



**A Mid-Term Evaluation of the Lancashire Rural  
Recovery Action Plan**

**A Final Report to Lancashire County Council**

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#### **SQW Quality Statement**

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# Executive Summary

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## Introduction

1. Lancashire County Council (LCC) commissioned SQW Ltd (SQW) to undertake a mid-term evaluation of the Lancashire Rural Recovery Action Plan (LRRAP, or ‘the Programme’) after two years of its lifespan, assessing its performance to date and making suggestions for the future of the Programme, which runs until 2008. The cut-off date for data was April 2005.
2. The evaluation set out to assess the economy, efficiency and effectiveness of the Programme in line with HM Treasury Green Book guidance. This was to include an examination of the rationale for the Programme, and its strategic fit with other activities; an operational review; and recommendations for the remainder of the Programme.
3. The evaluation was conducted through three work streams. Structured interviews were held with 20 individuals, representing Programme staff, stakeholders and partners. A detailed review of written materials was undertaken, including key Programme documentation; strategies and policy documents; and LRRAP monitoring data. Finally, comprehensive reviews were completed on five of the Programme’s projects (Implementing Lancashire’s Rural Tourism Strategy; Rural Business Facilitation Service; Rural Community Inclusion Programme; Cuerden Valley Park Restoration; the Development and Promotion of Lancashire Food).

## Evaluation Conclusions

### *Rationale*

4. The rationale for intervention in the market through LRRAP was valid in 2002, and remains so in 2005. There is an ongoing case for Public Sector support in trying to address rural Lancashire’s poor economic performance, which is based on an increasingly uncompetitive primary agriculture sector. Market failures exist which mean that the market is unlikely to ‘self-correct’, while there are social and distributional factors to be addressed. Existing provision is not able to deal with the scale or scope of the problem.
5. The Programme’s rationale needs to be aligned to the productivity agenda, as reflected in the new Regional Economic Strategy. This suggests that the focus of Programme activity should increasingly be on the encouragement of enterprise and the creation of high value-added jobs. Above average levels of economic activity in Lancashire’s rural districts argue for less of a focus on job creation *per se*.

6. More specifically, the rural policy environment has moved on since 2002, with developments such as the Rural Strategy 2004. These strengthen the Programme's rationale, rather than weaken it, as policy direction increasingly focuses on improved coordination of delivery and better targeting of support.

### **Objectives**

7. The Programme's Strategic Objectives were conferred to LRRAP from Rural Renaissance, so it has had to work within these parameters. The result is that the Programme's Strategic Objectives are too broad in scope and have not been tailored to the specific needs of rural Lancashire. As a consequence, the objectives have not adequately ensured that activity is directed to areas of greatest need. Rather, proposed projects have shaped how funding and activity has been spread across the eight Strategic Objectives.
8. LRRAP has a clear timetable for its spending, outputs and milestones, but less of a focus on clearly timed and measurable outcomes. A poor baseline compounds the problem. The Programme urgently needs to consider whether and how it will be able to measure progress towards achieving its objectives in the coming years. This goes beyond hard outputs to include less tangible objectives, such as improving social capital and sustaining Lancashire's rural environmental heritage.

### **Activities**

9. The Programme has found it hard to attract project applications of a sufficiently high quality to come forward: to date, ten projects have been approved, and a further four are pending. A focus on a small number of large projects is welcomed. However, two Strategic Objectives have yet to generate any activity.
10. While the relevance, quality and impact of the Programme's activities are more important than the number of projects delivered, it is nevertheless of some concern that many projects did not start until 2004, and that several others have yet to begin.
11. Delays in the full establishment of the Programme have affected the level of project activity to date, as have delays in setting up individual projects. This is reflected in underspending and output underachievement in some projects. Careful programme management will be required if projects are to meet their commitments within LRRAP's lifetime.
12. The challenge of attracting project applications of sufficient quality suggests that there is a capacity problem among traditional rural delivery agents in coping with projects of the size and scale anticipated by a strategic programme like LRRAP. Furthermore, larger mainstream delivery bodies, not necessarily rural specialists, do not appear to have become sufficiently involved in the Programme.

## **Programme performance**

13. Funding allocation across the Programme's Strategic Objectives has pragmatically tended to follow the flow of project applications rather than specific socio-economic needs on the ground. The removal from the Programme of NWDA legacy programmes, such as the Rural Workspace Programme, has left LRRAP with the appearance that it is seriously underperforming against SO1. Steps have been taken to address this, through the transfer of programme funding from other Strategic Objectives to support forthcoming SO1 activity.
14. The Programme still has a significant amount of funding still to commit to projects (33% of total NWDA funding, 52% of match), while many of the projects that have been approved are still in the early stages of operation.
15. The Programme has committed to spend 88% of its total budget in the final three years of its operation. The Programme will have to demonstrate a considerable increase in project activity if it is to meet this commitment.
16. The Programme must commit the majority of its finances to new projects soon if it is to meet its spending targets. This must be done in a manner which does not compromise the quality or efficiency of its activities. The Programme's management is well aware of this pressure.
17. The Programme's suite of output targets are heavily focused on economic development activity, which logically reflects the focus on the NWDA's Tier 2/3 focus, and now the new Tasking Framework regime.
18. As with spending, the Programme is facing a substantial challenge in the volume of outputs that its projects must achieve within the next few years. Current programme activity as a whole is broadly doing well against its output targets to date. However, the burden of performance falls heavily on just two projects, which are responsible for the vast majority of the Programme's outputs, both in category and volume terms. This leaves the Programme, in the area of output delivery, looking distinctly unbalanced; future choices on supporting projects should look to address this.
19. At this interim stage, definitive Value for Money judgements are hard to make. However:
  - ❑ On the basis of the rigour of the Programme's application and appraisal process, activities are being delivered at a fair level of economy
  - ❑ Using the proxy of cost per job output, the Programme's efficiency appears fairly high, although the variation in efficiency, project by project, is considerable. To some extent, this is to be expected given the rural context; moreover, efficiency is likely to improve as outputs build further
  - ❑ There is little corroborative evidence of the Programme's effectiveness to date, which is indicative of the fact that so much project activity is only now beginning to

pick up speed. The Programme needs to start to adopt a more evaluative approach as it moves into this second phase, and must consider to what extent its current baseline, objectives and outcomes are able to accurately measure the impact of the Programme as a whole.

### **Management**

20. The different tiers of Programme management and oversight have changed with time, and in some areas have yet to bed down properly. The impression given is of a Programme with too many layers.
21. There is a concern that the Programme lacks a clear strategic direction, and this needs to come increasingly from the Rural Development Board. In addition, the Project Management Committee must take on a more robust operational oversight role. The relationship between the Lancashire Rural Partnership and LRRAP needs clarification in order that the two may be more mutually beneficial.
22. Operationally, the Programme is professionally managed and well-organised. There are clear processes and procedures in place for the range of the Programme's operations, from application, to project delivery and monitoring.
23. As the Programme moves away from developing and bringing on new projects, to ensuring the performance of existing project activity, it should consider carefully whether the current management and operational arrangements are sufficient to take on this altered role.

### **Recommendations**

24. A total of nine recommendations are proposed for the Programme:
  1. Recognising the emphasis of the new Regional Economic Strategy, the Programme should consider ways in which existing or planned activity can be reshaped to focus on productivity improvement in rural Lancashire
  2. The Programme should define an improved baseline which provides a broader and more relevant set of condition indicators and linking outcomes (response indicators)
  3. The Programme must ensure that remaining planned projects are started as soon as possible
  4. The Programme's management focus needs to shift from project development to the active management and monitoring of activity
  5. There is a need for more assertive leadership and challenge of project and programme performance as LRRAP moves into its final years

6. The Rural Development Board should take on more of a championing role for the Programme and consider how it can maximise the impact of LRRAP at a sub-regional and regional level
7. LRRAP management should work with Lancashire Rural Partnership to clarify the relationship between the two bodies and to explore ways in which they can better help one another in achieving their aims
8. The Programme should encourage and facilitate the creation of more linkages between its projects
9. LRRAP should celebrate the successes of its projects more widely among its partners and stakeholders.

**SQW Limited**

**22 December 2005**

# 1 Introduction

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*Purpose: this Section of the report outlines the overall context for the study; the scope of the evaluation; and SQW's approach and methodology.*

- 1.1 Lancashire County Council (LCC) commissioned SQW Ltd (SQW) to undertake a mid-term evaluation of the Lancashire Rural Recovery Action Plan (LRRAP, or 'the Programme') two years into its operation, assessing its performance to date and making suggestions for the future of the Programme, which runs until 2008. This report presents the findings and recommendations of the evaluation, which was undertaken between March and August 2005. The cut-off date for data (finance and outputs) was April 2005.

## Context for study

- 1.2 LRRAP is the Lancashire response to Rural Renaissance, the Northwest Development Agency's (NWDA) Rural Recovery Action Plan. LRRAP is backed primarily through £9.75m of NWDA funding, with additional match funding being provided by a range of partner organisations and agencies. It is a major publicly-funded initiative for the sub region, which proposes "*a dynamic rural economy for Lancashire which is financially, socially and environmentally sustainable*"<sup>1</sup>. LRRAP acknowledges that achieving this vision will rely on the Programme being able to influence three main "*drivers for recovery*", namely:

- ❑ Enabling positive management of sustainable change in the countryside
- ❑ Making the most of the benefits and the opportunities of links between countryside and urban areas
- ❑ Putting in place the necessary basic infrastructure and capacity that enables rural communities and rural businesses to thrive.

- 1.3 The specific strategic objectives for LRRAP are taken from Rural Renaissance, the region-wide Rural Recovery Action Plan, and are summarised in Table 1-1.

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<sup>1</sup> Revised LRRAP, August 2002 (Lancashire Rural Partnership)

Table 1-1 : LRRAP strategic objectives (Source: Programme documentation)

Code	Strategic Objective	Detailed description
SO1	Broadening the Economic Base of Rural Areas	To encourage economic activity which will increase the range and quality of employment opportunities in rural Lancashire
SO2	Renew and Strengthen Sustainable Recreation and Tourism	To attract and capture a larger share of the recreation and tourism market
SO3	Assisting in the Restructuring of Agriculture	To maximise the take up of financial and delivery support available for the diversification of the farming industry
SO4	Enhancing the Competitiveness and Capability of Primary Agriculture	To maximise the take up of financial and delivery support available for enhancing the competitiveness of the farming industry
SO5	Rural Skills Development	To facilitate access to training that directly meets business development needs and which will equip individuals to access local employment opportunities
SO6	Development and Promotion of Countryside Products	To maximise the added value to primary products and the financial returns to local producers
SO7	Sustaining the Environmental Inheritance	To sustain environmental integrity through business and economic development
SO8	Delivering Social and Community Regeneration	To enhance the capacity of rural communities to engage in the regeneration process

## Origins

1.4 LRRAP was developed directly from Rural Renaissance, which was a Northwest response to the short and long term issues facing the Region's rural economy in 2002, namely:

- ❑ **The Foot and Mouth Disease (FMD) epidemic in 2001**, which had a significant adverse impact on both the agricultural economy and rural tourism in the Region. Lancashire was not the worst affected, but nevertheless suffered a sizeable economic shock
- ❑ **Longer term and structural challenges**, in particular the squeezing of primary agricultural incomes as an ever tighter competitive market reduced farmer margins. As a consequence, there was an identified need to diversify the rural economy to reduce the over-reliance on declining sectors.

