

CAIRNGORMS NATIONAL PARK AUTHORITY

FOR DISCUSSION

**Title: UPDATE ON CAIRNGORMS LEADER PROGRAMME
AND CAIRNGORMS TRUST**

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Purpose

This paper presents an update on the development and delivery of the Cairngorms LEADER programme, in the context of wider national development of the LEADER programme structure.

The paper also presents an update on the establishment of a charitable organisation by the Cairngorms Local Action Group.

Recommendations

The Board are asked to:

- a) Note the information on the development of the Cairngorms LEADER programme and establishment of the Cairngorms Trust.**
- b) Consider how the Board might wish to work in partnership with the Cairngorms Trust and / or seek to make use of the existence of the charity in delivery of National Park Partnership Plan priorities.**

UPDATE ON CAIRNGORMS LEADER PROGRAMME AND CAIRNGORMS TRUST – FOR DISCUSSION

Strategic Context

1. Establishment of the Cairngorms LEADER Programme 2014 to 2020 and consequent delivery of the Local Development Strategy over that period contributes toward National Park Partnership Plan (NPPP) Strategic Outcome 1 – A sustainable economy supporting thriving businesses and communities, and the NPPP 5 year outcome that communities will become more empowered and able to develop their own models of sustainability.
2. This work also completes NPPP work programme 4c – establish a Cairngorms LEADER fund from 2013 as part of the next LEADER programme.
3. The Cairngorms LEADER Local Action Group (CLAG) is also recognised as one of the key partners in delivery of Rural Development Priority 4 “Support communities through capacity-building specifically focus on the most fragile communities to deliver transformational change” set out in the Corporate Plan 2015 to 2018.

Strategic Policy Considerations

4. 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 meeting in June 2015.
5. The Board has previously endorsed the Local Development Strategy and business case for delivery of the Cairngorms LEADER programme prepared by the 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. 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.
6. More widely, the Board also agreed in December 2015 that the CLAG and the charitable trust it was developing would be well placed to take a lead role in supporting the establishment of an organisation to work with Community Broadband Scotland and other interested stakeholders and deliver super-fast broadband to areas of the National Park which will not be benefited by the national roll-out of broadband infrastructure.

7. All of these strategic policy considerations have been progressed and this paper provides details of achievements to date and future work.

Strategic Risk Management

8. The potential for the Cairngorms Local Action Group and wider voluntary and charitable organisations are recognised as a key mitigation over the risk that public sector financial constraints limit our capacity to deliver our corporate objectives (risk A1). An active LAG delivering LEADER funding represents a potential source of alternate income to support appropriate projects involving the Authority in delivery of our priorities.
9. The need for an active and effective LAG is also recognised as an element for managing the strategic partnerships needed by the Authority for effective delivery of our corporate plan priorities (risk A5). The progress made by the LAG set out in this paper substantiates the ongoing reduction of risk in this regard.
10. The expectation of the LEADER programme moving into a more active funding phase over the next three to four years does create some potential for public confusion over who is responsible for decisions taken, and therefore a potential for the Authority's reputation to be impacted by any contentious decisions. Part of the rationale to support the incorporation of the LAG as a separate entity with its own clear legal personality has been to help mitigate this risk, with decisions and their consequences more clearly attributable to a body with its own distinct profile as opposed to the Authority.
11. The live operation of the LEADER programme does also expose the Authority to financial risk as the Accountable Body for Cairngorms LEADER. This has been previously discussed with the Finance and Delivery Committee when the proposed Service Level Agreement between the Authority as the Accountable Body and Scottish Government was produced. The financial risk of acting as a lead body for a large scale project is potentially replicated by the Authority's role in supporting the Tomintoul and Glenlivet Landscape Partnership Project. In addition to facing potential funding clawback should there be audit issues of eligibility of expenditure for grant funding; the Authority also acts as employer for staff working on both projects. A review of this risk exposure by internal audit has been commissioned for 2016/17. However, the risks of the Authority's role in this regard potentially merit recognition as a strategic risk within our risk register.

Implications

12. There are no new strategic resource or reputational issues raised in this paper.

Success Measures

13. A number of successful outcomes have been achieved since this subject was last considered by the Board.
14. Scottish Government has now formally approved the Cairngorms Local Development Strategy and Business Plan, recognised formation of the Cairngorms LAG, and signed off the Service Level Agreement with the Authority as the Accountable Body.
15. The Cairngorms LEADER allocation has been confirmed at £2.97 million, representing an increase of £800,000 on the original allocation in the previous programme.
16. The Office of the Scottish Charities Regulator (OSCR) has now approved the formation of the Cairngorms Trust as a Scottish Charitable Incorporated Organisation (SCIO) on 21 April, following fairly length correspondence on the charitable objectives of the organisation and the fit of the elements of LEADER work on economic development and farm diversification with the charities public interest test.
17. Future success measures are now based on delivery of outcomes by the Trust in terms of its investment of LEADER funding to secure the priorities established in the Local Development Strategy, and also its wider charitable activities.
18. In terms of LEADER, the CLAG has developed a comprehensive monitoring and evaluation framework to measure the outputs gained from LEADER investment in the Cairngorms, monitor progress made against the LDS themes and also establish the contribution made to the national outcomes for LEADER established by Scottish Government. The key indicators included in this programme monitoring and evaluation framework, supplemented by project specific indicators, will provide the means of measuring the success of the programme
19. For the wider work of the Trust, much will be dependent on the extent to which it is used by partners within the Cairngorms to route charitable donations toward delivery of NPPP priorities. An initial measure of success independently of these flows of funds will be the extent to which it can help enable the establishment of the Cairngorms Community Broadband Company. This company requires some form of community asset lock mechanism which the Trust is likely to be able to provide. The Trust may

