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LEADER 2014-2020 Programme



Scottish Rural
Development
Programme



Minutes: LEADER Programme 2014-2020.

Local Action Group Meeting.

18 April 2018 (11.00) – Committee Room 2, Council Offices, Kirkwall.

Present: LAG Members (Public) – Francesca Couperwhite (Chair), Phyllis Harvey (Vice Chair), Kerry Spence, Bill Ross.

LAG Members (Private) – Brian Cromarty, Dawn Flett, Hannah Ker, David Scarth, Julian Branscombe.

LEADER Team – Alison Nimmo (LEADER Development Officer), Jenna Milne (LEADER Assistant Project Officer), Jill Sutcliffe (LEADER Assistant Project Officer)

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

The Chair welcomed the LAG members to the meeting. The Chair introduced returning LAG member Bill Ross, and the LAG members introduced themselves to Bill.

Alison advised that apologies had been received from Edgar Balfour, Mark Hull, Susan Pirie, Steve Ray, Sarah Sankey and Alister Brown.

Phyllis informed the LAG that this would be Jenna's last LAG meeting, thanked her for her work and informed the LAG that her post has been advertised.

2. Minutes of the Last Meeting

The Chair asked the LAG for any comments, or queries, in connection with the draft minutes from the meeting held on 17 January 2018.

Brian Cromarty proposed that the minutes be approved; this was seconded by David Scarth.

The Chair noted that item 6 within the draft minutes referred to the future of rural development and stated that a briefing paper was to be sent to the MP and MSP on behalf of the LAG, the Chair asked Alison to update the LAG on this. Alison stated that the briefing paper had been sent to the MP and MSP and following on from this Liam McArthur had taken part in a discussion in the Scottish Parliament, highlighting the high-quality projects produced by LEADER for over 25 years and noting calls for clarity from the UK Government on what will replace LEADER funding once the

UK is no longer a member of the EU.

The Chair also noted that item 7 Next Meeting Dates have since been amended, and the meeting scheduled for 11 July 2018 would now take place on 18 July 2018, and the deadline for applications was to remain the same. The Chair asked the LAG to make sure they had note of this change.

3. Financial Summary and Outputs

The Chair asked Alison to explain the financial summary and outputs papers.

Alison advised that to-date LEADER had approved 21 projects at a commitment of over £1.5 million, with just over £850,000 remaining to commit. Alison pointed out that currently the farm diversification and cooperation budgets remain fully un-allocated, which was a trend throughout LAGs, but with current interest in farm diversification, it looks likely this budget will be fully committed.

A LAG member suggested promotional activity around cooperation to encourage applications

The Vice Chair then suggested that with the level of queries and applications currently in the pipeline, the cooperation budget could be utilised under other themes and that this could be reviewed at the next LAG meeting.

Alison then moved on to the Budget Summary noting that 25% of allocated project awards have now been claimed and paid out to applicants, which will continue to increase as most projects are still in progress. Alison also pointed out that due to the change in the Offer of Grant, projects now have more flexibility around claim dates.

Alison then discussed the estimated costs which have been submitted by potential applicants within their Expressions of Interest. She noted some of these enquires were now quite dated, and that the LEADER team would follow up on these enquires to assess if the projects still intend on applying for funding.

Finally, Alison explained that the Project Outputs remained low in comparison to the Business Plan targets, but this was due to only 4 projects being complete, and that the outputs for the 21 approved projects will be measured once the projects are completed.

4. Enquiries Received

The Chair asked Alison to provide a summary. Alison pointed out the increase in enquiries, particularly under the Farm Diversification theme.

Alison also informed the LAG of two additional Expressions of Interest which have not yet been formally addressed by the LEADER Team. Alison also referred to the Expressions of Interest which were likely to progress to full applications, stating that they will be encouraged to apply as soon as possible as all applications must be received and approved by March 2019, with three projects looking likely to apply for the next round of funding.

5. Approved Applications Progress and Change Requests

The Chair asked Alison to give a summary. Alison said that the change requests had been issued by email only as agreed by the LAG.

Alison pointed out that The St Magnus Way project was continuing to have difficulties surrounding their mobile app, and that the project team was yet to decide on how to proceed, noting that LEADER cannot fund any additional costs incurred.

Alison also noted that the Building Destination Orkney project had issues recruiting to the post, and that the second round of recruitment was now well underway.

6. List of Projects as at 30 March 2018

The LAG were provided with a list of current projects as at 30 March 2018 for their reference. The Chair asked if the LAG had any questions relating to any of the projects. No questions were asked.

7a. Briefing Paper – Delegated Authority for Changes to Match Funding

The Chair asked Alison to explain the paper. Alison stated that following previous issues with projects having minor changes to funding values, delegated authority was being sought from the LAG for the Chair or Vice Chair of the Orkney LAG to approve funding changes of +/- £100. Delegated authority would apply to match funding to projects from both LEADER and other match funders.