1.5 NWDA permitted the Region's three counties most affected by FMD (Cumbria, Lancashire and Cheshire) to develop their own delivery mechanisms for the £77m it committed to spend through Rural Renaissance. Lancashire's structure was developed after considerable sub-regional consultation.

## Scope of the evaluation

- 1.6 This external mid-term evaluation was commissioned to review the progress of LRRAP from its inception in 2002 to the present day. The cut-off for financial and output data was the end of financial year 2004/05, providing an evaluation period of three years (although project activity only began in 2003/04). LCC's detailed objectives in commissioning the study are set out in Table 1-2.

Table 1-2: LRRAP evaluation - overall study objectives



- 1.7 Taken together, these objectives required the evaluation to address three broad themes:

- The rationale for, and strategic fit of, the Programme
- The operational performance of the Programme
- Recommendations for the future.

### *Links to the Rural Development Programme*

- 1.8 The Rural Development Programme (RDP) was delivered as part of the LRRAP until the RDP ended as a Programme in April 2005. RDP has been the subject of a separate evaluation procedure - also carried out by SQW - and is therefore not subject to specific review within

this study. Both RDP and LLRAP final reports should be read in conjunction with one another.

## Approach and methodology

### Approach

- 1.9 The approach to this evaluation was in line with the appraisal methodology of HM Treasury’s Green Book, considering the rationale, objectives, appraisal and monitoring of the Programme and its projects (Table 1-3).

Table 1-3: Green Book evaluation issues

<b>Rationale</b>	<ul style="list-style-type: none"> <li>• Was there a valid and sustainable justification for Public Sector intervention in the market at the outset?</li> <li>• Does the case for the Public Sector to intervene still remain, and is this best done through LRRAP?</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Were the objectives of the proposed intervention appropriate and relevant to the intervention’s rationale?</li> <li>• Did the Programme align with the wider strategy and objectives of key bodies (NWDA, Defra, etc.)?</li> <li>• Do the objectives remain current and valid?</li> <li>• To what extent are there synergies – or overlaps – with the objectives of other Public Sector programmes or delivery bodies?</li> </ul>
<b>Appraisal of activities</b>	<ul style="list-style-type: none"> <li>• Were the activities the right ways to respond to the Programme’s objectives?</li> <li>• Are these activities being delivered economically, efficiently, and effectively?</li> </ul>
<b>Monitoring</b>	<ul style="list-style-type: none"> <li>• How well is LRRAP managed, strategically and operationally?</li> <li>• Are the structures, processes and competences in place to allow for improvement through evaluation and feedback, and is this carried out in practice?</li> </ul>

### Methodology

- 1.10 To deliver on this approach, the methodology was designed to provide a rigorous assessment of the Programme’s performance in the round, and not just a mechanical view of the reported outputs. Reflecting this, the study’s activities were designed around three complementary work streams.

#### Stream 1: Structured interviews with key individuals

- 1.11 Structured interviews were held with 20 key individuals from two groups - :
- ❑ Stakeholders and partners (15 interviews)

- LRRAP support unit staff (5 interviews).

1.12 A full list of interviewees can be found at Annex A.

1.13 A number of these interviews with stakeholders and partners took place at an early stage of the evaluation. These were designed to provide a broad strategic introduction to the study and to identify key issues for the evaluation. Towards the end of the evaluation, further interviews were used to probe and calibrate issues emerging from the study. Interviews with Programme staff, both at senior Programme level and at the level of the projects, sought to provide a picture of the Programme's activity.

Stream 2: Desk-based review of written materials and monitoring data

1.14 A detailed examination of written materials and data was undertaken using a broad range of sources, including:

- National, regional and sub regional strategies and policy documents of relevance to LRRAP
- Key Programme and project documentation
- Programme and project applications, appraisals, and offer letters
- LRRAP monitoring data - finance and outputs.

Stream 3: Detailed project reviews

1.15 The final work stream involved detailed reviews of five LRRAP projects, which were chosen to provide a picture of as wide a range of current Programme activity as possible:

- Implementing Lancashire's Rural Tourism Strategy
- Rural Business Facilitation Service
- Rural Community Inclusion Programme
- Cuerden Valley Park Restoration
- The Development and Promotion of Lancashire Food.

- 1.16 The Project reviews were carried out by analysing project data and information, and by conducting face-to-face and telephone interviews with relevant partners, project managers, and beneficiaries. Write-ups on the project reviews, which were undertaken using the Green Book approach deployed for the Programme-level evaluation, can be found at Annexes B-F.

### **Remainder of this report**

- 1.17 The remainder of this report is structured as follows:
- Section 2 assesses the validity and relevance of the Programme’s rationale
  - Section 3 considers the relevance of the Programme’s objectives
  - Section 4 appraises the Programme’s suite of activities
  - Section 5 considers the Programme’s performance and the value for money that it has delivered
  - Section 6 assesses the management of the Programme
  - Section 7 sets out the conclusions of the evaluation
  - Finally, in Section 8, the study’s recommendations are presented.

### **Acknowledgements**

- 1.18 We would like to thank all those individuals who assisted us with our work, in particular John Bailey, Stephen Brown and the other members of the Lancashire Rural Partnership (LRP) Support Unit.
- 1.19 The findings and views expressed in the evaluation are those of SQW’s study team, and not necessarily those of LCC.

## 2 Rationale

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*Purpose: this Section considers the underlying rationale for Public Sector intervention in Lancashire's rural economy in 2002; the problems and market failures it was seeking to address; the justification for a separate intervention in the form of LRRAP; and its strategic fit with other activity. The rationale is then revisited to assess its validity and relevance in 2005.*

### Rationale at the outset of the Programme

#### *The rationale of Rural Renaissance*

- 2.1 LRRAP is inextricably linked with the Rural Renaissance Programme and as such the broad rationale for Rural Renaissance needs to be understood. The two fundamental issues that Rural Renaissance was designed to address were:
- ❑ **The immediate impact of Foot and Mouth Disease on the rural economy.** According to Rural Renaissance, GVA losses to the Region as a whole amounted to 0.4%-0.5% of regional GDP
  - ❑ **Longer-term pressures on agricultural income** due to issues such as reform of the Common Agricultural Policy (CAP); increasing globalisation of the food supply chain; and a relentless pressure on farming margins in an ever-tighter competitive environment.
- 2.2 In addition to this economic justification, Rural Renaissance also stressed the social and environmental factors crucial to developing and regenerating rural areas, namely:
- ❑ **Recognising the importance of supporting and strengthening rural communities** in order to underpin improvements in the rural economy
  - ❑ **Valuing the wider benefits of the rural environment,** and the role played by the rural economy in the stewardship and protection of the environment.

### ***The scale of the problem in Lancashire***

2.3 The Rural Renaissance model essentially required the Region's three rural counties to adopt the same broad rationale as for the Region, despite the fact that the scale of the problem differed between the three. Overall, however, the economic performance of Lancashire broadly demonstrated the same challenges as for the Region as a whole, for example:

- ❑ **FMD:** the economic impact of FMD in Lancashire was estimated to have amounted to between 0.2%-0.3% of the county's GDP, slightly lower than the regional average, but nevertheless a significant one-off hit to the country's economic performance. By comparison, the loss in Cheshire was 0.2% of GDP, and 4% in Cumbria<sup>2</sup>
- ❑ **Economic activity:** overall economic activity in Lancashire's rural districts fell between 2000 and 2002 by 2.3% (for the Region as a whole, the fall was 2.2%). This overall county figure masks more significant problems in some specific rural districts. For example, economic activity in Pendle and Ribble Valley fell by over 8% over the same period. In addition, economic activity in Lancashire fell more dramatically among males (4.1%) than females (0.9%), which is likely to be a reflection of a move to part time work, and away from traditional rural employment sectors<sup>3</sup>
- ❑ **Employment:** Lancashire was the only county in the North West to have recorded an overall fall in employment within its rural districts between 1998 and 2000 (3,000 jobs, or 1.1%), while the Region's rural districts as a whole saw a slight increase of less than 1%
- ❑ **Business:** A slight net loss of VAT registered businesses between 1996 and 2001 (1.3%), with three districts responsible for all of the losses, two of which are classified as rural: West Lancashire and Lancaster.

**Lancashire's rural economy was underperforming in 2002, as a result of FMD and wider structural issues.**

### ***Market failure***

2.4 In the short term, FMD caused parts of Lancashire's rural economy to fail, and there was an immediate requirement to bring large elements of rural economic activity 'back to life'

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<sup>2</sup> Rural Renaissance

<sup>3</sup> Source: NOMIS

through Public Sector intervention. With the longer term issues around business diversification and the wider benefits of the rural environment, two specific elements of market failure were at work, namely:

- ❑ **Positive externalities:** individuals and firms were failing to act in a manner that would produce the maximum benefit for the economy and society as a whole. In the case of Lancashire, firms, for example, might not have understood the potential benefits of diversification, or they might have been wary of the perceived risks involved
- ❑ **Public goods:** recognising the value of maintaining the rural environment to the Region as a whole, beyond the purely economic benefits. While 84% of Lancashire's land is agricultural, only 10% of its business stock was engaged in agriculture directly in 2001, producing an estimated 1% of the county's GDP.

2.5 In addition, there were also distributional failures to be addressed, that is an inability to distribute resources to all citizens fairly, leading to wider social problems such as deprivation. Distributional failures are recognised to be a widespread problem in rural areas, covering such issues as access to services, learning provision, and employment opportunities for the most disadvantaged. Rural Lancashire was no exception. Distributional failures are not the same as market failures, in that they do not represent a failure of the free market. But they may nevertheless be important reasons why the Public Sector intervenes.

**Set in this context, there was a strong case for Public Sector intervention in rural Lancashire on economic efficiency and distributional grounds.**

### ***Existing provision***

2.6 A range of Public Sector providers already existed within the rural economic development and regeneration sector in Lancashire, including Defra, the Countryside Agency, Business Link, and European initiatives such as the LEADER Programme. The justification for a new programme in the form of LRRAP to deal with the challenges presupposed that existing bodies were unable to take on the job. Indeed, there were a number of weaknesses within existing provision that argued for a new and separate approach, including:

- ❑ The tendency to focus on short term projects and requirements, rather than trying to take a longer-term view of rural economic recovery and growth
- ❑ The fragmented nature of Public Sector delivery in rural areas, and recognition that the scale of the problem necessitated a more coordinated approach.

- 2.7 LRRAP was designed to overcome these two issues, through a co-ordinated sub-regional delivery body and Programme capable of aligning rural regeneration activity and funding to a set of broad strategic objectives.

The argument made for a new programme, above and beyond existing provision, was a valid one.

### *Strategic fit*

- 2.8 Through Rural Renaissance, LRRAP was aligned to a series of national and regional strategies from the outset:

- ❑ Nationally, the **2000 Rural White Paper**, which had as its aim “to sustain and enhance the distinctive environment, economy and social fabric of the English countryside for the benefit of everyone”<sup>4</sup>; and the **England Rural Development Programme (ERDP)**, with its aims of improving the economic competitiveness of farming; encouraging diversification; and promoting environmental responsibility
- ❑ At the regional level, Rural Renaissance was explicitly built on the **Northwest Regional Economic Strategy (RES)**, and its associated ‘satellite’ strategies, such as the **Northwest Food Strategy**.

