
CAIRNGORMS NATIONAL PARK AUTHORITY

FOR DISCUSSION

Title: LEADER PROGRAMME DELIVERY UPDATE

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Purpose

This paper updates the Board on the delivery of the Cairngorms LEADER Programme, supported by the Authority as the Accountable Body.

The paper outlines progress with delivery of the programme to date.

The paper outlines a number of difficulties encountered over the course of the last year in dealing with Scottish Government officers in their central administration of the national programme and on their review of the Cairngorms programme.

Recommendations

The Board is requested to:

- a) **Consider the updates on the Authority's position as Accountable Body in support of the Cairngorms LEADER Programme;**

Background and Strategic Policy Considerations

1. The Board has considered several papers and updates on the development of the Cairngorms LEADER programme and the establishment of a charitable entity, most recently at its meetings in June 2015 and June 2016.
2. The Board has previously endorsed the Local Development Strategy and business case for delivery of the Cairngorms LEADER programme prepared by the Cairngorms Local Action Group (CLAG), and agreed to act as the Accountable Body for Cairngorms LEADER with provision of £70,000 annual support toward the management of the programme.
3. The Board has also previously agreed that the CLAG is best placed to take forward ideas previously discussed around the formation of a Charitable Trust, to transparently receive and disburse any donations made by third party individuals and organisations toward delivery of the NPPP. The CLAG has subsequently agreed that it is willing to take on this responsibility and members of the CLAG have since become Trustees of the Cairngorms Trust as part of the establishment of the charity.

Update on LEADER Programme Delivery

4. The Cairngorms Trust Annual Report, incorporating the seventh quarterly report on programme delivery to the LAG, is set out in full at Annex I to this paper.
5. The focus of work over the last 18 months has been primarily on leading delivery of the Cairngorms LEADER programme. The Trust has a project commitment to approved projects of £1.77m of a £2.23m allocation for project funding. Therefore, just under 80% of the funding made available to support Community Led Local Development projects in Cairngorms has now been committed. Over £0.3m has been allocated to economic diversification projects, which exceeds the minimum 10% allocation to be made to such projects. A further allocation of almost £0.2m has been made to farm diversification projects, which approaches our target 10% of allocation for these activities.
6. The Trust is therefore well advanced in delivering the programme, including seeking to meet the various priority investment themes and monitoring targets established by the LEADER Local Development Strategy.
7. The least developed aspect of LEADER delivery is around Cooperation projects which take place between LAG areas, either within Scotland, across the UK or between LAGs in different EU member states. Again, 10% of the Cairngorms allocation is identified to support such projects and we currently have none committed. However, there are three projects currently in development.
8. The Trust's Annual Report highlights the wide range of groups, communities and areas of activity benefiting from LEADER funding offers over the course of the programme to date.
9. On basis of current CLAG approvals, LEADER project investment of £1.77m has secured a further investment of £1.06m from match funders – an uplift of 60% on LEADER funding. The Authority's own contribution to support the CLAG and LEADER team is £70,000 each financial year, giving a leverage rate of around 13 to 14 times the Authority's investment over the three years of set up and delivery of the programme.

Central Programme and Monitoring Difficulties

10. As the Accountable Body for Cairngorms LEADER, the Authority has encountered a range of difficulties in dealing with central management of the national programme and also the approach to monitoring our activities by central teams.
11. On a number of occasions we have found that officers based in central government have taken alternate views to that of the LEADER team and CLAG in making project funding decisions. When these have been challenged, they have often not been backed up with appropriate written evidence or references to EU Regulation or Guidance to substantiate these alternate views. However, the alternate views raised in monitoring are also very slow to be closed down when not substantiated. For example, at the

time of writing, we are still dealing with matters raised in a monitoring visit which took place in May this year.

12. In contrast, the Authority's professional, outsourced internal auditors, BDO, have now delivered two internal audit reviews of the Authority's administrative and control processes designed and engaged to manage our responsibilities as Accountable Body for Cairngorms LEADER. Both of these reviews have given a "substantial" assurance (the highest available under BDO's grading system) for both design and implementation of LEADER administration and control processes.
13. Overall, therefore, the national environment in which LEADER operates remains challenging. There are a number of uncertainties which the CLAG and LEADER team must deal.
14. There is a national Accountable Bodies Board which has been helpful in highlighting national issues for resolution.

Accountable Body Position and Strategic Risk

15. The current strategic risk register, presented to the Board along with the Audit & Risk Committee's Annual Report, highlights the escalation of strategic risk attached to the Authority's position as Accountable Body for LEADER (Risk A1 I). This risk escalation reflects the difficulties encountered with central monitoring processes mentioned above.
16. These monitoring processes also have the potential to cause delays in receipt of grant claims by the Authority, creating cash flow management difficulties. Community groups are currently being protected from cash flow delays as the Authority makes timely payment of grant claims to the LEADER project delivery groups. However, the Authority then has to subsequently reclaim these sums from Scottish Government and there have been significant delays in this process.
17. We are seeking to resolve these matters as a matter of urgency in order to ensure the delivery of the programme is not undermined. Both the Audit & Risk Committee and Finance & Delivery Committee will continue to be updated on these matters in terms of financial and cash flow management and internal controls and risk management actions respectively.

Next Steps

18. The Cairngorms Trust will increasingly look to its wider agenda – considering how best to be engaged in wider charitable activity and supporting Community Led Local Development outside of LEADER processes over the coming years.
19. In the short term, the Trust will also focus on delivering the final stages of investment against the Local Development Strategy in seeking to maximise use of available LEADER resources that remain. The Trust will also be focusing on ensuring that

LEADER project claims are fully eligible and that monitoring targets established for project delivery are achieved.

20. Across the sector, we are also engaged in the process of looking beyond the UK's exit from the EU, and loss of LEADER funding which will be a consequence of that. The Director of Corporate Services is a member of a small working group gathering information and preparing a business case for the continuation of a Community Led Local Development funding stream after EU exit. This process has only started in August this year and the Board will be informed of its development as the information develops more fully.

David Cameron, 23 November 2017
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