

BUSINESS, PEOPLE, PLACE: Local Development Strategy 2014 -2020

August 2014



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Authorised Signatories									
Name	Signature	Body	Position	Date					
Ross Weddle	K/2 Jodela	Northumberland Coast & Lowlands LEADER Transitional Working Group	Chair	28 Aug 2014					
Geoff Paul	GDI.	Northumberland County Council (Accountable Body)	Director of Planning, Economy & Housing	29 Aug 2014					

1. THE LOCAL ACTION GROUP PARTNERSHIP

1.1 Membership

LEADER forms part of the Rural Development Programme for England (RDPE), jointly funded by Defra and the European Union. It supports bottom-up rural development, led by local interests in a defined geographical area.

The Local Action Group (LAG) is central to maintaining the LEADER approach, which recognises local people as the main asset of rural areas, who are able to discover what is best suited to their environment, culture, working traditions and skills.

In Northumberland Coast and Lowlands (C&L), there are many years' experience of delivering earlier phases of LEADER, ensuring that funds meet local needs by applying an approach that is: area based; bottom-up; partnership oriented; integrated; innovative; cooperative; and networked.

This has been achieved by mobilising local interests and activists to ensure a representative group with strong local knowledge who are capable of managing the funding programme and helping to animate local activity around a defined strategy. The underpinning knowledge gained through this experience will be carried forward to help inform the delivery of the new programme.

However, the existing LAG recognises that the demands of the 2014-20 LEADER programme will require some shifts in the way in which local delivery is mobilised. There are three main reasons for this:

- The restricted resources that are now available for management and administration of the new programme, which impacts on the levels of support that the LAG can expect.
- 2. The change to the area covered by the LAG, with new areas to the south, and the Hub Town of Morpeth now being included.
- 3. The primary focus on employment and growth, which means that there will need to be a much stronger business emphasis than the previous programme.

The membership of the LAG will therefore have to be refreshed to include representation from the new areas, and to strengthen business and economic interests within its structure. It will also require the LAG members to be more proactive in engaging with potential beneficiaries of the programme, through taking a greater role in the animation process.

This will be achieved through engaging businesses, organisations, and individuals in developing a robust structure that will provide leadership to programme delivery, strengthen networks and encourage active participation.

Steps have already been taken to address these issues through the Local Development Strategy (LDS) consultation process, with consultees being encouraged to move on to a more active role in the LAG.

Consideration is also being given to formalise the structure of the LAG from its current status as an unincorporated association, in order to strengthen its role and status. Incorporation in some form (perhaps as a Charitable Incorporated Organisation¹ (CIO) or Community Interest

¹ http://www.charitycommission.gov.uk/frequently-asked-questions/faqs-about-charitable-incorporated-organisations-(cios)/cios-general-information/what-is-a-cio/

Company² (CIC)) would enable the LAG to engage more widely in bringing resources and development to the C&L area, becoming more effectively integrated with the range of other activities and sources of support.

1.2 Structure and Decision Making Process

The Transition Working Group for the development of the 2014-20 programme currently has 14 members, drawn from a range of backgrounds, including community organisations, environmental agencies, farming and forestry interests, local energy initiatives, and a range of professional backgrounds. Members of this group have been involved with earlier LEADER programmes, and bring this knowledge and experience to the next phase of development.

As part of the next phase of LEADER, C&L will establish a membership that is open to:

- Local businesses and their representative organisations, such as: National Farmers'
 Union, Country Land and Business Association; Federation of Small Businesses;
 North East Chamber of Commerce; and Berwick Better Business Forum;
- Community organisations in the LAG area, including parish and town councils and development trusts;
- Key support agencies, such as: NBSL (business support); ARCH, Northumberland County Council's (NCC) economic development arm; Northumberland Tourism; Northumberland Coast Area of Outstanding Natural Beauty (AONB); and
- Local residents.

This membership will be used to provide the basis of appointment of a LAG Executive of not less than 12 members through an election process comprising four equal constituencies:

- Business interests;
- Community bodies;
- Support agencies; and
- Community activists.

In addition, the Executive will include elected member representation from NCC and from the North East Local Enterprise Partnership (NELEP). This will ensure that there is a broad range of local interests represented, with due regard to the economic development priorities of the new programme. The process of appointment will be completed in November 2014. Consideration will be given to achieving geographical, gender and age balance within the Executive. The Executive will be supported by the AB, who will provide technical, financial and compliance advice.

The Executive will meet as required (c.10 times a year) to consider LEADER awards and receive reports of progress. The full membership will meet once a year or as required to receive progress reports, provide guidance, and appoint the Executive.

In considering projects for LEADER support, the Executive will:

- Receive a summary report from the LAG Officer, that:
 - Describes the proposal;
 - Illustrates fit with the Local Development Strategy (LDS);
 - Identifies expected outputs/outcomes and value for money;
 - Highlights any delivery and compliance issues, together with any special recommended conditions for the Grant offer letter;

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² https://www.gov.uk/government/publications/community-interest-companies-business-activities

- Provides a copy of the technical appraisal (TA) undertaken by the AB, with comments from the AB and Defra;
- Assess the proposal against established criteria that:
 - Balance the LDS priorities across projects;
 - Maximise potential outcomes;
 - Meet local need;
 - o Conforms to spend profile.

1.3 LAG Staff

The C&L LDS is designed to make the best possible use of the Management and Administration allocation provided by Defra. The detail of the LDS will be subject to confirmation or revision when the final allocation is known. However, the arrangements in the C&L LDS will be structured to ensure that:

- There is proper accountability of all staff delivering the programme to both the Accountable Body (AB) and LAG, including clear differentiation of roles;
- Resources are maximised and efficiency gains achieved through sharing with the neighbouring LAG, Northumberland Uplands (NU), with the AB acting as employer for the staff of both LAGs;
- The AB and LAG have developed an implementation plan which will enable staff and operational arrangements to be in place from January 2015; and
- The LAG Executive and its members are engaged in the animation process.

The LAG will have a full-time equivalent (FTE) Officer, who will be employed by NCC as the AB. NCC will take all responsibility for; administration; salary payments; pensions; business accommodation; training; and any other costs for the LAG staff within the agreed budget. This arrangement will be covered by the Service Level Agreement and Statement of Arrangements that will be established between the LAG and AB.