- 2.9 Sub-regionally, LRRAP linked to rural elements within the strategies of the two sub-regional economic partnerships:

- ❑ **East Lancashire Partnership (ELP)**: ELP’s strategy, ‘East Lancashire’s Future - Achieving our Vision’ had as one of its goals, “to develop a sustainable rural economy whilst ensuring planned programmes of countryside management”
- ❑ **Lancashire West Partnership (LWP)**: LWP’s strategy, ‘Lancashire West Matters’ had “A Rural Renaissance” as one of its strategic ambitions. In this context, the phrase referred to economic diversification balanced with stewardship of the environment.

The LRRAP programme was well aligned with wider strategic agendas, sub-regionally, regionally and nationally.

<sup>4</sup> 2000 Rural White Paper (MAFF)

### **Conclusions on original rationale**

- 2.10 At the time LLRAP was conceived, there were a number of compelling problems that justified Public Sector intervention. In addition to ‘one-off’ issues such as FMD, longer-term structural issues were facing Lancashire’s rural economy. It is questionable whether existing support, diverse and uncoordinated as it was, would have been sufficiently robust to have delivered the change required.

**Overall, in 2002 there was a rationale for the Public Sector to intervene, in the form of LRRAP**

### **Rationale revisited**

- 2.11 The rationale was valid at the time of the application, but does it remain valid three years on? The continuing rationale for LRRAP has been re-examined to take into account developments since 2002.

### **Productivity in rural Lancashire**

- 2.12 In line with changing developments in economic policy, the current challenges faced by rural Lancashire are viewed from the perspective of productivity and economic activity. The following points highlight the headline picture:

- ❑ **The productivity gap between rural Lancashire and the regional average.** A recent report on the economy of the rural Northwest<sup>5</sup> estimated that rural GVA per capita in the Region was £13,000, compared to £13,599 for the Northwest as a whole. The figure for rural Lancashire was £9,870, reflecting a significant gap between the sub region’s rural productivity and that of the wider region<sup>6</sup>
- ❑ **Stagnant enterprise and business development.** Net new business starts for Lancashire fell by 19% between 2002 and 2003, while the overall business stock rose by just 1% in the same period<sup>7</sup>. Rural businesses are characterised by lower turnover rates than for urban firms, which may be reflective of higher levels of activity in sectors such as tourism and agriculture. It is not necessarily indicative of firm size, where the differences between rural and urban geographies are minimal

<sup>5</sup> State of the Rural Northwest, Pion Economics (March 2005)

<sup>6</sup> 2002 figures

<sup>7</sup> NOMIS, 2003

- ❑ **A good skills base.** Rural Lancashire displays higher levels of NVQ3 and NVQ4 qualifications among the working age population than the regional average. Wyre was the only district to fall below the Northwest average for both qualifications, but not significantly<sup>8</sup>
  
- ❑ **High levels of economic activity.** The broad picture of economic activity in the Region's rural areas is a positive one. This is also the case in Lancashire, with employment and activity rates higher in rural districts than the regional average, with and lower rates of economic inactivity. Only Pendle fell below the regional average for economic activity and inactivity, although in both of these cases the underperformance was less than one percentage point<sup>9</sup>.

2.13 It is clear from this picture that there is a significant productivity gap between rural Lancashire and the rural region as a whole. The lack of an energetic enterprise base is likely to be a factor here. It certainly is not due to an inactive workforce. This argues for less of a focus on job creation *per se*, rather the imperative should be to encourage higher value-added employment. The skills base, while good, may be overplayed as it will include higher skilled people who live in rural areas, but who may well work in the Region's urban centres.

**As at 2005, Lancashire's rural economy - judged in productivity terms - continues to underperform.**

#### ***Market failure***

- 2.14 The data analysed above show that the economic market failures continue to be relevant in 2005, in that individuals and firms are not moving to higher value-added and therefore more productive activity. Public Sector intervention on the grounds of market failure therefore remains valid.
- 2.15 In addition, by supporting sustainable economic growth, intervention also has the potential to address Distributional Failures - which still exist - ensuring a more even spread of economic and social benefit across Lancashire's rural areas.

**There is still a case for Public Sector intervention on economic efficiency and distributional grounds.**

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<sup>8</sup> NOMIS, 2005

<sup>9</sup> *ibid*

### **Strategic fit**

- 2.16 In 2005, the Programme finds itself operating within a changed strategic environment. Indeed, much of the relevant regional and sub-regional strategic context is still in the process of development as this evaluation comes to a close.

### National

- 2.17 The Government's **Rural Strategy 2004 (RS04)** follows on from the 2000 Rural White Paper, and other work such as Lord Haskins' Rural Delivery Review. RS04 aims to modernise rural delivery arrangements, improve coordination, and ensure an improved customer voice, with the aim of ensuring the long term social, economic, and environmental viability of England's rural areas. LRRAP aligns well with, and preceded, this national drive for improved rural delivery coordination and better targeting of support.

### Regional

- 2.18 One of the key elements of RS04 was the requirement placed on all of the English regions to develop **Rural Delivery Frameworks (RDFs)**, with the aim of delivering a 'smarter' approach to rural development. Development of the Northwest RDF is expected to be completed in March 2006.
- 2.19 The **Lancashire Rural Delivery Pathfinder**, announced in October 2004, is one of eight across England. They were established by Defra to improve the coordination of rural delivery programmes, while acting as a test bed for new initiatives better designed for local needs. LRRAP is represented on the Pathfinder Task Group by its Programme Manager, and the lessons learned by the Programme are informing the Pathfinder's development.
- 2.20 A new draft **Regional Economic Strategy** is now in circulation and proposes targeting specific rural issues, and especially creating the right conditions for economic activity, such as:
- Raising enterprise in rural areas
  - Specific support for the food and drink, and tourism sectors
  - Creation of key service centres as focal points for rural economic development.

Sub-regional

- 2.21 In April 2005, Lancashire's two economic partnerships, ELP and LWP, merged to form a county-wide organisation, Lancashire Economic Partnership. The new partnership is still finding its feet, but there is already consultation ongoing as to how LRRAP, and sub regional rural development more generally, should play into this new structure.

**In 2005, the Programme is well aligned with wider strategic agendas**

**Assessment**

- 2.22 At the time of the Programme's inception, there was a valid rationale for Public Sector intervention. Lancashire's rural economy was suffering from the short term shock of FMD and the longer term erosion of its agricultural competitiveness. Market failures existed which meant that the market was unlikely to 'self-correct', while existing provision was not able to deal with the scale or scope of the problem. Flowing as it did from Rural Renaissance, the Programme was well aligned at the time to existing strategies and policy developments at all levels.
- 2.23 Three years on, we judge that there is a continuing rationale for Public Sector intervention in order to improve the economic productivity of rural Lancashire, and in turn support its social and environmental sustainability.
- 2.24 There is a considerable ongoing change in terms of rural delivery, at a national, regional and sub-regional level. LRRAP sits astride the move from the old to the new. It could be regarded as either a legacy programme from the past, or one of the first 'new' rural initiatives. Either way, it has a significant role to play in informing the development of rural delivery in the next three years, based on its own experiences to date.

## 3 Objectives

*Purpose: in this Section the Programme's objectives are assessed in terms of their validity and relevance in relation to the rationale for intervention, both at the start of the Programme, and in 2005.*

### Objectives in 2002

- 3.1 LRRAP's objectives should set out the way in which the Programme aimed to respond to the market failures and rationale for intervention outlined in the previous Section. The strategic objectives of the Programme from the outset have been the same as those for Rural Renaissance. These were justified in Rural Renaissance by individual 'rationales', which are set out in Table 3-1.

Table 3-1: LRRAP Strategic Objectives and associated rationales (Source: Rural Renaissance)

Code	Strategic Objective	Individual 'rationale'
SO1	Broadening the Economic Base of Rural Areas	Primary agriculture not delivering high levels of economic growth; diversification will encourage more value-added activity
SO2	Renew and Strengthen Sustainable Recreation and Tourism	Tourism recognised as long term contributor to regional economic growth, if developed properly
SO3	Assisting in the Restructuring of Agriculture	Major structural change in agriculture, including downward pressure on farming incomes, will require diversification into other, non-primary farming areas
SO4	Enhancing the Competitiveness and Capability of Primary Agriculture	Long term survival of some primary agriculture essential for land use and environmental management, irrespective of increasing commercial pressures
SO5	Rural Skills Development	Higher skills required to improve productivity in the rural economy
SO6	Development and Promotion of Countryside Products	Potential for economic benefits through better marketing and promotion of local products; will assist in sustaining regional heritage
SO7	Sustaining the Environmental Inheritance	Imperative of balancing the commercial use of land with sufficient environmental protection
SO8	Delivering Social and Community Regeneration	Need to develop social capital to underpin rural regeneration

- 3.2 These Strategic Objectives link clearly to the overarching rationale for Rural Renaissance. They seek to improve economic activity through business diversification and agricultural restructuring, while ensuring that environmental protection and community cohesion are also addressed.

- 3.3 It is less clear how relevant these eight Strategic Objectives were to the situation in Lancashire. Sub-regional consultations during the development of Rural Renaissance and LLRAP indicated that a different and smaller number of objectives were of specific relevance to the challenges facing rural Lancashire. However, because Rural Renaissance was a region-wide recovery plan, sub regions were not given the choice of which Strategic Objectives to adopt.
- 3.4 It might be assumed that the *relative* relevance of the Strategic Objectives to Lancashire in 2002 could perhaps be deduced by the evidence base contained within the original Action Plan, and where funding was allocated and spent. However, this is not the case. Despite the fact that, for all but one of the Strategic Objectives, the original LRRAP document ties in specific evidence of need (SO6 is the one exception, where no evidence is produced at all), there is no consideration of the *balance* of effort required across the Objectives.
- 3.5 Initial funding allocations across the Strategic Objectives are similarly unhelpful. Allocations were made on the basis of where project ideas were likely to come forward, rather than on where most effort was required. As a consequence, funding has been determined by likely project activity, rather than need.
- 3.6 This highlights one of the fundamental problems which sub-regional delivery bodies have faced from the outset in delivering Rural Renaissance - the translation of regionally relevant strategic objectives to specific sub-regional needs. The requirement for a common set of objectives across the Region is understandable, but insufficient consideration appears to have been made as to how the Strategic Objectives - and therefore programme activity - should be 'weighted' to specific sub-regional requirements.
- 3.7 An intervention's objectives should be SMART: specific, measurable, achievable, relevant and time-bound. It has already been noted that the Strategic Objectives were not specific enough in terms of their relative importance to rural Lancashire.
- 3.8 The measurability of the Programme's objectives is fundamentally limited by the lack of relevance of its baseline. A number of the original baseline indicators are linked to some of the Strategic Objectives (e.g. SO1, SO2, SO7 and SO8), particularly in areas such as new business start-ups, tourist numbers, new woodland and employment in rural areas. However, none of the baseline indicators directly gauge progress towards assisting the restructuring of agriculture (SO3), enhancing the competitiveness of primary agriculture (SO4) or developing and promoting countryside products (SO6).
- 3.9 Objectives were time-bound, only in that the Programme as a whole had a limited lifespan, while output and spending targets indicated the levels of anticipated activity on a year-by-year basis.

**It is questionable how valid and relevant the Programme's objectives were in 2002. They were not equally relevant to the needs of rural Lancashire and have not been used sufficiently to target activity where need is greatest. The objectives should have been better designed to allow measurement of outcomes.**

### **Objectives in 2005**

- 3.10 The Programme's objectives - like those for Rural Renaissance - remain the same in 2005. However, the fundamental problem of their relative relevance remains: they fail to signpost where the real problems are in rural Lancashire that need to be addressed.
- 3.11 The problem of measurability also remains. When the Programme comes to an end, we are confident that the Programme will be able to clearly show where money has been spent, and outputs achieved. But the broader impact of the Programme, as evidenced by a set of relevant and measurable outcomes, will be harder to demonstrate on the basis of the current baseline.

