



Guidance Notes for LEADER Applicants in Pembrokeshire

Background

The LEADER programme is part of the Welsh Government Rural Communities – Rural Development Programme (RDP) 2014 – 2020, which is financed by the Welsh Government and European Agricultural Fund for Rural Development (EAFRD).

LEADER is the term used to describe a special type of local development approach for rural areas. The name LEADER comes from the French abbreviation for ‘Liaison Entre Actions pour le Développement de L’Economie Rurale’ (which roughly translates to ‘links between actions for developing the rural economy’).

LEADER’s approach involves a rural development methodology based a number of core components including partnership, ‘bottom-up’ territorial development, innovation and cooperation.

LEADER methodologies are implemented by local area partnerships which bring together public, private and civil society sector organisations. A LEADER partnership is known as a Local Action Group (LAG). LAGs are made up from a cross section of local communities and LAG members include representatives from, among others, local authorities, business groups, third sector or social organisations and environmental bodies. These multi-sector LAGs bring together a large centralised knowledge base of skills and ensure an equitable coverage of interests.

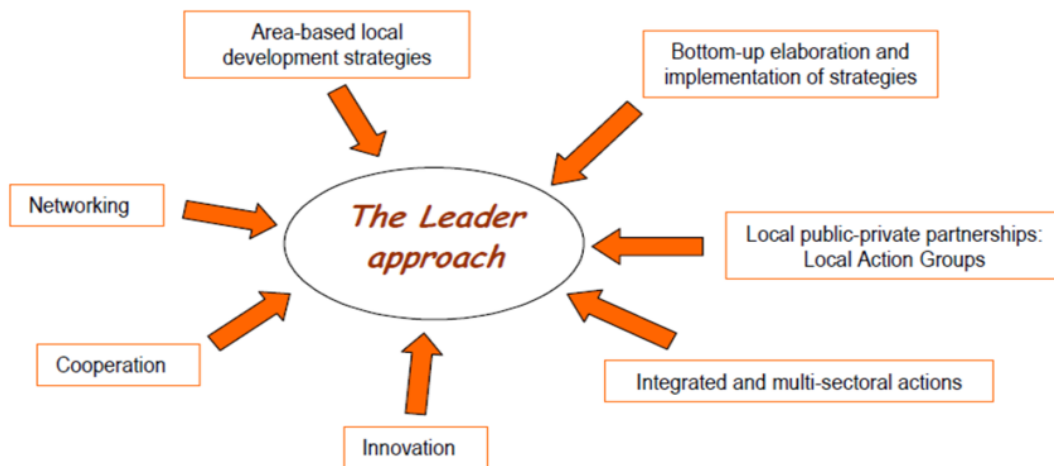
Each LAG has a Local Development Strategy (LDS) which contains a set of rural development actions and objectives that have been suggested by local communities in the LAG territory. All LAGs are required to prepare a Local Development Strategy (LDS) before they start distributing European Agricultural Fund for Rural Development funds (EAFRD) to LEADER projects. The LDS involves an in-depth analysis of a LAG area ie Pembrokeshire to identify what local people believe is most important for the development of their area. The LDS also clarifies what issues the rural population considers to be the main challenges that LEADER funds should be used to tackle. A considerable amount of community consultation is required to produce a LDS and the procedure helps to provide the LAG with a built-in ‘bottom-up’ direction for their LEADER work. All LAG projects supported by the EAFRD must fit with the aims of the LAG’s LDS.

The key advantages of the LEADER approach are:

- Local people have a better knowledge of local challenges that need to be addressed and the resource and opportunities available.
- They are able to mobilise local resources for the development process in a way that does not happen with traditional "top-down" approaches ie “bottom-up”.

