / Funding</u>		
DEFRA Transitional Funding	36,024	
East Hampshire District Council Contribution	10,000	
South Downs National Park Authority Contribution	8,000	
TOTAL Income / Funding		54,024
Cost of Services / WCC Contribution*		8,000

* Excluding support services costs

Notes:

- a) The City Council's contribution would be made from the revenue budget for the economy and arts team – no growth funding is required, although this will obviously limit the scope for other project work during the next financial year;
- b) As the Accountable Body, the City Council makes additional in kind contributions of staff time, through the supporting work of its Finance and Organisational Development teams, provision of office accommodation etc. (This was set out in report [OS038](#), the Final Report of the LEADER Informal Scrutiny Group, presented to The Overview and Scrutiny Committee on 28 May 2012.) It is anticipated that support would be required during the transition period, although it would be subject to review in preparing any bid for a future round of Rural Development funding and partnership agreement with the LAG;
- c) The staff costs shown do not allow for severance payments – see 'risks' below.

- d) The LAG has not yet succeeded in securing match funding from any other sources. The Chair of the LAG has confirmed that they will “continue to search for additional sources of revenue for the transition period leading into the next programme” and officers will encourage this, as they do with all funded partner organisations to reduce reliance on local authority finance.

Risks:

As Accountable Body, there is a small risk to Winchester City Council, which has the contract with the staff, in the unlikely event that the other funding partners renege. EHDC and the SDNPA have both issued formal letters of commitment, the latter with a set of standard conditions. Moreover the LAG activities are scalable and either the activities or the staff contracts could be varied in the event of a significant shortfall.

If the Fieldfare programme staff contracts are terminated at the end of December 2014, Winchester City Council, as the Accountable Body and employer of those staff, will be liable for any severance pay due. In total the severance pay is calculated to be £8,702.86 It is understood that this is not typical of current Defra contracts, so Council officers are negotiating with Defra for the agreement covering the transition period (and for any agreement thereafter) to cover all or a significant part of the expected severance costs. It should be noted that severance pay would be due even if the Council decided not to enter into the transition agreement, albeit that the amount would be slightly less.

CONSULTATION UNDERTAKEN ON THE PROPOSED DECISION

The proposal for establishing a transition fund is a direct outcome of the many discussions that have been taking place in recent months about the future of the Fieldfare LEADER project and Rural Development Programme for England

The LAG has discussed at length emerging Government information on the next round of RDPE funding, in order to determine the best way forward for the good of the local rural economy. It has participated in meetings with other LAGs, both locally and at national conferences, and with the Local Enterprise Partnership, Enterprise M3 LEP; with The Wessex Rural and Farming Network and with Hampshire and IOW Local Nature Partnership.

The future of the LEADER project was discussed as part of the mid-term review carried out by an Informal Scrutiny Group in 2011/12, and the subsequent report to Cabinet was very positive about the impact of the programme across the Winchester District.

There is a solid body of support in the rural business community for ensuring that the further RDPE funding is secured for the benefit of the District. The best preparation for this is to retain the expertise, skills and experience of the staff and volunteers that have established such a strong national reputation for the Fieldfare LAG, and to ensure that there is good continuity between the two projects.

**FURTHER ALTERNATIVE OPTIONS CONSIDERED AND REJECTED
FOLLOWING PUBLICATION OF THE DRAFT PORTFOLIO HOLDER DECISION
NOTICE**

n/a

**DECLARATION OF INTERESTS BY THE DECISION MAKER OR A MEMBER OR
OFFICER CONSULTED**

None.

DISPENSATION GRANTED BY THE STANDARDS COMMITTEE

None.

Approved by: (signature)

Date of Decision

Councillor Robert Humby – Portfolio Holder for Economic Development