**The issue of the relative relevance of the Programme's objectives remains. Action needs to be taken to develop a set of more relevant and measurable outcomes above and beyond the existing baseline.**

### **Assessment**

- 3.12 The Programme inherited a set of Strategic Objectives from Rural Renaissance, which provided a common set of objectives for all three of the Region's rural counties. Their relevance and validity at the sub-regional level are limited because of their 'catch-all' nature, and because there have been no efforts to tailor the objectives to the specific needs of the relevant rural areas. As a consequence, the objectives have not been used to ensure that activity is directed to areas of greatest need. Rather, proposed projects have shaped how funding and activity has been spread across the eight Strategic Objectives.
- 3.13 Objectives set out what the Programme wants to achieve by 2008. LRRAP has clear timings for its spending, outputs and milestones, but less of a focus on clearly timed and measurable outcomes. A poor baseline compounds the problem. The Programme urgently needs to consider whether and how it will be able to measure progress towards achieving its objectives in the coming years. This goes beyond hard outputs to include less tangible objectives, such as improving social capital and sustaining Lancashire's rural environmental heritage.

## 4 Appraising activities

*Purpose: in this Section, the activities of LRRAP are assessed for their fit with the Programme's rationale and objectives, and key lessons from activities undertaken to date are set out.*

### Project selection

- 4.1 LRRAP formally came under the management of the LRP in 2002. In the first call for projects, between October 2002 and January 2003, the LRP (in the absence of a support unit or Programme Management Committee at that stage) received 33 Expressions of Interest (EoI), of which eight went on to become live projects. A second call was made one year later, in September 2003, when the Support Unit was being put into place (establishment of the Support Unit having been delayed by the time needed to recruit staff). Thirty-five EoIs have been received since September 2003, of which two have become live projects.
- 4.2 Of the total 68 EoIs received by the Programme, 49 (72%) were rejected or withdrawn at the first stage (Table 4-1). This has mainly been due to the poor quality of the applications, or the lack of sufficient information to make a positive decision to move the project concept onto more detailed development. A lack of strategic fit with existing projects has also caused a number of EoIs to be rejected.

Table 4-1: Reasons for projects not going ahead - EoIs and detailed proposals (Source: LRRAP summary of applications)

Reason for not pursuing / PMC concerns	Number
<b>Expression of Interest Stage (18 rejected, 5 withdrawn)</b>	
Generally poor application, insufficient information	9
Lack of strategic fit	4
Duplication with existing LRRAP project	4
Lack of consultation with key partners	2
Ineligible for assistance	2
Concerns over additionality	1
Unable to secure match funding	1
<b>Sub-total</b>	<b>23</b>
<b>Detailed proposals (7 rejected, 19 withdrawn)</b>	
Lack of information / deferral leading to withdrawal	10
Unable to secure match funding	5
Activity included in other LRRAP projects	4
Lack of strategic fit	4
Other	3
<b>Sub-total</b>	<b>26</b>
<b>Total</b>	<b>49</b>

- 4.3 In late 2003, the LRP established a Support Unit at Myerscough College, part of whose remit was to provide assistance and guidance to project applicants. The absence of the Support Unit during the first call meant that project applicants lacked guidance and development support in drawing up more detailed proposals. This meant that there was no filter for poor EoIs early on and, as a result, large numbers of EoIs were only formally discarded further downstream the project development process. Many detailed proposals were deferred until the Support Unit had been set up. As a result, the Programme suffered from a high number of withdrawals, as applicants either changed their priorities in the intervening time or, in some more positive instances, managed to secure funding from elsewhere. This is confirmed by the higher number of withdrawals from the first call than the second. Securing match funding for projects has also been problematic for some applicants, while the PMC has rejected a further four projects at this stage because of a lack of strategic fit.

Project development was hampered in the Programme's early stages by the absence of a Support Unit. There remains a challenge for the Programme in encouraging applications of a sufficiently high quality to gain PMC approval.

### Project portfolio

- 4.4 To date (April 2005), 10 projects have been approved, of which two have ended and one was withdrawn before it finished (Project 15 - Sustainable Access in Lancashire - was withdrawn because the project did not consider it cost effective to verify the outputs that it was claiming). A further four are pending and in the process of approval (Table 4-2).

Table 4-2: LRRAP Project Status, by completion date (live, ended and pending only - to April 2005)

Project Number	Project Name	Start date	End date <sup>10</sup>
<b>Live Projects</b>			
31	<i>West Pennine Moors Sustainable Tourism Strategy (ended)</i>	Jan 2004	March 2004
35	<i>Forest of Bowland Sustainable Tourism Strategy (ended)</i>	Jan 2004	Dec 2004
12	Cuerden Valley Park Restoration	July 2003	June 2006
15	<i>Sustainable Access in Lancashire (withdrawn)</i>	June 2003	March 2007
16	Lancashire Rural Business Facilitation Service	June 2004	Sept 2007
01	The Development and Promotion of Lancashire Food	Oct 2004	March 2008
08	Implementing Lancashire's Rural Tourism Strategy	June 2004	March 2008
18	Rural Community Inclusion Programme	April 2004	March 2008
30	Lytham Hall Conference Centre	Oct 2004	March 2008
37	Lancaster City Council Business Development Scheme	Jan 2005	March 2008
<b>Pending Projects</b>			
5	Rural Skills Development Hub		
40	Building Farmer Collaboration in Lancashire		
41	New Environmental Assets in Ribble Estuary		
42	Rural Recovery Grant Fund		

<sup>10</sup> Start and end dates are taken from individual project offer letters

4.5 Table 4-2 illustrates how the delays in establishing the Programme have had knock on effects on the timetabling of projects. All but two of the live projects did not begin until 2004.

4.6 To date, there has been an uneven spread of project activity across the Programme's Strategic Objectives. As already noted, this unevenness is not indicative of a deliberate focus on any particular objectives, rather it is indicative of the projects which have come forward for support. In terms of numbers of projects, most activity has so far contributed towards SO2 and SO7 (Table 4-3), although the projects vary considerably in size. Nevertheless, each Strategic Objective now has at least one project to its name, although in the case of SO4 and SO5, these are still awaiting approval.

Table 4-3: LRRAP Projects (live, completed, withdrawn and pending - to April 2005) by Strategic Objective

Strategic Objective	Project	Live / Completed / Pending
SO1	Lancaster City Council Business Development Scheme	Live
	Rural Recovery Grant Fund	Pending
SO2	Implementing Lancashire's Rural Tourism Strategy	Live
	<i>West Pennine Moors Sustainable Tourism Strategy</i>	<i>Completed</i>
	<i>Forest of Bowland Sustainable Tourism Strategy</i>	<i>Completed</i>
SO3	Lancashire Rural Business Facilitation Service	Live
SO4	Building Farmer Collaboration in Lancashire	Pending
SO5	Rural Skills Development Hub	Pending
SO6	The Development and Promotion of Lancashire Food	Live
SO7	Cuerden Valley Park Restoration	Live
	<i>Sustainable Access in Lancashire</i>	<i>Withdrawn</i>
	Lytham Hall Conference Centre	Live
	New Environmental Assets in Ribble Estuary	Pending
SO8	Rural Community Inclusion Programme	Live

4.7 The project spread to date reflects the fact that the Programme has tended to be a passive recipient of project proposals, rather than a proactive, commissioning entity. This has, up until now, left LRRAP heavily dependent on applicants to come forward with good proposals, and with limited control over the overall strategic spread of projects being undertaken. That the quality of applications appears to have been wanting has only compounded the problem for the Programme.

4.8 The actual number of projects is low, but this in itself is not a cause for concern. Indeed, for a programme of this nature, it is better for support to be concentrated on a small number of strategic projects, rather than a plethora of smaller interventions.

## Project development and appraisal

- 4.9 Project development and appraisal are both dealt with by the Support Unit, but by different members of staff to ensure integrity of decision making. On paper, the process is a straightforward one. Eols are submitted to the Programme Management Committee (PMC) for consideration. If accepted, they are then developed into full proposals, with project development assistance provided by the Support Unit. Proposals are appraised in advance of being presented to the PMC to ensure they fit with the requirements of the Programme. If proposed projects exceed the Programme's delegation level (raised from £100k to £250k for 2005/06 onwards), the decision is referred to NWDA.
- 4.10 In reality, the process appears to work well. Development assistance is available to help with proposal writing, although the relatively small size of the Support Unit will impact on the level of support available. Project appraisals appear thorough, and are supported by good written records.
- 4.11 Some project managers have criticised the process as being unduly long-winded and cumbersome. There is certainly a high degree of challenge to project proposals. But we have not discovered any evidence to suggest that this has been undertaken over-zealously.

## Getting inside the activities - project reviews

- 4.12 In order to understand more fully the activities of the Programme, project reviews of five LRRAP projects were undertaken as part of this evaluation. The projects were chosen, in consultation with the study Steering Group, to provide a broad picture of Programme activity:
- Implementing Lancashire's Rural Tourism Strategy
  - Rural Business Facilitation Service
  - Rural Community Inclusion Programme
  - Cuerden Valley Park Restoration
  - The Development and Promotion of Lancashire Food.
- 4.13 The full project reviews can be found in Annexes B-F, but the key lessons emerging from the studies are considered below.

### ***Implementing Lancashire's Rural Tourism Strategy***

- 4.14 The rationale for the Project, now known as the Lancashire Rural Tourism Initiative (LRTi), focuses on generating more economic growth from rural Lancashire's tourism potential. Rural Lancashire is relatively undiscovered in tourism terms, while the existing tourism infrastructure was hit badly by FMD. In addition, tourism provides a potentially important source of business diversification for rural businesses, especially those engaged in primary agriculture. In particular, there is a focus on the value of having a strategic and collaborative approach to promoting rural tourism, rather than the piecemeal activity of the past.
- 4.15 Despite delays which saw the full project team fully operational by February 2005, progress has been made. Processes and procedures are now in place for the grant scheme, and a number of businesses have already been assisted.
- 4.16 The Project has underspent in its first year of operation - significantly in terms of match funding - mainly as a result of the delays it faced in starting up. The Project has a set lifespan and will have to carefully manage the conflicting pressures of keeping to expenditure and output targets, while ensuring that only quality initiatives linked to the Project's objectives are supported.
- 4.17 The picture is similar with the Project's outputs, where Year 1 targets have not been met. In the light of our experience from elsewhere, we think that a target of 54 jobs created is particularly challenging for a rural business support initiative, and not necessarily directly relevant to the Project's activities.
- 4.18 The Project demonstrates good linkages with other LRRAP projects, such as Lancashire Food and the Rural Business Facilitation Service, where there are cross-referrals. There is also a clear emphasis on providing a strategic level approach which also encourages collaboration between businesses. These less tangible benefits are important, and may not be captured fully by LRRAP through the monitoring of individual projects.

### ***Rural Business Facilitation Service***

- 4.19 The Rural Business Facilitation Service, also known as Lancashire Rural Futures, has a well-defined rationale, characterised by the complexity and uncoordinated nature of existing rural delivery mechanisms and planning procedures, and the need to encourage business diversification in order to boost GVA. The Project's objectives clearly set out how this will be addressed, through the establishment of a business facilitation service providing support and advice to new and diversifying rural firms.

