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Scottish Rural  
Development  
Programme



## Minutes: LEADER Programme 2014-2020.

### Local Action Group Meeting.

**8 February 2017 (11:00) - Grainayre Room, Pickaquoy Centre, Kirkwall**

Present: LAG Members (Public) - Francesca Couperwhite (Chair), Phyllis Harvey (Vice Chair), Morag Robertson

LAG Members (Private) - Edgar Balfour, Brian Cromarty, Dawn Flett, David Scarth, Sarah Sankey.

LEADER Team: Amy Esslemont (LEADER Development Officer), Julie Murphy (Assistant Project Officer) – minutes.

The Chair checked that the meeting was quorate, per the LAG's Constitution formally adopted at the LAG Meeting held on 3 December 2015. The Chair also checked and confirmed that the public/private minimum 49/50 split was met.

### 1. Welcome and Apologies

Francesca Couperwhite, the Chair, welcomed the LAG members. She welcomed David Scarth, to his first meeting since being recently appointed as a LAG member, representing the National Farmers Union. The Chair asked everybody present to introduce themselves.

The LAG noted that apologies had been received from Barbara Foulkes, Keith Dobney, Mark Hull, Hannah Ker, Susan Pirie, Steve Ray, Issy Grieve and Amy Thomson. They noted that Kerry Spence had indicated that she may arrive late, and that Sarah Sankey's attendance would depend on the re-opening of the Churchill Barriers. It was also noted that Nic Thake intended to participate via Skype (however technical difficulties prevented this from being possible).

The Chair explained that due to the limited time available and the number of items to be considered, it would be preferable to re-arrange the order of the proceedings. Francesca suggested she would start with the Financial Summary and the paper on Targets and Programme Budget, followed by the three project assessments, and then the rest of the items would be taken in order. The LAG agreed to this change in the order of the Agenda.

## **2. Financial Summary & Discussion Paper – Targets & Programme Budget**

The chair asked Amy to explain the financial summary and the discussion paper on Targets and Programme Budget.

Amy advised that to-date a quarter of the LEADER budget available for projects had been allocated - £460,000 to eight projects. She added that only one project so far had made any claims, as others were just making formal starts.

Amy also advised that the spend on administration to the end of 2016 was just over £79,000, which was 40% less than originally budgeted for. She added that £35,000 from the administration budget had been moved into the LEADER projects budget.

Amy explained that the core theme 'Support for Orkney's tourism, cultural heritage, crafts and food and drink sectors', was likely to be oversubscribed in budgetary terms, whereas 'Support for Orkney's natural environment and development of sustainable energy' appeared unlikely to meet the targets set in the LDS.

Amy suggested that the LAG may want to discuss the possibility of realignment of the budget and targets, as set out in the Local Development Strategy (LDS). She added that the group may wish to consider the best way to utilise the remaining funds within the allocation, to provide a benefit to Orkney's communities, whilst also considering the LDS targets.

The Chair advised that any changes to the budget or targets would require Scottish Government approval. She explained that there may not be enough funds available at the next meeting, for allocation to projects, with links to the core theme: 'Support for Orkney's tourism, cultural heritage, crafts and food and drink sectors'. It was explained that one large scale anticipated project for the environmental theme was no longer going to apply for LEADER funding due to timeframe issues. The Chair explained that it was important that the LAG agreed to seek Scottish Government approval prior to the next LAG meeting.

A LAG member asked if there were any restrictions to the amounts that could be moved between the budgets. Amy explained that the only restrictions that were in place were in relation to the budgets for Farm Diversification, Economic/Business and Cooperation.

The LAG agreed to request approval from the Scottish Government to enable them to make changes to the targets and the programme budget.

## **3. Assessment of Round 4 Projects**

The Chair explained that there were declarations of interest for one of the project applications - as follows:

- Farming for Wildlife 14/P00015 – Applicant: RSPB – Francesca Couperwhite (Highlands & Islands Enterprise being a match funder) and Sarah Sankey (being an RSPB employee).

Amy read out comments, on each project, which had been forwarded by a LAG member who was unable to attend the meeting.

