THE LEADER APPROACH

Q&A - TRANSITION YEAR ISSUES AND THE NEW APPROACH

Update No. 8: 22 August 2014

Major additions and changes since the previous version are shown in blue. This will be the last Q&A issued ahead of the 5 September deadline.

Individual sections can be accessed by "ctrl+click" on the relevant line in contents below.

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SECTION 1: NEW LEADER POLICY APPROACH

Q1.1 - Why such a focus on jobs and growth?
Increased jobs and growth is a key priority for the coalition government and this flows through to decisions on individual policies. In addition, as part of the response to the CAP consultation exercise, Defra Ministers have requested that that there should be increased support for jobs and growth in rural areas.

In any case, this is not a radical shift as some would believe – LEADER already has a good track record for delivering growth in the previous Programme when it delivered approximately 46% of Programme spend towards growth. Therefore, we are building on an approach which has worked.

Q1.2 - How will groups be expected to deliver jobs and growth?
This will be achieved by:

- Firstly, we will expect that each LEADER group will deliver 70% of project funding **directly** in support of jobs and growth in the rural economy – using the six policy priorities for the new approach.
- Secondly, we will also expect that every project a LAG approves demonstrates it has a benefit to the rural economy.

Q1.3 - In the NDF you say that 70% of all projects must directly support growth. Is it 70% of projects or 70% of funding?
We would expect at least 70% of the funding to be spent directly contributing to jobs and growth.

Q1.4 – The 70%/30% split – is this simply 70% business support and 30% community?
No, not necessarily. A community project that creates jobs would be able to be counted amongst the 70%. However, it is important not to get fixated by business v community etc. but rather focus on the overriding issue as outlined in the Q&A1.2 above and in paragraph 22 of the National Delivery Framework (as repeated below).

> "22. In terms of the overall expenditure for LEADER, we expect that 70% of all projects must directly support the rural economy (e.g. through creating and developing micro and small sized rural businesses). The remaining 30% of projects will also need to demonstrate that they are contributing to improving the local rural economy by, for example, increasing visitors to a particular area or providing an essential rural service."

Q1.5 – Does this mean that projects funded under the 'increasing farm productivity' priority will count towards the 30% if they do not create jobs?
No. If a project contributes directly to jobs and/or growth, it can be counted within the 70%, irrespective of which priority it is funded from.

Q1.6 - How do we pigeon-hole projects into the 70% or 30% category?
Through determining the extent to which the project contributes directly to jobs and/or growth, relative to the level of investment.

Q1.7 - What will be monitored to keep track of the 70/30 split and also when trying to work out allocation against measure for the LDS and outputs?
LDS outputs will be driven by spend per measure, irrespective of whether it contributes to the 70% or not. We will separately capture the overall 70%/30% split as that applies across all measures.

Q1.8 – How do we capture economic growth that does not include jobs?
This can be demonstrated through outcomes such as increased efficiency; new markets; reduced waste, import substitution.

Q1.9 – Some economic projects result in efficiencies that may actually include the loss of jobs. Is this acceptable?
Projects can demonstrate growth **or** jobs. Growth is about increasing business turnover, productivity and innovation, making sectors more sustainable and efficient. Whilst it is accepted that certain projects could give rise to situations where there is a net loss of jobs we would, in these circumstances, expect this to be balanced by positive outcomes such as making the business more sustainable and/or competitive in the longer term; safeguarding remaining jobs; upskilling existing posts and/or creating opportunities for possible expansion in the future.

Q1.10 - We understand that Defra have said that they "envisage that nationally 70% of all projects must directly support the rural economy". Will every group be required to stick to this exact number or is this an average across the country?
This is both a LAG specific target and a national figure. All groups should clearly set out in their Local Development Strategy how they plan to achieve this and also how the remaining percentage of expenditure will also contribute to jobs and growth. Groups should be aware that ultimately the national selection panel, in what will be an open and competitive process, will be assessing applications on the strength of key issues such as the jobs and growth component

Q1.11 Jobs per £ can vary from sector to sector - will groups be disadvantaged in the selection process if in their draft LDS they want to promote sectors which might deliver a lower jobs/£ funding than other groups?
LAGs will need to offer evidence in support of the forecast outputs they are predicting will be achieved. We want to see investment targeted at sectors that will benefit most within your locality, backed by evidence. The assessment process will take this into account

Q1.12 - Why the significant shift away from Community projects?
We appreciate that these projects are important to local rural communities which is why they are still part of the LEADER approach. It is appreciated Community projects may not deliver jobs and growth directly but rather bring about these benefits in other ways. Therefore, they can be included (respecting the 70:30 ratio – see Q1.3) provided they can demonstrate that they are contributing to improving the local rural economy.

Q1.13 - What help will be given to those groups who either have no operational experience of LEADER or those groups whose previous focus was limited to just one or two priorities and/or different to the focus of the new approach

There are a number of avenues of help:

- Firstly, the National Delivery Framework has been specifically written to give comprehensive help to all groups – whether those with previous experience or those relatively new to the approach.
- Groups should contact their local Defra Rural Development Team for advice – including queries arising from your reading of the Framework.
- We organised workshops in June on aspects of preparing the Local Development Strategy. Prospective groups should have by now affiliated themselves to an Accountable Body who can themselves provide advice, or seek from others who have been involved in LEADER previously.
- Groups should consider discussing and meeting with those groups who delivered economic measures in the previous programme.
- Groups should also seek to develop good working relationships with their Local Enterprise Partnerships.
- The RDPE Network website has examples of the previous types of projects funded under LEADER – more details are available in the National Delivery Framework.

Q1.14 - Does Defra want to set up mentoring between those prospective groups with less experience and those with experience of delivery in certain policy areas?

See response to question 1.8 above. One of the aims of the June workshops was to help foster networking between different prospective groups. However, there is nothing to stop groups themselves making links with others to learn or share experience. Again we can help facilitate contact via your local RDT contact and/or the RDPE Network. We recognise that as this is an open and competitive selection process in some cases prospective LEADER groups might be reluctant to help others and we cannot force anyone to do so. However, we do wish to encourage this as a continuing theme as we progress into the next programme with our approved groups.

Q1.15 - We know from the presentation to the February LEG that there were originally indicative percentage figures put against each of the six chosen priorities. These do not appear in the National Delivery Framework – do they remain or do we have flexibility to decide?

We needed these % splits in order to profile estimated expenditure for the RD programme document. Clearly there are certain priorities which are better placed than others to deliver on this agenda. However, we have decided that they might be considered too restrictive, which was never our intention.

Therefore, groups will have more flexibility to decide on the relative split, but groups will still need to be able to demonstrate that they can meet the 70% target to directly support jobs and growth in the rural economy. We would also expect **all** LEADER groups to include activity across all six priorities in their Strategy – If groups choose not to include one or more of the priorities; they must include evidence based justification as to why you have decided not to include work under a particular priority.

Q1.16 - The EU Regulations contains "Articles" but the National Delivery Framework and Rural Development Programme documentation refers to measures. What is the difference?

They are essentially both the same. The articles numbers have been transposed into a sequential list of measures numbers by the Commission. A correlation table for the measures included in our LEADER approach are set out below:

Measure			Article in EU Regulation 1305/2013	
No.	Title		No.	Title
4	Investments in physical assets		17	Investments in physical assets
6	Farm and business productivity		19	Farm and business development
7	Basic services and village renewal in rural areas		20	Basic services and village renewal in rural areas
8	Investments in forest area development and improvement of the viability of forests		21	Investments in forest area development and improvement of the viability of forests

Q1.17 - When will the final measures fiches be available?
These are available via Dropbox -
https://www.dropbox.com/sh/rxup7bs0vgut46s/AABUIZD-seBgyA3KFoLMC4Faa

If you have problems accessing Dropbox then please contact your local RDT

However, please note the following - The European Commission has issued guidance documents (known as fiches) to help Member States and CAP beneficiaries interpret the new EU Regulations governing Rural Development (RD Regulations), specifically:
Regulation (EU) No 1305/2013 (the Rural Development Regulation), and
Regulation (EU) No 1303/2013 (the Common Provisions Regulation).
The fiches also refer to other new CAP Regulations, for example Regulation (EU) No 1306/2013 (the Horizontal Regulation).

The Commission will publish the fiches in due course on its public website. To help our stakeholders and interested parties plan and prepare for the new Rural Development Programme for England (RDPE), Defra has decided to make these documents available to you before their official Commission publication date.

However, please note that, as it says in the introductory text to each one, the fiches are not legally binding. They may even change slightly by the time they are

published, to reflect any modifications in the published versions of the Delegated and Implementing Acts when they are made under the RD Regulations.

The fiches are simply a guide on how to interpret the RD Regulations and what types of activity – in the eyes of the Commission – might be funded by the European Agricultural Fund for Rural Development (EAFRD) under each measure.

In particular, you should be aware that the fiches do not represent Defra policy, nor do they contain the detail of the schemes which we are designing under the new RDPE. You should use them only as a guide to help you interpret the RD Regulations.

Q1.18 – Does 4% or 5% of programme funds need to be spent on LEADER?
LEADER is required to spend 5% of the EU EAFRD contribution to the programme. However, once exchequer finances have been added to the budget this is reduced to 4% of the total programme funds.

Q1.19 - Can we consider 'Support for micro and small enterprises and farm diversification' as one area of activity?
Yes.

Q1.20 - Can we embed the 'Culture & Heritage Activity' in other priorities (such as micro enterprise support)?
No. We expect **all** LEADER groups to include activity across all six priorities in their Strategy – If groups choose not to include one or more of the priorities; they must include evidence based justification as to why you have decided not to include work under a particular priority. However, LAGs can support micro enterprises to create jobs and growth that operate in the culture and heritage sectors.

Q1.21 - Can both direct and indirect outputs around jobs and growth contribute to the 70% target? For example, what if the results of LEADER funding allows access to further funds, such as FFPS which will then deliver more substantial improvements to productivity or job creation?
Only projects funded directly by LEADER can count towards the 70% LEADER target. However, businesses going on to further success and growth following on from any LEADER investment is clearly to be welcomed.

Q1.22 - Is it accepted that farming projects may not produce jobs?
We are expecting at least 70% of projects to contribute to jobs and or growth – it is possible to support projects that contribute to growth that don't necessarily create jobs though. We recognise that job creation will not be a strong focus for farming productivity projects because on the whole efficiency improvements within the industry have tended to lead to job reductions.

Q1.23 - As a new LEADER group, we do not know where to go for information. What do you advise?
You should look at the guidance which has been issued and use networking events like the LEADER workshops to find out more about how LEADER works. We have also provided a link below to our project database.

In 2012 the Rural Communities Policy Unit at Defra commissioned a review of the Leader approach in England. The final report, led by the University of Lincoln, is available here.

Q1.24 - **Where does Defra publish its good practice/case studies?**
There are a selection of case studies on the RDPE Network website, (http://webarchive.nationalarchives.gov.uk/20131103143442/http://rdpenetwork.defra.gov.uk/), and other publications which can be used for reference.

(Note: the above link is a change from that given in previous versions of this Q&A due to the fact that new/current material has been migrated to GOV.UK and previous material such as the case studies has been archived).

 Q1.25 Can we fund measure 16 under LEADER? In the hand-outs created for the recent LEADER workshops it implies we can.
No, only project activity relating to the measures listed at Q&A 1.16 above will be eligible for LEADER funding. The co-operation measure (16) will not be and we will clarify this in the published LEADER workshops discussion papers. Cooperation between LAGs will be supported from a central LEADER budget. (*Also see section 11 below).*

SECTION 2: SELECTION OF LAGs

Q2.1 - What will be the process and timetable for selecting LAGs?
Details are set out in Section 5 of the National Delivery Framework. We anticipate being in a position to announce successful LAGs in November.