- 4.20 The Project is modelled on a previously successful programme - the Bowland Initiative - which is recognised as a model of best practice. Its activities focus on a one-to-one business facilitation service, which acts in an advisory capacity to help firms plan for growth, and access business and environmental grants. The Project has already been successful in increasing the amount of grant funding secured by rural Lancashire businesses, and has exceeded many of its output and milestone targets. It is highly regarded by its clients, and as a consequence generates much of its new client base through referrals.
- 4.21 As the Project looks forward to the next three years, we have posed three questions for it to consider:
- Should it be trying harder to wean businesses off Public Sector support?
  - Should it be more proactive in encouraging businesses to diversify into high value added sectors and activities?
  - Is it trying to effect change within the rural delivery environment that would eliminate the need for facilitation services in the long term?

#### ***Rural Community Inclusion Programme***

- 4.22 The Rural Community Inclusion Programme has a clear rationale based on the need to improve access to services by rurally disadvantaged and isolated communities through the development of new community enterprise and cooperative activity and thereby increase education and employment opportunities. This is delivered through grant support and ongoing assistance to build capacity in communities.
- 4.23 Activity has been slow to get going, a result of delays which affected the Project in its early stages. Grant support has begun, but there has been less evidence of training assistance, witnessed by the complete lack of learning opportunities delivered to date. This highlights a potential inconsistency in the Project, in that it has set itself significant learning outputs, while its current activities do not appear to be sufficiently focused on delivering them.
- 4.24 Increasing the capacity of rural communities will be central to ensuring that there is a long term impact as a result of this project. The Project's management is well aware of this, and it is recognised that the Project is still in its early stages. However, it must ensure that the focus of activity remains on this capacity generation, and does not drift into simple grant support, which has happened in other regeneration programmes elsewhere.

- 4.25 The Project has had problems with recruiting staff, and there remain issues which its management are seeking to address regarding their own skills base. More partnership activity should be encouraged.

#### ***Cuerden Valley Park Restoration***

- 4.26 This Project is environmentally-focused, delivered through a mixture of physical regeneration and revenue activities. It has a clear rationale and objectives, both of which are well linked to its activities.
- 4.27 The Project's physical regeneration activities are in part delivered by New Deal trainees, an encouraging example of collaboration between two very different Public Sector and Voluntary Sector initiatives. However, there is evidence that this delivery method is resulting in the leakage of benefit to urban residents. Through revenue support from LRRAP, education programmes are beginning to link local schools to the Park, increasing its relevance and value as a local and sub regional asset, while marketing should ensure it becomes an improved tourist attraction in the near future.
- 4.28 The frustrations that the Project has had with LRRAP's administration and processes since its inception may be indicative of a system that is not sufficiently flexible to match its demands and monitoring rigour to the size and complexity of individual projects. It may also be the case that such projects have struggled in capacity terms to fulfil the reporting requirements of a strategic programme like LRRAP.

#### ***The Development and Promotion of Lancashire Food***

- 4.29 There is a valid and relevant rationale for this Project, and its objectives are clearly stated. The rationale is based on the need to promote business diversification and maximise the economic development of Lancashire's rural food sector. This is to be achieved through a range of marketing, product development and collaborative support activities with food producers and others in the supply chain.
- 4.30 Despite a delayed start, the Project is already carrying out a range of activities which are aimed at complementing and augmenting work already being carried out or planned by the Made in Lancashire Group. These focus on improving collaboration between food producers; developing marketing opportunities; establishing the Made in Lancashire brand; and product and skills development. The Project has already identified weaknesses in the Lancashire food supply chain, which they are now seeking to address.

- 4.31 The Project is underperforming against its output targets, some of which (job and new business creation) are likely to be difficult to attain given that there is little logical flow from its activities - as they are being delivered - to its outputs: the Project could meet its objectives without meeting its output targets.

### **Conclusions**

- 4.32 The review of programme activity, including the project reviews but also encompassing a wider desk-based assessment of the total project portfolio, has established a number of issues that are of wider relevance to the Programme as a whole.

### **Delays**

- 4.33 There is no doubt that delays in the establishment of the Support Unit, and the length of the application process, have impacted on project timelines. Individual projects and the Programme appear to have underestimated the amount of time it takes to get projects up and running (e.g. securing Service Level Agreements, recruitment, establishing necessary processes and procedures, etc.). In addition, project applications have not always been of the calibre to allow for quick appraisal and approval. These factors, combined, are reflected in underspends and output underachievement in some projects in the early years of their establishment.
- 4.34 Delays, while not always unavoidable, risk creating an imperative to spend money and get project activity going, which can override the need to focus on the end result that the project is trying to achieve.

### **Rationale and objectives**

- 4.35 All of the projects assessed demonstrated valid and relevant rationales and objectives, which is by no means the rule for area-based regeneration programmes. This is largely due to the development work of the Support Unit and the rigour of the appraisal process. It sets projects up with a clear view of what they are trying to achieve, and how that links to the wider strategic aims of the Programme. The challenging stance of the Support Unit is welcome.

### **Activities and outputs**

- 4.36 The logical link between project activity and outputs is not always clear. In some cases, outputs appear to have been inconsistently set, in that they do not always seem to be the

best measures of project activity. This can leave projects confused and having to choose between focusing on output generation or working towards the project's objectives, when the two should be reinforcing.

- 4.37 There are two issues here which have been identified as contributing to this problem. The first is that the scale of programme activity is substantially greater than that of previous rural regeneration programmes. There is some doubt as to whether traditional rural delivery bodies have the capacity to be able to undertake this scale of activity within their traditional resources and remits. As a consequence, this may lead to difficulties with elements of project activity, such as output and activity alignment. It is too early to assess to what extent the Programme might be improving the capacity of rural delivery bodies, but there would be value in monitoring whether it does.
- 4.38 The second issue is that the Programme has essentially focused on delivering NWDA finance, rather than brigading the broader spread of partner funding expected in Rural Renaissance. This inevitably leads to a focus on delivering economic outputs, even when some projects are directed to primarily social or environmental ends. This is not a problem unique to Lancashire - more broadly, the worthy intentions of Rural Renaissance to 'bend' the region's rural regeneration funding to meet its Strategic Objectives do not appear to have happened.
- 4.39 The Programme and its projects need to be pulling in the same direction when it comes to output targets and the overall outcomes of their activities. There is a risk at present that one may be sacrificed for the other.

#### ***Project linkages***

- 4.40 There are a number of examples of linkages between the Programme's projects. This is welcome, in that it demonstrates and reinforces the strategic nature of the Programme, rather than a piecemeal approach to regeneration, which has characterised much previous rural development activity. These linkages deserve to be highlighted to a greater extent, celebrated, and encouraged.

#### ***Administrative burden***

- 4.41 There were many comments from projects about the levels of monitoring and administration that they had to cope with from the Programme. This begins with the project application process, where more than a dozen iterations of a proposal does not appear uncommon. However, as has already been observed, the Programme has had to

deal with considerable numbers of poorly thought-through proposals (a 72% rejection rate), so a high level of challenge and development is perhaps inevitable.

- 4.42 Once a project was underway, managers claimed to face a level of bureaucracy which they found stifling. Many project managers were in a position to compare the LRRAP administrative burden with other funding streams: LRRAP was widely viewed as the most bureaucratic. One manager said that, in retrospect, LRRAP funding was not worth the paperwork it had generated.
- 4.43 It must be remembered that, as a strategic programme, LRRAP heralded a significant change of scale for rural regeneration in Lancashire. As such, the burden of monitoring was always likely to be more rigorous than for traditional programmes, such as RDP. It is likely that project deliverers, certainly in the early stages, simply lacked the capacity to respond to the demands of the Programme's monitoring requirements.
- 4.44 Project management capacity notwithstanding, there does seem to be an issue with the proportionality of administration depending on a project's size, complexity and risk. Clear and logically-constructed projects should, in principle, face a much reduced administrative burden both at the appraisal stage and also further downstream during delivery. However, the capacity for the Programme to alter process arrangements is severely limited, as the processes are NWDA's, not LRRAP's. A previous suggestion by the Programme to NWDA that a twin track application procedure be adopted was rejected.

## 5 Programme performance

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*Purpose: in this section, the overall performance of the Programme is assessed in terms of its inputs (finance), outputs, and outcomes; and a judgement is made on the extent to which the Programme has delivered value for money through its economy, efficiency and effectiveness.*

### Funding - relevance and appropriateness

#### Sources

- 5.1 Since the original LRRAP in 2002, there have been changes to the Programme's funding allocation. In particular, two NWDA projects (the Market Towns Initiative, and Rural Workspace Strategy), which had been designated as being part of LRRAP under SO1, are now no longer counted within the Programme. Instead, they are managed directly by NWDA. This amounts to a substantial reduction in the overall amount of NWDA funding allocated to the Programme - some £5m less than originally anticipated. As a consequence, the Programme lost virtually all of its planned activity and funding within SO1 (to redress the balance, £1m has since been transferred from SO4 and SO6 to SO1 in the 2005/06 programme plan).
- 5.2 In 2005, total funds allocated to project activity (excluding RDP) and management and administration of the Programme total some £21.2m, of which £9.75m is from NWDA (Table 5-1). In the context of this study, this is treated as the Programme's overall baseline funding position.

Table 5-1: Total LRRAP funding, 2002-2008 (Source: LRRAP Performance Plan 2005/6)

Source	Allocation (£k)	Percentage of total
NWDA	9,754	46%
Match funding	11,408	54%
<b>Total funding</b>	<b>21,162</b>	<b>100%</b>

#### Funding allocation

- 5.3 The Programme's funds were allocated across the eight Strategic Objectives from the outset, with an additional figure set aside for management and administration. The allocation was based on an approximation of what would be required for each Strategic

Objective, judging from the projects that were expected to come forward. Reallocations between Strategic Objectives have been made since the Programme began, but in most cases have remained broadly unchanged (Table 5-2). Two Strategic Objectives (SO3 and SO7) account for over half of the funding set aside for Programme activity.

Table 5-2: Total allocated funds by Strategic Objective (Source: LRRAP Performance Plan 2005/6)

Strategic Objective	Capital (£k)	Revenue (£k)	Total (£k)	% of total by SO
SO1 - Broadening the Economic Base	750	525	1,275	6.3%
SO2 - Renew and Strengthen the Tourist Offer	800	2,839	3,639	18.0%
SO3 - Assisting in the Restructuring of Agriculture	0	5,408	5,408	26.8%
SO4 - Enhancing the Competitiveness and Capability of Primary Agriculture	250	250	500	2.5%
SO5 - Rural Skills Development	0	1,673	1,673	8.3%
SO6 - The Development and Promotion of Countryside Produce	874	1,218	2,092	10.4%
SO7 - Sustaining the Environmental Inheritance	2,172	2,844	5,016	24.9%
SO8 - Delivering Social and Community Regeneration	42	530	572	2.8%
<b>Sub total</b>	<b>4,888</b>	<b>15,287</b>	<b>20,175</b>	<b>100%</b>
Management & administration	0	987	987	
<b>Total</b>	<b>4,888</b>	<b>16,274</b>	<b>21,162</b>	

#### *Allocation by source*

- 5.4 Over the Programme's lifetime, a total of £9.75m of NWDA funding has been allocated to LRRAP activity, of which £987k, or 10.1%, is earmarked for management and administration costs (Table 5-3). The setting of management and administration costs appears to have been based on a simple 10% overhead on NWDA funding, rather than a more precise calculation of the resources likely to be required. As a proportion of total NWDA funding, this appears high; indeed, it is a greater share of NWDA funding than is allocated to SO4, SO5, and SO8 combined. However, the inclusion of match funding and RDP brings the administration costs as a proportion of total funds down to 4.5%, which is a reasonable level of resource for a programme of this kind.
- 5.5 A total of £11.4m match funding was linked to the Programme. In terms of distribution, match funding has focused on SO2, SO3 and SO7, where the largest current projects are, while no match funding has been allocated to SO1. This reflects the fact that, in the early stages of the Programme, SO1 was expected to include other NWDA projects (Market Towns Initiative and Rural Workspace Strategy), which are no longer considered part of LRRAP's remit.

