

THE OVERVIEW AND SCRUTINY COMMITTEE

28 May 2012

FINAL REPORT OF THE LEADER INFORMAL SCRUTINY GROUP

REPORT OF THE CHAIRMAN - COUNCILLOR POWER

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RECENT REFERENCES:

Scrutiny Work Programme 2011/12

<http://www.winchester.gov.uk/CouncilAndDemocracy/ElectedRepresentatives/Committees/OverviewAndScrutiny/General.asp?id= SX9452-A781D6C4&cat=8264>

EXECUTIVE SUMMARY:

At its meeting of November 2011, The Overview and Scrutiny Committee approved the establishment of an Informal Scrutiny Group (ISG) to consider the City Council's involvement in the LEADER rural funding programme which was then just over half way through its five year life.

The terms of reference established by the Group were designed to prompt examination of Winchester City Council's role as accountable body for the Fieldfare LEADER Programme, and lessons learned which could be applied to future programmes, whatever their focus.

A number of guest speakers were invited to give an account of their experience of the Fieldfare LEADER Programme, including grant applicants, a representative from the Government Department for Environment, Farming and Rural Affairs (DEFRA), and the chair of the Local Action Group which makes decisions on the individual grants.

The ISG considered, among other matters:

- the achievements of the Fieldfare LEADER programme
- the strengths and weaknesses of Winchester City Council as a partner
- the full costs to Winchester City Council of being the Accountable Body
- administration
- the ongoing development of the Local Action Group (LAG)
- future funding programmes

The recommendations put forward by the ISG include recognising the good work of the Programme Team and the Local Action Group, alongside suggested best practice for future funding initiatives.

RECOMMENDATIONS:

- 1 That the Committee consider the recommendations of the LEADER Informal Scrutiny Group set out below and refer them to Cabinet for implementation:
 - (i) That Cabinet request Heads of Teams in consultation with the relevant portfolio holder and Head of Finance, to actively seek out relevant funding opportunities in order to deliver the outcomes in the Change Plans.
 - (ii) That Cabinet delegate responsibility to the Head of Economy and Arts in consultation with the Portfolio Holder for Local Economy, Tourism, Communications and Special Events, to allocate resources to bidding for future funding streams in support of the rural economy and market towns as opportunities arise.
 - (iii) That Cabinet considers how best to support the LAG in developing its work beyond the current LEADER funding allocation, by remaining key stakeholders in the LAG, and recognising the LAG as a 'key client'.
 - (iv) That Cabinet delegate responsibility to Heads of Teams to ensure that any future funding programmes have criteria to measure success agreed with the funders in advance, so as to avoid undue staff time renegotiating such criteria with the funders at a later stage.
 - (v) That Cabinet acknowledge the wider benefits to the local economy of the Fieldfare LEADER programme, and be reassured that Winchester City Council's investment into the scheme has been well placed.

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DETAIL:

1 Introduction

- 1.1 The establishment of the LEADER Informal Scrutiny Group (ISG) was agreed at Overview and Scrutiny Committee on 14 November 2011. Members appointed to the Group were Cllrs Power, Clear, Gemmell and Jeffs. Cllr Humby attended as an observer, considering his role as a member of the Local Action Group (LAG).
- 1.2 The LEADER funding programme provides grants for businesses and community groups in the rural areas of Winchester and East Hampshire Districts. It is sourced from EU funding, and has tight controls over its use and eligible activities for the money. Two members of staff are employed to deliver the funding who are both paid from LEADER itself. The Local Action Group (LAG) oversee the process and make decisions as to which applications are successful for the funds.
- 1.3 Members of the ISG agreed at their first meeting that the ISG would review the Fieldfare LEADER programme from the perspective of Winchester City Council as the Accountable Body. The Accountable Body holds the contract with DEFRA (and before that with SEEDA) to ensure appropriate delivery of the programme locally, and is responsible for the employment of the LEADER Programme Team and financial monitoring. Winchester City Council officers also secured the funding at the outset, working in partnership with East Hampshire District Council.
- 1.4 In determining the scope of the ISG, Members agreed that the ISG would seek to establish:
 - a) the achievements of the LEADER programme in the Winchester District to date, measured in terms of:
 - (i) businesses supported
 - (ii) jobs created
 - (iii) long term benefits to the economy
 - (iv) long term benefits to businesses in the rural areas and market towns
 - b) the strengths and weaknesses of Winchester City Council in its partnership with both the Fieldfare Local Action Group and East Hampshire District Council
 - c) the full costs to Winchester City Council as the accountable body