However, it is of central importance that the support role of the LAG Officer will be distinct from the oversight role of the AB. While directly responsible to the AB, the Officer will also be accountable to the LAG Executive. To manage this arrangement and to ensure a shared understanding and ownership of work priorities and issues, a management group will be established in which the LAG and NCC are equal partners.

The role of the officer will be developed in a detailed job description based on the following principles:

- Support the LAG and LAG Executive to coordinate, monitor and manage the implementation of the LDS;
- Alongside the AB implement procedures for the application, appraisal, monitoring and follow-up of beneficiary projects, in accordance with the National Operating Manual, including undertaking the strategic and technical appraisal of projects and support the C&L LAG in its decision making process;
- Advise and assist project applicants to develop innovative and eligible projects;
- Ensure that the programme is properly publicised and promoted including issuing project calls and developing briefs for procurements and support the animation process;
- Ensure the LAG is regularly updated on programme performance;
- Facilitate the development of partnership working by the LAG;
- Maximise funding opportunities through sign posting to appropriate sources of match funding:
- Support training activities for LAG members;

- Expand the efficiency of programme delivery by establishing and contributing to links and networks involving other LAGs within the UK and, where appropriate, transnationally;
- Ensure that equality and sustainability are embedded in the programme; and
- Provide the primary link between the LAG and AB.

On the basis of the current budget allocation, the LAG will also have a part-time (0.5 FTE) Administrator, also employed by the AB, who will:

- Organise and support LAG and LAG Executive meetings;
- Establish, maintain and archive project files;
- Collate and process LAG related expenditure;
- Co-ordinate the communications process;
- Support the Officer and the LAG in the preparation of documents, publicity materials, etc.; and
- Maintain the LAG website.

The Administrator will be employed by NCC with line management responsibility to the Officer.

Accommodation for the staff will be provided in County Hall, Morpeth but they will be supported to work in other parts of the C&L area.

1.4 Equal Opportunities Statement

The LAG will ensure that it complies with the requirements of the Equality Act 2010 (the Act) by having due regard to the needs of people within the protected characteristics of: age; disability; sex; race; religion and belief; sexual orientation; pregnancy and maternity; and gender reassignment.

Specifically, the LAG will:

- Eliminate from its work unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- Advance equality of opportunity between people who share a protected characteristic and those who do not;
- Foster good relations between people who share a protected characteristic and those who do not;
- Remove or minimise disadvantages within LAG activities and projects suffered by people due to their protected characteristics;
- Take steps to meet the needs of people from protected groups within LAG activities and projects where these are different from the needs of other people; and
- Encourage people from protected groups to participate in LAG activities where their participation is disproportionately low.

1.5 Involvement of the Community and Consultation Activity

The Transition Working Group has been undertaking an active programme of engagement with local communities and organisations over the development of the LDS since April 2014. This has focused on perceptions of the locality's strength and weaknesses, and on ways in which the Programme can most effectively contribute to productivity and employment.

This has comprised:

- LAG representatives attending relevant meetings (e.g. NFU, local community groups) to explain the Programme and obtain input;
- Consulting with local businesses organisations at events (e.g. Berwick Trade Fair);
- Attending local planning group meetings;
- Drop in consultation meetings in the villages of:
 - Belford (north C&L);
 - Amble (mid-coastal C&L); and
 - Stannington (south, in a new area for C&L);
- Interviews with key support organisations, such as the AONB, NBSL and Northumberland Tourism; and
- Specific consultation with organisations new to the C&L area, including interviews with representatives in Morpeth, including the Town Council.

Through these activities, contact was made with in excess of 50 individual businesses and a wide range of individuals and support organisations across C&L.

In addition, a web-based questionnaire was available in May and June. Information on the Programme and e-mailed invitations to participate in the questionnaire were sent to:

- All Parish and Town Councils in the area:
- Businesses in the area on NBSL's database;
- Northumberland Tourism's contact list of local tourism businesses; and
- Contacts within local community organisations through the Northumberland Community Development Network.

The questionnaire elicited 93 responses, of which:

- 49%³ were from business owners;
- 53% were from community organisations; and
- 47% from people who worked in the C&L area.

As part of the questionnaire, respondents were asked to select three out of seven priorities (related to the national LEADER priorities), with the top three being:

- 1. Creating employment opportunities (71%)
- 2. Developing local services (53%)
- 3. Supporting the tourist industry (51%)

These, and other responses, have been incorporated into the SWOT analysis and survey in **Section 3** below.

Other consultation mechanisms comprised:

- Distributing 200 'postcards', raising awareness of the Programme and inviting participation in the consultation process;
- Raising awareness through social media, with a C&LLEADER Twitter account; and
- Short articles in community newsletters and leaflets, with a news release being sent to all local print and broadcast media outlets.



The LAG also undertook some internal reflection, with an on-line questionnaire circulated to all members, followed up by a workshop in Alnwick in June.

³ The data sums to more than 100% due to multiple responses

An initial draft of the LDS was sent out to all those consulted and respondents to the on-line questionnaire who indicated a wish to continue to participate for comment and propose amendments. The draft was also put on the LAG website and its availability announced through Twitter. The complete draft, incorporating changes, was circulated to all LAG members with the opportunity for comment and change before finalisation.

1.6 Training Requirements

The current LAG team, of members and staff, has built up extensive experience in the administration of earlier phases of LEADER. However, especially in view of the limited resources available to management and administration of the Programme, it is essential that LAG members are supported to undertake an animation role, engaging with local communities to help to identify and develop appropriate interventions.

