

**ANGUS COUNCIL**

**POLICY & RESOURCES COMMITTEE – 1 SEPTEMBER 2015**

**ANGUS LEADER PROGRAMME – UPDATE AND SLA 2014-2020**

**REPORT BY CHIEF EXECUTIVE**

**ABSTRACT**

This report updates the Committee on the process for bidding for European LEADER Funds and European Maritime and Fisheries Fund (EMFF) funding to support rural development activities and fishing communities in decline in the period to 2014 - 2020. The Committee is asked to agree the financial risks associated with the LEADER SLA with Scottish Government to allow the SLA to be signed on behalf of the Council as Lead Partner on behalf of partners (the Local Action Group), and in turn allow staff to be recruited and the Programme to open.

**1. RECOMMENDATION(S)**

1.1 It is recommended that the Committee:

- i) Agrees the financial risks associated with signing the Angus LEADER Service Level Agreement (attached at Appendix 1).

**2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN**

2.1 This report contributes to the following local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- We have a sustainable economy with good employment opportunities: LEADER and Fisheries projects enable employment opportunities and support new development projects.
- Angus is a good place to live in, work in and visit: Through LEADER there have been regeneration projects and those supporting tourism.
- Our communities are safe, secure and vibrant: LEADER Programme is shaped by the community and is designed to empower local development.
- Individuals are supported in their own communities with good quality services: additional services have been provided within rural communities through LEADER funding.

**3. BACKGROUND**

3.1 The LEADER rural development programme will operate on a 7 year cycle covering 2014 - 2020.

3.2 Angus Council will be the Lead Partner for the Angus LEADER and EMFF Programmes on behalf of partners and LEADER funding will be delivered through a Local Action Group (LAG) and EMFF funding through a North East Scotland Fisheries Local Action Group (NESFLAG).

**4. CURRENT POSITION**

4.1 The Scottish Programmes have been developed within the European framework of regulations on the Structural Funds, namely the European Regional Development Fund,

European Social Fund, European Agricultural Fund for Rural Development and European Maritime and Fisheries Fund (EMFF).

4.2 Angus Local Development Strategy and Business Plan

The Local Development Strategy (LDS) and Business Plan were approved by Scottish Government in March 2015. In May 2015 Scottish Government announced an allocation of £2,750,186 for the Angus Local Action Group.

4.3 The timescale for starting the Programme is November 2015 given that staff will have to be recruited. An indicative timeline is shown in Appendix 2.

4.4. As in the previous Rural Tayside LEADER and Angus EFF Axis 4 Programmes, a Lead Partner is required who can assume legal and financial responsibility for the delivery of the Programmes and employ staff. Angus Council will continue in this role as before given their ability and experience as outlined in report 112/15 to Development and Enterprise Committee of 3 March 2015. Key responsibilities include:-

- Financial responsibility for payment of project claims
- Responsibility of ensuring eligible projects are funded
- Monitoring and managing the Programme budget
- Reporting as required to Scottish Government
- Annual accreditation checks, SLA audit and internal audit reporting

**5. FINANCIAL IMPLICATIONS**

5.1 The allocation of LEADER was announced for Angus is £2,750,186. The EMFF funding is scheduled to be announced late 2015.

5.2 The financial implications for Angus Council to support administration of the LAG are outlined in the Business Plan and the full costs of administration are met from the LEADER budget.

5.3 However there are significant financial responsibilities included within the SLA which include:- Under the 2007 - 2013 Leader Programme, following a significant EU audit, a large number of ineligible costs were identified in projects across Scotland which had already been paid to applicants. This was in the main due to incorrect interpretation of the EU rules at the outset which mean that the eligibility criteria used by LAGs across Scotland was not totally correct. This was the guidance used to assess project eligibility thus when changed meant that some costs were in fact ineligible. As a result the Scottish Government paid any ineligible costs to ensure only eligible costs were claimed from EU funds. This was seen as a learning process but after a certain date it was indicated that the Accountable Body (i.e. Lead Partner) could be fined for submitting claims that resulted in ineligible costs. Angus Council has only had to pay circa £3k in LEADER payments refused by SG and this was split 50:50 with Perth and Kinross Council as the previous Programme covered Rural Tayside and was funded from underspent match funding from both councils for administrative costs.

5.4 Under the new LEADER Programme, should any costs be deemed ineligible and thus disallowed, the Accountable Body i.e. Angus Council will be responsible for paying these costs in full or part and the maximum fine would be €250,000 (on a proportionate basis 250,000 being 100%).

5.5 However significant steps have been taken to mitigate the risk of ineligible costs being incurred in the new Programme. These include: a new IT system being introduced by Scottish Government which will increase the monitoring of approved project costs. Scottish Government auditors have been involved from the outset in the interpretation of EU rules and development of the Programme eligibility criteria; and Angus LEADER staff will implement robust financial eligibility checks and ensure close liaison with finance officers to ensure compliance.

5.6 In the unlikely event that ineligible costs still be incurred and repayment required, Angus Council would be liable for these costs and these would be met from within existing budgets.

**RICHARD STIFF**

## **CHIEF EXECUTIVE**

**NOTE:** The following background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

Report 112/15 to Development and Enterprise Committee of 3 March 2015.

**REPORT AUTHOR Shelley Hague – Economic Development Email: HagueS@angus.gov.uk**

List of Appendices:

Appendix 1      Service Level Agreement