Q2.2 - In view of the delay in issuing the National Delivery Framework - are you still planning to keep to your original timetable, in particular the 5 September deadline for submission of Local Development Strategies?
Yes – our overall objective is to have all LEADER Local Action Groups in place by 1 January 2015. The National Delivery Framework; the information and stages outlined in it; and workshops on aspects of preparing an LDS are all part of our overall process to assist groups put together an LDS by the September deadline.

Q2.3 - The National Delivery Framework gives outline selection criteria for LEADER Local Action Groups – when we will see final criteria?
This is currently being prepared, along with how the process will work. We will provide information on the selection process shortly. We expect this to be in August.

Q2.4 - Will previous performance (positive/negative) of groups who were part of the 2007-2013 RDPE Programme be taken into account in the selection process?
No. The selection process for LEADER groups will be an open and competitive process - **all** bids will be assessed equally against the same criteria. Previous performance will not be part of the selection criteria. However, where applicable, we would expect to see challenges that LAGs experienced in the last programme fully analysed and opportunities for improvements identified in their LDS.

Q2.5 - I see that part of the selection criteria is the experience and capacity of the LAG and Accountable Body – does this mean that you wouldn't contract with an accountable body if they had no experience/track record in managing EU funds or just that it would score lower than one that did which may impact on the overall score of the LDS?
Consideration of relevant experience relating to delivery of funds, projects or programmes (not just LEADER) will be part of the assessment process. However, there is no requirement to have had previous experience and this would not be a barrier to a group's application.

Nothing will be assumed about capacity to deliver when applications are assessed so all groups will need to evidence capability and capacity to deliver the LEADER Approach.

Q2.6 - Why are you seeking bids from new groups – will this not cause issues if such a group wishes to set up where one already exists?
We are obliged to hold an open and competitive process for assessing applications under the new Programme. It is important to remember that having been a LAG under the previous Programme does not in any way afford any priority or mean automatic entry into the new Programme – all prospective LAGs will be assessed fairly and consistently. We're currently not aware of any major overlaps or

competition for territory that cannot be resolved locally. However, if this does apply to you then please contact your local RDT to discuss the issue.

Q2.7 - Can groups, who were part of the previous Programme and who have a good track record of delivering a Programme have a fast track selection process so that we can start planning projects as early as possible?

No, this will not be possible. In the interests of fairness and consistency, we need to consider and make decisions and announcements on all applications at the same time.   Previous performance will not be part of the selection criteria. All prospective LEADER groups will be assessed on the strength of their applications. However, we do anticipate those groups who are approved and have the capability to do so to start as early as possible in delivering projects.

Q2.8 - **Can a group still submit a Local Development Strategy by the 5 September even if there were not in receipt of either transitional or preparatory support funding?**

Yes. Funding is a not a pre-requisite to be able to submit an LDS. However, there is clearly a lot of work that needs to be done in order to put together a competent bid and we would urge any groups to speak to their local RDT as soon as possible. We cannot provide preparatory support or an indicative allocation to a group proceeding independently of the central process.

Q2.9 – The LAG should be gender balanced (paragraph 65 of the NDF refers). Gender balance is an issue in the "sector".

The LAG should aim to be gender balanced. Whilst it is appreciated that gender balance is an issue in certain sectors, the LAG needs to reflect the overall make up of **all** the sectors that it represents. Groups should set out how they have tried to achieve such a balance in their membership, and if a potential issue what plans they have for going forward.

Q2.10 – LEP representation is required on the LAG – but in some cases one of the LEPs may only cover a small part of the LAG geography.   What representation is necessary/appropriate?

The decision on what representation is appropriate is for a group to make based on its own individual circumstances. Mutual representation is encouraged but not required. However, there needs to be a reasonable join up of activity, shared knowledge and awareness. For instances where a particular LEP only covers a small part of a LAG's geographical areas then this should be discussed between the two parties. It may be decided that no representation is needed or required.

SECTION 3: LOCAL DEVELOPMENT STRATEGIES

Q3.1 - It is felt strongly that 30 sides of A4 (including any annexes etc.) is insufficient to produce an appropriate Local Development Strategy.
The National Delivery Framework provides sufficient guidance on what should be included in a Local Development Strategy application. We will be sharing the finalised selection criteria shortly and this will be based on what is already set out in the National Delivery Framework.

We will be assessing all bids against the same criteria and what the selection Panel wishes to see is a high level Strategy. We do not necessarily need to see the detail of your analysis. The 30 sides rule is designed to be both helpful and realistic in terms of timing and resource available to prospective groups.

However, the inclusion of a cover sheet/page and a contents page will not contribute to the 30 sides – however as said before the content of the LDS itself must not exceed 30 sides.

Q3.2 - The National Delivery Framework gives outline selection criteria for LEADER Local Action Groups – when will we see the final criteria?
This is currently being prepared. We will provide more information re selection shortly. (See answer above).

Q3.3 - Do we have to include all six priorities in our LDS?
See second paragraph of Q&A 1.15 above.

Q3.4 - The NDF requires a "sustainability appraisal" to be undertaken (*paragraphs 83(3) and 90 of the NDF refer*). How much detail will need to be included in the LDS application?
An SD appraisal can be undertaken in various ways, subject to local expertise and resources available. Whilst some SD appraisals can be quite lengthy, the LDS does not need to include the detail, nor does a copy of it need to be included with the 30 side application. Instead, the LDS will need to contain a short statement that this has been undertaken (*and is available for our reference if needed*) together with a short summary of its findings and any actions taken as a result.

Q3.5 - How detailed does the communications strategy have to be? (Paragraph 40 and 83(4) of the NDF refers).
The Communications Strategy should include issues as to how the Group's offer would be communicated; what stakeholders/sectors you will target, how you will be inclusive; how you would tackle possible situations such as low take up etc. This should not necessarily need lots of detail but should evidence how these issues have been considered. This does not need to accompany the LDS application but the LDS should contain a summary of the key points and overall evidence of your considerations.

Q3.6 - Do we need to include letters of support with our LDS application?
No. A summary and reference to them will be sufficient; however a letter from your Local Enterprise Partnership(s) endorsing your application will be required.

Q.3.7 – Do the letters of support count in the 30 side limit?
Yes, if included. However, as indicated in Q&A3.7 above we recommend that you briefly summarise any letters you wish to reference – apart from the endorsement letter from the LEP - rather than include a full copy. The letter of endorsement from your LEP(s) does not count towards your 30 side limit.

Q3.8 – What needs to be included in such endorsement letter(s) from the Local Enterprise Partnerships?
We would expect to see a letter of broad support and stating that there is no contradiction between the LEP's overarching economic plans and those within your group's Local Development Strategy. If there are no further concerns then a relatively straightforward letter to that effect should suffice. Where there are clear linkages (and therefore potential overlap) we would expect to see evidence of how this will be managed between the LAG and the LEP through a process that they support. This can also include reference to future joint working arrangements, if relevant.

Q3.9 - Who do Defra expect the LEP letter of endorsement to come from?
We are flexible around who in the LEP and how (in process terms) this is endorsed, so long as whoever is acting on behalf of the LEP has authority to do so. The letter should cover the points mentioned above.

Q3.10 - What happens if the prospective LAG area is covered by multiple LEP areas? Does it require sign off from all LEPs?
In situations where a prospective LEADER group covers multiple LEPs then groups should get sign off from all the LEPs with a significant interest. You can discuss this with your local RDT if unsure.

In some instances, LEADER groups will cover a very small amount of a LEP area and the LEP may therefore not be interested in the LEADER group. You should provide record of this in your LDS application.

You can discuss this issue with your local RDT if unsure.

Q3.11 - How does the evidence base come into the structure of the LDS?
The evidence base should be apparent throughout the LDS, underpinning all statements. Key elements of it might be included in the LDS submission.

Q3.12 - Is a budget by measure required?
Please note: in terms of what you need to provide for your LDS application the answer given here (and in paragraph 109 of the National Delivery Framework) has been superseded by the issuance of the Financial Template (as sent to you with your indicative allocation) and groups should profile expenditure for each year by priorities as in the circulated financial template. (See Q&A 3.19).

Q3.13 - Does the LDS have to be a document? Could it be a video?
The LDS has to be a text document. It will be subject to audit at any time and must also be in a format that allows for analysis and comparison with others.

Q3.14 - Does co-operation need to be included in the LDS or can this be done at a later date?

If possible reference to future co-operation can be set out in your Strategy. However, formal co-operation requiring a project will be subject to a call for proposals once programme delivery commences so will be open to all groups. However, this does not stop day to day co-operation activity happening as part of routine M&A expenditure.

Q3.15 - There is confusion about what projects/programmes/operations are referring to in the NDF. We think the terms have been used as interchangeable.

In order to answer your question it will be helpful to know the specific examples (including page numbers) around which you are confused. Please send these to your local RDT contact. We will then seek to address your question more fully.

In general terms, a project is a single investment whereas a programme is a collection of activities/projects under a particular theme/objective.

Q3.16 - Please provide more detail on the sustainability appraisal that should be included within the LDS

There are a number of ways to approach a sustainability appraisal and there is no particular prescribed approach or framework to follow.

Groups may find it useful to think of the appraisal as a way of testing whether their proposals are viable for programme delivery. We are asking you to confirm that an appraisal has been undertaken and describe what actions you are taking as a result.

Q3.17 - When will you provide us with more information on the Financial Profile Template?

We sent the financial profile template when we sent your indicative allocation in June.

Q3.18 - Are Defra looking for a brainstorm type SWOT or a higher level evidence based SWOT in the LDS?

It is for prospective LAGs to determine how much detail is relevant within each section of their LDS.

Q3.19 - Does expenditure for each year need to be defined by measure or priority?

Groups should profile expenditure for each year by priorities as in the circulated financial template.

Q3.20 - For our LDS, should we stick to the structure provided in the NDF?

We want a degree of consistency between applications and so please use the headings provided in NDF. The ordering can be changed.

Q3.21 - Should each LDS follow exactly the format set out in the National Delivery Framework on page 25?

You must stick to the 30 side maximum, use the headings provided in the National Delivery Framework and include the information outlined in the NDF.

Q3.22 - Could you clarify what Defra is expecting regarding an 'equality statement'?

Your equality statement should detail how you will comply with the public sector equality duty – more information on which is available here.

Q3.23 - Does the LDS need to include LAG member names?

LDS applications do not need to include names of LAG members, but it should confirm the sectors they will look to include, whether they represent public or private sectors, explain how members will be recruited and the timescales to which this will happen.

Q3.24 - How formalised does the governance structure of a LAG need to be? Would it be advisable to have a core group looking at projects?

The National Delivery Framework provides detailed information on the membership of a LAG, and the basis governance requirements. Each LAG will need to structure itself according to the local situation, taking account of factors such as the number of LAG members. You can contact your local RDT if you want to discuss this further.

Q3.25 - Will Defra be providing any guidance on the election of LAG members and the executive group?

We will not be providing further written guidance on LAG membership other than that set out in the NDF. However, we would reiterate that the process must be fair and inclusive. You can contact your local RDT if you want to discuss this further.

Q3.26 - Are Defra staff willing to review our draft LDSs before 5 September?

We are running a competitive application process and need to ensure national consistency in the support local RDTs provide to groups whilst they prepare their LDS application. We have made a national decision that local RDT staff will not review draft LDSs before the submission date of 5th September.

Q3.27 - Do we need to identify a capital/revenue split?

No.

Q 3.28 - Does the LDS need to be signed by anyone? Is it submitted by the AB, the LAG or both?

The LDS should be submitted jointly by the Accountable Body and somebody signing on behalf of the partnership. This will typically be the LAG Chair, but could be the chair-elect or another member of the group.