While this training will be limited by the resources available for management, it will be important to ensure that LAG members, and specifically the Executive, have the opportunity to be supported in terms of:

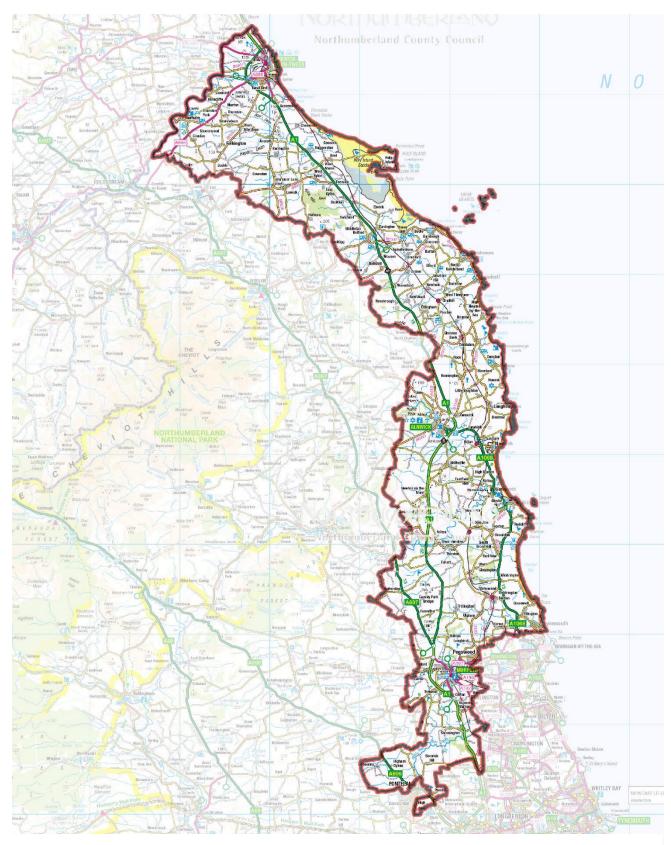
- Project appraisal techniques:
- Innovation design⁴; and
- Animation.

Any new LAG executive and staff members will also require induction into LEADER priorities and practice.

⁴ http://www.nesta.org.uk/publications/design-public-and-social-innovation

2. THE LAG AREA

2.1 Map of the Area



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The LAG area has been extended from the previous programme to include the Hub Town of Morpeth and the area to its immediate south extending towards but not including Ponteland (see map). It now takes in the whole coastal area from the Scottish Border down to the more urbanised south east of the County, which is currently proposed to be covered by Community Led Local Development under the Structural Funds. The area includes the:

- Market towns of Morpeth; Berwick on Tweed; Alnwick and Amble; and
- Northumberland Coast AONB, which stretches from Berwick on Tweed to the River Coquet estuary, including Holy Island.

C&L covers 97,243 hectares, of which 88,551 (94%) is rural. The distance between the north to the south of the area is 64 miles.

Clearly, the coastline is a key linking factor, incorporating important tourist areas, mainly within the AONB. The attractiveness of the area has had some impact on local communities with a growth of holiday or second homes impacting on year-round communities.

Communication links are important, as the length of the area is linked north-south by the main east coast rail line, and the A1 road between Edinburgh and Newcastle upon Tyne. However, despite these key arterial links there are many more rural communities that are poorly served for transport links, with a limited public transport service leading to travel to work issues, especially for young people without access to their own transport.

C&L has a number of strong local communities, with the main centres (north-south) being: Berwick on Tweed; Belford; Seahouses; Alnwick; Amble; Widdrington; Lynemouth; and Morpeth. Smaller settlements also support a range of social and economic activity. Like most rural areas, C&L has a strong tradition of community solidarity that maintains a thriving civil society, although again, in common with other areas, it is facing an ageing population, changing the profile of the communities and presenting challenges for future sustainability.

In economic terms, agriculture (with associated tourist diversification activities) remains important, with public sector employment (Morpeth hosts the County Council) and tourism having taken up some of the slack in the historic decline of the mining and fishing industries. However, current restructuring, with consequent job losses, in the public sector is having an impact on the role of Morpeth as an employment hub, creating a need for the development of new economic activities.

There are also demographic issues that impact on the economic profile of the area, including the facts that:

- Working age females are notably less likely to be economically active or in employment than working age males in the area (63% compared with 71% and 57% compared with 64% respectively) and are also less likely to be unemployed (3.3% compared with 5%), with the higher levels of female retirees (23%) and those of working age looking after their home or family (6%) largely responsible for these differences in economic and employment activity rates; and
- Youth unemployment is also a particular challenge with unemployment rates among 16-24 year olds at 12% compared with 4% among the working age population.
 Around 56% of the 16-24 year olds in the proposed area are in employment compared with 61% of the working age population as a whole.

2.2 Rural Population Covered

Data from the 2011 Census shows the total population of C&L as 82,817 residents of which 67% or 55,149 live in rural areas (see **Figure 2.1** below).

Figure 2.1: Usual Resident Population

Residents	Rural	Urban	Total
Number of residents	55,149	27,668	82,817
% of residents	67%	33%	100%

Population density across the LAG area is 0.9 persons per hectare compared to 0.6 across Northumberland and 4.1 across England as a whole. Population density in rural parts of C&L area drops to 0.6 persons per hectare, a level lower than the average for rural England, but higher than rural Northumberland.

Urban parts of the C&L area are less densely populated than the national (7.5 compared to 21.8) and Northumberland average (12.1).

Figure 2.2: Population Density (number of persons per hectare)

Rural/Urban	Coast & Lowlands	Northumberland	England
Rural	0.6	0.3	0.8
Urban	7.5	12.1	21.8
Total	0.9	0.6	4.1

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3. THE STRATEGY

3.1 'SWOT' Analysis

The figure below provides an overview of a SWOT analysis of the Coast & Lowlands LEADER area, drawing on a range of sources.

Strengths

Business

- Tourism makes a significant contribution to the local economy generating more than £706m in direct and indirect expenditure for Northumberland in 2012
- Strong agricultural sector (22% of enterprises and 4% of employment) with lowland grazing livestock (29% of farm holdings), mixed farms (29%) and cereals (22%) the most common types of farm with sheep farming particularly prevalent (around 76% of livestock)

People

- Levels of unemployment in line with County and national averages (4%)
- Higher proportion of the population with degree level qualifications and above than in urban Northumberland (28% compared to 23%)
- Strong levels of satisfaction with the area as a place to live (78% very or fairly satisfied and 11% neither satisfied nor dissatisfied)

<u>Place</u>

- Excellent natural environment including an AONB (which covers 39 miles of the coast), historical sites and a small number of tourist attractions pay an integral role in the tourism offer
- Relatively strong road and rail transport and communication links
- Strong market towns acting as social and economic hubs

Weaknesses

Business

- Small business base
- Significant levels of seasonal employment, particularly in tourism
- Reliance on public sector employment (34.4% in the LAG area compared with 28.2% across England)
- Very small number of large employers in the private sector (5 in 2013)
- Limited economic opportunities with 39% of residents surveyed identifying job prospects as something that needs improving
- Lack of finance for business growth