- This gives local people a greater sense of ownership and commitment to the projects, which in turn allows them to make the best of their local assets.
- The approach can help develop trust and positive working relationships amongst the local community and business

LEADER is based on seven Principles :



Innovation is an important part of the LEADER methodology. By promoting innovation, LAGs aim to encourage local organisations, groups and businesses to test new ways of developing their territory. LEADER has been extremely effective at stimulating all sorts of different socio-economic and environmental innovations throughout rural Wales, UK and Europe. Different ways of innovation is expressed by LEADER might include:

- Working in new ways, applying new ideas, using new techniques, focusing on alternative markets, bringing diverse sectors and stakeholders together via social networking methods, supporting new priority groups, or finding new solutions to social economic and environmental challenges
- Developing new products and services, these often result innovative ways of working and can be created through the application of new or novel techniques, partnerships, technology, process, research and thinking.
- Adapting proven approaches to new circumstances is also recognised as an effective means of creating locally significant to new circumstances is also recognised as an effective means of creating locally significant innovative rural developments. These type of innovative actions are facilitated by knowledge transfer between regions in Wales, UK or member stated in Europe

LEADER funded projects should aim to nurture local development, this could be local skills, the exploitation of a local resource or realising the economic potential of part of the local culture leading to a 'new' outcome or product. This does not have to be new to the world but an outcome that has the potential to show others how to overcome a local situation or develop a similar project.



ARWAIN SIR BENFRO - The LEADER Programme in Pembrokeshire

Following recent approval, we now plan to deliver the new LEADER programme within Pembrokeshire from Autumn 2015. Arwain Sir Benfro, the Local Action Group for Pembrokeshire (PLANED is the administration body) has secured over £3,300,000 of funding to support projects which test new ideas which benefit the rural area, contributing to a competitive, productive and sustainable economy in Pembrokeshire.

Arwain Sir Benfro would like to hear from your community, organisation, group or business if it has an idea for an innovative project which fits the one or more of the following LEADER themes and Local development Strategy Objectives. The LAG will consider project proposals on a quarterly basis throughout the lifetime of the programme.

LEADER THEMES

- Adding value to local identity and natural and cultural resources
- Facilitating pre-commercial development, business partnerships and short supply chains
- Exploring new ways of providing non-statutory local services
- Renewable energy at Community level , and
- Exploitation of digital technology

CROSS CUTTING THEMES

- Sustainable Development
- Community Led Local Development
- Tackling Poverty
- Equal Opportunities
- Uplands
- Welsh Language

Local Development Strategy Objectives

- Contributing to a competitive, productive and sustainable economy
- Encourage a culture of Entrepreneurship
- Utilise and build local skills
- Improving provision of transport and accessibility
- Explore new models of service delivery
- Participate, Collaborate and Innovate

Match Funding

Each LEADER activity or project can be funded up to a maximum of 70% of the total project costs, therefore at least 30% of the total project costs must be found from other sources. The 30% match funding may be provided in the form of either cash or market rate service/goods contributions from the public, private or third sectors. The service/goods contributions will need to demonstrate note market values (i.e. that prices are not inflated) and that there is clear paper trail for the cost contribution under the expenditure heading and have an equivalent value of contribution received under the in-kind income heading. All contributions provided as match funding must relate to the delivery of the project. The LAG will seek to signpost applicants to other sources of RDP support to develop projects.

What Next

If your community, organisation, group or business has an idea for an innovative project, please complete the expression of interest form provided. When we receive your forms we will acknowledge that we have received them. Successful applicants will be invited to work up a full project application. (Please contact us to confirm the next deadline date). **We will on occasions be inviting bids for certain Priority Themes.** If you have any questions please contact **PLANED** on 01834 860965 or email leader@planed.org.uk to discuss your project.

Please refer to the information detailed below in Annex 1 when discussing what activity or project you would like to undertake.

PLEASE NOTE – You should not commence any work or expenditure until an Offer Letter is issued to you.

NB The project has to meet the LEADER Principals:

LEADER principles must be reflected in proposal activity:-

- Community participation
- Integrated
- Innovative e.g. involves new work/adds value to brings new dimensions, or explores new delivery mechanisms
- Brings organisations together in partnership
- Area based
- Co-operative
- Networking

ANNEX 1 – ELIGIBLE AND INELIGIBLE COSTS

LEADER is not a grant making programme. It is not possible to give a definitive list of activities that are, or may be, eligible under the LEADER measure of the RDP because the potential scope of LEADER is very broad. Advice will be sought from Welsh Government on a case by case basis if there is any uncertainty.

The LEADER measure cannot be used to provide aid or other assistance that would constitute State Aid in respect of the business, enterprise, undertaking or ‘economic operator’ receiving any such support. This means that the measure cannot be used to support any form of aid or other assistance that would reduce the normal day to day operational running costs of the business, enterprise, undertaking or ‘economic operator’.