Q3.29 – Can I email the Local Development Strategy RDT on 5 September or do I need to submit a hard copy?

A signed electronic (PDF) LDS application* must be sent to the following shared mailbox LeaderLDS@defra.gsi.gov.uk by **no later than 5.00 PM on Friday 5th September**. (Do not send these to your local RDT contact). *Everything that forms part of your LDS application must be submitted in electronic form – including LEP letter, tables and any annexes etc. We will acknowledge receipt of your application.

This should be followed up with a hard, signed copy (only one copy required) sent to the address below to be received no later than 5.00pm Wednesday 10th September.

Q3.30 - Job descriptions – is it expected that these need to be included in the LDS?

We don't expect to see full job descriptions in the LDS. A brief explanation which outlines details of key posts, responsibilities and division of roles etc. will suffice.

This document is now out of date and has been withdrawn. Current information on LEADER is available on GOV.UK.

SECTION 4: ELIGIBILITY ISSUES

Q4.1 - Can a prospective LAG specify activity within their Local Development Strategy that does not necessarily fit into the project types listed in Table 2 on pages 10 &11 of the NDF but is within the "spirit of the measures"?
The projects types listed in the table are purely illustrative examples, so other activities could be considered as eligible provided they fit within the description of the measure. Each programme measure will be accompanied by a measure fiche, providing more information on the requirements for each measure as well as further detail in the Programme Document once it's agreed.

Q4.2 - What if a project fits under a number of different policy priorities? Would they be required to submit multiple claims to allocate funds per measure?
It will be the responsibility of the LAG and Accountable Body to identify which is the most appropriate measure/s and to advise the applicant accordingly. The applicant would not be required to submit multiple claims. However, if the project was funded out of more than one measure, the Accountable Body would need to allocate spend and associated outputs to those measures.

Q4.3 - Are farm advisory services going to be eligible for LEADER funding?
No. This is being covered elsewhere within the Rural Development Programme.

Q4.4 - Are skills going to be eligible for LEADER funding?
No, this is being covered elsewhere within the Rural Development Programme 2014-2020. LEADER groups can look to 'broker' skills provision from other schemes within RDP or the other structural funds, if it is an essential component of a project.

Q4.5 - Is it possible for LAGs to have locally delegated grants schemes (for micro-enterprises for example).
It may be possible. We will address this is more detail later this year after the selection of LAGs. Any scheme will have to fit within the verification and control framework agreed as part of the new programme regulations, so we cannot make a final decision now. You can flag this in your LDS application if you wish to explore further.

Q4.6 - When will a decision on small grant schemes be made?
We will investigate the options available, working with LAGs later this year.

Q4.7 - Will it be possible to fund on farm activity that contributes to environmental outcomes but not to productivity? Could this be covered under tourism or farm business support?
No. Actions within LEADER have to be focused on helping improve the productivity of the farm business. It is possible that in addition to the productivity element there may be some additional environmental outcomes which we can record, however all agri-environment activity will be picked up by NELMS and also the Catchment Sensitive Farming capital elements.

Q4.8 – Will we be able to support innovation in productivity?
Yes, provided it fits the requirements of the Programme Documentation / Fiches etc.

Q4.9 – Is horticulture (for example – small scale market gardens) eligible?
Whether the project involves farming or horticulture, the key dependent is whether the activity aligns with LEADER priorities and measures as set out in the National Delivery Framework. Measures fiches, once finalised, will allow you to focus your thinking on the specific type of investments that your group wishes to make.

However, in general terms, horticulture is eligible activity alongside farming and forestry.

Q4.10 – There is nothing in the National Delivery Framework about what cannot be done or what is ineligible? (For example, funding of second hand equipment).
Information on this type of detail will be published later in the year as part of the National Operational Manual. At this stage, this detailed information is not relevant to the development of your Local Development Strategy.

Q4.11 - Will groups be able to fund outside of their LEADER area if there is a clear benefit within the LAG/rural area? Is it the residential address or the project address that is important?
LAGs should normally fund activity within their area. So for capital expenditure, the project address is important as we would expect all projects to sit within the LAG geography. There may be exceptional circumstances where this is not the case but they would be assessed on a case by case basis.

For any 'revenue' activity, the project address is less relevant providing the beneficiaries are from the LAG area.

Q4.12 Can we fund feasibility studies?
Any project funded under LEADER would need to meet the requirements of the relevant measure, the LDS and be approved by the LAG. It might therefore be possible to fund such activity if these requirements can be met.

Q4.13 - What is the definition of micro and small?
This is the definition provided by the Commission for the purposes of European funding. The main factors determining whether a company is an SME are i) number of employees and ii) either turnover or balance sheet total.

Company category	Employees	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm

These ceilings apply to the figures for individual firms only. A firm which is part of larger grouping may need to include employee/turnover/balance sheet data from that grouping too.

Q4.14 - Would investment in equipment which enables a farmer to remain on the farm and to keep the farm sustainable be eligible?

This will be part of the value for money appraisal process, however, we should not continue to fund projects if they are not sustainable long-term without grant funding. There will be a need to look at the priorities for funding. There will be some challenging and difficult decisions to be made.

Q4.15 - What type of farming projects could we support which are community/education projects – not a business.

The challenge is to tie it back to the jobs and growth agenda. Ministers are keen for the programme to deliver outputs for the economy. However, there is a possibility that a community project will create jobs on the farm and could put in place measures to become more efficient or improve its animal welfare for example.

Q4.16 - Under Farm and Business productivity, we would like to consider business start-up aid for young farmers entering into the sector. Does this mean we can fund basic equipment for a start-up, or does this exclude 'normal farming practice' which is the case for existing farm businesses?

The guidance fiche which accompanies this measure (Article 19) is clear that the funding needs to contribute to the priorities of 'fostering innovation', modernising, increasing market participation and so on, and as with all support for farm productivity this will not be achieved by maintaining or supporting standard practice.

If you deliver activity against this measure you should check the regulatory requirements. For example for young farmers specifically you need to ensure that the recipient meets the active farmer definition and is starting up as head of holding for the first time. You need to ensure that they have a clear business plan in place, and that the payments are made in at least two instalments and are reviewed against the business plan.

This young farmer start up support is a component part of the Farm and Forestry Productivity Scheme so if any LEADER groups are keen to support new entrants in their areas in this way the Defra FFPS team would be happy to work collaboratively with the LEADER group and offer advice.

You must also consider how you will prioritise limited financial resources in a fair and transparent way.

Q4.17 - What size farm will be eligible?

The large majority of farms in England will be eligible for support, although this will be dependent on the requirements of the relevant measure.

Q4.18 - Can LEADER support Equestrian projects?

The farm productivity measure is about increasing farming productivity only. LEADER may be able to fund equestrian facilities and projects under either the farm diversification or rural tourism themes.

Q4.19 - Are road repairs down country lanes an eligible cost?

No – this is something which the UK Government addresses.

Q4.20 - Would Defra pay for a consultant to get pipeline projects ready for the start of the Programme once the LAGs have been finalised?

We have allocated funds to prospective LEADER groups during the transition year, to enable them to develop their LDS application. This allocation can also be used by the prospective group to help facilitate pipeline projects if you so choose, accepting that the LDS approval process will be competitive.

Q4.21 - Can we use volunteer time as match funding?

As the 2014-2020 LEADER programme will focus on increasing jobs and growth, we do not think the question of using volunteering time as match funding will be relevant in many cases. However, once Regulations are finalised, it may be possible to use some in-kind contribution to the match funding. More detail on this will be provided in the Operational Manual.

Q4.22 - The LAG would like to support a project to create a network type project under the micro and small business support priority it is proposed that as part of it, it will provide advice and support to individual or clusters of businesses, help build capacity within the sector to allow them to develop their business (both new and start up business advice), help to access new markets, look at entering or creating local supply chains, working as clusters, joint marketing or linking of products / services, help them to access funds from LEADER or elsewhere, include peer support or mentoring activities etc., but not directly deliver training activities / courses. Can this be supported by LEADER.

No. This broad type of activity is one that we might expect the LEP to undertake and to do so with the related economies of scale that would be associated with the greater geographical and business coverage within its area.

Q4.23 – Re answer to Q4.22 above - What if the LEP does not want to undertake this activity, or the prospective group believes that it is a role where it feels that it can add value?

In this case a prospective LEADER group needs to explain how their strategy in any particular area (*tourism, micro enterprise support, or other sector specific area etc.*) fits with and compliments the LEP strategy and other strategic plans (for example the DMO strategy in the case of tourism). If after their ongoing discussion with their LEP we have justifiable reasons why the LEP are not supporting this activity through their ESIF and can see how what this leader groups is proposing fits in with wider DMO strategy, then it could be considered. But we expect this justification to be clearly articulated in their LDS and they will be scored on this to ensure that RDP investments are delivered in an effective and efficient way as possible and being able to demonstrate a local partnership approach with the LEP is key. We would want to see evidence why this approach would be the most effective use of the available funds at local/ regional level.

Q4.24 - Can you clarify what LEADER may be able to fund re tourist accommodation?

A large number of queries were raised at the June workshops concerning the reference in the National Delivery Framework to the fact that accommodation

upgrades were limited to 4* and above. This reference was originally intended just to cover pure upgrades and was never meant to rule out other types of projects which could demonstrate creation of jobs/ growth, innovation and/or a focus on quality. Therefore, the following will clarify the situation and also extends accommodation upgrades to all types and levels of accommodation (including that which is not linked to any grading system).

In terms of **serviced accommodation** (including establishments such as B&Bs, pubs) any level of accommodation upgrade or new product development is feasible. Equally, it is possible to fund **self-catering** projects (including youth hostels) – particularly where they focus on new and innovative approaches (for example glamping, yurts), but see below for comment re jobs and growth. However, any project should:

- Demonstrate that it meets the needs of the destination (i.e. where is a local demand) – and should demonstrate it fits in with the Destination Management Plan (if one is in place) or if one is not in place alternative place based or business plans for that area.
- Focus on high quality in delivery and good value for money including adding value to the accommodation offer (for example by extending the type of facilities on offer such as inclusion of wet rooms, bikes storage). However, it should not be a simple material refurbishment/replacement of the general fixtures and fittings purely to maintain existing status or to upgrade – there must be more to the project.
- Show it will not create oversupply

Overall, any project must be mindful of our objective to create jobs, increase visitor spend and growth. Certain forms of self-catering tend to be high on capital demand but low on outputs (e.g. jobs created), therefore any project would need to be able to show tangible and measurable outputs before it could be approved. In addition, it would be preferential if accommodation was linked to one of the known accreditation schemes so there is clear independent assessment and a set of criteria on which to help base any funding decision. However, it is appreciated that many choose not to be linked to such schemes - where that is the case the LAG should ensure that it is satisfied that it can gauge the current situation /offer and how to measure and verify the improvement funding is supposed to deliver.

Q4.25 – We understand that "provision of woodland advisory services" as listed in Table 2 of the National Delivery Framework is now not eligible for LEADER funding
Yes, that is correct. After further consideration this will not be eligible for LEADER funding. However, consideration is currently being given as to whether this might be funded elsewhere under the RDP.

SECTION 5: M&A COSTS

Q5.1 - Can you explain why the 75/25 split between running costs and animation has been selected? (Paragraph 116 of the NDF refers). Does animation extend to a scenario where a development officer may offer support during the lifetime of a project to support the applicant where a significant change is necessary?

The aim of splitting animation and running costs is to demonstrate and report a more accurate picture of how LEADER is delivered. The 75/25 split is based on previous data and evidence, but it is only an indicative split based on comparisons with other Member States. Further information on this will be available later in the year and programmed accordingly with those LAGs who are selected and approved.