People

- Significantly higher proportion of retirees than the national average (20% of 16 to 74 year olds compared to 14%).
- Slightly higher levels of the population with no qualifications than the average across rural England (23% compared with 21%)

Place

- Average distance travelled to work higher in the proposed LAG area (25.2km) than across Northumberland as a whole (21.4km) and significantly higher than England average (14.9km)
- Lower levels of public transport use than national averages with 6% of those in work using public transport to travel to work compared with 17% nationally
- Gaps in public transport provision and an over reliance on cars for travelling to work with 69% of those in work in the LAG area either driving to work or travelling as a passenger in a car or van compared to 62% nationally

Opportunities

Business

- Potential for business growth with rising levels of business start-ups higher levels of sole-traders (28% of enterprises) than the England average (19%)
- Growing physical economic assets and business support infrastructure through Local Enterprise Partnership investment in rural economic infrastructure through the Rural Growth Network
- Significant appetite for driving productivity and innovation with a pipeline of projects being developed through the LDS consultation and development processes

People

- Significant numbers of business owners, home workers (7% of those in work) and micro and small businesses (99% of enterprises) with potential for growth
- Rising levels of business start-ups
- High levels of early retirees potentially creating economic opportunities for younger people

Place

- Broadband roll out across the proposed LAG area through the iNorthumberland programme
- Natural assets provide substantial opportunities to enhance the tourism offer through new services and facilities
- Opportunities for increased wood fuel production and forestry management

Threats

Business

- Economic uncertainty with only 12% of residents surveyed in the proposed area reporting a positive view on the economy
- Employment and the local economy is reliant on the public sector, tourism and retail
- Limited long term opportunities for younger people
- High levels of sole trader businesses (28%)
- Potential that sole traders do not wish to grow their businesses through increased employment

People

- Ageing population and slightly lower proportions of children and young people than the average across rural England (25% compared with 27%) - if trends continue any imbalance in the age profile of the population could threaten the ongoing sustainability of some rural communities
- · Relatively small local labour pool
- Limited long term opportunities for younger people

Place

- Socio-economic sustainability of some communities threatened by high levels of second and holiday home ownership
- Challenges accessing services, markets and communications infrastructure

Data sources: ONS Census 2011; Ipsos Mori, Northumberland County Council Resident Perceptions Survey 2012: Northumberland Coast and Lowlands LEADER Area; ONS, IDBR Local Unit Dataset 2013; Defra, 2010 June Agricultural Survey; internet survey of organisations and residents by C&L LAG May/June 2014; Local consultation May/July 2014; Northumberland County Council, Northumberland Economic Strategy 2010-2015; http://www.inorthumberland.org.uk/

3.2 Evidence of Alignment with LEP Activity

It is essential that the LDS is grounded in the local and regional policy context. This is particularly true given LEADER's current focus on stimulating jobs and economic growth. Extensive discussions have been held with representatives of partners taking forward key components of NELEP's approach to driving economic growth in rural areas. As a consequence this LDS has been developed with a strong understanding of NELEP's emerging approach to driving rural growth with the programme outlined here designed to add value and complement their approach, including:

- European Structural and Investment Fund (ESIF) Strategy 2014-2020 The
 ESIF provides the NELEP's Strategy and framework for investing key European
 funding streams, such as ERDF and ESF, to support the delivery of the North East
 Strategic Economic Plan while delivering smart, sustainable and inclusive economic
 growth. The six key strategic themes of the Strategic Economic Plan are:
 - Enhancing Innovation to provide better jobs and a more competitive business base:
 - Improved business support and access to finance to support private sector growth;
 - o Providing a more demand led skills system to reflect the needs of employers;
 - Delivering inclusion through targeted and tailored support to neighbourhoods and groups facing major challenges In accessing training and employment;
 - Developing economic assets and infrastructure to support investment and provide new opportunities; and
 - Delivering transport and digital connectivity which serves and connects people and businesses.
- EAFRD Growth Programme This forms a specific component of ESIF targeted on rural areas, and NELEP, which covers the LAG area, has been allocated £10.5m through this programme plans to invest in the following:
 - Building knowledge and skills in rural areas;
 - Funding new, and developing non-agricultural, micro, small and medium sized rural business:
 - Funding small scale renewable and broadband investments in rural areas;
 and
 - Supporting tourism activities in rural areas.
- North East Rural Growth Network A partnership of rural local authorities, including Northumberland, have recently been successful in securing access to EAFRD Growth Programme funding to extend the current Rural Growth Network (RGN) that operates across rural areas covered by NELEP. Focused on developing economic growth across rural Northumberland, County Durham and rural Gateshead, RGN activities during the period of delivery for this LDS will include the following core activities:
 - Strategic Economic Infrastructure Fund: focused on developing the physical business infrastructure through new or improved business space in key economic centres in rural areas, ranging from larger hub and market towns to smaller rural towns and villages.
 - Rural Business Growth Fund: supporting businesses with growth plans and potential, to expand productive capacity or diversify into new markets or products through capital investment. The fund will focus on micro and small

businesses with some flexibility to support medium sized businesses. The Fund will target sectors including knowledge intensive business services; high value tourism; food & drink; manufacturing; energy; environmental; social enterprise; and retail.

The RGN also currently (to March 2015) supports a network of rural business advisers who will be central to helping businesses be aware of, and access LEADER funding support. There will therefore need to be close integration of these approaches between the business advisors and the LAG Officer, the LAG and the Executive, with an examination of ways in which this support can be maintained.

The RGN are also in the process of developing proposals for ERDF and ESF support to take forward activities to address the business support and skills needs of rural businesses and this LDS has been shaped in accordance with these proposals. Discussions have taken place with RGN to discuss the best way to establish complementarity across the programmes. In general, this will mean that RGN focuses on larger projects while LEADER funds are used to support more flexible, local approaches that can include smaller interventions.

3.3 Local Priorities

The themes of the LAG are focused on the three 'filters' of the NELEP Strategic Economic Plan⁵ of:

- **Business** fostering innovation and growth;
- People creating opportunities and supporting initiative;
- **Place** maximising the economic benefits from the natural and built environments.

This is in recognition of the fact that the underpinning strengths of C&L lie in the combination of vibrant communities with an environment of unmatched excellence. Both of these factors need to be combined to contribute to the prosperity of our rural areas, while maintaining the very aspects that make C&L what it is. The LAG will achieve this through intelligent use of LEADER resources that will complement the other activities taking place in the area, with a strong focus on innovation and knowledge transfer across communities, organisations and businesses.