Table 5-3: Lifetime Allocation of NWDA and match funding by Strategic Objective (Source: LRRAP Performance Plan 2005/6)

Strategic Objective	NWDA (£k)	Match (£k)	Total (£k)	% of SO funds
SO1 - Broadening the Economic Base	1,275	0	1,275	6.3%
SO2 - Renew and Strengthen the Tourist Offer	1,269	2,370	3,639	18.0%
SO3 - Assisting in the Restructuring of Agriculture	3,157	2,251	5,408	26.8%
SO4 - Enhancing the Competitiveness and Capability of Primary Agriculture	250	250	500	2.5%
SO5 - Rural Skills Development	300	1,373	1,673	8.3%
SO6 - The Development and Promotion of Countryside Produce	967	1,125	2,092	10.4%
SO7 - Sustaining the Environmental Inheritance	1,269	3,747	5,016	24.9%
SO8 - Delivering Social and Community Regeneration	279	293	572	2.8%
<b>Sub total</b>	<b>8,766</b>	<b>11,409</b>	<b>20,176</b>	<b>100%</b>
Management & administration	987	0	987	
<b>Total</b>	<b>9,754</b>	<b>11,409</b>	<b>21,162</b>	

### Allocation by project

5.6 To date, a total of £11.5m has been allocated to live projects, comprising £5.57m NWDA funding and £5.95m match funding (Table 5-4). As of April 2005, 33% of NWDA funding and 52% of match funding was still available for Programme activity. The Programme has made progress towards reducing this figure further, with an additional four projects currently pending approval. If approved, the remaining NWDA funding available for new projects will be £1.3m, or 13% of the original total, for the final three years of the Programme.

Table 5-4: Lifetime funding allocation by project - to April 2005 (Source: offer letters)

Strategic Objective	Project	NWDA (£k)	Match funding (£k)		Total allocated project funds (£k)
			Public	Private	
SO1	37 - Lancaster City Council Business Development Scheme	30	30	0	60
SO2	08 - Implementing Lancashire's Rural Tourism Strategy	1,224	914	1,456	3,594
	31 - West Pennine Moors Sustainable Tourism Strategy	15	15	0	30
	35 - Forest of Bowland Sustainable Tourism Strategy	30	30	0	60
SO3	16 - Lancashire Rural Business Facilitation Service	3,218	915	464	4,597
SO6	01 - The Development and Promotion of Lancashire Food	500	67	166	733
SO7	12 - Cuerden Valley Park Restoration	99	646	198	943
	15 - Sustainable Access in Lancashire	94	362	0	456
	30 - Lytham Hall Conference Centre	84	2	245	331
SO8	18 - Rural Community Inclusion Programme	280	405	14	699
	<b>Total</b>	<b>5,574</b>	<b>3,386</b>	<b>2,543</b>	<b>11,503</b>

- 5.7 Given the delays that have beset a number of the Programme's projects, it will be important that any further key projects are started soon in order to give them a chance of making an impact by 2008. It is recognised, however, that a small pot of funding is being retained in order to support smaller, shorter length projects if these are required.

## Programme inputs

### Expenditure to date

- 5.8 Table 5-5 outlines the expenditure of the Programme (NWDA and match funding) over the two years in which it has been financially and administratively operable.

Table 5-5: Actual spend by project and Strategic Objective to April 2005 (Source: Programme documentation)

Strategic Objective	Project	2003/4 (£k)	2004/5 (£k)	Total (£k)
SO1	37 - Lancaster City Council Business Development Scheme	0	<1	<1
<b>SO1 subtotal</b>		<b>0</b>	<b>&lt;1</b>	<b>&lt;1</b>
SO2	08 - Implementing Lancashire's Rural Tourism Strategy	0	209	209
	31 - West Pennine Moors Sustainable Tourism Strategy	11	0	11
	35 - Forest of Bowland Sustainable Tourism Strategy	26	25	51
<b>SO2 subtotal</b>		<b>37</b>	<b>234</b>	<b>271</b>
SO3	16 - Lancashire Rural Business Facilitation Service	0	852	852
<b>SO3 subtotal</b>		<b>0</b>	<b>852</b>	<b>852</b>
<b>SO4 subtotal</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>SO5 subtotal</b>		<b>0</b>	<b>0</b>	<b>0</b>
SO6	01 - The Development and Promotion of Lancashire Food	0	100	100
<b>SO6 subtotal</b>		<b>0</b>	<b>100</b>	<b>100</b>
SO7	12 - Cuerden Valley Park Restoration	297	325	622
	15 - Sustainable Access in Lancashire	134	27	161
	30 - Lytham Hall Conference Centre	0	82	82
<b>SO7 subtotal</b>		<b>431</b>	<b>434</b>	<b>865</b>
SO8	18 - Rural Community Inclusion Programme	0	137	137
<b>SO8 subtotal</b>		<b>0</b>	<b>137</b>	<b>137</b>
<b>Sub total (project activity)</b>		<b>468</b>	<b>1,757</b>	<b>2,225</b>
Management & administration		108	159	267
<b>Total</b>		<b>576</b>	<b>1,916</b>	<b>2,492</b>

- 5.9 It is clear from these figures that there has been a near fourfold increase in expenditure from one year to the next, reflecting the time it took to get the Programme and its first projects up and running. However, the spread of expenditure has been uneven; three Strategic Objectives (SO1, SO4 and SO5) have yet to incur any expenditure, due to the current absence of projects, while a single project in SO3 (the Rural Business Facilitation Service) has accounted for 38% of total project spending to date.

### Variance with targets

- 5.10 Table 5-6 outlines the target and actual spending of the Programme to date. Overall, the Programme has spent £2.49m in its first two years of operation. This leaves £18.67m, or 88% of the total Programme budget to be spent in the next three years. The proportion is the same for NWDA funding, where £1.20m has been spent, with £8.55m (88%) remaining.

The Programme will need to demonstrate a considerable increase in activity from now until 2008 if it is to reach its spending targets.

- 5.11 To date, projects have underspend against target by 19%. The Programme cannot afford to continue with a similar level of underspend for the remainder of its life. An end-of-Programme underspend of 19% (over £2m of NWDA funds) would not only be evidence of process failings, but also would significantly reduce the impact of the Programme.

Table 5-6: Expenditure to April 2005 by project and Strategic Objective, allocated and actual (Source: Programme documentation)

Strategic Objective	Project	Lifetime allocation (£k)	Target spend to date (£k)	Actual spend to date (£k)	Variance (£k)
SO1	37 - Lancaster City Council Business Development Scheme	60	0	<1	<1
<b>SO1 subtotal</b>		<b>60</b>	<b>0</b>	<b>&lt;1</b>	<b>&lt;1</b>
SO2	08 - Implementing Lancashire's Rural Tourism Strategy	3,594	613	209	-404
	31 - West Pennine Moors Sustainable Tourism Strategy	30	30	11	-19
	35 - Forest of Bowland Sustainable Tourism Strategy	60	57	51	-6
<b>SO2 subtotal</b>		<b>3,684</b>	<b>700</b>	<b>271</b>	<b>-429</b>
SO3	16 - Lancashire Rural Business Facilitation Service	4,629	906	852	-54
<b>SO3 subtotal</b>		<b>4,629</b>	<b>906</b>	<b>852</b>	<b>-54</b>
<b>SO4 subtotal</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SO5 subtotal</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
SO6	01 - The Development and Promotion of Lancashire Food	733	100	100	0
<b>SO6 subtotal</b>		<b>733</b>	<b>100</b>	<b>100</b>	<b>0</b>
SO7	12 - Cuerden Valley Park Restoration	929	639	622	-17
	15 - Sustainable Access in Lancashire	456	235	161	-74
	30 - Lytham Hall Conference Centre	331	30	80	+50
<b>SO7 subtotal</b>		<b>1,716</b>	<b>904</b>	<b>863</b>	<b>-41</b>
SO8	18 - Rural Community Inclusion Programme	699	145	137	-8
<b>SO8 subtotal</b>		<b>699</b>	<b>145</b>	<b>137</b>	<b>-8</b>
<b>Sub total (project activity)</b>		<b>11,521</b>	<b>2,755</b>	<b>2,223</b>	<b>-532</b>
Management & administration		987	330	267	-63
<b>Total</b>		<b>12,508</b>	<b>3,085</b>	<b>2,490</b>	<b>-595</b>

- 5.12 These tables clearly show that the most significant underspend has been in the rural tourism project (LRRAP 08), accounting for £404k of the £532k project underspend to date. The majority of this is match funding (£381k), and is a result of the delays incurred in the approval of the proposal and the setting up of the Project.
- 5.13 On the basis of the scale of activity undertaken so far, it is difficult to make a hard and fast judgement on the likelihood of the Programme's projects meeting their lifetime spending allocations. However, we judge that the Programme's management is aware of the imperative to meet its spending obligations.

**Excluding LRRAP 08, underspend to date is at manageable levels, but projects are faced with daunting spending targets for the remainder of the Programme's life.**

### *Central costs*

- 5.14 Central costs - the costs of running the LRP Support Unit - remain slightly high as a proportion of overall spending to date (10.7% of total spend). This reflects the low project spend rather than any 'fat' in the management and administration of the Programme. As project expenditure rises, central costs will fall as a proportion of total spending.

### *Economy*

- 5.15 At this interim stage, a precise judgement on the economy of the Programme, i.e. the price of the activities 'bought' by funders, is difficult to make. However, we judge that the Programme is delivering a fair level of economy based on the following considerations:
- The rigour with which the application process is carried out, which is likely to weed out uneconomic or overly expensive projects
  - The use of tried and tested project models in some instances, such as for the Rural Business Facilitation Service (based on the successful Bowland Initiative) and Rural Community Inclusion Programme (from a previous SRB5 project).

### **Outputs**

- 5.16 It is still early days for the Programme in terms of output delivery, but three aspects of its output performance should nevertheless be considered:

- ❑ The relevance of the Programme's outputs
- ❑ The extent of the Programme's outputs which remain unallocated to live or completed projects
- ❑ The performance of projects so far in meeting their output targets.

- 5.17 Given the timescale of this evaluation, i.e. up to April 2005, the new NWDA output definitions for 2005/06 and beyond have not been used. Existing projects will have to report against these new outputs, but are not being asked to reprofile. New projects from April 2005 will be set targets against the new outputs.
- 5.18 For the sake of consistency, RDP output performance has not been included in this study. LRRAP Programme output performance assessed in this section only considers the targets and performance of Programme projects excluding RDP.

#### ***Output relevance***

- 5.19 Table 5-7 shows LRRAP's suite of target indicators. Given the Programme's focus on NWDA funding, it is perhaps not surprising that economic outputs dominate. However, the relative lack of outputs relating to social and environmental aspects of the Programme's activities is perhaps a missed opportunity.