Q5.2 - Will M&A be restricted to 18% of total public expenditure, which could include LA match?

No, we will not be considering this at this stage. Defra hopes that any support for M&A over and above the programme offer will add value to the delivery of the approach. If this cannot be achieved, we would expect to see a reduction in the programme M&A ask in favour of spending this money on additional project activity.

Q 5.3 - How often are you expecting M&A claims to be made and is there a minimum claim period, i.e. monthly, quarterly, annually?

We would expect to receive between 1 and 4 M&A claims per annum – it would be for the LAG / Accountable Body to choose how many claims (within this range) to make.

Q5.4 - If a number of LAGs choose to use the same accountable body can they pool their M&A to create a joint team (noting the need to keep the costs separate for audit purposes).

Yes. However, there would need to be a clear process in place to ensure the LAGs were treated equitably through time recording for example.

SECTION 6: BEHAVIOURAL CODE OF CONDUCT

Q6.1 - The Behavioural Code of Conduct is welcomed. (Paragraph 75-77 of the NDF refers). However, we need to understand the process behind this. Does it extend to Defra RDT staff?
The Civil Service has its own code of Conduct and core values (http://www.civilservice.gov.uk/about/values). However, the Behavioural Code of Conduct in the NDF is there for **all** involved with LEADER to sign up and comply with.

Q6.2 - What is the process for appeals?   Is it the intention to have an independent body presiding over contentious decisions?
The Code of Conduct is a statement of mutual commitment. Should there be any disputes that cannot be rectified then these will be addressed through a process of escalation via a formal route of complaint. More information on this process will be provided to those groups who are approved.

Q7.1 - What is the future of the Leader Exchange Group (LEG) – will it continue under the new programme?

Yes, we plan to continue this under the new programme. We feel that this has been mutually beneficial. However, we are very conscious that others are keen to participate with the LEG. Therefore, we will review the LEG in the autumn/winter and seek views, as appropriate, on a way forward.

Q7.2 - Why was the June LEG cancelled – it was understood that the LEG would also continue through transition year?

The current LEG is still in place and its Terms of Reference were reviewed and agreed at the February LEG to ensure that it could operate through the transition year as required. However, we arranged a number of full day regional workshops during June, open to <u>all</u> prospective groups, which focused on aspects of the writing of the Local Development Strategies. In addition, these workshops provided an opportunity for a general update to **all** parties on other key issues that may be pertinent at the time. During the period leading up to submission of Local Development Strategies we have to be mindful of the need to be transparent and deal with all potential groups on an equal basis.

Therefore, in view of the timing and content of these workshops and being very conscious of the pressure on people's time took the decision to cancel the LEG in favour of these more detailed and inclusive workshops in which all groups could participate.

Q7.3 - Will the planned October LEG still go ahead?

The October LEG has been rearranged to Wednesday 25 September and LEG members have been informed. We had to rearrange the October meeting to September due to the LEADER panel assessing applications during that period.

SECTION 8: MAPPING

Q8.1 - We cannot reach a population of 149,000 because certain local towns have not been included on the list of rural hub towns.
While we encourage all prospective LEADER groups to maximise their coverage up to the 150,000 limit, this is an aspiration and it is acknowledged that you are only able to work within the available geography (avoiding urban areas/overlapping with neighbouring LEADER areas).

Q8.2 - I am not aware of any potential overlap with other LEADER areas but can you confirm this now that prospective new LEADER groups have declared their hand?
A list of all prospective LEADER groups is available on the RDPE Network website: http://rdpenetwork.defra.gov.uk/assets/files/2014%2004%2025_prospective%20LEADER%20LAGs.pdf

Your local RDT contact can provide you with a map of prospective LEADER group boundaries in your area.

Q8.3 – There is an overlap issue between our group and another/others. All parties are in discussion but discussions are on-going and may not be resolved by the 23 May deadline for submission of maps. What maps should we submit?
If this is the case all groups should submit maps that you hope will form the basis of your Local Development Strategy application. Whilst having overlaps at this stage is not desirable it does not prevent progress on the next key stage which is the indicative budget allocation process. However, we would encourage all groups to work together to try and resolve geography as soon as possible.

Q8.4 –Does the geography have to be one complete joined up area or can it be made up of separate areas as long as they could be deemed contiguous?
It does not necessarily have to be one continuous area. Provided the overall LEADER area chosen is coherent and all parts will play a full part in fulfilling the aspirations of the Local Development Strategy, including attracting representatives from the area to sit on the LAG and ultimately projects coming forward to deliver activity. Conversely, if the geography calls the coherency of the strategy into question then the group should consider the inclusion of the area very carefully.

Q8.5 – How important is our LAG map to our indicative allocation?
Your map is important to your LAG – it needs to be coherent and inclusive – pulling in as much of the population as possible but recognising the 150K population limit. We do want to ensure that funding is distributed as fairly as possible so that groups with a bigger rural population receive more funding than those with a smaller population. However, we will make sure that all successful LAGs will have a sustainable budget. We appreciate that details of your mapping may change between May and September when you come to submit your LDS application. Revised allocations (up or down) will be made to successful groups as part of the LDS assessment process, taking account any changes between the May 23rd map and the final LDS version.

Q8.6 - Is the 150k population limit a fixed ceiling or is there a 10% variance allowed?

There will be no variance (10% or otherwise) allowed.

However, we have applied for a derogation to increase to the upper population limit to a maximum of 200,000 inhabitants in exceptional circumstances, based on the evidence submitted by the LAG.

We do not yet know if we will get that derogation approved so LAGs considering making the case to go beyond 150,000 inhabitants should also develop a 'Plan B' geography that keeps them within the 150,000 limit.

Q8.7 - What guidance has been issued re mapping and is this now everything we need in order to map and define our areas for the submission of our Local development Strategy application in September?

All prospective groups should have received the following guidance which contains all the information necessary ahead of the September application:

- Guidance on extracting population information for Census output areas from NOMIS
- County level maps showing the detailed eligibility for LEADER
- Guidance on each eligibility category on the mapping with examples
- A list of designated hub towns
- worked example of defining a LEADER boundary

Q8.8 - Can two LEADER areas cover the same hub town?

No. If a LEADER group wishes to include a hub town within their LAG boundary, they must include the whole hub town. As LAG areas cannot overlap, no two LAG areas approved by the national panel in the autumn will cover the same hub town.

Q8.9 – Can we go over the 150,000 population limit with urban areas where no funding is provided, e.g. inclusion of hub towns?

Please also see the answer to Q8.6. All of the population included within your final LAG boundary, including any hub towns, will count towards your LAGs total population.

Q8.10 - Would a good justification for extending over the 150,000 population limit be including hub towns?

That is likely to be a good example, although every case will be judged individually on its merits.

Q8.11 - One of our Accountable Bodies is still in discussion with their two LAGs about modifying the boundaries and increasing coverage. If the issue is resolved after 5 August will it be possible for them to get a revised indicative allocation or will they have to wait until the submission of the final maps in September.

Defra will provide revised indicative allocations to groups that merge and inform Defra before 5 August 2014. Any changes after this date can still be reflected in their LDS application, but groups will not receive a revised indicative allocation.

Q8.12 - If there are overlapping LAGs, will both LAGs go ahead in September? Or will one go ahead at the expense of others?

LAGs must try and resolve issues of overlapping boundaries at a local level. If that doesn't happen, in practice, it could be either of those two scenarios and is dependent on the local circumstances. In some cases groups will go forward as separate LAGs (providing they cover sufficient area that is not overlapping), in other cases on might be approved and one LAG might not (and geography might not be the only consideration in that decision).

Q8.13 - A town in my area is a good service area, but not on the list of rural hub towns. Can it still be included in our LAG boundary?

You can only spend LEADER funding in rural eligible areas.

Q8.14 - There will be instances of farms not being included within the eligible LEADER area as they are deemed to be in the built up area of an urban output area. Will there be any flexibility allowed to enable LEADER to support these farms with farm diversification grants? LEADER is the only real avenue for farm diversification grants and so farms that are deemed to be in an urban area will be disadvantaged if they cannot apply.

Generally no, as by definition if the potential beneficiary is clearly in the built up area of urban output areas then they would <u>not</u> be eligible for LEADER rural funding.

The only exemptions which might apply (as set out in previous mapping guidance) are where:

- there is the ability to extend eligibility up to the edge of the built up area of an urban output area,
  or
- unpopulated discrete urban built up areas that are part of a larger urban area but which themselves have no residential population (i.e. the area is made up of things like industrial estates, works or shopping centres). (This exemption would be at the discretion of local RDT).
  or
- extending to discrete parts of larger urban built up areas which in isolation have populations below 10,000

Q8.15 - Groups - if selected - are unsure about being able to identify whether someone on the ground might be deemed eligible as the mapping information may not be at a level which will make it useful on in terms of day to day discussions on eligibility with potential applicants. Are there plans for to provide a postcode checker?

Yes, we are plan to issue selected groups with a list of eligible postcodes, and are also looking to see if we can provide an online mapping solution. More information will be provided in due course.

Background to mapping decisions

Q8.14 – Why have census output areas been used?
Census output areas are the smallest areas for which Census data are available. This gives us the most geographically detailed and accurate information on population, and also on the extent to which areas are rural or urban.

Q8.15 – Why are areas that locally are viewed as rural being classed as urban?
Census output areas cover the whole country. On average they cover 309 people. They will vary in size depending on density. Around built-up settlements, the output areas on the edge will have both built and non-built-up parts. If the output area has been associated with the built-up area, then the whole output area is classified as urban. It is not possible to separately quantify the people living in the non-built up part (because the output area is the smallest geography for census data).

Q8.16 – Why has my village been joined to a neighbouring larger settlement?
As part of the rural-urban classification, Ordnance Survey was commissioned to produce boundaries for built-up areas. Those with populations of 10,000 or more (determined by the underlying output areas), were classed as urban. If the gap between built-up areas was less than 200m, then they were joined to form one built up area. If this was treated as a discrete join (i.e. there was a gap), then the component built-up areas are referred to as sub-divisions.

Q8.17 – Why are some settlements attached to larger built-up areas considered eligible for LEADER and some are not?
If the settlement is a discrete sub-division of the built-up area, and itself has a population of less than 10,000 then it has been proposed as eligible. If it has population over 10,000, or is not a separate settlement (as determined by Ordnance Survey mapping), then it is not treated as an eligible sub-division.

Q8.18 – Why is my town not a hub town?
The whole built-up area needed to have a population between 10,000 and 30,000. It then needed to meet criteria covering residential density and non-residential establishment density within the town and the surrounding area out to 10km.

SECTION 9: 2014-2020 PROGRAMME DELIVERY

Q9.1 - Has the General Election (*potentially scheduled for 7 May 2015*) and necessary period of purdah been factored in to the RDPE expenditure profile on page 31 of the National Delivery Framework?
The activity of prospective LEADER groups should not be significantly affected by purdah for any election period during the programme.

The expenditure profile is there for all to follow; if there's good reason why a group does not think they can match it then they will need to discuss with their local RDT in the first instance.

Q9.2 - **Have you considered the possibility that we might have to change the 70%/30% split after the next general election?**
We will need to react to changes throughout the 2014-2020 programme, as we have successfully done in previous programmes.

If a significant change was made to the programme, then we would need to submit a modification to the programme document. Such a change would take time to put in place.

Q9.3 - Can you provide any indication of what the tolerance levels will be for individual projects for changes occurring after issue of an offer letter?
More detail on this will be included within the National Operational Manual, to be developed later this year.

Q9.4 - What is the minimum level of grant that a Local Action Group will be allowed to issue?
This will be determined later this year, in conjunction with Local Action Groups once the regulatory framework is complete and the systems supporting delivery are fully developed. We have also committed to explore fully the 'simplified cost options' which will impact on this. We will also consider the findings on the recent EC audit of LEADER 2007-2013 in that decision.

