

The Highland Council

**Nairnshire Committee
7 December 2016**

Agenda Item	5
Report No	N/25/16

LEADER Funding Programme

Report by the Director of Development and Infrastructure

Summary

This paper provides updates on the Highland LEADER Programme and LEADER in the Inner Moray Firth South area, and invites Members to support the promotion of the fund at a local level for Nairn and Nairnshire.

1. Background

- 1.1 The LEADER Programme 2014-2020 is part of the Scottish Rural Development Programme (SRDP). The SRDP is part of the EU Common Agricultural Policy (CAP), and is funded by the European Commission and the Scottish Government. The key purpose of the SRDP is to help achieve economic growth in Scotland's rural areas. The SRDP is made up of different schemes that provide grants and support. The LEADER Programme aims to promote economic and community development within rural areas.
- 1.2 The Highland LEADER Programme covers the mainland Highlands, the Small Isles and Skye, but excludes the City of Inverness and the Cairngorms National Park.
- 1.3 The Highland LEADER Programme has a budget of £6,604,041 to allocate to projects.

2. BREXIT Update

- 2.1 Members will be aware there has been a period of uncertainty regarding the future of EU Programmes following the outcome of the UK Referendum which resulted in a decision to leave the EU.
- 2.2 The Chancellor announced on 3 October 2016 that the Government will guarantee EU funding for structural and investment fund projects, including agri-environment schemes, to the point at which the UK departs the EU.
- 2.3 On 2 November 2016, Scottish Government's Finance Secretary, Derek Mackay, announced that he will be passing on the guarantees from the Treasury in full for the Scottish Rural Development Programme.
- 2.4 This effectively means that the Highland LEADER Programme will be able to make funding awards up until the point when the UK leaves the EU (or the original Highland LEADER Programme deadline of March 2019 for committing EU funds, whichever is sooner).

3. Inner Moray Firth South Local Area Partnership (LAP)

- 3.1 The Strategic Local Action Group (LAG) is responsible for the overall management and delivery of the Highland LEADER Programme. Due to the size of the area and the range of diverse local communities, the programme has adopted a structure which devolves decision making to seven Local Area Partnerships (LAPs).
- 3.2 Inner Moray Firth South is one of these seven partnerships. It is an amalgamation of the Nairnshire and Rural Inverness LAPs that operated under the 2007-13 LEADER Programme. The LAP is made up of a mix of public and private/community/voluntary sector representatives.
- 3.3 The LAP has an indicative budget of £412,684 to award to projects which will benefit communities in Nairnshire and Rural Inverness, excluding Inverness City.

4. Projects

- 4.1 LEADER looks for new project ideas or at least a clear development of existing projects or service provision. Development and innovation are key to what LEADER seeks to achieve in rural communities. The fund will not support the straight continuation of existing activities or provision. Similarly it will not fund routine repairs, maintenance, or existing operating costs.
- 4.2 Projects which contribute towards the aims and objectives of the Highland LEADER Programme will be eligible for consideration. The Inner Moray Firth South LAP has developed a Local Area Action Plan which outlines development priorities and will guide their funding decisions. A copy of the Local Area Action Plan can be downloaded from www.highlandleader.com.
- 4.3 The Inner Moray Firth South LAP will consider applications for projects with total eligible project costs of £20,000 or above. Grants between £10,000 and £50,000 (applicants can apply for up to 50% of eligible project costs) are available for projects that help deliver one or more of the following outcomes:
- increased employment opportunities locally through new business start-ups and existing business diversification/development;
 - people have better access to local services and activities;
 - increased community ownership/control of assets and services/activities;
 - increased income from local produce through adding value; and
 - improved access for residents and visitors (physical and knowledge based) to cultural, natural and heritage assets.
- 4.4 **Appendix 1** provides further information about the types of project activity the Inner Moray Firth South LAP would like to support.

5. Other funding available from the Highland LEADER Programme

- 5.1 Individuals, groups, organisations and businesses also have the opportunity to apply for funding for rural enterprise and farm diversification projects, with £1.76m available for projects in Highland.

- 5.2 Funding of £440,269 will be available for co-operation projects between Local Area Partnership areas in Highland with a further £440,269 for projects between organisations or groups in Scotland, the UK or Europe.
- 5.3 The Highland LEADER Programme has ring-fenced £500,000 for strategic projects that cover three or more LAP areas.
- 5.4 To find out more about Strategic, Co-operation, Rural Enterprise and Farm Diversification funding please contact a member of the Highland LEADER Programme Team.

