

**Report of the Cabinet Member for Enterprise, Development and
Regeneration**

Cabinet – 16 July 2015

**EU RURAL DEVELOPMENT PLAN 2014-2020 'LEADER' PROGRAMME
GRANT ACCEPTANCE**

| | |
|------------------------------------|---|
| Purpose: | To report on the progress achieved in respect of the Rural Development Plan in Swansea and to seek approval to deliver the 2014-2020 phase of the programme. |
| Policy Framework: | Swansea Bay City Region Economic Regeneration Strategy. |
| Reason for Decision: | To approve and agree delivery of the Rural Development Plan 2014-2020 'LEADER' programme in Swansea. This is a 6-year EU-funded initiative providing a mixture of small-scale capital and revenue funding to eight wards designated as rural in City and County of Swansea. |
| Consultation: | Legal, Finance and Access to Services. |
| Recommendation(s): | <ol style="list-style-type: none">1) Note the progress achieved by the project in securing full approval from the Welsh Government. (WG)2) Authorise the Head of Financial Services, acting as the Authorising Contact for the Project, to accept the Grant Offers made by WG.3) That regular reports are made on progress to the External Funding Panel.4) Agree that a Service Level Agreement be entered into with local delivery organisations where required, with any provisions necessary to protect the Council's interests, subject to evidenced proof of match funding contributions from those organisations. |
| Report Author: | Paul Relf |
| Finance Officer: | Paul Cridland, Jayne James, Jeffrey Dong |
| Legal Officer: | Wendy Parkin |
| Access to Services Officer: | Phil Couch |

1.0 Introduction

- 1.1 Following the update on European and other external funding applications to the External Funding Panel 3 June 2015, this report seeks specific approval to accept grant offers for the Rural Development Programme for 2014-2020.
- 1.2 Under the Rural Development Plan for Wales (part funded by the European Union), the Welsh Government (WG) has sought 'Local Development Strategies' based on the needs of local authority areas containing wards designated as 'rural' in nature. In City and County of Swansea these are: Bishopston, Pennard, Gower, Fairwood, Llangyfelach, Pontarddulais, Mawr, and Penclawdd.
- 1.2 Between November 2006 and July 2007, City and County of Swansea assisted in establishing a small Rural Development Partnership, acting as a Delivery Team of the Swansea Economic Regeneration Partnership, tasked with development of a Rural Development Strategy for the eight rural wards designated by WG. This was agreed with WG 3 July 2007. The Council has operated the 'lead body' function for the Partnership and administration of the funding at local level. The role was undertaken by the European Office within the Economic Regeneration & Planning division.
- 1.3 Funding was agreed for a first Business Plan covering the period June 2008-February 2011, with funding valuing £350,000 EU grant for five projects covering walking and cycling promotion, youth services, and linking local food and crafts producers to new markets. The approach was intentionally cautious to improve chances of success in the bidding process, and enable coverage of Swansea's rural areas by a single overarching Strategy for the first time, tied in to the economic regeneration agenda through the SERP.
- 1.4 Following the successful implementation of the first Business Plan, a second much larger Plan was approved to run from 1 March 2011 to 31 December 2014. The final outturn on the programme was a total investment of £5.2m, with £3.8m EU/Welsh Government grant support through the Rural Development Plan for Wales 2007-2013. In brief the second phase covered the following themes:
 - Improvement of basic services
 - Village and small town renewal and enhancement
 - Conservation and upgrading of heritage
 - Capacity building and development around food, crafts, sustainable tourism and climate change/energy.
- 1.5 Examples of the over 100 projects supported include:
 - Gower Sunday bus services

- Canolfan y Bont Centre in Pontarddulais
- Rural Youth Project
- Walking and Cycling marketing materials (online and hard copy)

1.6 Following a final extension to 31 December 2014, the 2007-2013 Rural programme has now come to an end and documentation is being archived in case of future EC audits.

2.0 Wales Rural Development Programme 2014-2020

2.1 Welsh Government has recently secured approval for the next seven-year Rural programme at national level. For local delivery, the programme follows the same footprint as the previous programme using population density to classify wards as rural or urban in nature. For Swansea this means the same eight wards as previously of Bishopston, Fairwood, Gower, Llangyfelach, Mawr, Penclawdd, Pennard, Pontarddulais. Limited funding can also be supported in service centre wards of Gorseinon, Clydach and Gowerton.

2.2 The 2014-2020 programme includes two strands for use at local level. The first is a 'Rural Community Development Fund' of approximately £54m across Wales. Formal guidance is awaited on this fund, though it is likely to support similar activities to the previous programme, e.g. local transport services, village and small town enhancements, access to services, conservation. The second is the LEADER programme which is aimed at problem-solving and testing of new approaches.