The LAG agreed and approved the paper.

7b. Briefing Paper – Funding Cost of Repairs

The Chair asked Alison to explain the paper. Alison explained that previous LEADER programme guidance listed building repairs as ineligible, meaning applicants could only receive funding for upgrades, rather than repairs. Repairs therefore could not be included as part of the project value when applying for LEADER. In the revised guidance issued in February 2018, repairs are no longer listed as ineligible.

The paper suggests allowing repairs which form part of a proposed project, not the entire project, to be considered for LEADER funding, limiting repairs to no more than 10% of the total eligible project value.

The Chair invited discussion.

A LAG member suggested that if a project was otherwise a good fit for LEADER but involved many repairs, should this not be considered fully eligible as a means of preserving something which is already established.

The Chair noted that this would cause issues with the project being able to achieve the innovation assessment criterion.

The Vice Chair continued from the Chair to suggest that a project which was 100% repairs would not be able to pass the LAG scoring criteria, as no new activity would be taking place. She agreed that funding for projects requiring repairs should be available, but it was not something which suited the LEADER criteria.

A LAG member concluded that it would be beneficial for projects to have the 10% available for repairs.

The LAG agreed and approved the paper.

7c. Briefing Paper - Farm Diversification to Exclude Agricultural Activity

The Chair asked Alison to explain the paper. Alison explained that previous LEADER programme guidance stated that farms could only apply under the farm diversification theme for on-farm activity which diversified into non-agricultural areas. Revised guidance issued in February 2018 states farms can apply under the farm diversification theme for diversification into agricultural activity.

The paper suggests that the Orkney LAG continue to restrict farm diversification applications to diversification into non-agricultural activity.

The Chair invited discussion.

A LAG member queried why the LAG would not consider diversification into further agricultural activity.

The Vice Chair responded that currently the LEADER Team have enough potential applications for farm diversification into non-agricultural activity to spend the allocated budget. She also noted that agriculture was not an area of expertise of the LEADER staff and most of the LAG members. This would make deciding on what could or could not be funded very difficult. The de-minimis regulation would also limit funding to around £13,000.

A LAG member queried whether the LEADER Team were confident that the farm diversification budget would be spent without allowing agricultural diversification.

The Vice Chair confirmed they were confident the budget would be fully spent, if not oversubscribed.

The LAG agreed and approved the paper.

8. Next Meeting Dates

The Chair asked the LAG to take note of the dates of the next meetings as provided below.

Round	Deadline for Applications	Papers to LAG	LAG Meeting
9	16 May 2018	4 July 2018	18 July 2018
10	29 August 2018	24 October 2018	31 October 2018

The Chair informed the LAG that there was likely to only be one more meeting after the scheduled

two, potentially in January 2019. It is therefore likely to be a busy period with getting applications finalised and to the LAG.

9. AOCB

The Chair asked if anyone had any other business to discuss. No business was raised.

10. Assessment of Round 8 Projects

These Minutes were approved by the LAG at their meeting on 18 July 2018. Subsequently, a minor error as detailed below was amended, and the updated Minutes have been approved and signed by the LAG Chair:

Farm Diversification scoring comprises 12 criteria, with a maximum of 36 marks available and a pass rate of 24. Scoring criteria for other projects remain as stated.

The project applications were assessed using the scoring criteria and farm diversification 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 5, dated 13 February 2018
- LAG Project Assessment Guidance, Version 4, dated 13 February 2018

26.06.2018 – The applicant has been unable to secure match funding, so this project will not proceed at this time.

Making Yoghurt and Farmhouse Cheese (14/P00030)

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

The Chair asked Alison to present a summary of the project. Alison explained that the aim of the project is to diversify a dairy farm. A farm building will be turned into a facility producing yogurt and cheese from the farm's own milk. Once established a member of the family-run farm intends to take over the running of the facility on a full-time basis.

Market research has been carried out, a target market has been established and domestic product development has been carried out, with the initial focus being on a farmhouse cheese and two yoghurts, one of which will be flavoured.

LEADER funding is requested to support the set-up phase of the business, covering the cost of building renovations, the purchase of equipment and the purchase of a refrigerated van for product deliveries.

Alison detailed the source of the match funding.

The Chair invited the LAG to discuss the project and ask any questions.

The LAG agreed that the project:

- Would bring Orkney-wide benefits

- Provides a high level of benefits for the funding requested, with the project showing good value for money
- Shows evidence of broad consultation including market research, potential customer surveys and contact with local stockists, along with letters of support
- Has a business plan that is robust and realistic
- Lays out objectives and milestones that are realistic, specific and timely
- Identifies specific potential barriers and risks relating to both cheese and yoghurt
- Identifies appropriate plans to address potential barriers and risks, again relating to both products
- Is innovative to the local area
- Has strong links to Orkney-wide strategies, complementing other projects
- Has good links to environmental and social benefits
- Will enhance the environment through regeneration of a building and through contributing to the availability of local produce (reducing food miles) while producing little waste
- Would not be able to proceed without LEADER funding

With a total score of 33, the project was approved subject to written confirmation of match funding. On receipt of this information the grant to be awarded would be up to £53,380.15 (50% of the approved eligible costs exclusive of VAT).