All the following project applications were assessed using the scoring criteria previously agreed by the LAG (13 criteria with a total of 39 marks available, and a pass rate of 26), and against the following, current LAG and Applicant Guidance versions:

- LEADER General Guidance for Applicants, Version 4, dated 5 January 2017
- LAG Project Assessment Guidance, Version 3, dated 5 January 2017

The projects were assessed in the following order:

**a. Veg, Visitors & Vibrancy for Papa Westray 14/P00013**

The Chair asked Amy to present a summary of the project to the group. She also asked Phyllis to follow this with an explanation of the scoring process, for the benefit of those who had not been through the process before.

Amy presented a summary of the project.

Sarah Sankey entered the meeting at this point. The Chair explained to Sarah the amended order of agenda items. The Chair noted that Sarah had missed Amy's verbal project summary; so before proceeding, she checked that Sarah was familiar with the project details.

Phyllis gave a full explanation of the scoring criterion and procedure.

The Chair asked the LAG to discuss the project, and ask questions.

A LAG member questioned the project's anticipated profit and Amy explained that the project hoped to generate some income, and the applicant was obliged to declare this anticipated income at the application stage.

A member was surprised that there was limited detail provided in relation to the demand for tours by tourists, and asked if the applicant had indicated how many tours the Ranger had carried out previously. Amy advised that this information had not been given in the application and confirmed that, if the project was approved, this information would be collated during the life of the project.

A member asked when the proposed posts would be filled. Amy advised that they would be part of the first stage of the project.

Another member commented that employing the right people for the posts, and the Orkney weather, may prove to be risks to the proposed timeframes given in the project plan.

The Chair advised that previously the LAG had agreed that risks posed by the weather could not be taken into account.

Another LAG member asked, in relation to criteria G - what the difference was between scoring 2 and 3. Amy explained that scoring 3 related to barriers and risks being identified which were more specific to the actual project.

The LAG thought that elements of the project were significantly innovative. They felt that there would be clear benefits for the community of Papa Westray, and the project milestones were very comprehensive.

The group noted that the potential barriers and risks identified were specific and had all been adequately addressed. They agreed that the project would help enhance the sustainability of the community, with strong social, environmental and economic linkages.

The LAG felt that the project's plans to create a habitat for nectar species, in the market garden, would enhance the environment.

The LAG felt that without LEADER funding the project would not be able to proceed at the same scale.

The Chair advised that the Reasonableness of Costs Declaration for the project had been confirmed by an independent third party. The LAG agreed the costs were reasonable.

With a total score of 36 the LAG **approved** the project; with a grant awarded of up to £ 57,148.25 (49.99% - LARCs calculates as 50% - of the approved eligible costs inclusive of VAT).

#### **b. Farming for Wildlife 14/P00015**

At this point Francesca Couperwhite and Sarah Sankey left the meeting. Phyllis Harvey took the Chair. Phyllis checked that the meeting was still quorate and that the public/private split was still met.

Amy presented a summary of the project to the group. She explained that match funding from the Coastal Communities Fund had not been confirmed therefore the LAG would only be able to offer a Decision in Principle.

She advised that the LEADER Guidance had been changed following submission of the application, which meant the applicant had to remove elements of the project - resulting in a slightly increased percentage of LEADER towards other elements.

The LAG was invited to discuss the project and ask questions.

A LAG member asked if only some elements of the project could be awarded LEADER funding. Amy explained the project had to be assessed as a whole, and items could not be excluded, as this would require an entirely new project application.

A LAG member pointed out that the project plan stated that "In Orkney there is no dedicated farm that is wildlife friendly and geared towards conserving wildlife in a farm environment" and asked if this was a known fact. Another member stated that this was not the case, as there were others in Orkney who were

delivering environmental benefits in farming, and that there were environmental schemes available for this purpose.

Some members voiced concerns about the long-term sustainability of the project.

A member asked about the LAG's control over the proposed new barn, and Amy explained that the LEADER obligation period would apply to a period of 5 years after the projects final grant payment being made.

A LAG member questioned whether or not the training, mentioned in the application, was available anywhere else in Orkney. Members thought that bodies such as SAC may provide similar training.

The LAG felt that the project would provide significant benefits for Egilsay and Rousay, and involved broad community involvement.

The LAG did not feel that the projects contribution to the aims of the LEADER programme were proportionate to the substantial amount of funding being requested. They also felt that some of the costs appeared to be ongoing and everyday costs and the staffing level was considerable; with no clear demonstration as to why they were essential for the project. Concerns were also raised about the level of outputs.

The LAG agreed that the scoring should be regarded as indicative, and the application should be deferred. Amy mentioned that deferral of the project may impact on the Coastal Communities Fund match funding. Phyllis pointed out that this match funding was yet to be confirmed.