- d) the strategic fit between the LEADER programme and Winchester City Council's economic strategy
- e) How can WCC use future programmes to extend and develop the economy in the rural areas and market towns.
- f) selection criteria for future programmes to extend and develop the economy in the rural areas and market towns
- g) lessons learned from the LEADER experience on which Winchester City Council can draw in considering future major funding opportunities

1.5 It was agreed that the work programme would include presentations from the following speakers:

- a) An introduction to LEADER funding from Ken Brown, Fieldfare Programme Manager and Kate Cloud, Head of Economy and Arts
- b) Fieldfare Local Action Group chairman, David Webb
- c) A successful LEADER applicant, Dave and Caz Parham, Two Hoots Campsite
- d) An unsuccessful LEADER applicant, Debbie Carter, Chocolate Craft
- e) A project which had changed as a result of its LEADER application, Lady Kate Poole, Little Rose Bakery
- f) Winchester City Council financial management team, Darren Kennedy
- g) Winchester City Council Head of Economy and Arts, Kate Cloud
- h) Winchester City Council Head of Planning, Simon Finch
- i) DEFRA representative, Jacque Middleton
- j) South Oxfordshire LAG and accountable body representatives, Kate Forrest and Suzanne Malcolm

1.6 At its final meeting on 20 April 2012, Members drew up a number of recommendations to share with The Overview and Scrutiny Committee, with a view to referring them to Cabinet. These can be found in section three of this report.

2 Summary of findings

2.1 Members heard from a number of speakers, and asked detailed questions about LEADER funding. This raised debate in broader issues about grant funding, and when and how opportunities to bid for funding should be taken. The key areas of discussion were as follows:

- a) *The achievements of the Fieldfare LEADER programme*
Every speaker invited to the ISG reported positive news about the Fieldfare LEADER programme. It is clear that it has been a real success awarding nearly £1.3m to more than 100 applicants since 2009. The customer journey is particularly successful with the development of workshops to help applicants through the paperwork, allowing them to test their ideas with staff, LAG members and other applicants verbally, before committing time to completing the application forms.

63 businesses have been supported with grants. The number of jobs created is to least 123, and evidence provided by the grant recipients is that the funding has made a significant difference to the local rural economy. The long term benefits are the considerable investment in the local rural economy enabling businesses to grow and develop. In addition, there are the intangible benefits of the real partnership which has developed between Winchester City Council and the other stakeholders involved in the programme, and skills and knowledge that has developed amongst everyone involved in the programme.

- b) *Strengths and weaknesses of Winchester City Council as a partner*
 The ISG has learned that during the life of the programme, SEEDA and more recently DEFRA, have demonstrated inconsistency of approach in setting targets, funding availability and measuring success. Throughout each of these incidents, Winchester City Council has remained a positive accountable body, and supported the Programme Team and the LAG in their negotiations around these issues. Special recognition should go to the Council's Finance Team who have had to change the way they work in order to accommodate the programme and subsequent administrative changes.
- c) *The full costs to Winchester City Council as the accountable body*
 The presentations showed that being the accountable body for LEADER funding has come at a cost to Winchester City Council, mainly in terms of staff time bidding for the fund, negotiating contracts with SEEDA, ongoing line management of the Programme Team and attendance at LAG meetings. Indirect costs such as office space, IT support etc are estimated at £18,000 per annum. However, this could be seen as match funding in kind. Members also agreed that the Council's return on investment has been impressive.