This is not about simply providing a list of the sectors or types of activity where LEADER will be used to intervene. It is about recognising the diversity and scale of activities that can impact on rural areas. Simply creating the infrastructure that supports a micro business to be in a position to take on one apprentice can have a significant impact on the economy and society of a small settlement.

The priorities of the Programme therefore fall out from under these themes, as follows:

Business

- o Diversification helping to develop new opportunities within the existing business base across all rural business sectors;
- Formation assisting the creation of new enterprises across all rural business sectors;
- o Sector Focus sustaining the core rural sectors of Farming, Tourism and Forestry.

⁵ http://www.nelep.co.uk/media/5709/more-and-better-jobs-north-east-strategic-economic-plan-2014-public.pdf

People

- Services meeting community need through supporting services that contribute to the local economy;
- Opportunity supporting the development of economic activities to create local employment.

Place

- Natural Heritage making the most of the unique environment of C&L as a motor for economic development;
- Built Heritage ensuring that resources within communities are fully utilised for maximum local benefit;
- Events creating opportunities that will showcase the C&L area, its produce and culture, attracting visitors and creating business opportunities.

C&L priorities also recognise the interconnectivity of sectors, for example of:

- Farming, tourism and food;
- Undermanaged woodlands on farms;
- · Natural heritage and tourism; and
- Forestry and energy projects.

LEADER support will be used to maximise the effectiveness of these linkages, for example through: supporting food provenance initiatives and food trails; encouraging the most efficient use of land resources; and widening the range of activities that are offered to tourists visiting C&L.

This will require the LAG to target:

- **Infrastructure**, including advice, support and premises that will enable economic change to happen;
- **Investment** in new equipment and resources that will enable businesses to develop; and
- Innovation, in supporting approaches that will create new products and services.

The LAG recognises that the primary focus of at least 70% of spend has to be on jobs and productivity. The priorities being identified will ensure that 70% is a *minimum t*arget, which should be exceeded through the programme life.

The C&L approach is therefore about enabling a flexible contribution to the rural economy, based on an understanding of the central issues that are faced by local communities and businesses. **Figure 3.1** over shows the matrix that will inform the approach, and the priorities under which projects will be supported.

3.4 Programmes of Activity

C&L LEADER interventions are therefore grouped under the three headings of:

- Infrastructure:
- Investment; and
- Innovation.

These are described below.

3.4.1 Infrastructure

The LAG acknowledges that there are more substantial funding sources, notably those managed by NELEP and RGN that are available to support business facilities. It will therefore be important to ensure that LEADER resources do not attempt to duplicate these.

However, there is scope to support infrastructure activities that contribute to economic development and community sustainability, such as:

- Renewable energy projects;
- · Reducing resource use in businesses;
- Maintaining 'at risk' essential community services, and the development of new activities:
- Supporting access to employment and businesses through travel and transport;
- Small-scale environmental improvement contributing to local development;
- · Development of visitor trails;
- Development of visitor attractions;
- Supporting information services to assist businesses to access resources and markets; and

Supporting business co-operation organisations, for example in: joint marketing schemes; networks of homeworkers; or shared use of knowledge and resources, such as land management or animal welfare.

3.4.2 Investment

It is recognised that direct investment in businesses will make the most immediate contribution to productivity and potential employment growth. This investment will be available in conjunction with the existing business advice networks that operate in the County, and consideration will be given as to whether it will be possible to establish a grant fund that can be managed with business advisers to provide small amounts of capital to small and micro businesses in all sectors. The LAG will also wish to consider whether a collaborative approach can be developed with the neighbouring Northumberland LAG, NU as well as the other two LAGs operating in the NELEP area (East Durham and North Pennine Dales), to develop such a business investment intervention, bringing benefits of scale.

In addition, there will be other forms of direct investment to support:

- The purchasing of necessary capital equipment for businesses to develop, including the improvement of information and communications technology use;
- Supporting food processing in the farming sector;
- Encouraging new entrants into the farming, forestry, and food sectors;
- One off events, such as festivals and events;
- Improved tourism facilities, including improvement of existing and the development of new activities to lengthen stays and increase visitor spend;
- Expanding the renewable energy sector, including woodfuel initiatives and local energy projects; and
- Using woodland for leisure and tourism use.

Investment will also be targeted to complement existing investment programmes and to contribute to wider strategies, such as the AONB Management Plan.

Figure 3.1: Intervention Matrix



3.4.3 Innovation

Innovation is one of the most difficult areas to foster, as, by definition, it presents itself as a novel activity. However, there are systematic approaches to encouraging innovation⁶, which the LAG intends to pursue.

Figure 3.2 illustrates an approach to supporting innovation that fits well with the LEADER philosophy, and has the potential to bring benefits to the C&L area. It requires active promotion and engagement by the LAG and support agencies, and a willingness to make some investment into prototyping that can be worked up into a full scale project. This goes beyond simply supporting feasibility development, but will support initial ideas to be worked up in practice with the involvement of potential end users/consumers in order to create viable and targeted initiatives.

Figure 3.2: Innovation Support



We are especially interested in ways in which the rich human, built, and natural environment of C&L can be integrated in order to provide both economic and wider community benefits, and although the support will not be confined to any one type of organisation, we assume that social enterprises will be well placed to take advantage of this approach.

We will therefore develop this innovation focused approach, specifically designed to develop new projects to the 'sustaining' stage, at which point they should be investment ready. This will be achieved through targeting resources in the early stage of the programme in helping to pump prime throughput of projects that will generate significant employment and productivity outputs.

Initial areas for consideration for this approach include:

- Targeting gender and age bias in rural employment and businesses;
- Developing provenance for value added local produce;
- Integrated community energy projects;
- Low carbon initiatives;
- Developing visitor trails and additional activities for visitors; and
- Co-operative approaches for businesses to take on new employees.

Supporting innovation in this way will create a structured, yet locally-focused animation process that has the potential to produce targeted results, rather than simply relying on new projects to spontaneously appear. However, it is recognised that the risk of failure is inevitably higher for innovative rather than conventional projects, and the LAG's risk assessment of projects supported under this type of intervention will take this into account.