also be able to play a part in establishing tax efficient corporate structures for the operation of community broadband.

Supporting Information

Cairngorms LEADER

1. The Cairngorms LEADER process has been open since the Cairngorms NPA as Accountable Body and Scottish Government signed off the Service Level Agreement in August 2015. A number of expressions of interest have been submitted to Cairngorms LEADER since that point. However, ongoing delays in implementation of the central IT systems supporting the Scotland-wide LEADER programme, together with delays in developing technical guidance to support eligibility assessments, have resulted in postponement of funding decisions. Expressions of interest have been processed and feedback supplied to applicants to allow their project proposals to be further developed.
2. The most recent meeting of the Local Action Group in May 2016 received the first five full applications. Four of these applications were approved in principle and one application was deferred to allow fuller consideration of detailed feasibility study and business case documents supplied in support of the application. Applications approved included three in which the Authority has a lead or direct interest in delivery: Building Stronger Communities, Volunteer Cairngorms and Tomintoul Discovery Centre (part of the Tomintoul and Glenlivet Landscape Partnership project).
3. Total LEADER funding in this first round of applications amounts to £260,598, from total project costs of £555,393 giving an overall intervention rate of 47%.
4. At the time of the LAG meeting in May, the Cairngorms LEADER programme had received 124 enquiries, with 33 expressions of interest converting to 22 full applications. We expect between 10 and 12 of those applications to be ready for consideration at the LAG meeting in August.
5. The LAG decisions remain “in principle” at this point in time as the Scottish Government is still to agree a final version of the LEADER Letter of Offer. The Cairngorms LAG and the Authority as accountable body are also at some enhanced risk should letters of offer be issued, as the LEADER IT system is yet to be completed and all project applications and offers will have to be retro-fitted into the system. This

situation creates some risk that elements of project funding or terms of offer may not “fit” with final IT systems and create some problems of eligibility. We are closely monitoring this situation in managing the application and offer processes and in frequent contact with the central team at Scottish Government.

6. Further refinement of the Service Level Agreement (SLA) between the Authority and Scottish Government is required in the coming few months. As the Accountable Body, the Authority identified that the current arrangements set out in the SLA for information sharing is not fit for purpose and Scottish Government has agreed that this needs to be revised.
7. An Accountable Bodies’ Group is being established, with a first meeting in early June, and this Group will have the responsibility for taking forward work on revising the SLA. This will include the issues of information sharing and offer letter.
8. A LEADER Advisory Network has also been established to help support project development. The members of the advisory network will, with the agreement of applicants, be used to provide advice on the development of project proposals and on the fit of those projects with wider strategies and developments that they may be aware of.

Cairngorms Trust

9. The Local Action Group’s application to incorporate as a charitable entity, giving the LAG distinct and independent legal personality, was approved by the Office of the Scottish Charities Regulator in April 2016. The LAG will now operate as the “Cairngorms Trust” (full registered title of the charity is the Cairngorms Local Action Group Trust), a Scottish Charitable Incorporated Organisation (SCIO) registered with OSCR with Scottish Charities number SC046495.
10. While providing independent legal personality to the LAG, and through this enhancing governance and clarity of decision making processes, the charity is now available to interact with other projects within the Cairngorms which may be able to benefit from partnership with a charity.
11. The first instance of this mutual benefit between project activities has already arisen with the evolution of the Cairngorms Community Broadband project, the development of which has been coordinated by the Authority. The organisation which will in due course be established to operate community broadband services within the Cairngorms requires a community asset-lock mechanism in order to qualify for Community Broadband Scotland funding and the Trust has been recognised as a means of satisfying this requirement. The partnership involving the Trust also

provides a potential for tax efficient arrangements being put in place to protect any annual operating surpluses generated by the broadband company, should those be required.

12. With the charity structures now in place, there is also potential to seek to work with the Trust in facilitating other, wider development of funding and investment approaches to securing National Park Partnership Plan priorities. The charity structure is now in place to accept any appropriate funding streams and reinvest those in projects delivering NPPP priorities and in line with any conditions made around the charitable donation. The Board's views on any potential developments in this regard would be welcomed.

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