6. Application Process

- 6.1 The submission of an Expression of Interest (Eol) is the first formal step in applying for LEADER funding. Eol's can be submitted via the Scottish Rural Network website <https://www.ruralnetwork.scot/funding/leader/expression-interest-form> .
- 6.2 If the Eol is approved, applicants will be invited to submit a full application form on the LARCs IT system, which is currently being developed by the Scottish Government.
- 6.3 The application process can be lengthy, with applications subject to a thorough assessment. Support is available from the Highland LEADER team to guide applicants and the team are currently considering how best to offer support around use of the IT system as different elements of it are released.

7. Inner Moray Firth South LAP Progress to date

- 7.1 The LAP is yet to approve any projects and has only received 17 Eol's to date; 1 of which is technically ineligible; 2 have been withdrawn; 5 could potentially be considered as Farm Diversification/Rural Enterprise projects; leaving 9 possible LAP projects (3 of which are in Nairn).
- 7.2 Members are asked to help promote the availability of LEADER funds and encourage applications to come forward from the Nairn and Nairnshire area. Members are invited to signpost potential applicants to Fiona Daschofsky, LEADER Development Officer for the Inner Moray Firth South area.

8. Implications

- 8.1 Resource and Risk:
There is potentially a reputational risk if the Inner Moray Firth South LAP budget is not fully committed. Additionally, any funds not committed by the Inner Moray Firth South LAP could be diverted to other LAP areas or other LEADER budget headings i.e. Strategic, Co-operation, Farm Diversification and Rural Enterprise.
- 8.2 Legal, Equality, Climate Change/Carbon Clever, and Gaelic:
There are no legal, equality, climate change/Carbon Clever or Gaelic implications directly arising from this report. However, in its assessment of individual projects which seek LEADER funding, the LEADER team will consider economic, social and environmental sustainability. In addition each project will be assessed for its impact on equal opportunities and Gaelic.

8.3 Rural

The LEADER Programme is aimed at promoting economic and community development within rural areas. It is a bottom up method of delivering support for rural development aimed primarily at small and medium sized community driven projects that are pilots, and innovative in nature. All parts of the Highland area are included in the Programme with the exception of the City of Inverness, and the Badenoch and Strathspey area which is included within the Cairngorm National Park LEADER Programme.

Recommendation

Members are asked to:

- note the contents of this report;
- promote the availability of LEADER funds and encourage applications to come forward from the Nairn and Nairnshire area;
- signpost potential applicants to the LEADER Development Officer for the Inner Moray Firth South area; and
- contact the LEADER Development Officer if it would be helpful for Members to have access to promotional materials to distribute/circulate locally.

Designation: Director of Development and infrastructure

Date: 23 November 2016

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Appendix 1

Inner Moray Firth South Local Area Action Plan – Themes & Outcomes

Themes

The Inner Moray Firth South LAP will consider funding projects that meet **one or more** of the themes of the Highland LEADER Programme:

- Increased and Sustained Local Services and Activities
- A Growing and Diversified Economy that Promotes Sustainability
- Stronger and More Resilient Communities
- Enhanced Cultural, Natural and Heritage Assets

Cross Cutting Themes

In addition to the four main themes above, there are five* cross cutting themes projects need to contribute to:

1. Fairer Highland – advancing equality (addressing equality issues and/or benefitting people in groups that are under-represented or disadvantaged)
2. Innovation (a new or different approach is proposed within the area)
3. Sustainability/Legacy (the project will continue to deliver benefits after LEADER funding)
4. Carbon Clever (the project can demonstrate a positive impact on the environment)
5. Skills Development (the project aims to expand the skills of those involved in implementing the project and/or on its participants)

**It is recognised that it would be difficult for every project to contribute to all of these themes. Therefore all projects will have to demonstrate how they meet the first three. Cross cutting themes 4 and 5 will be delivered by projects where applicable.*

Outcomes

Of the ten outcomes, to be delivered by the Highland LEADER 2014 – 2020 Programme, the Inner Moray Firth South LAP has identified five Primary Outcomes which it would like to deliver.