State Aid Guidance

What is State aid?

Where a public body provides financial support or another economic advantage to an undertaking engaged in commercial and economic activity, it is necessary to consider whether such support constitutes State aid.

The rules which determine whether financial support granted to undertakings amount to state aid are based on the Treaty on the Functioning of the European Union. This generally prohibits state aid, in whatever form, which could distort competition and affect trade by favouring certain undertakings or the production of certain goods.

Accordingly, support to an undertaking amounts to state aid if:

1. Aid is granted by a Member State or through its resources.
2. It favours certain undertakings or the production of certain goods
3. It distorts threatens to distort competition

Does the support confer a selective advantage to an undertaking?

A benefit which is granted for free or on favorable (non-commercial) terms to some selected undertakings (but not others), could be state aid.

Definitions:

Advantage: An advantage can take the form of direct payment of state resources in the form of grants and subsidies as well as indirect benefits that affect the public budget such as tax breaks, rate rebates, low interest loans, sale of public land below market value and the provision of services for free or at below-market rates.



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Selectivity: Support that targets particular businesses, regions or types of firm e.g. SMEs or particular sectors and not others is selective.

Undertakings: An undertaking is defined as any entity, regardless of its legal status, which is engaged in economic activity and where there is a market in comparable goods or services. It does not have to be profit-making as long as the activity carried out is one which, in principle, has commercial competitors. It can include voluntary and non-profit-making public or public authorities when they are engaged in economic activity. Charities, universities, research institutions, voluntary entities, social enterprises and public sector bodies may therefore be deemed to be undertakings when they are engaged in economic activity. Support in favour of non-undertakings (i.e. entities which are not involved in economic activity) is not state aid.

Economic activity: Activity which consists of offering goods or services on a given market and which could, at least in principle, be carried out by private actors in order to make profits.

Does the support distort or have the potential to distort competition?

If the support has the potential to strengthen the position of the beneficiary relative to other competitors then this criteria is likely to be met. The potential to distort competition does not need to be substantial or significant, and this criterion can apply to relatively small amounts of financial support and firms with little market share.

Therefore the LEADER measure cannot be used to provide capital or revenue grants or other forms of assistance to commercial businesses. This includes, but is not restricted to, any form of business start-up assistance; business bursaries; aid assistance through the provision of subsidised goods or services (for example, machinery and/or equipment provided on loan) to a business; assistance for new product development within a business; loans or other methods of financial assistance to a business; marketing, publicity or promotional activities that are free or at a reduced rate to a business.

NB – If an EU Audit identifies State Aid it will be the recipient of the funding that will have to repay the sum to the EU.

The LEADER measure cannot be used to support capital or revenue grant schemes. This responsibility cannot be passed on to another organisation to deliver on behalf of the LAG.

Eligible Costs

- **Animation** – revenue costs for people who will promote the opportunities of LEADER within a given area and also provide support to organisations and/or individuals to deliver activities that otherwise could not take place.
- **Facilitation** – revenue costs for people who support others (businesses, organisations, clubs, societies and individuals) to design and develop ideas into deliverable activity. These kinds of activities will support the bringing together of groups of people in particular

locations or with other common links, such as particular types of businesses, and assist them to define their own problems and come up with workable solutions.

- **Mentoring/Expertise** – mainly revenue costs for people who can provide particular kinds of support to organisations and groups to help them develop their own skills and expertise. This is a different approach to training.
- **Training** – mainly revenue costs, though some small items of equipment might fall within the scope of training, for the development and delivery of more formalised courses to groups of people.
- **Research/Feasibility Studies** – revenue costs for a combination of staff time and consultancy costs to undertake the background research for a specific problem or issue and the production of a comprehensive written appraisal of the issues, the alternative solutions, the financial costings, a detailed risk analysis and recommendations for the next steps.

When completed, a **feasibility study** must show at least the following:

- a) A detailed description of the issue that any ensuring proposal is expected to address, with particular reference to the actual or potential stakeholders and their requirements. It must also show the applicant's current position in relation to the issues and what they are anticipated to do at the conclusion of the project
- b) Details of the action to be taken under the proposal, including all items for which grant will be sought
- c) Why the action is needed in the business, organisation or sector concerned
- d) An explanation of the benefits of the proposal, particularly in the long-term
- e) In the case of a proposed new business or organisation, why existing structures cannot be utilised
- f) A three-year forward cash flow projection for the proposal, showing how it will be implemented and funded.
- g) A three-year forward business plan for the proposal
- h) A clear recommendation on the likely viability of the project.

