

**Open Report on behalf of Richard Wills, Executive Director for Environment and Economy**

Report to:	<b>Economic Scrutiny Committee</b>
Date:	<b>12 July 2016</b>
Subject:	<b>Rural Development Programme/LEADER Funding Progress</b>

**Summary**

This report is to update the Economic Scrutiny Committee on the Rural Development Programme which is focused on protecting the environment, growing the rural economy and creating more jobs. There are four main strands to the programme and this report will focus on the two strands that have specific local input & influence.

**Actions Required**

The Economic Scrutiny Committee is asked to

1. support the work officers are doing on skills to push earlier calls for activity to be brought forward under the European Agricultural Fund for Rural Development (EAFRD).
2. task officers with making representations to the Rural Payments Agency to accelerate the appraisal/approval process.

**1. Background**

The Rural Development Programme for England (RDPE) works to make England's agriculture & forestry sectors more competitive; improve quality of life in rural areas and to diversify rural economies. There are 4 main strands to the Rural Development Programme:

**Countryside Stewardship** scheme where farming & forestry businesses can get funding support for environmental land management, grants for woodland creation, restoring hedges, improving water quality, flood risk management, protecting the historic environment and landscape character.

**Countryside Productivity** scheme which helps farming & forestry businesses become highly skilled, to invest in the best new technology and innovation.

Both of these programmes are managed at a national level and bids are made directly to the national teams.

**Growth Programme European Agricultural Fund for Rural Development** (EAFRD) helps to get new rural businesses off the ground and existing businesses to develop new products and facilities, investing in broadband and renewable energy and promoting rural tourism. Our Greater Lincolnshire European Structural and Investment Fund (ESIF) Committee helps the national team decide how to spend funds in the local area.

**LEADER** funding is a bottom up approach to rural development and gives local communities the responsibility to identify local needs and fund projects to meet them. LEADER groups decide how to spend funds in their area, but DEFRA want 70% of funding to directly support job creation and growth.

As members will be aware from previous Committee reports, we were successful in getting 5 LEADER areas approved covering most of rural Greater Lincolnshire (see Appendix A for a map of the approved Greater Lincolnshire LEADER areas).

Both of these programmes have local input to ensure that funds are targeted towards the right local strategic priorities.

### **Enabling the 'Multi-Fund Approach'**

We want to ensure that our businesses understand the funding opportunities that are available to them and not duplicate or replace activity from the national and more locally led programmes. This has proved challenging as calls for activity have not been aligned, which has made it more difficult to promote a multi-fund approach in the way we had initially hoped. However, as we move towards being able to open more calls for activity, there are still opportunities to make funds work in a more complementary way.

### **Up-date on the Growth Programme European Agricultural Fund for Rural Development (EAFRD)**

The EAFRD indicative grant allocation for Greater Lincolnshire is £8.782m to be spent in rural areas. The Rural Payments Agency (RPA) manages the grants working with local LEP areas and our ESIF Committee helps to set calls for activity and with the RPA decide which grants to make available in the area based on local priorities.

The Forum for Agriculture & Horticulture act as a specialist sub-board to help the ESIF Committee make informed decisions about the focus of funds and our ESIF Committee has a leadership/influencing role with DEFRA to ensure strategic priorities are realised.

We were one of 5 LEPs to open with 'early adopter' calls which were issued in March 2015. Greater Lincolnshire was also one of the first areas to have projects approved with the first contract being awarded to an automated flower grading and bunching line. EAFRD provided just under £130,000 towards the cost of the project and it will create 10 new jobs and help secure the existing 80 jobs at the company.

DEFRA only allowed LEPs to open with limited calls and DEFRA has now asked the ESIF Committee to review the budget and prepare to be able to open next calls for activity in September 2016. The focus of EAFRD funds and proposed calls timetable is as follows:

<b>EAFRD Measure/Theme</b>	<b>EAFRD allocated to call (£)</b>	<b>EAFRD ring-fenced to projects</b>	<b>Date call to be published</b>	<b>Period call open</b>
1.1 Skills for Business	900,000		Late 2017	Would want to open earlier call
2.1 Business Advice	200,000		Late 2017	To be determined by ERDF activity
6.2 Business Start-Up	100,000		Late 2017	To be determined by ERDF activity
7.3 Broadband	400,000		Jan 2017	Open 12 months quarterly determination points
8.6 Forestry	382,192		Jan 2017	As above
16.3 Tourism Co-operation	400,000		Sept 2016	As above
16.4 Food Co-operation	400,000		Sept 2016	As above
4.2 Food Processing	2,331,339	668,661	Sept 2016	As above
6.4 Business Development	1,218,900	381,100	Sept 2016	As above
7.2 Renewables	200,000		Late 2017	As above
7.5 Tourism infrastructure	1,032,800	167,200	Sept 2016	As above
<b>Total</b>	<b>7,565,231</b>	<b>1,216,961</b>		

The revised budget has been agreed by the ESIF Committee and this has been sent to DEFRA for approval. The Forum for Agriculture & Horticulture has advised that they are very keen for this funding to support the skills needs in the agri-food sector and in particular for short courses in the more modern aspects of agriculture and horticulture. This would be particularly focused around increasing automation and technology.