All projects seeking funding will be required to deliver **at least one** of the following Primary Outcomes:

1. Increased employment opportunities locally through new business start-ups and existing business diversification/development
2. People have better access to local services and activities
3. Increased community ownership/control of assets and services/activities
4. Increased income from local produce through adding value
5. Improved access for residents and visitors (physical and knowledge based) to cultural, natural and heritage assets

It is recognised that many projects will deliver more than one outcome and priority will be given to projects that, in addition to delivering one of the Primary Outcomes, also delivers one or more of the following additional Outcomes:

6. Increased partnership working between groups (within and across areas, including intergenerational partnerships)
7. People feel better supported to undertake volunteering opportunities
8. Impact of funded projects can be better demonstrated leading to increased capacity to secure future funds

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Inner Moray Firth South Local Area Action Plan – Themes & Outcomes

A brief description of the rationale behind the LEADER Programme themes is described below. Further information regarding the types of projects that could be considered under each outcome is outlined on page 3.

Highland LEADER Programme themes

Stronger and More Resilient Communities

This theme is of key importance in delivering the strategic vision of the Programme and is likely to be impacted by initiatives falling under any of the other themes. Stronger and more resilient communities is an aspiration that Highland LEADER wishes to deliver and was ranked as the most important theme during the final consultation in September 2014. This theme has emerged from points raised in the SWOT process that have been categorised under the broad heading “Population & Community” and the Programme will look for projects that seek to combat the weaknesses and threats in this section, or which aim to deliver the noted opportunities. Impact on this theme could come through ensuring that people who volunteer their time are well supported; that community groups are encouraged and supported to work together in partnership within and across areas (including inter-generational partnerships); that everyone in the community knows what’s available locally and that the projects which are funded are carefully evaluated to ensure that the impact they have and the benefits they bring can be evidenced, which in turn will assist with sustainability. Stronger and more resilient communities also rely on a thriving local economy and it is expected that businesses will have a significant role to play in impacting this theme.

A Growing and Diversified Economy That Promotes Sustainability

We want to encourage more business start-ups and more diversification within the economy so that it will grow and supply more local employment. Tourism has been identified through the SWOT process as a key part of the economy in terms of local communities, and generally it is felt there are a number of opportunities to enhance this. We want to ensure we support projects that ensure visitors receive the best experience possible and that the tourist season is extended where feasible. We want to see new social enterprises developed where appropriate, and projects that aim to add value to local produce. This theme will directly impact the strategic vision of achieving growth and diversification of the local economy and has arisen from the points grouped under the economy heading in the SWOTs and statistical analysis.

Increased and Sustained Local Services and Activities

We are interested in services and activities that will make a difference to people who live here and also visitors to the area, for example better changing facilities linked to individual leisure activities or a central place in local communities with access to good broadband/WiFi. We want to support more community ownership and control of local services/activities where this is appropriate. We want to see improved access, including transport access, to these services and activities. This theme has arisen from points made under the quality of life heading in the SWOTs. In general quality of life is considered to be high in Highland although it is recognised that there are pockets of deprivation masked by overall statistics. Where negative points were made about quality of life these were related to isolation and difficulty in accessing activities and services. It is intended that this theme will directly contribute to both elements of the strategic vision through ultimately strengthening communities by increasing and sustaining what is on offer locally and/or improving the visitor experience.

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Enhanced Cultural, Natural and Heritage Assets

The SWOT identified key strengths in Highland under the broad heading of cultural, natural and heritage assets. We want to ensure there is the best possible access to these assets, both physical and knowledge based – for example through excellent marketing and websites. We want to conserve the assets we have and see new ones developed and opened up, which in turn will contribute to the strategic vision of growth and diversification of the local economy. This theme recognises the importance of cultural, natural and heritage assets in providing a sense of place and strengthening the local community as much as a driver for the economy in terms of visitor spend.

What types of projects can LEADER fund under each outcome?

Under each outcome, we have explained what they could mean in practice for local communities. We have also provided examples of the types of project the Inner Moray Firth South LAP would look to support to deliver these outcomes.

1. Increased employment opportunities locally through new business start-ups and existing business diversification/development

A strong local economy is essential in order to create development opportunities for Highland Communities. The LEADER programme aims to encourage more business start-ups and create a more diversified economy in Highland, so that it grows and provides more local employment. We want to help introduce new types of businesses and new products and services. We also want to help existing businesses to expand into new markets and deliver new services to increase their income. Creating additional jobs means that people have more disposable income to spend in Highland, helping to secure existing businesses and make them more sustainable. A wider range of employment and development opportunities is likely to lead to more young people choosing to remain in Highland. It will also help encourage more people to relocate to the area, bringing new skills. This in turn promotes the long term sustainability and prosperity of our communities.