- **Staff Costs within eligible projects** i.e. travel and subsistence costs.
- **Pilot Projects** – small scale or limited term projects to test out a concept or try an innovative technique within the LAG area. Can contain revenue or capital expenditure within the capitalisation limits set out in this guidance. E.g.
 - a) Small scale and time limited activities
 - b) Testing a concept
 - c) Try an innovative technique
 - d) See if an idea could be developed into a full scale realisable project
 - e) Equipment under £10K eligible (retained by LAG/ Admin body) for pilots
- **Research studies** that do not benefit single or few organisation – must be open call for those involved and the learning shared widely
- **Personal Development projects** – cannot help companies or organisation
- **Individuals** rather than businesses having support – no commercial benefit



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- **Supporting Networks and new potential networks.** Individuals can be supported with co-production development
- **Education materials that support individuals** – but not curriculum or duplicated education programmes.
- **Facilitation** of supply chain development and pointing to investment.
- **Mentoring** individuals.
- **Schools and colleges** submitting bids but not where there is curriculum funding or ESF funding.
- To ensure **open and transparent** processes.
- Meeting Gaps in **Training** for individuals. Need to demonstrate additional skills gained.
- To ensure **open calls** and not excluding groups or individuals.
- **Test market** a product especially if a by-product is used – but the equipment must not be the property of a single business that would then benefit from owning the equipment when actual trading occurs. Equipment can be sold off at market value once test marketing is completed.
- Identifying **underused assets**. Social, Natural and Community Assets both Human Capital and Asset based Capital. Recognising underused assets could form part of a LEADER Project that pilots the use of underused assets such as waste by-products as a pre commercial testing pilot.

Ineligible Costs

The following items or types of expenditure are **not eligible** under the LEADER measure;

- Any **CAPITAL COSTS**
- The purchase of trading stock, land and buildings;
- The purchase of cars, vans, motorcycles, bicycles and any other form of personal transport (for whatever purpose);
- The purchase of vehicles for external transportation (such as lorries, buses, vans, minibuses or any other kind of vehicle used to transport goods or people);
- Any physical site work or other expenditure incurred before the project start date without prior written approval from the grantor;
- Temporary works not **directly** related to the execution of the project;
- Maintenance costs for existing buildings, plant or equipment;

- Like for like replacement;
- Costs connected with a leasing contract such as the lessor's margin, interest financing costs, overheads and insurance charges;
- Costs of arranging loans, VAT and other taxes recoverable by the beneficiary, administrative and staff costs or compensation paid to third parties for expropriation, etc.;
- Overheads allocated or apportioned at rates materially in excess of rates for similar costs incurred by other comparable delivery mechanisms;
- Notional expenditure;
- Payments for activity of a political nature;
- Depreciation, amortisation and impairment of assets purchased with the help of a European grant;
- Provisions;
- Contingent liabilities;
- Contingencies;
- Dividends to shareholders;
- Interest charges (unless under an approved State Aid scheme);
- Service charges arising on finance leases, hire purchase and credit arrangements;
- Costs resulting from the deferral of payments to creditors;
- Costs involved in winding up a commercial company;
- Payments for unfunded pensions;
- Compensation for loss of office;
- Bad debts arising from loans to employees, proprietors, partners directors, guarantors, shareholders or a person connected with any of these;
- Payments for gifts and donations;
- Personal entertainments (including alcohol);
- Statutory fines and penalties;
- Criminal fines and damages;
- Legal expenses in respect of litigation;
- Reclaimable VAT;
- Support for Marketing Activities – can only look at information dissemination;
- Promotional or Advertising – again can look at information dissemination;
- Retail or Trading support;
- Subsidising Knowledge Transfer for organisation and businesses – Personal development is permissible;
- Support for Branding to include no support for geographic area or food produce;
- Funding to Displace other trading or production;
- Duplication of current services or training – ensure thorough research is evidenced;
- Curriculum Education activities and check ESF provision funded by others;