Q9.5 - Will Defra RDT stipulate a maximum amount of grant applicants can apply for?
No but the ability to commit funds depends on delegated authorities from within the AB and RDT.

Q9.6 Does this include delegated grant schemes/umbrella schemes?
Yes, we are awaiting final versions of the Regulations and we can then develop, in conjunction with interested parties including LEADER groups, plans to implement options under the simplified approach as soon as possible. However, it will be subject to approval and signoff processes ensuring compliance, and might also impact on IT system development. As a result, these options won't be available when we first start delivering activity in 2015.

Q9.7 – Do "umbrella project" type proposals include delegation?
We will work with LAGs to further develop ideas regarding umbrella projects and other approaches to simplification in the early part of programme delivery. In terms of the LDS you should express an interest in this type of initiative as an option explaining and providing evidence backing as to why it is required.

Q9.8 - Will each LAG be able to set their own application processes for projects or will there be a central system that all LAGs have to adopt?
There will be a central system that LAGs will have to adopt which will set the minimum requirements that all groups must comply with. It may be possible for LAGs to ask supplementary questions if they wish. More information will be available later this year in the National Operating Manual.

Q9.9 - Will the National Operational Manual provide the method or actual forms to use?
The National Operational Manual is being developed and will include forms that LAGs will have to use.

Q9.10 - Is there likely to be a target period for RPA to make payments following the submission of valid claims?
There will be performance standards and we will report against these. More information will be available later in the year. *See Q&A 10.31 below.*

Q9.11 - We will identify two representatives from our LEP areas who can join our LAG. I do not know if they are able to attend every LAG meeting. Would it be OK for LEP representatives to attend LAG meetings as advisors rather than formal members of the LAG with decision making powers?
We are not prescribing full LAG membership or voting rights for LEPs so the decision is yours; however we do want to see early discussions on the LDS and ongoing joint working in implementing relevant projects. This can take many forms and LAG / LEP governance cross representation would constitute an excellent approach, should resources allow.

Q9.12 - Is the 18% target for M&A set?
Yes, it is fixed. Groups should look to save costs where they can, for example by sharing resources.

Q9.13 - When can recruitment start – in view of the fact that it might take a while to get contracts finalised?
We will aim to let groups know the outcome of selection as soon as possible after the national selection panel has concluded its decisions, although of course it will take a while after this point for contracts to be drafted and agreed with successful groups. It will be your decision whether you wish to recruit during this period. Hopefully knowing that you have been selected and that a contract will follow will provide you with a degree of certainty on which to plan. However, until a contract is in place any commitments that you make will be at your own group's risk.

Q9.14 - Can you estimate when contracts will emerge?
We will start contracting arrangements with successful LAGs once they have been informed of the outcome of the national panel this autumn. We expect this to be in

November. Contracts will hopefully be in place by 31 December 2014 (it is possible that in circumstances this may take longer and of course is dependent on both parties agreeing and accepting).

Q9.15 – Simplification of quotes process – a small £2k project might have dozens of quotes. Is there anything that can be done to deal with this?
Where possible, we will work with selected LAGs to develop and support simplified approaches to delivery, whilst meeting regulatory requirements once programme delivery commences. Within their LDS, groups should explain the evidence base for supporting small scale investments and what type of interventions are needed to meet this need and what other sources of funding / intervention have been ruled out. However, even if the case can be made, other factors such as cost of delivery and the outcome of recent LEADER audits may mean that not all requests can be accommodated.

Q9.16 - Will there be a simplified process for small grants?
As set out above, we are exploring simplified cost options and will let you know when a decision has been made. However, this will not be before 1 January 2015.

Q9.17 – Will groups have to keep files for 10 years if State Aid applies?
Successful LAGs should make plans to keep files for at least 6 years following the final payments. It is possible that some might be needed to be retained for 10 years so it would be sensible to plan for this timescale for all files. More details will be set out in the Operational Manual.

Q9.18 – are we expecting financial profiles to be based on spend or commitment?
Spend.

Q9.19 - Is there any flexibility with financial profiling and outputs?
LAGs should try to stick as close to their original profiling as possible as we would need to justify any adjustments to the EU. However, we do expect some variation between groups – the important thing will be for us to meet our collective profile.

Q9.20 - Is there an option to standardise intervention rates?
Measures and state aid cover will determine upper limits on aid. Below that, each project must make the case for the amount of funding being requested. We would not support a standard flat rate to be used in all circumstances (as funding offered should be the minimum needed to allow the project to go ahead), however we are looking to ensure consistency across all of the RDP schemes in order to avoid one being more favourable financially than another.

Q9.21 – Will LAGS be able to procure activity/have LAG run projects
We will agree all procurement activity on a case by case basis. Please discuss your requirements with your local RDT, particularly with regards to the relevance to your LDS and the value for money case. The activity will need to be project specific and linked to the objectives of delivering jobs and growth.

From the outset of the 2014-2020 programme we will be able to support procured activity and grant funding. We will not be supporting 'umbrella projects' from the start

of the programme, but will look into options for simplified cost options once the regulations have been completed and we may introduce this at a later stage if circumstances allow.

In all cases, project activity (i.e. funds not allocated for M&A) will need to meet the requirements of the measures and the objectives of the LEADER approach set out in the NDF.

Q9.22 – we are concerned that the difference between LEPs and LEADER are going to be confusing for applicants
LEPs and prospective LAGs need to work closely together to develop complimentary plans, providing the best possible offer tailed to meets the needs of your locality. This will help to minimise any duplication or overlap in support. LEPs and LAGs may not share the same geographic and thematic coverage so it will be essential to communicate the local scheme 'offer' and work together to ensure delivery is complimentary.

Q9.23 – Does Defra have a minimum budget allocation in mind?
Yes – details were provided in your indicative allocation letter issued in June.

Q: 9.24 – In the farming productivity hand out it mentions "hard to reach farm businesses" – what do you define as hard to reach?
Many farmers have told us they find it difficult to understand the different sources of funding and support that are available, and as a result don't always come forward to seek what might be available to them. There are some things we can do nationally through organisations like the National Farmers Union and country Land and Business association to raise awareness but there is a valuable/unique role that LEADER groups can play in getting to know the businesses in their local area and attending local events, shows and forums, to promote awareness of what exists (not just LEADER).

Q9.25 - Can LAG members attend other LAG's meetings and then feedback to their LAG?
Yes that sounds a good idea.

Q9.26 - Can we have a list of set costs for equipment?
We are looking into how standard costs could work as part of the simplified cost options work.

Q9.27 - Will there be a lower limit for funding applications?
This is still being looked at – there is a cost associated with processing claims so there has to be sensible lower threshold under which applications are not viable. More information will be available in the LEADER operating manual.

Q9.28 - What can the EU do if Defra get it wrong?
Defra/England could face (potentially significant) Financial Penalties if we do not comply with EU requirements.

There is a risk that mistakes are made by Defra, LEADER groups or funding beneficiaries.

Q9.29 - What is Defra's advice on issues of displacement? What does this mean for tourism projects?

There is little/no value in investing public funding in a project if it simply displaces tourism and economic value from a neighbouring business or area. Projects therefore need to demonstrate a clear gap in provision and evidence of market demand. Applicants should provide independent evidence to this effect and have the support of their local tourism partnership, destination management organisation (DMO) or local enterprise partnership (LEP) as part of the evidence base for the proposed project.

Q9.30 - Will LEADER groups be able to reimburse LAG members for travel costs to LAG events/meetings out of the M&A budget?

LEADER groups can reimburse LAG member for travel costs, but not for costs associated with the time spent travelling.

Q: 9:31- What length programme should we be planning for?

We expect that LEADER groups will operate for 6.25 years from January 2015 to March 2021. However, we do recognise in some cases it might be necessary to operate over a shorter programme period – each LAG proposal should set out and justified in your LDS (seeQ9.32).

Q: 9.32 – Do groups need to operate for the full programme period?

Our expectation is that LEADER groups will operate for the full programming period. In certain instances this might not be the case, and if groups are intending to operate for a reduced period they should make this clear in their LDS application, explaining all options they have explored.

Q: 9.33 – What is the comeback if we do not spend all our allocation? Will there be claw back?

There will be no claw back unless you are in contravention of the rules/guidance. We will work with groups to ensure that they are unable to keep to the spending target and will look to assist groups where potential underspend problems are forecast. However, we will ensure that collectively we will meet our spend targets as we have done in this programme – and we reserve the right to redistribute unspent resources as an option.

Q: 9.34 – If a LAG does not meet its spend profile in any one year, will any underspend be removed from that LAG or will it "roll forward" as long as there are processes in place to "catch" up on the spend?

This depends on the severity of underspend and also the timing, but as mentioned in Q9.33 above we would work with groups where underspend has been forecast. As with the previous programme, there is a pressure on maintaining an expenditure profile both locally and nationally and we will be undertaking performance monitoring. Whilst always the last resort to re-allocate funding around 'the system', this will be an option if we feel spending targets are at risk. There may also be other performance and financial factors (other than spend – for example exchange rates) which may lead to changes in a LAGs budget.

Q9.35 - Is there any flexibility once a programme is approved to move budgets between the different measures as long as the total budget remains the same?
Yes this is possible although full justification will be needed and will need to be discussed with RDT should it arise.

Q9.36 - Will there be an Expression of Interest stage?
Yes. More information on this and all stages of the project application process will be available in the National Operating Manual.

Q9.37 - Can our LEP veto a project we want to support?
No. If a LEP wants to take part in the decision making process they will have to sit on the LAG, and have a single vote amongst the wider partnership.

Q9.38 - Action Plans – I am assuming that each LAG will need an annual delivery plan as we did in the last programme so how detailed does the Action Plan need to be and in what format should it take.
Yes – and more information will be provided to those LEADER groups who are selected

Q9.39 - Is the grant/intervention rate depending upon the measure or is it related to the priority. For example, 40% grant rate for all priorities except rural services or would it be a rate on measure – basic services and village renewal in rural areas, which we have under three priorities?
Intervention rates are not needed as part of the LDS submission. Information on rates will be included as part of our National Operational Manual which will be issued to selected groups later this year.

Q9.40 - What impact will assisted area status have on LEADER funding? Will there be an uplift for an applicant in an assisted area?
This will be covered by information around intervention rates – which will be included in the National Operational Manual which will be issued later this year.

SECTION 10: ACCOUNTABLE BODY ROLES AND RESPONSIBILITIES

Q10.1 - Can you provide clarification of why the Accountable Body will not pay the claims from individual grant applicants?

During the previous programme, Accountable Bodies in some regions bankrolled payments to individual project holders i.e. they processed and paid claims using their own funds and then sought reimbursement for this expenditure. In the next Programme there will be an electronic system (called CAP-D) which will enable the claims processed by the Accountable Body to be paid directly to the end beneficiary by the Rural Payments Agency (without the need to use Accountable Body funds). This will reduce the financial cash-flow burden on the Accountable Body. Several groups successfully operated in this way in the previous programme period so this is not a new approach.

Q10.2 - If CAP D is not available on 1 Jan 2015, will some Accountable Bodies start the programme bank-rolling?

No, from the outset there will be no bank rolling. There will be a system in place whereby beneficiaries can be paid directly by the RPA. We want this to be nationally consistent and operate in the same way throughout the programme period.

Q10.3 - Will the claim be submitted to the Accountable Body for processing before it is sent to the RPA?

Yes - the claim will still be submitted to the Accountable Body for processing before it is sent to the RPA.