Eligible Activity

Where Inner Moray Firth South based projects are eligible for consideration under the ‘ring-fenced’ Rural Enterprise or Farm Diversification LEADER budgets, the Inner Moray Firth South LAP expects that these projects will be signposted to these sources of funding in the first instance.

The Inner Moray Firth South LAP will revisit eligible project activities under this outcome once funding criteria has been determined for the central Rural Enterprise and Farm Diversification funds.

Funding from the Inner Moray Firth South budget towards this outcome will be directed towards activity that is not considered a priority for funding from the ‘ring-fenced’ Rural Enterprise/Farm Diversification funds. Funding from the Inner Moray Firth South budget will focus on small, local community based enterprises and upskilling of people.

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2. People have better access to local services and activities

People in Highland communities are keen to have access to a range of local services and activities, without necessarily having to travel long distances. In some instances this may be about developing services/activities, in others it is about improving access to those which already exist.

Eligible Activity

Projects that:

Develop local services and activities, in particular:

- a. village hall/community building developments to accommodate new/innovative services/ activities
- b. clubs that provide sports, health and wellbeing activities and services
- c. development of community energy or recycling/reuse schemes
- d. community events which improve community cohesion or attract inward investment.

e. Services and activities which promote inclusion and wellbeing/reduce isolation, address the limited availability of indoor or wet weather facilities, or include the regeneration of vacant/dilapidated sites and facilities, would be particularly welcome.

Improve access to new and existing local services and activities, through:

- f. increasing awareness/better promotion of what is available locally
- g. removing or minimising barriers or disadvantage to services/activities
- h. improving physical access through, for example, the development of sustainable transport schemes, cycle tracks and pathways (of a scale which fits with the IMFS budget) particularly where these are able to provide better links between communities and local services/attractions, better broadband and mobile phone coverage
- i. provision of digital skills training

3. Increased community ownership/control of assets and services/activities

Community ownership, or control, of land or buildings can be a key way in which rural communities can develop. This can be about protecting or enhancing local facilities, creating new spaces and new uses, or generating income for community activities and development projects. Community ownership can bring a new lease of life to facilities; it can increase community confidence, and allow communities to take more control of their own development needs. Examples of this might include retaining a local shop, renovating a derelict site or providing a new hub for community activities. Control of local assets can be a key factor in making a community more attractive to live in, supporting economic regeneration and sustainable development. The Community Empowerment (Scotland) Bill seeks to extend the community right to buy and make asset transfer requests easier. Highland LEADER seeks to support local communities to take advantage of this opportunity.

Eligible Activity

Projects that:

- a. enable communities to take over and/or sustainably develop community assets, services and activities
- b. provide support for the development and expansion of social/community enterprises and community owned/managed resources
- c. support communities to acquire income generating assets which enable them to become more sustainable and assist with community regeneration.
- d. increase community engagement with community development and planning
- e. aim to put income earning opportunities within the hands of local communities

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This could include all aspects of support from feasibility through to acquisition of assets and service delivery. Initiatives under this outcome should take account of the potential for displacement and there should be engagement with the business sector to protect businesses that use the asset the community is acquiring. It should also be possible for business in a community be supported to work together and acquire an asset.

4. Increased income from local produce through adding value

Highland region produces superb local food and drink, renowned for its high quality. It is also famous for a wide range of traditional arts and crafts products. However, there are ways in which the value of these can be increased, leading to greater income directly for their producers, rather than distributors and retailers further down the supply chain. Highland LEADER is keen to help maximise the income generating opportunities for producers in the region and this will also have benefits for the communities in which they are based. Adding value to a product involves thinking creatively about a number of issues including how it is marketed, branded, packaged, its target audience and customer demands. It is about making products stand out in the market place in terms of unique identity and high quality.