⁶ See, for example, OECD (2011) Fostering Innovation to Address Social Challenges: Workshop Proceedings

3.4.4 Overview

Figure 3.3 below summarises the intervention areas, and where the LAG expects the emphases of interventions to fit across the LEADER Measures. The darker the red shading, the greater emphasis of the intervention. This will be kept under review over the programme duration.

Figure 3.3 Intervention Summary

LEADER Priority	Infrastructure	Investment	Innovation
Increasing Farm Productivity			
Micro & Small Businesses and Farm Diversification			
Rural Tourism			
Rural Services			
Cultural and Heritage Activity			
Forestry Productivity			

3.5 Targets, Results and Outputs

The primary focus of the Programme is on jobs and growth. The targets for this are therefore jobs and productivity increase. It is recognised that these measures will rely on estimates made at the appraisal stage of award of support, and there is therefore a danger of introducing 'optimism bias' into these assessments. Additionally, the management and administration costs do not allow for evaluation of the actual outcomes, although it is assumed that this process will be undertaken nationally within the Programme. It will therefore be necessary to introduce a note of caution into the projected outcomes when appraising projects.

The common monitoring and evaluation system (CMES) outputs currently required by Defra for the Measures covered by LEADER are shown in **Figure 3.4**, over. The LAG will also give consideration to additionality within the Programme. However, it expected that the activities within the programme will result in other outputs and outcomes, which the LAG will attempt to capture.

These will include:

- Involvement of under-represented groups;
- Contribution to community sustainability;
- · Complementarity with other projects and programmes;
- Leverage;
- Strategic value added; and
- Networks created.

The LAG will also consider the effectiveness of the LAG network itself in generating change within the C&L area and in bringing in resources that are additional to LEADER. This will be especially important when projects, for example, wish to extend into training activity which LEADER cannot fund, or where more extensive contributions are required to make a project feasible.

The LAG will therefore take an active role in seeking to identify ways in which it can maximise the contribution from other sources to support development in C&L.

⁷ https://www.gov.uk/government/publications/green-book-supplementary-guidance-optimism-bias Coast & Lowlands LEADER LDS 2014-2020 Final Aug 2014

Figure 3.4 summarises the anticipated target output indicators against each Priority over the whole Programme. It utilises Defra's calculation of expenditure per FTE job created and average grant size to indicate outputs of **83 projects** and **83 FTE jobs** over the programme period.

Figure 3.4: C&L Programme Outputs

LEADER Policy Priority	RDPE expenditure per FTE job created (£)	Average RDPE grant size (£)	Relevant CMES output indicators for LDS application	End of programme forecast (by Dec 2020)
Support for	61,011	29,884	Total RDPE expenditure	£301,753
increasing farm productivity			Number of projects supported	10
,			Jobs created (FTE)	5
Support for micro	11,931	19,951	Total RDPE expenditure	£704,091
and small enterprises and farm			Number of projects supported	35
diversification			Jobs created (FTE)	59
Support for rural	32,477	31,764	Total RDPE expenditure	£502,922
tourism			Number of projects supported	16
			Jobs created (FTE)	8
Support for culture	55,991	28,165	Total RDPE expenditure	£100,584
and heritage activity			Number of projects supported	4
			Jobs created (FTE)	2
Provision of rural	33,272	23,378	Total RDPE expenditure	£201,169
services			Number of projects supported	9
			Jobs created (FTE)	6
Support for	77,045	21,788	Total RDPE expenditure	£201,169
increasing forestry productivity			Number of projects supported	9
			Jobs created (FTE)	3

3.6 Sustainability Appraisal

The LAG has considered the core sustainability issues as far as they impact on the LDS. A summary of these considerations is provided below.

3.6.1 Economic

The entire focus of the LDS is on making a contribution to the sustainable development of the economy in C&L. This will be achieved through:

- Ensuring a future for the key economic activities that sustain the fabric of the area;
- Helping businesses to expand the scale and types of activity that they undertake, contributing to long-term growth;
- Identifying innovative ways that additional economic activity can be brought into the area; and
- Focusing LEADER support on activities that have a long-term future, and are not grant dependent in the medium term.

The LAG itself is also considering ways in which it can develop its own identity beyond an unincorporated association and act as a catalyst for the introduction of further resources in addition to LEADER to promote the development of the area. This could include incorporation as a CIO or CIC.

3.6.2 Environmental

There is a balance to be maintained between economic growth and environmental sustainability. The productivity gains that are intended to result from the Programme, especially over land use, will therefore be focused on the more effective harnessing of resources to reduce costs and increase efficient working.

We will also seek to encourage live/work activities, encouraging initiatives that contribute to a reduction in commuting times and distances, which are higher than both England and Northumberland as a whole.

Additionally, an important focus of the LDS is on ways in which the exceptional natural resources of C&L can be best used to contribute to economic development of the area. It is therefore essential that the positive aspects of this environment are protected while new initiatives are introduced, and this will be an active consideration in the appraisal of projects.

Clearly, some projects, such as those focusing on renewable energy and transport and travel, will also make a direct contribution to the mitigation of climate change, as will the responsible husbandry of woodlands.

3.6.3 Social

The LEADER approach is about helping rural communities to thrive and prosper through the injection of resources at grass roots level. Importantly, its contribution towards the maintenance of essential local services and wellbeing of communities means that rural communities will continue to support a socio-economic mix and broad age profile capable of supporting a range of local activities.

The C&L LAG structure will also help to ensure wider participation in the development processes, involving as wide a range of businesses, individuals and organisations, contributing to the development of local civil society.

3.7 Proposed Co-operation Activity

The LAG see the LEADER Programme not only as an opportunity to bring resources to C&L, but also an opportunity to co-operate and learn from others.

The LDS has already illustrated ways in which it is proposed that joint working can be developed with NU LAG, and the other two LAGs within the NELEP area, over sharing resources and seeking to target needs that exist across the County. With NU, this will be assisted through the shared AB arrangements, and the fact that the Officers of both LAGs will have the same employer.

While this is in many ways a pragmatic response to the management and administration resources now available, it does open the opportunity to look at ways in which efficiency and output gains can be obtained through working together on shared initiatives that benefit the populations of both LAG areas. It is intended that this be the subject of early discussions between the LAGs.

The LAG will also wish to look north to the Scottish Borders LAG, to identify cross-border opportunities further along the coast, especially in tourism development, as both areas stand to benefit through making use of their 'gateway' status to each country.