Q10.4 - The National Delivery Framework states "Defra RDT assessing payment recommendations and successful claims will be paid through the CAP-D system". Can you confirm that the system will stay the same as the previous programme and ABs will only be recommending claims for payment? Will AB have access to CAP-D so that we can inform projects when a payment has been made?

The AB will have the responsibility for checking, processing and recommending a claim for payment. The AB will have access to the existing IT system (ROD) from the outset and information relating to CAP D functionality and access will be shared as the system is developed.

Q10.5 - In view of the response to Q&A 10.1 above and the fact that Accountable Bodies will not be bank rolling the LAGs in the future programme, it has left AB's feeling uncertain as to their level of accountability.

The Accountable Body is responsible for delivery of the programme on behalf of the LAG, holds itself responsible for successful conclusion of the programme, and undertakes to ensure that financial propriety and compliance is observed in its management and administration of the programme. It makes no difference to an AB's level of accountability if they are recommending EU funds to be paid directly to beneficiaries compared to them authorising payment of their own funds and then seeking reimbursement for that expenditure from EU funds. Please refer to section 4 in the National Delivery Framework for additional guidance about the requirements of the Accountable Body.

Q10.6 - Will all paperwork be transferred onto the new CAP D IT system?
We expect to move all data from ROD to CAP D. Further detailed information will become available as the system is developed.

Q10.7 - How can we be expected to start delivering in January 2015 if CAP D is not yet in place?
There will be functioning IT in January 2015, including elements of the new CAP D system (the payment function for example). Alongside CAP D, there will be the existing IT solution (ROD) that we will continue to utilise until those functions transfer to CAP D.

Q10.8 - Whilst we understand that the need to cash flow the grants is no longer a requirement for the Accountable Body, is it still financially accountable for the programme and the grants paid, i.e. if a grant was made to a project when it shouldn't have been or if the scheme failed to achieve its outputs etc, is clawback from the applicant or the Accountable Body?

There's no change to the accountability element of the Accountable Body's work – the Accountable Body remains accountable for ensuring the compliance of the LAG's activities. We will work with Accountable Body's in the event of clawback or project failure to ensure the fund is protected. Each set of circumstances will be unique but in the event that the Accountable Body has failed to follow issued guidance or acted inappropriately then they may be liable for the financial consequences.

Q10.9 - Are Defra/RPA able to provide any further clarity on the claims process for the new programme? Will beneficiaries submit their claims directly to the RPA via the new IT system? Or will claims be submitted to AB's who will process the claims and then forward them to the RPA for payment?
Regardless of the IT system, the Accountable Body will receive the claims, check and process those claims and recommend them for payment.

Q10.10 - who will be responsible for pursuing clawback – the RPA or the Accountable Body?
We would expect that debt recovery work will be led by the RPA, with the support of the Accountable Body.

Q10.11 - How can the AB be responsible for claw back when they are not making payments? How will this be facilitated?
The AB is responsible for recommending the payment to the applicant. If the AB finds an irregularity in a grant claim form pre-payment, then we would expect the amount to be deducted from the claim before payment. If the total amount deducted is greater than a % yet to be determined in the Regulations (currently 3%), then in addition, a penalty equalling the total irregularity is further deducted from the claim before payment.

If an irregularity is discovered post payment, then the AB will be required to complete an RPA process to commence recovery proceedings. The RPA will then recover the amount directly from the project applicant.

Q10.12 - What process should the AB follow if a project is in breach of their funding agreement?

In headline terms, we would expect that the AB should follow the process below:

- o Applicant identified as possibly is in breach of their funding agreement
- o In most case, an opportunity will be provided to applicant to explain and remedy situation
- o If applicant not able or unwilling to remedy breach, recovery proceedings will be instigated including consideration of imposing a penalty

We will expect ABs to work closely with the RDT in such cases.

Detailed information on this will be included in the National Operational Manual.

Q10.13 - Will LEADER groups be responsible for undertaking all of their own compliance inspections or will some still be done by Defra/RPA?

It is expected that CMIs will still be undertaken by Defra/the RPA. More information will be available in the National Operational Manual.

Q10.14 - Will AB receive a programme from Defra on files requested for inspection rather than ad-hoc basis as in the previous programme?

Inspections and audits by the RDT/RPA and other auditors will be carried out on an ad hoc basis although we will always try and give as much notice as possible. There will also be at least an annual re-performance / system check by the RDT.

Q10.15 - When being audited by internal / external auditors assuming we are accountable for payments made by the RPA how will this information be checked? What arrangements will be put in place by Defra (as the AB will have no record of the payments being made)?

The audits will look at all claim evidence, and the processes and checks undertaken by the AB plus the request for payment which is sent to RPA. Audits of the actual payment system will take place at the RPA.

Q10.16 - Will Accountable Bodies still be required to undertake the once in a lifetime project monitoring visit before passing the final claim to the RPA for payment?

Yes we will expect Accountable Bodies to complete the once in a lifetime visits. The assumption is they will be undertaken on 100% of projects, but as an exception and with agreement of the RDT, it might be possible to waive this requirement on a case by case basis.

Q10.17 - Please clarity the meaning of "routine" and "targeted" inspecting when monitoring projects? How often is monitoring required?

Routine inspections include a mandatory "once in a lifetime visit" to a project. Targeted inspections are undertaken as a result of a risk assessment, breach of offer letter or special condition in offer letter. More information will be in the National Operating Manual.

Q10.18 - The NDF sets out a number of roles and responsibilities for the Accountable Body. Can these be carried out by the LAG on behalf of the Accountable Body? For example, can LAG staff carry out checks on projects, and issues offer letters on behalf of the Accountable Body?

Our preference would be to contract with one organisation that is responsible for all activity – employment, paying bills etcetera. If Accountable Bodies choose to delegate some of those functions to another legal entity, this needs to be very clearly documented (in an SLA or other agreed format) along with a clear understanding of who is doing what, who is accountable to who, who gets paid for what and critically how disputes are resolved. This SLA, or other agreed mechanism for documenting the delegation of functions, can be entered into after the LDS is submitted. However, it must be in place before the group commences delivery. If it is not in place before the LDS is submitted, the LDS should briefly set out how they plan the relationship to work.

Our experience from around the country is that these sub delegated relationships are dependent in part on the individuals involved working well together – please consider the implications, if considering this type of scenario, if one or more of those individuals move on and someone less inclined to honour an informal split of duties takes over.

Q10.19 - Will it cause a problem for LAG staff to be employed by the LAG rather than Accountable Body?

Usually LEADER group staff will be employed by the Accountable Body. However, it will likely be a mixed picture across the country and we do not anticipate this being a problem.   However, please see the answer above.

Q10.20 - If the LAG incurs costs in relation to management and administration, will LAG staff submit claims via the CAP D system directly, or will the Accountable Body need to do this on their behalf?

The Accountable Body will receive the offer letter and we would require this organisation to submit and evidence the claim.

Q.10.21 – We are concerned about on-going liabilities for redundancy payments.

All matters relating to redundancy remain the responsibility of the employer.

Q10.22 - Can you please explain the extent to which Accountable Bodies will be expected to "check claims" in order that we can best determine the staffing levels to assign to the task? For example are we expected to undertake 100% checks, report irregularities, apply penalties, recommend for payment.

All of the above. – also see Section 4 of the National Delivery Framework (pages 14-22 refer)

Q10.23 - Do Accountable Bodies need a formal internal audit unit?

Where possible, we will expect Accountable Bodies to offer an internal audit function for their LEADER activity. Some Accountable Bodies will not have a separate IA department. In such instances, they need to identify people with the right skills, knowledge and experience with RDPE and European funded projects to be capable

of performing the checks required, maintaining a clear separation of duties. Please discuss with your local RDT if needed.

Q10.24 - With regards to an internal audit section checking that all correct procedures are being carried out – will the internal audit section check the system or check the detail of claims?
The internal audit will check the systems in place and should perform some claim reprocessing work (for example) to ensure the systems are being followed.

Q10.25 - How will separation of duty be managed if we can only afford 1.5FTE?
It is possible to deliver a successful programme with 1.5FTE. Prospective LEADER groups should explain in their LDS application the roles they envisage and who will perform these roles.

We encourage all groups to think creatively about how they can be efficient, for example by sharing back-office functions with other groups or collaborating with your organisation's finance department to help ensure sufficient separation of duty.

Q10.26 - Will there be any assessment of the financial position and legal standing of the Accountable Body – i.e. as is quite often the case with tenders for delivery of funds or large projects checks are undertaken on the finances of the organisation, the insurance it holds, its governance etc.
The LDS should make clear the status of the chosen Accountable Body. The type of organisation fulfilling this role will in part determine the level of detail you need to provide. For example, if the proposed Accountable body is a Local Authority we can take significant assurance from their status and we will need less detail on the types of issues set out in the question. Conversely if the proposed Accountable Body is a private sector organisation, we would expect you to provide more assurance about their capacity and capability to complete the required functions, including details on topics set out in the question. We reserve the right to make additional checks in all circumstances.

Q.10.27 - LEADER activity is increasingly led by financial business and we are worried that Accountable Bodies in the future programme will no longer want to take any risks.
Prospective LEADER groups should work with their local RDT to understand the level of risk they can take.

The appraisal, assessment and decision making process needs to find the balance between taking managed risks which are acceptable given the potential outputs and outcomes with the responsibility of managing public funds.

We continue to work with the EU commission and auditors to discuss their risk tolerance on topics such as these.

Q10.28 - Please provide clarify on the meaning of AB 'holds itself responsible for successful conclusion of the programme and undertakes to ensure that financial propriety and compliance is observed in its management and administration of the programme". What does this mean and how will it be expressed in the contact between DEFRA and the Managing Authority?

The funding agreement between DEFRA and AB will include the terms and conditions associated with the total funding offered, the timescales within which that funding needs to be committed and defrayed, and the outputs/outcomes that need to be achieved.

The regulations associated both with EU funding and UK financial administration will be provided in the form of a control framework, set out in a table of key and ancillary controls, along with the National Operating Manual. The AB will be required to show how it has effectively implemented the operating guidance and associated controls.

Compliance will be tested through audit and corrective action will need to be taken if the guidance is not being properly implemented.

Q10.29 - At what stage will the fixed variations be agreed?

The funding agreement between DEFRA and AB will be monitored with regular meetings to discuss progress. One of the consequences of these meetings may be to issue a variation to the funding agreement. However, we would like plans to be challenging but realistic and therefore deliverable, rather than subject to constant change.

Q10.30 - With regard to variations above the agreed limited how long will groups have to wait for variations to be approved, will there be a certain time period agreed. For example a 48 hour turnaround from the change being submitted?

The timescales for approval depends on the type and scale of variation (usually related to timescales, funding, outputs). Whilst we would endeavour to approve these in as short a time as possible, we are subject to our own processes and delegated authorities which are still to be finalised so we can't commit to a timeframe at this stage.

Q10.31 - Where will the accountability fall if the RPA fail to pay claims on time or fail to pay at all? Will this be reflected in the contract with the AB?

We don't envisage this will be a problem (it has not been in the current programme period). We will always work to resolve any issues as quickly as possible. There will be an SLA timeframe against which we will monitor payment performance.

Q10.32 - Can you provide a flow chart of how the LEADER process will work from Appraisal to Final claim?

This will be provided in the National Operational Guidance but the key steps are:

- LAG brings forward project and appraises it
- Recommendation send to RDT
- RDT considers
- LAG/AB panel approves project, managing conflict of interest
- AB issues offer letter

- Applicant undertakes project and then submits a claim for grant reimbursement
- AB processes claims
- For final claim, AB/LAG performs final claim visit / inspection
- AB send request for payment to RPA
- RPA pays applicant

Q10.33 - Will Defra RDT provide the AB with all the necessary paper work to run the programme or will AB be designing all paperwork? Can the old paper work be used?

