

LEADER PROGRAMME CLOSURE REPORT

Cabinet - 13 October 2022

Report of: Detlev Munster - Strategic Head Property and Commercial

Status: For Consideration

Also considered by: Improvement & Innovation Advisory Committee - 4 October 2022

Key Decision: No

This report supports the Key Aim of:

Increased economic growth making Sevenoaks District a location of choice for business and providing local jobs - Community Plan 2022-2032

Encouraging businesses to locate within the District and West Kent - Economic Development Strategy 2022-2027

Ensuring businesses are able to access suitable support to develop and grow - Economic Development Strategy 2022 - 2027

Portfolio Holder: Cllr Peter Fleming

Contact Officer: Richard Cavanagh, Ext. 7390

Recommendation to Innovation and Improvement Committee: That the recommendations below be recommended to Cabinet

- a) Notes the findings of the report and the on-going auditing requirements regarding post-payment monitoring and file retention;
- b) Notes the 2014 LEADER programme successfully awarded £1,812,550 of grant funding to rural businesses in West Kent, which in turn leveraged over £4.5m of investment into the sub-region's economy and notes;
- c) Notes that the Government has awarded Rural England Prosperity Funding to Sevenoaks District Council and the Council will seek to apply the good practices learnt from the LEADER Programme and build on its Legacy.

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Reason for recommendation:

The LEADER Programme has now come to an end, and an evaluation report was undertaken. The evaluation report points out that the programme had a positive impact on the District's rural economy stimulating growth and employment. The Council intends building on LEADER's legacy and use the knowledge gained to help deliver a new rural economic development programme.

1. Background

West Kent LEADER is a source of grant funding available to farmers, growers, foresters, rural businesses and communities to help secure a sustainable future for rural West Kent. LEADER is a bottom-up, community-led approach to the delivery of the Rural Development Programme for England (RDPE), funded by the EU European Agricultural Fund for Rural Development (EAFRD).

West Kent LEADER covers the West Kent Partnership area of Sevenoaks, Tunbridge Wells and Tonbridge & Malling and is managed by Sevenoaks District Council, as the Accountable Body (AB).

The current programme has been running since 2014 providing important grant funding to local rural businesses to support the rural economy.

2. Accountable Body

SDC has been the Accountable Body for West Kent LEADER for both this programme and its predecessor and is tasked with delivering the programme on behalf of the West Kent Partnership. LEADER staff at SDC are externally funded by the Rural Payments Agency (RPA).

3. Evaluation of the LEADER Programme

As part of the closure of the LEADER programme, West Kent has drafted an **Evaluation Report** in partnership with other LAG areas in Kent and Surrey, whom have been informally networked under the auspices of the 'Kent Surrey Sussex LEADER Network'. This Network of SE England LEADER partners has met monthly for the last two LEADER programme rounds, dating back to 2009. The Network was set-up to share best practice and encourage knowledge sharing between the LAG partners, to offer mutual support and advice on managing the LEADER programme, and to discuss and feedback on national LEADER and wider-rural policies and LEADER-specific processes with 'one-voice'. Sussex declined to take part in the evaluation, which was not a mandatory obligation for LAGs to undertake.

In addition to an evaluation of the success of the programme in West Kent (and the other LAG areas), the report also includes feedback from Executive Local Action Group members (the decision-making body which assessed grant applications and awarded funding), as well as a sample of grant beneficiaries.

It should also be noted that the outputs referenced in the Report are forecast outputs as whilst the project grants were administered during this programme round, the delivery of outputs extends until 2024. There is an ongoing post-payment monitoring requirement for Sevenoaks District Council to liaise with projects and undertake annual checks to make sure outputs have been achieved - a process which was temporarily suspended during the Covid pandemic.

The final draft Report is attached at **Appendix A** for members to note. A Future Funding paper is also attached at **Appendix B**, with recommendations on how a future scheme should be implemented. A summary of the key findings are below.

4. Key findings

Projects Portfolio

The Level of Uptake and Grant Awards

- During the course of the programme, 109 Expressions of Interest (EOIs) were received from prospective grant applicants. Of these, 56 were awarded a grant. This represented a conversion rate of 51% from EOI to funded project status.
- Subsequently, six of the grant funded projects withdrew after being issued with their Grant Funding Agreement. As such, West Kent has ended the programme period with **50 projects**.

Grant Sizes

- The smallest grant awarded was **£3,820** and the largest was **£149,762**. The average grant size in West Kent was **£36,251**.
- In all, 29 projects supported low level grant projects (under £20,000). This equates to roughly 60% of the projects awarded funding.
- For larger grants, West Kent awarded 9 projects grants of over £50,000, of which 5 projects were each given over £100,000.
- These 9 projects accounted for a total of £929,561, approximately half of the committed spend across West Kent. I.e. approximately 50 per cent of West Kent's total committed spend was awarded to just one-fifth of projects supported.

Leverage

- West Kent LEADER's total grant award of £1,812,550 has overall leveraged £4.5m of investment into West Kent.
- Of the 50 projects which were awarded grant status, 48 projects were at approximately 40% intervention rate (the maximum rate for profit making

projects). The other two projects were awarded grants at 32.5% and 15% of total eligible costs.

West Kent LEADER by district

The split of funding across the 3 local authorities within the West Kent LAG area has been proportionate, with each local authority areas receiving about one-third of the funding each.