At a wider level, we will also seek to form alliances that extend beyond LEADER, for example if a Fisheries LAG is developed with a presence along the coast, there will be a logic to the development of shared arrangements to benefit coastal communities.

We will also wish to actively consider further international collaboration, especially in the creation of new approaches to innovation in rural development. In this respect, we have the opportunity to build on the INTERREG IVC Micropol⁸ project on smart work centres in rural areas, in which NCC was a partner, as well as LEADER trans-national co-operation projects.

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⁸ http://micropol-interreg.eu/

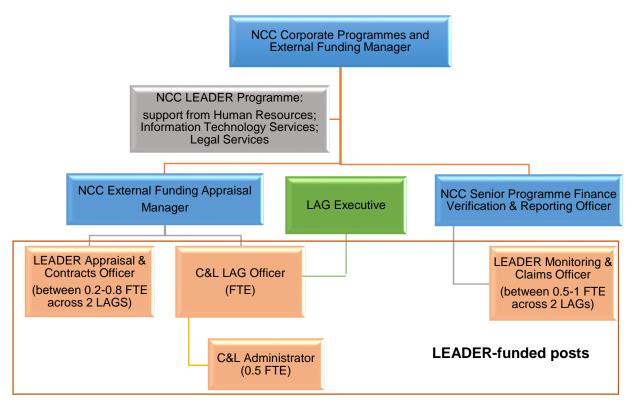
4. MANAGEMENT AND ADMINISTRATION

4.1 Accountable Body

NCC will undertake the role of AB for both the C&L and NU LAGs. It undertook this role in the previous LEADER programme and has the experience, capacity and processes to ensure the delivery of a compliant programme for this round. NCC will be responsible for the employment and management of all staff working on both the LAG support and AB roles. The C&L LAG Officer and Administration Officer will be employed within the Council's Corporate Programmes & External Funding Team, along with other staff undertaking the AB role. The management arrangements for the LAG Officer and Administrator is described in **Section 1.3**.

Figure 4.1 below summarises the management arrangements. NCC management of the AB is ultimately accountable to its Lead Executive Director and S151 Officer.

Figure 4.1: C&L LEADER Organogram



As AB, NCC will be responsible for the delivery and successful conclusion of the programme on behalf of the C&L LAG. Operating in compliance with the National Operating Manual it will ensure that systems and processes are implemented and adopted within the C&L LAG, grant beneficiaries and NCC to ensure that financial propriety and compliance is observed in the delivery of the programme.

NCC and C&L LAG have agreed to develop and enter into a service level agreement and statement of arrangements which will set out the respective roles, responsibilities, behaviours and working arrangements required of both organisations.

The functions of the Accountable Body will be as set out in the Defra National Delivery Framework and will include:

- Employment and direct responsibility for staff working on the LEADER programme, ensuring a shared understanding and ownership of work priorities and issues for the LAG Officer and Administrator by working through a joint management group;
- Entering into the legal funding agreement with Defra/Rural Payments Agency (RPA);
- Supporting the LAG to deliver its LDS through animation activities and projects proposed from within their communities;
- Ensuring that project appraisals are undertaken and that the LAG has all required information to enable it to make compliant and consistent approval decisions;
- Issuing Grant Offer Letters in its name to approved projects;
- · Receiving, checking, verifying and recommending claims for payment;
- Undertaking monitoring and inspection visits; and
- Acting as the contractual point of contact with Defra/RPA for the delivery of the programme.

NCC and C&L LAG have agreed a draft budget for management and administration which allows for delivery of a full programme as determined by confirmation of Defra allocation. This budget is being supported by NCC which is providing essential additional functions and facilities at no cost to the programme. The budgets cannot be finalised until the LAG LEADER allocation is confirmed by Defra, and the salary grade for the LAG Officer is confirmed by NCC Human Resources Department. However, the costs are contained within the mid-range of the provisional allocation indicated by Defra.

If the confirmed allocation is less than assumed in this draft of the LDS, further discussions will be needed between NCC, Defra and the LAG to agree how the programme can best be delivered.

4.2 Project Development and Assessment Procedures

Project development and assessment processes will take account of the requirements within the National Operating Manual especially for separation of duties and conflict of interest.

The C&L LAG will be led by its Executive and supported by the LAG Officer to undertake animation within its area. This, together with the focus on innovation, will bring forward either ideas or projects for consideration for LEADER funding. The LAG Officer and LAG members will provide advice and support to applicants to enable them to complete the Expression of Interest (EOI) form. This will be assessed by the LAG Officer for eligibility, fit with LDS and deliverability within the programme period. EOIs will be considered by the LAG, and if endorsed, the applicant will be invited to submit a full application. For unsuccessful EOIs the LAG may undertake a signposting role to other funding schemes and delivery mechanisms.

The LAG Officer will provide advice and support to applicants on the completion of the application form and LEADER requirements once approved. This may include sign posting to potential match funding. It will remain the applicant's responsibility to develop the project and complete the application form, which should ensure separation of duties and conflicts of interest in respect of the role of the LAG Officer.

Upon submission of the application, the LAG Officer will undertake a completeness check of the application and the strategic fit element of the TA. The remaining TA and due diligence will be undertaken by a qualified officer within the AB.

The completed TA, once endorsed by the AB, will be submitted to Defra for their decision as to whether the project can be supported by the LAG.

The LAG Officer will prepare summary reports for consideration by the LAG which include key points within the TA and any comments from the AB. The final decision to support the project will be made by the LAG, who will develop and agree their decision making process prior to the start of the programme.

4.3 Claims and Payments

The AB will undertake the checking and verification of claims for the LEADER programme. This will adhere to the requirements of the National Operating Manual, which, we understand will take into account requirements which are proportionate to the project value. Following verification the AB will submit a payment recommendation to the RPA to enable payment directly to the project organisation.

The AB will be responsible for identifying any irregularities, reporting these to the RPA and, if required by the programme regulations, applying financial penalties.

Due to the level of staff resource available and to maximise efficiencies NCC would like to discuss with the RPA the potential to stagger the claim and reporting periods for projects.

The majority of grant recipients will submit claims on a quarterly basis, however in exceptional circumstances monthly claims will be made available. As ROD and CAP-D do not have the functionality to produce and issue appropriate claim, monitoring and progress reports, NCC will use an existing customised database HANLON for this purpose.