The ISG concluded, however, that the overhead costs such as office space and IT would have been borne by the Council in any case, as the Head of Economy and Arts would have been employed at the time. Part of the Head of Economy and Art's work programme has been diverted to the LEADER Programme, but it is felt this is a good use of staff time due to the positive impact on the local economy.

- d) *Administration*
 The Members of the ISG found that the funding stream required an onerous amount of paperwork for both applicants and the Programme Team, especially considering the small size of some of the grants allocated. The paperwork is the same for a £2,500 bid as it is for a £25,000 or £250,000 bid to other RDPE funds. This includes some 52 checks that were originally required by SEEDA of the Programme Team for each application. The team have condensed these to only six checks, in order to make the programme manageable.

The ISG also found that the Programme Team have had to cope with

significant changes in the way the programme is run as a result of the transfer of the programme from SEEDA to DEFRA on the termination of the former. This has resulted in substantial staff time changing local processes in order to accommodate these requests. The ISG recognised that in future such criteria should be agreed at the outset with the funders, and could be proactively suggested by Winchester City Council based on our past experience including that of LEADER funding.

e) *The developing LAG*

The future of the LAG and the Programme Team is currently unclear. Staff contracts run to December 2013, and should there be no ongoing funding, then the experience and expertise of both the staff and the LAG volunteer members could be lost to the District. One of the main achievements of the LEADER programme, is the knowledge base of the team which manages it. A list of skills established and consolidated within the Programme Team, associated Winchester City Council officers and LAG members is attached at appendix two.

At the outset of the Programme, a contract was agreed between Winchester City Council as the accountable body, and SEEDA. In addition, a partnership agreement was signed between East Hampshire District Council and Winchester City Council to identify their roles and responsibilities in the programme. Over time, expectations have changed and some confusion has arisen, therefore, a partnership agreement is currently being drafted between DEFRA, Winchester City Council, East Hampshire District Council and the Fieldfare LAG. This clarifies each partner's role in the delivery of the Fieldfare LEADER programme.

f) *A bankrolling accountable body*

Winchester City Council bankrolls LEADER grants, and claims them in arrears from DEFRA. Alternative models could see grants being paid through the national Rural Payments Agency to successful applicants. It was felt that the City Council's involvement in this process resulted in faster payment to applicants, and a greater level of trust between applicants and the LAG. Winchester City Council has the cash flow in order to achieve this task, but may not be in a position to do this for all/future programmes.

g) *Future funding programmes*

Had the original bid to LEADER funding been unsuccessful, the Council would have allocated resources to writing the bid, with no return on investment. The ISG Members felt that Council officers should make decisions with Portfolio Holders about bidding for future funding streams, assessing the risk that there may not be a return on investment. It is important to bear in mind the wider Council philosophy that in compiling bids it is sometimes the process of working together on the bid that is as important as the outcome.

The ISG recommends that officers should remain vigilant for funding opportunities which meet the change plan objectives, including those covering rural economy issues. Any future funding which is secured should have its measures of success and all other rules and requirements agreed with the funding body up front, so as to avoid disruptive and costly changes at a later stage.