The reason that DEFRA is suggesting a skills for business call to be announced late 2017, is they don't want activity to duplicate what is being delivered under European Social Fund (ESF) which is specifically focused on training. The work that we are doing on ESF should give us budget to fund flexible schemes within big employers, primarily focused on structured training. However, we have already done a study into skills needs in the agri-food sector and this would fill those gaps in provision highlighted above. We are very keen to develop this activity ensuring funding streams are complementary so we want to seek early clarification about what EAFRD can support so that we can dovetail provision effectively. We are also keen for DEFRA to allow us to open with earlier calls as it is felt that leaving this until late 2017 will mean that by the time projects are approved it will leave little time for delivery of a targeted skills programme.

The majority of business support and business advice provision should be provided through our Growth Hub and business support programmes funded through the European Regional Development Fund (ERDF). However, we want to use EAFRD to support specific technical business advice, particularly relating to the Agri-Food sector which will not be covered by ERDF. It is also hoped that start-up provision will be delivered through ERDF, but we have retained a small amount against this measure in case there are any specific gaps identified.

We anticipate that there will be high demand for food processing grants (and this includes support to medium sized enterprises), business development & tourism infrastructure grants which is where there is a higher level of funding allocated to these measures and DEFRA is keen for us to open with earlier calls. We and other early adopter LEPs asked for longer call windows so we can do more effective publicity and give sufficient time for businesses to apply for funds.

### **Up-date on our LEADER programmes**

LEADER funding is available to businesses, farmers, foresters, land managers and communities for projects that create jobs and growth and benefit the rural economy. The funding is distributed through Local Action Groups (LAGs) made up of people from the local community and the local public and private sector. There are five LAGs in Greater Lincolnshire with the following grant allocations 2014-2020:

Lindsey Action Zone	£1.750m
Wash Fens Action Zone	£1.420m
Kestevens Action Zone	£1.530m
Coastal Action Zone	£1.280m
Northern Lincolnshire Action Zone	£1.260m

Although there are smaller pots of funding for each Local Action Group, collectively the Greater Lincolnshire LAGs have an allocation of £7.24m so it is significant across the area. The focus of activity is on: support for increasing farm and forestry productivity, micro/small enterprises & farm diversification, rural tourism, rural services and cultural/heritage activity.

Members will note that there are overlaps of activity with the other rural development programmes. In the main the EAFRD Growth programme funds will be targeted at larger schemes but we need to work closely to ensure we can signpost applicants effectively once further calls for activity are announced under EAFRD.

Since the LEADER programmes were launched late November 2015, the Lincolnshire LAGs have received 116 outline application forms. Five projects have reached contracting stage and range from grants awarded at £33,568 to build a new warehouse & upgrade a field entrance to a Tree Nursery business to £4,200 to retro-fit a guidance system to an existing tractor to allow precision farming.

There have been significant concerns raised at a national level from Local Action Groups across the country in terms of the time taken to process small funding applications and the level of detail expected from applicants and officers in checking funding applications. We know the importance of LEADER funding to rural areas like Lincolnshire and we are starting to move into the delivery of schemes, but we do want more of our officers' time to be spent on project development to support our businesses effectively.

**2. Conclusion**

To ensure that there is a clear demarcation of funding streams, particularly when the next round of EAFRD is announced, it is proposed that a workshop event is held with support from the national lead to promote the Rural Development Programme in Greater Lincolnshire. This is likely to take place September/October 2016 – further workshops will continue that are targeted at specific funding streams to complement this and reach targeted audiences.

We hope that if we are able to clearly demonstrate to DEFRA the skills gap in the agri-food sector, that we would like to support using EAFRD funding, we will be able to push for an earlier call.

**3. Consultation**

**a) Policy Proofing Actions Required**

n/a

**4. Appendices**

These are listed below and attached at the back of the report	
Appendix A	Map of Approved LEADER areas in Greater Lincolnshire

**5. Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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