2.3 Welsh Government has decided to operate the LEADER programme on the basis of indicative allocations for each local authority area with eligible rural wards. The funding is allocated on population size and density. The Swansea allocation amounts to £1.4m. To access the funding, a Local Development Strategy document had to be drafted, effectively forming the 'bid' to unlock the allocation. The document was drafted based on various discussions with local stakeholders using events run through the previous rural programme. Following discussion with the Cabinet Member for Regeneration it was agreed that the draft Rural Local Development Strategy be submitted in September 2014. Approval for the document has now been received, and 'LEADER' status for Swansea confirmed. Three funding letters are due to be received during July 2015:

- Running costs: £145,400 (100% grant)
- Animation (project development support) costs: £218,100 (100% grant)
- Implementation costs: £1,363,125 (80% grant, 20% match funding)

2.4 Match funding for implementation costs is proposed as:

- 6% 0.25 FTE Principal European Officer staff time

- 6% volunteer time (achievable based on experience of previous RDP)
- 8% flat rate overhead contribution (part of 15% flat rate overhead allocation)

2.5 Approximately £0.5m is available as grant money within the implementation project, but only to be used to support testing of innovative approaches as solutions to problems being worked on as part of the implementation of the Strategy. Over a six year period only a small number of grants per year could be supported, keeping the administrative burden manageable for the small support team.

2.6 EU regulations require the funding to be managed by an external Local Action Group partnership. No single interest is allowed to dominate, and public sector membership cannot exceed 49%. The Local Action Group must supervise implementation of the Rural Strategy and allocation of the funding. It is proposed that this be a refresh of the existing Swansea Rural Development Partnership.

2.7 The proposal is to base a small team of three officers within the European Team to administer the programme, service the Local Action Group, support project development and report to Welsh Government. The team will also provide regular updates on progress and project developments to the External Funding Panel via the Principal European Officer.

3.0 Equality and Engagement Implications

3.1 Every European programme is subject to a full Equality (and Environmental) Impact Assessment, which are available for public consultation as programme development progresses. Projects and strategies developed for submission to the programme must detail how they will address equality issues as a cross-cutting theme. The level of integration of equality into project and strategy design is part of the formal development and assessment process for every strategy and project seeking European funding. These cross-cutting themes are covered in section 8 of the Local Development Strategy, covering:

- Equal opportunities and gender mainstreaming
- Sustainable development
- Tackling poverty and social exclusion
- Welsh language

The Strategy will be subject to annual review and update. The specific ways the themes will be addressed will change as the programme progresses and the document will be updated accordingly.

4.0 Financial Implications

4.1 A number of issues have been taken into consideration in developing the strategy document based on experience from the current programming round:

- Taking advantage of opportunity to use 15% flat rate for overhead costs removing the need for an audit trail for certain internal transactions and meeting part of the match funding requirement for the programme.
- The proposed programme is deliberately smaller in scale given that staffing resources will be more limited than the previous programme. Use of the 15% flat rate overhead will also reduce administrative burden particularly in relation to audit. The proposed team is proportionate to the scale of the programme based on experience from the previous round.
- Redundancy costs are included to cover for the duration of the programme.
- Grant awards will be limited and flat rate overhead will reduce audit requests to keep impact on central services at a minimum.
- Procurement advice will be sought as appropriate and will build on good practice established via the previous Rural programme.
- Internal match funding requirement being kept low using external volunteer time and flat rate overhead.
- Document retention and storage arrangements are now following the central archiving arrangement led by the European Office, as agreed at Executive Board in June 2014.

4.2 Projected Budget

- Running costs: £145,400 (100% grant)
- Animation (project development support) costs: £218,100 (100% grant)
- Implementation costs: £1,363,125 (80% grant, 20% match funding)

4.3 With match funding comprised of:

- 6% 0.25 FTE Principal European Officer staff time
- 6% volunteer time (achievable based on experience of previous RDP)
- 8% flat rate overhead contribution (part of 15% flat rate overhead allocation)

No other costs to be incurred and appropriate management arrangements will be implemented to ensure successful grant compliance and audit.

5.0 Legal Implications

- 5.1 Documentation prepared to support implementation of current collaborative arrangements will need to be reviewed against updated WEFO and related Welsh Government guidance, taking into account lessons learned from current implementation arrangements.
- 5.2 Generally the terms attached to EU Grant Funding are legally binding and should be formally recorded in an appropriate document/contract with external delivery partners as required.
- 5.3 Procurement rules (both EU and the Council's) will have to be fully complied with in all respects, whether in relation to inter-authority services or the procurement of services from external delivery agents.
- 5.4 The Council will have to comply with all Conditions attached to the offer letters from Welsh Government.
- 5.5 Any documentation entered into as referred to in this Report will have to contain any necessary clauses required by the Head of Legal and Democratic Services and the Head of Financial Services to protect the Council's interests so far as they are able.

Background Papers:

Draft 2014-2020 Rural Local Development Strategy and spreadsheets