3 Recommendations

- 3.1 That the Committee consider the recommendations of the LEADER Informal Scrutiny Group set out below and refer them to Cabinet for implementation:
- 3.2 That Cabinet request Heads of Teams in consultation with the relevant portfolio holder and Head of Finance, to actively seek out relevant funding opportunities in order to deliver the outcomes in the Change Plans.
- 3.3 That Cabinet delegate responsibility to the Head of Economy and Arts in consultation with the Portfolio Holder for Local Economy, Tourism, Communications and Special Events, to allocate resources to bidding for future funding streams in support of the rural economy and market towns as opportunities arise.
- 3.4 That Cabinet considers how best to support the LAG in developing its work beyond the current LEADER funding allocation, by remaining key stakeholders in the LAG, and recognising the LAG as a 'key client'.
- 3.5 That Cabinet delegate responsibility to Heads of Teams to ensure that any future funding programmes have criteria to measure success agreed with the funders in advance, so as to avoid undue staff time renegotiating such criteria with the funders at a later stage.
- 3.6 That Cabinet acknowledge the wider benefits to the local economy of the Fieldfare LEADER programme, and be reassured that Winchester City Council's investment into the scheme has been well placed.

OTHER CONSIDERATIONS:

4 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 4.1 Community strategy outcome of 'A Prosperous Economy' and Winchester District Economic Strategy 2012-2012, specifically theme two "We are building a low carbon economy, seeking competitive advantage and sustainable employment opportunities for local people."

5 RESOURCE IMPLICATIONS:

- 5.1 Officer time mainly. The full costs of the two employees running the LEADER programme are reimbursed to the Council, although not those of supervisory staff, other Council colleagues or indeed volunteers on the LAG.
- 5.2 In respect of the LEADER programme there is also an interest cost of making payments in advance of receiving re-imbusement.
- 5.3 The Council's Constitution, Financial Procedure Rules, para 7.13 requires that:

The Head of Finance must be notified of any application for or receipt of anyrevenue or capital grant as these may have Prudential Code implications.

Clearly, in respect of all grant applications it is essential that the proper budgetary and financial management arrangements are in place, prior to acceptance of any offers.

- 5.4 This paper recommends that Cabinet considers how best to support the LAG in developing its work beyond the current LEADER funding allocation, by remaining key stakeholders in the LAG, and recognising the LAG as a 'key client'. It is envisaged that this involve officer time only at this stage, and any request for funding to support the LAG beyond December 2013 should be the subject of a further Cabinet paper for decision.

6 RISK MANAGEMENT ISSUES

- 6.1 Potential for wasted officer time should future funding bids be unsuccessful. Officers will work with the relevant portfolio holder to assess the cost/benefit of bidding for any particular funding stream before work is begun.
- 6.2 Danger of loss of skills and expertise of the Local Action Group, and the implied cost to reconstruct such a group in future. Should there be a gap in funding after the end of the current LEADER round in December 2013, Winchester City Council will support the LAG in continuing its role as a lobbying body and 'critical friend' to the Council.
- 6.3 Danger of loss of skills and expertise of the LEADER Programme Team, and the cost of recruitment of staff to implement any future rural funding stream. The Council will work with the LAG to source other suitable funding streams to continue the Team's employment.
- 6.4 Raised expectations of local businesses in terms of continuing financial support through the City Council even after the current programme ends. The marketing of the LEADER programme has consistently identified December 2013 as the end point for the funding. The LAG plan to no longer accept new applications from Spring 2013 to ensure that applicants are not encouraged to apply despite the funding having run out.

BACKGROUND DOCUMENTS:

<http://www.fieldfareleader.org.uk/>

APPENDICES:

Appendix 1 – Map of Fieldfare LEADER area

Appendix 2 – List of skills established and consolidated by the LEADER Programme

The Fieldfare LAG Steering Group

- Strategic thinking
- Policy development
- Marketing and publicity
- Managing expectations
- Group knowledge of the economy of rural areas and market towns across Winchester District
- Negotiating European funding streams

The Fieldfare LAG Appraisal Panel

- Bid assessment
- Business sustainability and viability

The Programme Team and other Winchester City Council Officers

- Customer service
- Identifying grant funding streams
- Applying for grant funding
- Bid assessment
- Negotiation
- Evidencing spend
- Compliance with diverse funding streams

Businesses in Winchester District's rural areas and market towns

- Applying for grant funding
- Formal Business Planning
- Business sustainability and viability
- Compliance with funding streams