Defra will provide the operating guidance which will contain form templates and documents which can be modified with names/addresses etc. of the LAG/AB.

Q10.34 - Will the offer letter to projects be a grant funding agreement or will a separate contracting arrangement take place?

It will be a grant funding agreement with project specific and standard terms and conditions.

Q10.35 - If AB doing checks / compliance will the AB issue the offer letter to projects without the involvement of Defra RDT? Who has the final say? And who will signatory on the offer letter?

AB will issue the funding agreement following project approval by RDT and the LAG. The signatory will be AB with the appropriate level of authority. This will be part of the National Operating Manual

Q10.36 - Will time sheets be needed for fully funded staff?

No, we don't believe so but we will need full job descriptions plus contracts of employment which should be related to the overall timescales of the Leader programme.

Q10.37 - Will the RPA formally notify AB's that payments have been made? In what way will this be undertaken?

Yes – usually this is done by email.

Q10.38 - Are we still correct in thinking that Defra RDT will merge with RPA it isn't clear who the RPA are and who is DEFRA RDT in the guidance?

From 1st June, DEFRA RDT moved into RPA. Your day to day contact remains the same, with the same email address and telephone number. Please speak to your local contact if you are in any doubt.

Q10.39 - Will the National Operations Manual be available before submitting the LDS?

No, it is not essential to have this detailed information to write your LDS application by 5th September. If you would like to see an example operating manual from the 2007-13 programme, please speak to your local RDT.

Q10.40 - Will there be an option for Defra to offer pre programme training on the Operations Manual to AB?

Yes – we will provide mandatory training.

Q10.41 - How does an organisation become an Accountable Body for the LAG (beyond the prep stage)?

We accept that LEADER groups across the country will form in different ways. It is up to the group to decide the exact process for choosing their Accountable Body, as appropriate to their situation. Every LDS will need to identify an Accountable Body (capable of fulfilling the requirements of such an organisation) and Local Action Group.

SECTION 11: CO-OPERATION

Q11.1 – How will co-operation work – how much is reasonable?
Paragraphs 106-108 of the National Delivery Framework set out our future plans for dealing with co-operation. More details will follow later this year. However, in more general terms, co-operation will vary from LAG to LAG depending on a range of circumstances. There are no set requirements or obligation to have co-operation projects but it is something that we will try and encourage.

Q11.2 – Does co-operation need to be included in the LDS or can this be done at a later date?
If possible reference to future co-operation can be set out in your Strategy. However, formal co-operation requiring a project will be subject to a call for proposals once programme delivery commences so will be open to all groups. However, this does not stop day to day co-operation activity happening as part of routine M&A expenditure.

Q11.3 - Is it possible for a project to approach 2-3 lags with a proposal which, if successful, could be funded across LAG borders – with a nominated lead LAG and funded proportionally?
Yes, on a case by case basis – it would be up to the LAGs as to how they sort out proportionality and lead LAG. Going forward this type of collaboration should be easier due to national consistency of processes and paperwork.

Q11.4 - Do we need to fund cooperation activity out of the M&A pot?
We expect day-to-day cooperation activity to be covered by M&A, for example some of the initial planning and evidence gathering. However, we will provide you with more information on process for applying for the centrally funded cooperation activity in due course.

Q11.5 - What information in the LDS should we include on co-operation?
In your LDS you should just say that you will explore options for cooperation in a particular area / subject matter etc. We don't require further detail at this stage.

Q11.6 - What projects will be eligible for support?
More information on this will be circulated in due course.

SECTION 12: COMMUNITY LED LOCAL DEVELOPMENT

Q12.1 - Is there further detail on the sequencing of CLLD?
As explained in the NDF, we have agreed in principle with the other government departments responsible for structural funds that the development and approval of RDP LEADER and LEP CLLD proposals should be sequenced. At this stage, prospective LEADER groups should focus on the fact that RDP LEADER groups and their geographic coverage will be established first. A call for any additional or new LEP CLLD proposals will take place after successful LEADER groups have been announced.

LEPs with an interest in supporting CLLD groups will need to follow a formal and competitive selection and approval process. Therefore, you should not presume that all LEPs that have shown an interest in supporting CLLD in their ESIF strategy will receive approval to do so. The business process for this is in development and more information will be provided when it is available, including an indicative timetable and process maps.

Q12.2 - Can we include urban areas in our LAG boundary so that it can also deliver CLLD?
LEADER areas must only include the areas identified as eligible in the maps recently released by Defra. However, you may want to identify any CLLD ambitions in your LDS.

As explained above, we are working with other government departments responsible for structural funds to explore options for delivery of CLLD in the future.

However, at this stage there should be no presumption that LEPs that have shown an interest in supporting CLLD in their ESIF strategy will receive approval to do so. All proposals will be subject to a competitive national approval process, which will commence in 2015.

Q12.3 - If a hub town receives funding for LEADER, would it negate its eligibility for CLLD?
No, it can still apply to go through the process for CLLD funding. The area will need to be able to demonstrate additional need on top of that for LEADER and in accordance with the business process for approval and the rules of the funding sought. The business process for this is in development and will be clarified in due course.

Q12.4 - Will there be a process for LEPs "topping up" a LAG's EAFRD allocation?
£177m of EAFRD funding forms part of the Growth Programme and each LEP has been given an allocation to use in rural areas, in accordance with RDP priorities. When inviting CLLD proposals through LEPs, we will also consider proposals from local areas who would wish to use EAFRD funding for local development, either through clearly defined additional needs as part of already approved LEADER groups OR through clearly defined needs in non-LEADER areas. Both examples will

be required to follow the same CLLD business process for applying, will need to demonstrate 'additionality' and would also be subject to final approval by the MA.

SECTION 13: JOBS AND GROWTH AGENDA

Q13.1 - What amount of Growth equals a job?

Job creation and growth are not mutually exclusive. There is not a simple formula to convert X% growth = Y number of jobs being created. LEADER projects that are clearly designed to increase a firm's productivity should highlight the expected impact in terms of firm output and / or cost savings. This could be economic cost savings or environmental savings E.g. energy or water costs. Any savings that can be made, should articulate how this could be channelled back into the business. Plans for re-investment for example would make a strong case for funding. If a strong case is made that investment will drive future business expansion both productivity increases and job creation are likely to go hand in hand.

Q13.2 - How does community enterprise fit in?

Community enterprise, although focusing on social benefits in the local community can also stimulate growth and job creation, but more indirectly. Community enterprises should articulate how many people are likely to benefit from investment and highlight key community benefits for example:

- Increased sense of value and pride in local area, and community cohesion.
- Greater volunteering in the local community.
- Health and vitality benefits to local community.
- Greater networking within local community.
- Creating positive legacies for the local area.

So, it can be supported as long as a project can demonstrate economic benefits.

Q13.3 - How can we be sure that a project would not have happened without LEADER intervention?

Attribution is important to gauging the success of a LEADER investment and we encourage groups to follow up with additional evaluation as needed. Also, when evaluating a LEADER project, it would be beneficial to refer to some of the key barriers to rural business growth as a way to gauge suitability e.g. is there a high up front cost of investment? Is it worthwhile investing in something that others might benefit from? Is there a lack of co-ordination or agglomeration between businesses? Is there a lack of other sources of finance? This can help to strengthen the case for investment. As explained previously, Defra will also be undertaking its own national evaluation of LEADER and will look to better understand the 'additionality' of LEADER investments.

Q13.4 - How do we know if something is in the 30% or 70% category?

The 70% category is more likely to contain projects that are being proposed by business and aimed at increasing employment and growth, while the 30% will be proposed by community groups and seeking to achieve more social outcomes. There are likely to be cases of cross over between the two categories and in these circumstances a judgement will need to be made as to the precise classification.

SECTION 14: OTHER DEFRA-LED SCHEMES

Q14.1 - Please can you clarify the overlap between LEADER and FFPS? Will you be publishing a demarcation matrix?

As FFPS is developed over the coming months we will provide you with more information. However, we want to offer as much flexibility to allow you to develop a complementary offer that meets your local needs. As a principle we won't be looking to demarcate schemes as this could potentially restrict what LEADER groups might want to achieve in an area.

Q14.2 - Can you fund skills under FPPS?

FFPS will support the development of technical and specialist skills that relate specifically to the farm, forestry and land management professions, as well as to activities such as demonstration and knowledge exchange. You should work with your LEP in relation to support for broader 'business skills' such as project, financial or people management, accountancy, leadership and so on.

Q14.3 - How will LAGs know if Defra has provided grant funding for FFPS in their area?

Prospective LAGs should discuss this with local RDT (RPA team). We are also raising this issue as we develop the CAP D IT System.

Q14.4 - Will the FFPS scheme also promote LEADER?

We're keen to jointly promote both schemes / programmes as much as possible, but also to create a network of organisations and contacts that are aware of the opportunities under both.

Q14.5 - There will be some farmers who will not be able to get access to LEADER – what happens to them? Are all geographic areas covered?

Urban areas are not covered but some farmers may be eligible for FFPS if not LEADER. FFPS will also be a targeted scheme, focusing funding on specific priorities and areas.

Q14.6 - Will NELMS fund access creation or improvement in woodlands?

Yes.

Q14.7 - Fisheries – where does this fit within the RDP outside of FLAGs?

The EMFF programme document has been consulted on and Defra are in the process of reviewing and responding to this. The EMFF is small in relative terms and will be administered through the MMO. It might be that in due course, non-FLAG EMFF activity will be promoted via the MMO. If you want to discuss this further you can contact Paul Little via Paul.Little@defra.gsi.gov.uk.

Q14.8 - What can LEADER do in this sector?

LEADER can already support coastal community projects. Please contact your local RDT if you wish to discuss this further.

SECTION 15: MONITORING AND EVALUATION

Q15.1 - How do you expect a LEADER group to measure outputs? How far down the line will it be measured?

We do not formally expect LEADER groups to monitor outputs after the final payment has been made. If they have resource to do this, it is an important way to improve the robustness of the output data. This could, for example, be updated annually for 1-2 years after the final payment has been made. However, we need to make sure systems can manage effectively the regulatory reporting of outputs.

Q15.2 - How can we monitor increased economic growth?

The Managing Authority commissions evaluation contractors to carry out beneficiary surveys of LEADER funding at the national level. This is used as the key evidence base which will feed into Ministerial decision making. Evaluation contractors, through surveys with end beneficiaries will make an assessment of increased economic growth at the firm level.

The role for LAGs in monitoring increased economic growth is therefore minimal as collecting outcome data is very resource intensive.

Q15.3 - How would you analyse Jobs and Growth

Growth can be achieved through either putting more resources (land, labour, capital, entrepreneur) into production or producing more goods and services with less resources. This is equivalent to increasing firm productivity which can be driven by:

- Investment – spending on capital machinery or intangible assets such as marketing or advertising.
- Innovation – developing new ways of doing things.
- Entrepreneurship - taking advantage of opportunities or gaps in market provision.

Job creation is an example of increasing growth. Defra are interested in understanding the quality (sector, part-time, full-time & salary) of jobs created as this helps in estimating the value of job creation in the rural economy.

Q15.4 - Are LEADER groups going to be part of the analysis?

LEADER groups are encouraged to undertake their own project evaluation and end beneficiary surveys, in addition to the standard reporting requirements. The RDPE Network will continue to provide support, advice and examples of best practice on the various different methods that can be used. In addition, National level evaluation of LEADER will be commissioned by Defra through the use of external evaluation experts. This evaluation will involve a combination of output data and beneficiary surveys and will contribute to broader programme evaluation and reporting.

Q15.5 - Are there any guidelines we can use to estimate outputs e.g.: input value required in order to create a job, levels of investment needed to increase productivity by x% etc.?