The LAG decided to **defer** the project, giving the applicant the opportunity to address the concerns of the LAG. Options proposed included:

- significantly increasing the project outputs
- reducing the project costs
- increasing their own funding contribution to the project.

Phyllis advised that there was precedent for this procedure, and the applicant would be able to re-submit to the next LAG meeting on 17 May 2017.

**c. St Magnus Way Phase 1 14/P00024 & St Magnus Way Phase 2 14/P00025**

At this point Francesca Couperwhite returned to the meeting, and expressed her appreciation that Amy had managed to find a workable solution to the difficulties relating to the timings within the St Magnus Way application.

The Chair asked Amy to present summary of the project to the group.

Amy informed that LAG that the project details which had been sent out to LAG members, with the agenda, had changed and the project had now been split into two applications:

Phase 1 – Web development & App

## Phase 2 –Stone Way Markers and Interpretation Boards

Amy advised that this splitting of the project was necessary to enable the project to be considered at the meeting. She explained that before the applicant could accept an offer of LEADER grant they would be required to have obtained all landowners' permissions, and as this was not possible; the project's proposed timeframe would not be met.

Phyllis said that it was unfortunate that no conditional offer letter could be allowed for the original project application. She advised that there had been a misinterpretation of the guidance regarding when permissions and consents were required to be in place. She confirmed that the Phase 2 project would require that permissions were in place before any offer of grant could be accepted. Phyllis explained that it was basically the same project, just in two parts.

Amy explained that the Bluetooth beacons and fence posts would still be installed, but LEADER funding was not being requested for these, and volunteers were going to be used for installation rather than contractors. She advised that the St Magnus Way would be launched in sections.

Amy advised that the applicant is a newly established group; presently with no funds. She added that the last few months of the cash flow showed the group's bank account would have a negative balance.

Amy said she had queried this with the applicant, who did not consider it to be a high risk, and believed that future fund raising would cover the shortfall.

The LAG agreed that the cash flow issue would need to be closely managed by the applicant.

The LAG was invited to discuss and ask questions.

A LAG member asked if the project could be completed given that the funding requested was very modest.

Amy explained that the cost of the App was greatly reduced due to the fact that the applicant would not be creating their own App, but would be utilising an existing one, and adding the St Magnus Way branding.

The Chair advised that the Reasonableness of Costs Declaration for the project had been confirmed by an independent third party. The LAG agreed the costs were reasonable.

The LAG agreed to assess both phases of the project together, with the scoring to be applied to each.

The LAG felt the project had significant benefits at local and programme areas and significant community involvement was evident in both the development and delivery stages of the project.

The group felt the interest shown in the project was evident on Facebook, and the project represented good value for money.

The LAG agreed that the use of Bluetooth technology was highly innovative and new to the programme area.

The group felt that by encouraging people to keep to a clearly defined path, the project would be helping to protect the environment.

The group assessed that the milestones were appropriate, realistic and specific to the project and that without LEADER funding, the project would not be able to proceed within the same timeframe.

With a total score of 34 each, both projects were **approved**:

**St Magnus Way Phase 1** - The project was approved with a grant awarded of up to £9,696.04 (50% of the approved eligible costs inclusive of VAT).

**St Magnus Way Phase 2** – Decision in principle subject to written confirmation of landowners' consents for the placing of the stone way markers and interpretation boards - the grant to be awarded would be up to £8562.60 (50% of the approved eligible costs inclusive of VAT).

#### **4. Minutes of the Last Meetings**

The Chair said she had requested that the Draft Minutes for the meetings held on 22 September 2016 and 16 November 2016, be circulated to LAG members for their consideration by email.

The Chair advised no amendments had been suggested, and Steve Ray proposed approval of the both sets of Draft Minutes, and this had been seconded by Nic Thake.

#### **5. Enquiries received and anticipated projects**

Amy advised the LAG that fifteen Expressions of Interest (Eols) had been received since the last LAG update in November 2016. This gave a total of over 60 Eols to-date; including one cooperation project idea from the Soil Association which involved working with schools and communities, looking at crofting heritage.

Amy confirmed that a few enquiries had been received for farm diversification projects.

Amy advised that the two themes generating the most interest were – 'Support for Orkney's community services and facilities' and 'Support for Orkney's tourism, cultural heritage, crafts and food and drink sectors'. She advised that cooperation and farm diversification were areas which would need to be targeted further, going forward.