All expenditure for the management and operation of the programme including direct expenditure for the LAG will be recorded within the Councils revenue ledger accounts which will be auditable to bank statement level. Quarterly budget reports will be provided to the LAG for information and action as appropriate.

4.4 Communications and Publicity

An important component of the LEADER approach is to ensure that the resources are fully accessible to target groups, and that the offer is clearly understood.

Given the focus of the current programme, key target groups to be included are:

- Businesses (and potential businesses) in the area; and
- The core sectors of:
 - Farming:
 - Forestry; and
 - o Tourism.

The primary initial means of engagement will be to involve representation from these groups within the wider LAG, in order to spread knowledge of the availability of the Programme and the resources that can be made available. This will also require animation activities to raise awareness and generate projects that need not necessarily be restricted to actions by the LAG Officer, but can also include LAG members in an active role.

The existing networks that support communities, businesses and sectors in C&L will also play a major role in communicating the aims of the LDS. This is particularly important where there is integration with other interventions, such as RGN, Farming and Forestry Productivity Scheme, and NELEP Growth Scheme. It will be essential that the LAG has and maintains

good communications with the local deliverers of these programmes to maximise the benefits to the area from the integration of activities.

Consideration will also be given to ways in which under-represented groups and interests can be involved in the LEADER process, for example in engaging with the needs of young people, or in the development of gender mainstreaming approaches. This will be kept under review over the duration of the Programme, in order to ensure that the Programme is meeting the needs of all members of the community within the target areas of the LDS.

Clearly, there will also be a need for a range of information actions, especially at the initial stages of the Programme, including the:

- Establishment of the LAG website;
- Use of social media, such as Twitter and Facebook; and
- Leaflets and newsletters.

The level of resources available for management and administration clearly present barriers to the level that these approaches can be developed, and C&L will make the most effective use of LAG member input and existing networks to overcome this.

5. FINANCIAL PLAN

5.1 Expenditure for Each Year, by Measure

	Expenditure Forecast (£)									
Measure	Financial Year									
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021			
Measure 4: Investment in Physical Assets	0	£89,772	£119,695	£119,695	£119,695	£89,772	£59,848	£598,477		
Measure 6: Farm and Business Productivity	0	£141,824	£189,099	£189,099	£189,099	£141,824	£94,549	£945,493		
Measure 7: Basic Services and Village Renewal	0	£55,070	£73,427	£73,427	£73,427	£55,070	£36,713	£367,133		
Measure 8: Investments in Forest Area Development and Improvement of the Viability of Forests	0	£15,088	£20,117	£20,117	£20,117	£15,088	£10,058	£100,584		
TOTALS	0	£301,753	£402,338	£402,338	£402,338	£301,753	£201,169	£2,011,688		



LEADER 2014-2020 Local Development Strategy Application Financial Profile

1. Applicant Details

Local Action Group:	Northumberland Coast & Lowlands
Accountable Body:	Northumberland County Council

2. Financial Profile - Note profile based on payment by RPA therefore no profile for period Jan - Mar 15 (current profile based on delivery from January 2015 to December 2020)

	Expenditure Forecast (£)							
			Fi	nancial Ye	ear			Total
Policy Priority	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	programme
Support for increasing farm productivity	0	45,263	60,351	60,351	60,351	45,263	30,175	301,753
M4: Investments in Physical Assets	0	22,631	30,175	30,175	30,175	22,631	15,088	150,877
M6: Farm & Business Productivity	0	22,631	30,175	30,175	30,175	22,631	15,088	150,877
Support for micro and small enterprises and farm diversification	0	105,614	140,818	140,818	140,818	105,614	70,409	704,091
M4: Investments in Physical Assets	0	31,684	42,245	42,245	42,245	31,684	21,123	211,227
M6: Farm & Business Productivity	0	73,930	98,573	98,573	98,573	73,930	49,286	492,864

Support for rural tourism	0	75,438	100,584	100,584	100,584	75,438	50,292	502,922
M4: Investments in Physical Assets	0	18,860	25,146	25,146	25,146	18,860	12,573	125,730
M6: Farm & Business Productivity	0	37,719	50,292	50,292	50,292	37,719	25,146	251,461
M7: Basic Services & Village Renewal in Rural Areas	0	18,860	25,146	25,146	25,146	18,860	12,573	125,730
Provision of rural services	0	30,175	40,234	40,234	40,234	30,175	20,117	201,169
M4: Investments in Physical Assets	0	9,053	12,070	12,070	12,070	9,053	6,035	60,351
M7: Basic Services & Village Renewal in Rural Areas	0	21,123	28,164	28,164	28,164	21,123	14,082	140,818
Support for cultural and heritage activity	0	15,088	20,117	20,117	20,117	15,088	10,058	100,584
M7: Basic Services & Village Renewal in Rural Areas	0	15,088	20,117	20,117	20,117	15,088	10,058	100,584
Support for increasing forestry productivity	0	30,175	40,234	40,234	40,234	30,175	20,117	201,169
M4: Investments in Physical Assets	0	7,544	10,058	10,058	10,058	7,544	5,029	50,292
M6: Farm & Business Productivity	0	7,544	10,058	10,058	10,058	7,544	5,029	50,292
M8: Investments in Forest Area Development and Improvement of the Viability of Forests	0	15,088	20,117	20,117	20,117	15,088	10,058	100,584
Management & Administration Costs (minimum)	0	86,488	78,710	80,413	75,755	66,493	53,731	441,590
Grand Total	0	388,241	481,048	482,751	478,093	368,246	254,900	2,453,278

5.3 Use of Grants, Procurement or Other Type of Financial Support

The primary method of award under the Programme will be by grant to individual beneficiaries, managed under the processes described in **Section 4.2** above.

However, the LAG will seek to investigate ways in which services can be procured, especially in the provision of investment support to businesses. As has been noted, we will seek to collaborate with NU LAG on developing ways in which support can be targeted on business in a way that minimises administrative demands, but targets investment where it is needed within the two LAGs. We will also wish to consider whether we can extend this cooperation to cover all rural areas within NELEP, with the involvement of North Pennine Dales and East Durham LAGs in joint projects.

Through the proposed innovation support (see **Section 3.4.3**) the LAG will also seek to procure approaches that will address specific needs within C&L communities that can lead to the development of new business opportunities that will contribute to employment or growth.

The LAG will aim to be proactive in its approach, taking part in identifying need, and in supporting initiatives that will channel resources into C&L.