#### ***Output allocation***

- 5.20 Table 5-7 also shows how the outputs have been allocated to existing projects (live or completed). It shows clearly that, in terms of jobs created and safeguarded; learning opportunities; and business assists, there are still substantial outputs to be allocated to projects which are either in the process of being approved, or which have not even reached this stage. This represents a challenge for the Programme. If it is to stand a chance of meeting its output targets, it will need to increase the number of output-rich projects and overall output-related project activity, as an urgent priority.
- 5.21 It should be noted, however, that the Programme does generate a series of indirect outputs through referrals to other programmes and interventions. So the lack of achievement of direct outputs may not necessarily have a substantial impact on the Programme's lifetime outcomes.

Table 5-7: Output allocation to live or completed projects - to April 2005 (Source: LRRAP data)

Output	Gross Lifetime Target	Current project targets	% of lifetime total
Jobs created	739	137	19%
Jobs safeguarded	909	187.5	21%
Learning opps / formal qualification	0	157	-
Learning opps / no formal qualification	10,210	2,110	21%
Brownfield land remediated/recycled (Ha)	0	0.5	-
Businesses created	1,076	585	54%
Businesses receiving specialist advice	3,259	1,630	50%
New floorspace created (sq.m)	350	525	150%
Businesses assisted on skills needs	2,733	115	4%
Hectares of woodland created	650	0.75	0%

### *Project performance*

- 5.22 The Programme's suite of existing projects is performing relatively well against its output targets to date, as Table 5-8 shows. Of the ten categories where the Programme has allocated outputs to projects, six have reached or exceeded their targets to date. However, there have clearly been problems with a number of the categories, in particular jobs created and safeguarded; learning opportunities with no formal qualification; and business assists. These deserve further examination by the Programme's management in order to understand if there are underlying reasons why these particular outputs are proving hard to achieve.

Table 5-8: Project performance to date (April 2005) against output targets (Source: LRRAP data)

Output	Allocated target to date	Achieved to date (number)	Achieved to date (% of target)
Jobs created	104.2	26	25%
Jobs safeguarded	102	31	30%
Learning opps / formal qualification	77	80	104%
Learning opps / no formal qualification	260	104	40%
Brownfield land remediated/recycled (Ha)	0.5	0.5	100%
Businesses created	160	210	131%
Businesses receiving specialist advice	525	564	107%
New floorspace created (sq.m)	236.5	250	106%
Improved floorspace created (sq.m)	0	210	-
Businesses assisted on skills needs	19	4	21%
Hectares of woodland created	0.4	0.4	100%

5.23 Table 5-9 overleaf shows output performance for projects and Strategic Objectives. It highlights a number of concerns:

- ❑ In six of the ten output categories, a single project is responsible for all the outputs achieved to date. For example, the Rural Community Inclusion Programme is the only project delivering new floorspace.
  
- ❑ Four of the ten projects have not delivered any outputs to date
  
- ❑ In category and volume terms, the vast majority of the Programme's outputs are being generated by just two projects: the Rural Business Facilitation Service (SO3) and Cuerden Valley Park Restoration (SO7).

5.24 The Programme is therefore highly reliant on just a couple of high performing projects for the bulk of its output performance to date. This is a high risk state of affairs; a downturn in the performance of either could be very damaging to the Programme as a whole. More generally, the output performance of LRRAP's projects appears significantly unbalanced in overall programme terms.

5.25 Project reviews in the Annexes consider how the individual projects we looked at are faring against their output targets.

Table 5-9: Output performance per project, and by Strategic Objective to date (Source: LRRAP data)

	Project	Outputs to date									
		Jobs created	Jobs safeguarded	Learning opps / formal qualification	Learning opps / no formal qualification	Brownfield land remediated/ recycled (Ha)	Businesses created	Businesses receiving specialist advice	New floorspace created (sq.m)	Businesses assisted on skills needs	Hectares woodland created
SO1	37 - Lancaster City Council Business Development Scheme	0	0	0	0	0	0	0	0	0	0
<b>Subtotal SO1</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
SO2	08 - Implementing Lancashire's Rural Tourism Strategy	3	0	0	0	0	0	10	0	0	0
	31 - West Pennine Moors Sustainable Tourism Strategy	0	0	0	0	0	0	0	0	0	0
	35 - Forest of Bowland Sustainable Tourism Strategy	0	0	0	0	0	0	0	0	0	0
<b>Subtotal SO2</b>		<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>
SO3	16 - Lancashire Rural Business Facilitation Service	18	13	0	0	0	209	513	0	0	0
<b>Subtotal SO3</b>		<b>18</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>209</b>	<b>513</b>	<b>0</b>	<b>0</b>	<b>0</b>
SO6	01 - The Development and Promotion of Lancashire Food	1	2	0	0	0	0	2	0	0	0
<b>Subtotal SO6</b>		<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>
SO7	12 - Cuerden Valley Park Restoration	3	5	80	104	0.5	0	39	0	0	0.4
	15 - Sustainable Access in Lancashire	0	8	0	0	0	0	0	0	4	0
	30 - Lytham Hall Conference Centre	0	0	0	0	0	0	0	0	0	0
<b>Subtotal SO7</b>		<b>3</b>	<b>13</b>	<b>80</b>	<b>104</b>	<b>0.5</b>	<b>0</b>	<b>39</b>	<b>0</b>	<b>4</b>	<b>0.4</b>
SO8	18 - Rural Community Inclusion Programme	1	3	0	0	0	1	0	250	0	0
<b>Subtotal SO8</b>		<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>0</b>
<b>Total</b>		<b>26</b>	<b>31</b>	<b>80</b>	<b>104</b>	<b>0.5</b>	<b>210</b>	<b>564</b>	<b>250</b>	<b>4</b>	<b>0.4</b>

## **Efficiency**

### Deadweight and displacement

- 5.26 In evaluation terms, deadweight refers to the change in the target population which an intervention is intended to have, but which would have happened in any case. In other words, the change which would have occurred without the intervention, or the extent to which some beneficiaries would have accepted a reduced level of support.
- 5.27 Displacement refers to the tendency of the effects of an intervention on a particular individual, group or area to be realised at the expense of others. Business support for one firm, for example, may provide it with a competitive edge over another which has not accessed the support.
- 5.28 Within the scope of this evaluation, it has not been possible to make an accurate assessment of Programme deadweight or displacement. However, with an eye on a final assessment of the Programme's performance in 2008, the Programme should consider the extent to which its own evaluation procedures might capture this information.

### Leakage

- 5.29 Leakage refers to the amount of benefit delivered by an intervention which 'leaks' out beyond its geographical boundaries, or beyond the intended beneficiaries. Again, a specific judgement is difficult to make here due to the complexities of measurement.
- 5.30 One specific example of leakage was identified from the project reviews. In the case of the Cuerden Valley Park Restoration Project leakage was clear, as the project directly supported the training of unemployed registered in Preston. In other projects, it was not possible to identify evidence of leakage. At the Programme level, we judge that there is likely to be limited leakage of benefit beyond the targeted beneficiaries.

### Efficiency of job creation

- 5.31 There are few benchmarks available to judge what an acceptable 'cost' is for outputs produced in rural areas (we judge that costs for outputs delivered in *urban* areas will be substantially different). As a consequence, efficiency calculations are difficult to make.
- 5.32 However, in the mid-term evaluation of the England Rural Development Programme (ADAS & SQW, 2003), an assessment was made on the efficiency with which job outputs were

delivered. We have used the same approach here to provide an indicative picture of Programme and project efficiency, as the job outputs are common to all projects. It should be noted, however, that this is only a very approximate method of understanding efficiency, as the projects are delivering a range of varied activities and do not always have job creation or job safeguarding as their primary target outputs.

- 5.33 Table 5-10 shows the differing levels of cost per job output (created and safeguarded) by project. The table demonstrates that there is a wide variation in performance, from as little as £2k per output (Lancaster Business Development Scheme) to a high of £159k (Rural Business Facilitation Service); the average for the Programme as a whole is £35k. For ERDP, the range was £5k and £27k, with a programme average of £25k.

Table 5-10: Cost per job output (created and safeguarded), per project (Source: LRRAP data)

SO	Project	Total project cost (£K)	Total target job outputs	Cost per job output (£k)
SO1	37 - Lancaster City Council Business Development Scheme	60	30	2
SO2	08 - Implementing Lancashire's Rural Tourism Strategy	3,594	148	24
	31 - West Pennine Moors Sustainable Tourism Strategy	30	0	0
	35 - Forest of Bowland Sustainable Tourism Strategy	60	0	0
SO3	16 - Lancashire Rural Business Facilitation Service	4,597	29	159
SO6	01 - The Development and Promotion of Lancashire Food	733	62	12
SO7	12 - Cuerden Valley Park Restoration	943	8	118
	15 - Sustainable Access in Lancashire	456	25	18
	30 - Lytham Hall Conference Centre	331	6.5	51
SO8	18 - Rural Community Inclusion Programme	699	16	44
<b>Total</b>		<b>11,503</b>	<b>324.5</b>	<b>35</b>

- 5.34 The highest costs per job output are those for the Rural Business Facilitation Service and Cuerden Valley Park. For Cuerden Valley Park, the high figure is not unexpected. The project is primarily an environmental improvement programme, so job outputs are not the focus. Although a great deal of the Rural Business Facilitation Service's activity is focused on the diversification of rural businesses, it is not focused on the creation of jobs *per se* (see Annex C). In addition, a substantial amount of activity is targeted on improving the take-up of agri-environmental schemes.
- 5.35 ERDP is a different programme, and its evaluation took place in 2003. Nevertheless, it appears that, in comparison, cost per job output for LRRAP is higher. However, it is encouraging to note that 46% of job outputs are due to come from LRRAP 08, at a more reasonable cost per job of £24k.
- 5.36 At this stage in the Programme, assessment of the efficiency of the activities undertaken so far would be of little benefit. First, the projects that are up and running have only been in operation for a very limited time, so expenditure will be very high compared to the outputs

produced. Secondly, there is still a significant amount of activity and spend yet to come through new projects, so the overall expenditure picture of the Programme is not an accurate one from which to judge its efficiency.

## Outcomes

- 5.37 The outcomes of the Programme should help to measure its effectiveness in achieving its stated objectives. The LRP Steering Group submitted a baseline to NWDA as part of the original funding agreement, which should have enabled the tracking of Programme outcomes. Five categories of outcome were specified in the original baseline, and performance against these is considered in Table 5-11 below.

Table 5-11: Baseline outcomes and current performance (Source: National Statistics)

Outcome	Commentary
Increase employment in rural areas	Between 2002 and 2005 there has been a 5.3% increase in the number of people in employment in Lancashire's rural districts
Increase the number and sustainability of small businesses in rural areas	There was a 9% increase in business starts between 2002 and 2003, surpassing the overall target for the Programme However VAT de-registrations have risen by 12% in the same period, and growth in business stock has slowed
Improve skills levels in rural areas	The proportion of the working population with NVQ 3+ qualification levels has risen from 40% in 1999 to 49% in 2005, nearing the Programme's overall target Further Education and Sixth Form access rates have improved
Enhance the economic vitality of market towns as service centres for rural areas	Growth in service sector jobs in rural districts has tailed off since 2002
Enhance the economic vitality of rural areas generally	There was a 4% increase in tourism revenue between 2002 and 2003

- 5.38 Broadly speaking, the outcome performance judging from the baseline assessment above shows that progress is being made in a number of areas towards the outcomes stated when the Programme began. However, there are a number of issues with the existing baseline that need to be highlighted:

- ❑ The five outcome areas do not link well with the Programme's eight Strategic Objectives. None of the baseline indicators directly gauge progress towards assisting the restructuring of agriculture (SO3), enhancing the competitiveness of primary agriculture (SO4) or developing and promoting countryside products (SO6)
- ❑ It is not possible to make a direct causal link between changes in the indicators and the Programme's activities
- ❑ Many of the outcome indicators lack accurate baseline data, which makes an assessment of performance over time very difficult
- ❑ Many of the data sets are not updated regularly, making assessments difficult or impossible after three years of Programme operation.