There is no standard guidance or metric for this. Ultimately output data, at the time of final payment will be based on best-estimates. RPA and LAGs can advise applicants on this. Applicants for funding should know the likely impacts of investment on their

business (E.g. on turnover or the amount of time saved, energy saved, water saved etc). Future expansion might be based upon this, but the output data will ultimately be based on best-estimates by the business owner.

Q15.6 - How should groups evaluate economic outputs?
The Managing Authority evaluates economic outputs. Information collected on the new IT system will be analysed by government economists. This is then submitted to the European Commission. LAGs should take no role in evaluating outputs, but focus on encouraging truthful estimates of key output monitoring data.

Q15.7 - What is a useful way of capturing impact?
There is no standard way of capturing impact. Impact will usually be considered at the national level aggregating LEADER output/outcome indicators. This will be achieved through a national beneficiary survey of LEADER projects carried out by external contractors, commissioned by the managing authority. (See above questions for the role of LAGs in evaluation).

Q15.8 - What sources of information are there on the opportunities for tourism locally, methods of research and for measuring outputs?
You should get in touch with your local Destination Management Organisations and Local Enterprise Partnerships to discuss destination planning and the information they have available on your destination and how they measured it. You could also discuss with your local RDT team whether the method you have chosen is suitable for that particular project.

Visit England's website provides information on destinations down to local authority level and access to tourism surveys that help measure tourism locally, such as Destination Intelligence System: http://www.t-stats-uk.co.uk/visitengland/
VE tourism surveys: http://www.visitengland.org/insight-statistics/major-tourism-surveys/
ONS information on GVA turnover and employment within tourism industries in the UK, including details of employment down to LA level and guidance notes on measuring tourism locally. http://www.visitengland.org/insight-statistics/other-resources/index.aspx

Other methods of measuring outputs are as follows. Please note that there are varying degrees of accuracy for the techniques and some relate to counting visitors (car parks etc) – not necessarily tourists (who come from out of the local area) – so this needs to be made clear when providing the information as evidence:

- **Admission Tickets -**The numerical data provided by daily ticket sales serves is the most common form of data compilation where an entry fee is charged. Admission tickets should be numbered by type, i.e., adult, child, student, senior citizen, etc. The beginning and concluding stub numbers can easily provide an accurate record of daily data.
- **Automated Vehicular Traffic Counters** -For sites where visitors arrive commonly in vehicles, electronic traffic counters (commonly a sensor cable placed across the entrance roadway) can count the number of vehicles entering the site. This method can provide good data if the statistical average of the number of occupants per vehicle is determined at regular intervals.

- **Automated Visitor Counters** -An electric-eye counting device can record the number of people passing through an entrance gate. Accurate data depends upon making statistical adjustments for double-counting.
- **Turnstiles** -An entrance gate using a machine turnstile can maintain a count of the number of entries made. This method can provide highly accurate data as movement goes in only one direction.
- **Hand-held Counters** -Guards or attendants stationed at entrance points can count the number of visitors through the use of hand-held mechanical counters. The data is reasonably accurate.
- **Visitor/Guest Registers** -Usually maintained at the entrance or exit, registers are signed by many visitors who like to leave a record of their presence. This technique for recording visitors is most useful at small sites where visitors can be invited by a guide or hostess to sign a register. Guests are not under an obligation to sign, so this method can be unreliable. Still, the comments and names and addresses can provide interesting and useful reading, more revealing than mere numerical counting.
- **Parking Surveys** - For sites having restricted parking lots, a regular periodic count of the automobiles and buses in the lot at given times can provide reasonably accurate data. The vehicular count has to be adjusted by accounting for an average number of people per car.
- **Formal Visitor Surveys** - For sites where it is not possible to collect and record visitor data as above, formal visitor surveys can be conducted according to a predetermined schedule. Such surveys might be done once or twice a month or each quarter of the calendar year.

Also there is this helpful guide on the internet by green space: http://www.green-space.org.uk/downloads/publications/visitor_monitoring_guide.pdf

Q15.9 - What about specific guidance on event impact measurement?
Visit England provides guidance on event impact measurement as follows:

http://www.eventimpacts.com/

http://www.sustainabletourismresearch.eu/documents/sustainable-tourism/events-impact-model

The second of these provides a model which uses proxy data where detailed event data is not available (so for example, if you don't know how many people attended, but you do know the area of the site, it will calculate this for you).

SECTION 16: DEFINITIONS

Q16.1 - Can we have a clear definition of job creation and growth?

Please note that in a change from the information given in Version 6 – 1 Job created is a full time job which is <u>30</u> hours a week or equivalent (*and not the 40 hours as erroneously stated in version 6 of this Q&A*)

Growth is achieved by increasing the amount of resources (land, labour, capital, entrepreneur) put into production or by creating the same / more goods and services with fewer resources put into production. This is equivalent to increasing productivity. There are a number of drivers of productivity:

- **Investment** – can be in physical capital or intangible assets (such as marketing / advertising). Physical capital includes investment in machinery, equipment and buildings.

- **Innovation** – is the successful exploitation of new ideas. New ideas can take the form of new technologies, new products or new corporate structures and ways of working.

- **Entrepreneurship** – can be defined as the seizing of new business opportunities, both by start-ups and existing firms.

Q16.2 - What do you mean by hierarchy of objectives?

We are requesting that you present your strategy in terms of high level objectives and priorities, beneath which you should provide more detailed information.

Q16.3 - What do you mean by 'Programmes of Activity'?

A programme of activity should set out what themes the LEADER group will focus on. For example, you may have a tourism themed innovative accommodation programme of activity. We do not need exact project activity to be described within your programmes of activity.

Q16.4 - What do you mean by 'Action Plan'?

An action plan is what the LEADER group has to do to make their programmes of activity happen (for example do you need to recruit more LAG members) and how they are going to make it happen.

Q16.5 - What is a definition of a rural business – does it have to be farm related?

No – it is about location not sector. So, LEADER can support any type of business as long as it is within an eligible area, e.g. advanced manufacturing; hairdressers etc.

SECTION 17: OUTPUTS – BENCHMARKING

Q17.1 - What do I need to do with the output benchmarking paper?
Repeated below - for ease of reference - is the information that was sent to you in the email covering the circulation of the benchmarking paper.

"Further to a number of requests for information on benchmarking, we have produced a simple table to complete and submit with your LDS application on 8th September. For each LEADER policy priority we have provided benchmark figures for "RDPE expenditure per FTE job created (£)" and "average RDPE grant size (£)". These figures represent the RDPE programme money spent and do not include any match funding component.

The data for the benchmarks provided were taken from the RDPE Online Database (ROD) which captures basic output monitoring data from the 2007-2013 RDPE. This includes all closed (i.e. finished) LEADER projects through to January 2014. In developing the benchmarks, analysts used have job creation and public expenditure data on measures from the 2007-2013 RDPE which, as close as possible, relate to the new LEADER policy priorities as listed in the National Delivery Framework.

To help you present this information in your LDS application, for each policy priority we have selected the same three output indicators and ask that you complete this simple table in conjunction with your financial expenditure profile and based on the 'end of programme' figures only. We are aware that many LEADER groups have already spent time developing information on output indicators and targets. If you have any additional information that helps to demonstrate the impact of your LDS activity then please include this *separately* to the table. This table is also *in addition* to your 30 sides of information limit.

Those groups that are selected for the next RDPE will need to revisit the output indicators and targets, based on a confirmed programme budget allocation and approved LDS activity."

Q17.2 - Looking at the outputs benchmarking table I notice that the only two outputs that priorities have against them are number of projects and jobs. In other guidance we have been asked to measure growth and other outputs such as overnight stays (for tourism). Does Defra also want to see these outputs listed in the LDS?
The table is simply a <u>summary</u> of key outputs - These are not the only outputs that will be reportable but in terms of the LDs we need to obtain some headline data form all groups , all presented in the same way. Any other outputs that groups wish to cover can be included elsewhere in LDS.

Q17.3 - I note that the outputs have been requested against priority, rather than measure – I assume that they therefore don't need to be broken down by measure as well? Is this also the case for the budget?

That's right - for both the budget and outputs, the forecast is by priority rather than measure - groups are unlikely to have enough information at this stage to forecast by measure.

Q17.4 - The outputs table sent out last week suggests that under microbusinesses the RDPE expenditure of £11,931 would create 1 full time job. Our planned allocation to this priority would be 49 jobs created (using Defra figures). However, we were planning on having a small grants programme and from experience we know that many microbusinesses are likely to apply for a small grant. Those small grants will probably go on capital expenditure which is likely to result in increased production, but not necessarily job creation, so are concerned that we might not be able to create 49 FTE jobs under the microbusinesses priority.

In instances such as these, we would suggest that you add some narrative in the LDS to explain a particular situation and cross reference to the outputs table. This should evidence what you think it will deliver in terms of growth and jobs in any case, and also explain how the delivery of a large number of small grants can be cost effective for RDPE funds. (The figures that we have included in our outputs benchmarking paper have been chosen primarily for the purposes of assessment).

Q17.5 - We had already developed our targets and thought them pretty ambitious, but going by the benchmark figures from the last LEADER programme received last week, we are low on our target for job creation under the business priority.   Your benchmark figures seem to suggest we should be aiming for a higher jobs figure than we have targeted. On the other hand, the benchmark figures on projects suggest we are aiming for double that suggested by the benchmarking. Therefore, many more businesses being supported than the benchmark suggests. So which would be the priority for Defra? A new job or a business supported?

As said in the Q17.4 above, please include any additional information on targets and outputs in a separate table and also include any relevant text in the accompanying narrative. How these benchmark figures have been calculated has already been explained. If you consider them to be different for your area please set out the reasons why and relate to the accompanying figures you provide. These are only headline output indicators at this stage and more detail will be required from approved groups.

Q17.6 - As a large chunk of our business priority funding will be through a small grant scheme, capped at the request of the LEP, the only way we could achieve this kind of level of new jobs would be if almost every project was a wage-subsidy type of project, which is certainly not what our local businesses are after. They are after new equipment, expanded premises and support with growth and increasing productivity.

In the LDS set out what it is you want to do and explain the background to the agreement with the LEP. This should evidence what you think it will deliver in terms of growth and jobs in any case, and also explain how the delivery of a large number of small grants can be cost effective for RDPE funds.

Q17.7 - How will LDSs be scored against the benchmarks and will local priorities be considered? Most of our businesses are sole-traders or small employees and therefore JUST prioritising new jobs will not meet local business needs.
Provide the information you have within your LDS submission, including any justification for the approaches you have taken. We will not just be using absolute targets based on the benchmark information but will use the information you provide to determine an overall picture of value for money.

Q17.8 - We do not completely understand the instructions below re the benchmarking table. Do you want us to complete the entire table including the average grant and £ per job for each line as well as the column on the right?
All groups have to do is to complete the information in the right hand column.

Q17.9 - Does the output target for jobs include jobs created and jobs safeguarded?
In terms of the Output Benchmarking exercise we are just considering jobs created at this stage. The figures that we have included in our outputs benchmarking paper have been chosen primarily for the purposes of assessment. Those groups that are selected for the next RDPE will need to revisit the output indicators and targets, based on a confirmed programme budget allocation and approved LDS activity.

Q17.10 - Re outputs table and jobs created. Should the target figure include jobs created directly from the project and jobs created as a result of the project along the supply chain? There could be a big difference between figures if one LAG interprets this differently to another. Or is it simply the grant amount per job divided by the budget allocated to the priority as the expected minimum number to be achieved?
At this stage just focus on jobs created directly from the project. Of course if you have additional information/explanation about jobs created as a result of the project along the supply chain you are free to include it as part of your LDS.