Eligible Activity

Projects that:

- a. undertake feasibility and development work on adding value to local produce
- b. promote local produce including through a co-ordinated approach
- c. support collaboration between food/drinks producers and cultural activities/events
- d. develop food networks and trails
- e. encourage the development of local markets so local people can buy local produce, including developing wider supply chain and distribution links

5. Improved access for residents and visitors (physical and knowledge based) to cultural, natural and heritage assets

Local people see that improved access can be of benefit both for them and for visitors. There are benefits in terms of raising the national and international profile of Highland to attract more visitors. Through improving access to the natural landscape there are both health and tourism benefits to be gained. Access can take different forms: it can relate to physical access (better pathways and cycle paths; better linkages between adjacent sites), it can relate to the feasibility and development of new sites, and it can also relate to better awareness and knowledge about what is available through information boards, newsletters, websites, marketing and promotion.

Eligible Activity

Projects that:

- a. improve access for disabled people to sites
- b. undertake feasibility studies/development of new sites
- c. relate to information products, websites, marketing and promotion initiatives
- d. promote safe access and appropriate signage
- e. promote opportunities for cultural activities to be accessed locally
- f. improve biodiversity and habitats around paths and tracks
- g. improve access to archaeological sites
- h. promote the Gaelic language and culture

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The Inner Moray Firth South LAP will consider path development of a scale which fits with the available budget. Please contact the LEADER Development Officer for further information regarding the eligibility of path development projects.

Additional outcomes

Priority will be given to projects that, in addition to delivering one of the Primary Outcomes, also delivers one or more of the following additional Outcomes:

6. Increased partnership working between groups (within and across areas, including intergenerational partnerships)

Local consultations have identified the need to support more partnership working within and between communities in the Highlands and further afield. Supporting the development of both existing and new partnerships can lead to more effective project delivery and more efficient use of funding and resources. It can also mean new ideas can be developed, communities can learn from each other's experiences, and new approaches to community development can be delivered.

However communities and businesses require support to develop partnership working. This might be something as simple as being able to visit a project in another area. It might involve supporting the evaluation of existing ways of working and identifying ways in which working with others might improve the effectiveness of a project. Once identified, support may be needed to train people in new ways of working and put in place systems and procedures to support this. Where new partnership working involves projects from other LEADER areas in Highland or further afield, these will be classed as co-operation projects. During final consultation in September 2014, 93% of survey respondents agreed with this outcome.

Eligible Activity

Eligible projects may include:

- a) funding for partnership events
- b) visits between partner areas
- c) one-off facilitation for capacity building around new project ideas
- d) communication/information/networking tools, preparatory and other costs for co-operation projects
- e) development of networks at local and Highland wide level
- f) shared learning events
- g) mentoring programmes

7. People feel better supported to undertake volunteering opportunities

Volunteers play a crucial role in many community projects in Highland. However, it is recognised that there is high pressure on them at times. There is a need for more volunteers generally, for more young people to take up volunteering and for volunteers to have the opportunity to increase the range of skills they can offer.

If more volunteers are to be attracted to help deliver projects in Highland, it is essential that there is support for them to participate and develop new skills. Local consultations stressed the importance of this. During final consultation in September 2014, 95% of respondents agreed with this outcome.

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Eligible Activity

Eligible projects might include:

- a) capacity building for volunteer managers
- b) support for new ways to engage younger volunteers
- c) communication and feedback tools for working with volunteers
- d) projects that provide volunteers with transferable skills
- e) provision of tools to help volunteers communicate and support each other
- f) projects which promote/value community based volunteering or combat volunteer fatigue

8. Impact of funded projects can be better demonstrated leading to increased capacity to secure future funds

Being able to evidence the impact any project makes is vital. Individual projects need to show that they have been effective, in order to attract further grants, investment or additional service users or customers. It is important that projects know how to evaluate what they have delivered and present this clearly and effectively. At a higher level, entire grant programmes need to be able to demonstrate their impact. This is necessary in order to receive funding for future rounds, ensure funds are being targeted effectively to deliver the aims of the programme, make changes where necessary and in some cases to justify the use of taxpayers' money.

However, there are challenges in effectively showing the impact a project has had. Issues include lack of capacity/skills to undertake self-evaluation; lack of resources to commission external evaluations; lack of baseline evidence to compare projects with similar ones elsewhere. We want to ensure these issues are addressed. Given the importance of demonstrating the impact of projects, this issue has been set as one of the ten specific outcomes for the 2014- 2020 Highland LEADER Programme.

Eligible Activity

Eligible funding ideas will include:

- a) capacity building around self-evaluation
- b) resource to support baseline evidence gathering
- c) resource to support external evaluation for projects
- d) training in digital media evaluation techniques