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- Support for Agricultural or Aquaculture activities and products – Refer to other RDP pots;
- Operating or Overhead Costs;
- Transport or Distribution support – too many organisations in this field of activity – But could fund activity in reducing transportation costs and logistics;
- Business benefit from Mentoring;
- Intellectual Property Rights for initiatives developed through LEADER;
- Duplication of Training – Need to ensure that it is not offered by other providers;
- Product Displacements i.e. items such as developing Tins for local Ale;
- Support for activities that are closed – i.e. must have an open call and transparency;

ANNEX 2- APPEALS AND COMPLAINTS PROCEDURE

Appeals

Arwain Sir Benfro is committed to ensuring that any selection process has been conducted fairly and reasonably. We will ensure any selection process is conducted fairly, reasonably and objectively, and will apply objective selection criteria against which proposals can be measured.

If a proposer wishes to appeal, s/he should write to Wendy Goldworthy c/o PLANED, The Old School, Station Road, Narberth SA67 7DU explaining the wish to appeal against the decision, setting out the reasons for appeal. Appeals should be submitted within fourteen (14) days of receiving the outcome of the selection process from the LAG.

Appeals should not be on the basis that the proposer does not like the decision. There should be a basis for the appeal. The Appeal Panel will consider whether all the procedures were applied properly and consistently, whether the decision is rational on the basis of the selection process.

Complaints

Written complaints may be sent to Arwain Sir Benfro, c/o PLANED at The Old School, Station Road, Narberth, Pembrokeshire, SA67 7DU or by e-mail at information@planed.org.uk . Verbal complaints may be made by phone to 01834 860965.

Complaints may arrive through channels publicised for that purpose or through any other contact details or opportunities the complainant may have. Complaints received by telephone or in person will be recorded. Where appropriate, the complainant will be asked to send a written account by post or by email so that the complaint is recorded in the complainant's own words. In many cases, a complaint is best resolved by the person responsible for the issue being complained about. If the complaint has been received by that person, they may be able to resolve it swiftly and should do so if possible and appropriate. Whether or not the complaint has been resolved, the complaint information should be passed to the Chief Executive Officer within 7 days. On receiving the complaint, the Chief Officer records it in the complaints log. If it has not already been resolved, they delegate an appropriate person to investigate it and to take appropriate action. If the complaint relates to a specific person, they will be informed and given a fair opportunity to respond.

Complaints will be acknowledged by the person handling the complaint within 14 days. The acknowledgement will state who is dealing with the complaint and when the person complaining can expect a reply. A copy of the complaints procedure will be attached.



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Ideally complainants will receive a definitive reply within 4 weeks. If this is not possible because for example, an investigation has not been fully completed, a progress report will be sent with an indication of when a full reply will be given. Whether the complaint is justified or not, the reply to the complainant will describe the action taken to investigate the complaint, the conclusions from the investigation, and any action taken as a result of the complaint.

If the complainant feels that the problem has not been satisfactorily resolved at Stage One, they can request that the complaint is reviewed at LAG level. At this stage, the complaint will be passed to the Chair.

The request for LAG level review should be acknowledged within 7 days of receiving it. The acknowledgement should say who will deal with the case and when the complainant can expect a reply.

The Chair may investigate the facts of the case themselves or delegate a suitably senior person to do so. This may involve reviewing the paperwork of the case and speaking with the person who dealt with the complaint at Stage One. If the complaint relates to a specific person, they should be informed and given a further opportunity to respond. The person who dealt with the original complaint at Stage One should be kept informed of what is happening.

Ideally complainants should receive a definitive reply within 4 weeks. If this is not possible because for example, an investigation has not been fully completed, a progress report should be sent with an indication of when a full reply will be given. Whether the complaint is upheld or not, the reply to the complainant should describe the action taken to investigate the complaint, the conclusions from the investigation, and any action taken as a result of the complaint.

The decision taken at this stage is final, unless the LAG decides it is appropriate to seek external assistance with resolution. The LAG may vary the procedure for good reason. This may be necessary to avoid a conflict of interest, for example, a complaint about the Chair should not also have the Chair as the person leading a Stage Two review.

Complaints are reviewed annually to identify any trends which may indicate a need to take further action.