The districts which make up the West Kent Partnership have thus far benefited as follows:

- Nineteen businesses in the Sevenoaks District have benefitted from a £609k share of this funding.
- Seventeen businesses in Tonbridge and Malling have received £591k.
- Thirteen businesses in Tunbridge Wells have received £592k.
- An additional sum of £19k has been awarded to a small part of Gravesham which sits in the West Kent area.

Budget and Committed Expenditure

West Kent was allocated **£2,193,593** of LEADER grant funding for the 2014-20 programme period.

- West Kent issued £1,812,550 in grant funding support to projects across the area.
- In addition, £417k has been spent on staffing and indirect running costs to manage the programme.

Performance Delivery

Outputs are still to be fully achieved and recorded as part of the Programme's Post-Payment Monitoring, with some projects to complete their outputs by the end of 2024. As such, investment in projects across West Kent will result in the following **forecast** output achievements:

- Number of jobs created: **74.4**
- Wage bill increase: **£1,454,480**
- Number of additional day visits: **7,101**
- Number of additional overnight visits: **9,862**
- Number of new techniques developed: **27**
- Number of new products developed: **19**

5. Evaluation Report's Conclusions

- **Supporting farming, forestry and rural businesses:** The LAG gave priority to supporting farming, forestry and rural businesses, with a target of directing 70% of the programme's grant resources to these sectors. This target was achieved with 80.9% of the programme's grant committed spend being allocated to the farming, forestry and rural businesses.
- **Distribution of funding across West Kent:** The West Kent LEADER programme has been successful in splitting their allocation of funding broadly equally between the 3 main district councils which make up the West Kent area.

- Key feedback from Executive members of the LAG highlights issues with the objectives of the current programme, which they believe focusses too much on job creation and not on projects which support the wider community (in contrast to previous programme rounds).
- Both ELAG members and grant beneficiaries believe the current application process is too onerous and deters worthy smaller rural businesses from applying for support. A significant amount of funding awards are relatively small (the majority of funds awarded by West Kent were under £20,000). There is a feeling that the onerous nature of the current application process encourages applications larger businesses adept at bidding for funding and results in the same people and businesses being award funding. The Report therefore recommends smaller grant applications require less scrutiny than those applicants requesting larger level of investment.
- Overall, the Report recommends that any future funding scheme utilises the LAG local-led delivery model and the current structures and networks in place under the current LEADER programme. However, the Report also recommends a future scheme places less emphasis on job creation and greater support for community groups and projects (as was the case for the previous LEADER programme, 2006-13), and that the application process is simplified for those applicants requesting smaller levels of funding (e.g. under £20,000).

6. Sevenoaks District Council's ongoing obligations

The 2014-20 LEADER programme will officially close on the 31 December 2022. However, as part of the UK Government's obligations to the EU LEADER (and wider structural fund) programmes, we are required to carry out various reporting functions beyond this closure date for monitoring and auditing purposes. Under the terms of SDC's contract with Defra, the Council's ongoing obligations include:

- **Post Payment Monitoring:** All closed projects have to be monitored on the delivery of their contracted outputs for the three years after their final grant payment. Advice from the RPA is not to currently approach projects we identify as having been significantly disaffected by Covid (e.g. to check on job creation targets when baseline staff have been furloughed and businesses are not allowed to open to customers). As a rule, projects have split their outputs over a three-year period from receipt of their last claim. According to this time-scale, SDC will be required to report on post-payment monitoring outputs up to the end of 2025.
- **Archival of LEADER documents:** Under the terms of our LEADER contract, the Council is obliged to hold all LEADER documentation for a period of 7 years beyond the closure of the programme, up to 31 December 2029. This is in order to comply with EU audit requirements (e.g. should the EU, or the UK Government, request to undertake a retrospective audit of a project). To accommodate this, a Service Level Agreement is being drafted for Sevenoaks District Council to archive all 2014-20 project documents up to 31 December 2029.

7. New Funding

In September 2022, Government announced details of the Rural England Prosperity Fund. The Rural Fund is a top-up to the UKSPF and is available to eligible local authorities in England. It succeeds EU funding from LEADER and the Growth Programme which were part of the Rural Development Programme for England. Sevenoaks District Council was awarded

an indicative amount of £501,308 and Tonbridge and Malling Borough Council and Tunbridge Wells Borough Council were also awarded funding.

The new Fund is complementary to the UK Shared Prosperity Fund, and the Council is required to update its UKSPF investment plan by the end of November 2022. Once the investment plan is approved by Government, the Fund will take effect from the 01 April 2023 and will provide capital funding to:

- support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy. This includes farm businesses looking to diversify income streams; and
- support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy

The Council is currently in discussions with its West Kent partners to determine how best it can collaborate in delivering this new Fund and build on LEADER's legacy.

Other options Considered and/or rejected

Not applicable to this report.

Key Implications

Financial

Not applicable to this report

Legal Implications and Risk Assessment Statement

Not applicable to this report

Equality Assessment

Not Applicable to this report

Net Zero Implications

Not Applicable to this report

Appendices

Appendix A - Kent & Surrey LEADER Evaluation Report (Final Draft)

Appendix B - Future Funding Paper

Appendix C - Grants Actual and Committed by Local Authority

Background Papers

None

Detlev Munster
Strategic Head of Property and Commercial