Phyllis suggested that in future the names of specific farms should be excluded from the report, and reminded the LAG that such reports were to be treated as confidential. The LAG agreed that this action would be appropriate.

#### **6. Change Requests**

Amy summarised the change requests received since the last LAG meeting.

She advised that the Kirkwall Bowling Green now had the relevant permissions in place, but as the contractor had hoped for an autumn start date, they had to re-plan their work programme. Amy confirmed that work at the site had commenced recently.

Amy explained that the Birsay Play Park project had been delayed as the group were waiting to hear about their Tesco grant, which would be used to pay for an item of equipment. The applicant felt it sensible to order and purchase all of the play park equipment together.

## **7. Update on the implications of Brexit**

The Chair explained that she was not aware of any changes, and had asked Amy to circulate a few papers, on Brexit, with the agenda. She advised that these papers were for information.

Phyllis advised that no further information had been received on LEADER timeframes, and this was still being discussed with the Scottish Government.

## **8. Cooperation update**

The Chair asked Amy to summarise the recently received cooperation guidance.

Amy advised that the LAG can award up to 100% intervention rate for co-operation projects (subject to state aid assessment), however Orkney's Local Development Plan and Business Plan had set the intervention rate at 75%.

She confirmed that preparatory support could be awarded for application development, engagement within local stakeholders and potential co-operation partners. Amy stated that the intervention rate for preparatory support would be 100%, subject to a State Aid Assessment, and would be limited to a maximum of £5,000 per applicant/application.

She also advised that Co-operation projects must be approved within four months of the application submission date.

Amy explained that if Scottish LAGs decided carry out a cooperation project together, then one of those LAGs had to opt to be the Lead LAG. She added that a Lead LAG would be required to take full responsibility for all aspects of the project. The partner LAGs would only be required to assess whether the project met with the themes/aims of their own Local Development Strategies.

Amy advised that Shetland had an interest in a cooperation project on a walking theme.

Phyllis said that the Orkney Islands Council, as the Accountable Body may have concerns about Orkney taking on the role of a Lead LAG.

## **9. Complaints procedure**

The Chair advised that the complaints procedure was an extract of the most recent guidance received from the Scottish Government, and had been provided for information only.

## **10. Programme Review to 31 December 2016**

The Chair thanked Amy for producing a comprehensive report, and asked her to highlight the main points.

Amy advised that the report was a summary of the progress of the LEADER programme to-date, and she planned to produce a Review annually.

Amy asked if the LAG were happy for the report to be published on the LEADER website, and they agreed.

## **11. Dates of Next Meetings**

The Chair asked members to make a note of the proposed dates for the next meetings for Round 5 (17 May 2017) and Round 6 (20 September 2017), and asked that members be reminded of the dates via e-mail. She reminded the group of the importance of their attendance; to enable meetings to be quorate, and to ensure that the public/private minimum 49/50 split could be met.

## **12. AOCB**

### **Claims Guidance and LEADER's Online System (LARCs)**

The Chair asked Amy for an update on the release of the claims section on the LEADER online system, and the associated guidance.

Amy informed that LAG that the main concern regarding the processing of claims on LARCs was that projects may be penalised if their claims are found to be incorrect. She advised that any ineligible amounts claimed which were equal to or greater than ten per cent, would incur a penalty.

Amy added that as LARCs did not allow for claims to be reworked once they had been submitted by the applicant, unless the applicant advised there was an error prior to processing. She suggested that it would be good practice for LEADER staff to see a draft of the claim before formal submission, but pointed out that any checks made could not guarantee the claim to be accurate.

The LAG said that they felt that giving applicants penalties was very harsh.

The Chair agreed that it was onerous for applicants, who usually only have limited funds at their disposal. She suggested that, as the Chair, the group might want her to highlight their concerns with the Scottish Government. The LAG agreed to this action.

The Vice Chair added that she felt sure that the Accountable Body would also be worried about incurring penalties, and perhaps collectively the Highlands and Islands would need to express their concerns too.

## **LARCs Working Group**

The Chair advised the LAG that Amy had been volunteered for membership of the LARCs Working Group. Amy said she believed her membership had been confirmed.

The Chair asked members if they had any other business they wished to discuss. No items were put forward for discussion.

The meeting closed at 12:47.