26.06.2018 – The applicant has decided not to proceed with this project.

Wheems Eco Bothy (14/P00018)

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

The Chair asked Alison to present a summary of the project. Alison explained that the aim of the project is to diversify an organic vegetable farm by building an 'Eco-Bothy', which will provide both self-catering accommodation and an events space. Events will be aimed at both visitors and the local community, with topics including horticultural and land disciplines, creative arts and wellbeing. The applicant wishes to integrate the bothy activities with the working farm and other accommodation offerings to enhance the whole business.

Feedback from past guests and letters of support for the Eco-Bothy development have been received, including interest from those who may run events and classes.

LEADER funding is requested for the cost of the Eco-Bothy build.

Alison detailed the source of the match funding.

The Chair invited the LAG to discuss the project and ask any questions.

It was noted that although other accommodation is currently offered on site, these facilities are managed through a business separate to the farm business. The farm business is the LEADER applicant and has not yet diversified into offering accommodation. The Eco-Bothy also has functions other than accommodation.

The LAG agreed that the project:

- Would benefit the local area

- Provides outputs are proportionate to the level of funding requested
- Shows evidence of broad consultation including market analysis, target market identification and letters of support
- Has a business plan that appears viable and realistic in terms of timescale
- Lays out objectives and milestones that appear appropriate, realistic and timely
- Identifies specific potential barriers and risks relating to the building and operational phases
- Identifies appropriate plans to address the specific potential barriers and risks
- Is innovative to the local area through the nature of the eco-build design and materials being used for construction
- Has clear link to local strategies such as Low Carbon Orkney and the promotion of sustainability
- Has strong social, environmental and economic linkages
- Will enhance the environment through an eco-friendly build which is carbon neutral and follows best practice
- Would not be able to proceed without LEADER funding

With a total score of 29, the project was approved subject to written confirmation of match funding. On receipt of this information, the grant to be awarded would be up to £74,307.25 (50% of the approved eligible costs exclusive of VAT).

Graemsay Community Hall Development (14/P00035)

At this point all Orkney Island Council LAG members left the meeting.

The Chair advised that a Reasonableness of Costs Declaration for the project had not yet been completed successfully so this project could not be formally approved at the meeting. She suggested that the LAG give the project an indicative score based on the information currently available and that a final decision be delegated to the Chair and one other LAG member. The LAG agreed and Julian Branscombe volunteered to assess the project with the Chair at a later date, once the final costings have been confirmed.

The Chair asked Alison to present a summary of the project. Alison explained that the aim of the project is to upgrade the Graemsay Community Hall. The Hall is central to the island community but is currently not wind- or watertight, is expensive to maintain and heat, and has no toilet facilities.

Island-wide support has been received, with every household on the island completing a survey relating to the Hall upgrade. Letters of support have been received from island community groups and the local Councillors. Groups from elsewhere have also shown interest in bringing events to the Hall if facilities are improved

LEADER funding is requested to fund a new roof, insulation, upgraded windows and doors, an efficient heating system and an accessible composting toilet.

Alison explained that match funding has been applied for from the Orkney Island Council Community Development Fund, and is yet to be confirmed. Graemsay Community Association SCIO are also committing some of the Association's own funds.

The Chair invited the LAG to discuss the project and ask any questions.

The LAG agreed that the project:

- Would bring benefits to the local area
- Provides a high level of benefits for the funding requested, with the project showing good value for money
- Shows evidence of broad consultation, with every household on the island responding to the survey, community-wide support and letters of support
- Shows evidence of broad community involvement through the commitment of volunteers, machinery etc towards the project
- Has a project plan that is robust, with realistic timeframes and costs
- Identifies objectives and milestones that are specific and achievable, with four clear build stages and time built in for contingencies
- Identifies potential barriers and risks specific to the project
- Lays out thorough plans for addressing potential barriers, including provision in scheduling for build delays and a high level of community involvement
- Shows innovation through sheep's wool insulation and a composting toilet
- Has clear linkages to other strategies such as the Council and Community plans
- Has strong social, environmental and economic link, with reduced running costs for the Hall, the possibility of income from hire and the reduction of social isolation
- Enhances the environment, due to increased energy efficiency resulting in a reduced carbon footprint
- Would not be able to proceed without LEADER funding

The project received an indicative score of 37, based on the information available at the time. If a positive Reasonableness of Costs Declaration is subsequently received for the project, the project (including any changes to documentation and costs) will be reviewed and formally scored by the Chair and one other LAG member. If approved, an Offer of Grant may then be made to the project, subject to any conditions regarding confirmation of match funding.

The meeting closed at 13.30.