- 5.39 Furthermore, the original Action Plan suggested that it would set out to track GVA and visitor numbers as outcome indicators. In the event, this has not happened:
- ❑ GVA: the lack of baseline GVA figures, and the difficulty of measuring at project level, means that this was only likely to be possible at an aggregated level (for example, at the level of Lancashire), and as and when official figures were available. Projects which originally set out to monitor GVA have since stopped trying because of the difficulties (and administrative burden) of doing so
  - ❑ Visitor numbers: this was a specific measure to be baselined and monitored by the Lancashire Rural Tourism Initiative, but it does not appear to have been carried out to date (see Annex B).
- 5.40 In short, the Programme would benefit from a more relevant and measurable baseline from which it could better track its progress in achieving its objectives.
- 5.41 There are other, less tangible Programme outcomes which cannot easily be measured by baseline indicators. There is some evidence that these are occurring, for example:
- ❑ The encouragement of partnership working to promote a more co-ordinated approach to rural regeneration
  - ❑ Drawing on Programme experience in new rural policy developments, such as the Lancashire Rural Pathfinder
- 5.42 More generally, at a strategic level, it does not appear that the Programme is yet having a significant impact. This is considered further in the next section.

### ***Effectiveness***

- 5.43 It is too early to make a hard and fast judgement on the effectiveness with which the Programme has delivered on its objective, and the Programme needs to develop a better way of measuring outcomes that will make an assessment easier as the Programme comes to an end.
- 5.44 The scale and strategic nature of some of LRRAP's projects gives us confidence that the Programme has the potential to make a sizeable impact on rural Lancashire if it continues to deliver high quality projects. In some cases, however, it may be difficult to judge this impact in the short term.

## Conclusions

- 5.45 At this interim stage, definitive value for money judgements are hard to make. The Programme still has a significant amount of funding still to commit to projects, while the projects that have been approved are still in the early stages of operation.
- 5.46 The Programme must commit the majority of its finances to new projects soon if it is to meet its spending and output targets, but this must be done in a manner that does not compromise the quality or efficiency of its activities. The Programme's management is well aware of this pressure, and we have confidence that the Support Unit will maintain a tight and assertive grip on the Programme.

## 6 Management

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*Purpose: in this section, an assessment is made on the quality and effectiveness of the Programme's management procedures.*

### Structure

- 6.1 The Programme has suffered from having what is perceived as overly complex oversight and management arrangements. At the Programme's outset, the Lancashire Rural Partnership (LRP) Steering Group acted as the strategic oversight body for the Programme, and was responsible for the creation of the Programme Management Committee (PMC). In late 2004, the LRP Steering Group was replaced in this role by the newly-formed Lancashire Rural Development Board (RDP).

### *Constituency - Lancashire Rural Partnership*

- 6.2 The relationship between the LRP and LRRAP is in need of clarification. The breadth of the LRP's membership and its collective knowledge of rural affairs and rural development should mean that it is a useful source of project ideas and delivery agents. In addition, LRRAP should be using the LRP as a means of publicising its activities. There is only limited evidence that this is currently happening.

### *Oversight - Lancashire Rural Development Board*

- 6.3 In the past, LRRAP appears to have been overseen by a structure that sought to endorse Programme activity, rather than direct it. While the RDB is still establishing its precise role and position, it must urgently provide a strong strategic steer for the Programme. In the second half of its lifetime, LRRAP will increasingly need to demonstrate its strategic impact, and the Board has an important role to play here. In addition, the Programme will need to understand how it fits with other regeneration developments, such as the creation of the Lancashire Economic Partnership (LEP), its implications for LRRAP, and those for rural regeneration more generally.

**Management - PMC and Support Unit**

- 6.4 The PMC meets every two months to consider new project proposals and to receive updates on activity and performance from the Support Unit. The Support Unit is reasonably well staffed and the team has some previous experience of programme working. It is widely regarded as the strongest and most influential element of the management structure. There is a perception that the Programme is driven primarily by the Support Unit, in the absence of a strong lead from above. The PMC have played an important role in the project application procedure, but do not seem to have much of an oversight role of the operational level. This deserves to be addressed. In addition, the PMC needs to be more clearly reflecting the views of the RDB to the operational team.
- 6.5 As the Programme moves away from developing and bringing on new projects, to ensuring the performance of existing project activity, it will be important for the PMC and Support Unit to recognise the new responsibilities and roles that this places upon them. The Programme should consider carefully whether the current management and operational arrangements are sufficient to take on this altered role.

**Accountable body - Lancashire County Council**

- 6.6 There is a perception among some of Lancashire's rural regeneration stakeholders that LRRAP has been 'captured' by LCC; that is, the Council appears to have been particularly successful in securing its own projects, or those it supports, through the Programme.
- 6.7 That LCC are involved to a greater or lesser degree in a broad range of the Programme activity is not in doubt. But in our view this is a reflection of its focus on rural regeneration work and its ability both to develop suitable projects and deliver them, rather than a 'capturing' of the Programme per se. There remains an issue, within Lancashire and more widely, about the capacity for rural delivery bodies to manage the large scale projects that the Programme has sought to bring forward. In these circumstances, it is not surprising that a substantial element of delivery responsibility has fallen to LCC.

**Comment**

- 6.8 The Programme does not appear to have yet struck the optimum balance of power between the three tiers of LRRAP management - RDB, PMC and Support Unit. This is in some part indicative of wider problems of capacity in managing and delivering rural regeneration, which are not unique to Lancashire. The initial role of the LRP has also clouded the picture. Recent sub-regional reorganisation has added a further level of complexity,

although this may help to address perceptions that the Programme is too closely linked to LCC.

- 6.9 The fact that the Support Unit is well organised and well managed has perhaps led LRRAP partners to neglect the importance of having a robust strategic management structure in place. These issues need to be addressed in order to ensure that the Programme is steered better strategically for its remaining years.

### **Marketing**

- 6.10 In recent months, the Support Unit's Administration Officer has also taken on a PR function, following the recommendations of a PMC working group which identified the need for greater marketing activity. The focus of activity is on publicising the Programme through its existing projects. While the marketing is designed to encourage new projects, a direct call for new applications has been rejected as a tactic. This is sensible, as the Programme needs to encourage high quality applications, not simply a greater volume.
- 6.11 Impact to date has been limited. The PR function is a new one, and projects are only now beginning to deliver stories through their support for beneficiaries. The LRRAP brand does not appear to be that well known in the sub region, and this is compounded by a lack of awareness about Rural Renaissance, which appears to have received little promotion by NWDA. A raised profile for the Programme should not only attract new project ideas, but hopefully add to LRRAP's strategic impact.

### **Project development and appraisal**

- 6.12 The functions of project development and appraisal are both conducted within the Support Unit, by separate members of staff. Project development involves supporting applicants in working projects into a form that ensures the best chance of being accepted by the PMC. This is carried out by a member of staff who has previous experience of regeneration projects. There is a strong appraisal process, supported by a clear paper trail, and efforts are made to improve the process based on experience.
- 6.13 There is a clear delineation of appraisal and development roles within the Support Unit. This is very important. Having appraisal and development functions within the same, small unit in theory risks impacting on the independence of the appraisal process. However, there is no evidence to suggest that this has occurred in LRRAP.

## Monitoring

- 6.14 The Programme exhibits a thorough and well-organised project monitoring system. Project monitoring is carried out through quarterly grant claims (spend, outputs and milestones), with information entered into project tracking sheets and a System K database. Non-delegated funding projects have a separate and more comprehensive monitoring and evaluation plan, which is submitted to the Support Unit on an annual basis. Monitoring visits are conducted for each project annually or biannually, depending on size.
- 6.15 Programme monitoring is also thorough, in as much as it is the sum of its projects. Annual performance plans are drawn up, which also reflect work completed to date. However, Programme monitoring appears to be focused on operational level activity, and less on the broader strategic direction and high level impact of LRRAP.

## Conclusions

- 6.16 Operationally, the Programme is professionally managed and well-organised. There are clear processes and procedures in place for the range of the Programme's operations, from application, to project delivery and monitoring. The level of challenge is high, and this is reflected in project managers' comments.
- 6.17 The different tiers of Programme management and oversight have changed with time, and have yet to bed down properly. There is a concern that the Programme lacks a clearer strategic direction, and this needs to come increasingly from the RDB. In addition, the PMC must take on a more robust operational oversight role. The relationship between the LRP and LRRAP needs clarification in order that the two may be more beneficial to one another.

## 7 Conclusions

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*Purpose: in this section, the conclusions of the study are summarised.*

### Rationale

- 7.1 The rationale for intervention was valid in 2002, and remains so in 2005. There is an ongoing case for Public Sector intervention in trying to address rural Lancashire's poor economic performance, which is based on an increasingly uncompetitive primary agriculture sector. Market failures exist which mean that the market is unlikely to 'self-correct', while existing provision is not able to deal with the scale or scope of the problem.
- 7.2 A restated rationale based on the need to improve productivity suggests that the focus of Programme activity should be on the encouragement of enterprise and the creation of high value-added jobs. Above average levels of economic activity in Lancashire's rural districts argue for less of a focus on job creation *per se*.
- 7.3 The rural policy environment has moved on since 2002, with developments such as RS04. These strengthen the Programme's rationale, rather than weaken it, as policy direction increasingly focuses on improved coordination of delivery and better targeting of support.

### Objectives

- 7.4 The Programme inherited a set of Strategic Objectives from Rural Renaissance, which provided a common set of objectives for all three of the Region's rural counties. Their relevance and validity at the sub-regional level are limited because of their 'catch-all' nature, and because there have been no efforts to tailor the objectives to the specific needs of the relevant rural areas. As a consequence, the objectives have not been used to ensure that activity is directed to areas of greatest need. Rather, proposed projects have shaped how funding and activity has been spread across the eight Strategic Objectives.
- 7.5 Objectives set out what the Programme wants to achieve by 2008. LRRAP has clear timings for its spending, outputs and milestones, but less of a focus on clearly timed and measurable outcomes. A poor baseline compounds the problem. The Programme urgently needs to consider whether and how it will be able to measure progress towards achieving its objectives in the coming years. This goes beyond hard outputs to include less tangible objectives, such as improving social capital and sustaining Lancashire's rural environmental heritage.

## Activities

- 7.6 The Programme has struggled to attract project applications of a sufficiently high quality to come forward: to date, ten projects have been approved, and a further four are pending. We welcome a focus on a small number of large projects. However, as of April 2005, two Strategic Objectives had yet to generate any activity. While the relevance, quality and impact of the Programme's activities are more important than the number of projects delivered, it is nevertheless of some concern that many projects did not start until 2004, and that several others have yet to begin.
- 7.7 Delays in the full establishment of the Programme have affected the level of project activity to date, as have delays in setting up individual projects. This is reflected in underspending and output underachievement in some projects.
- 7.8 Those projects that are running demonstrate valid activities, linked to strong rationales and clear objectives. On the whole, they are well managed and demonstrate some good linkages between one another. In some cases, however, the logical link between project outputs and activities seemed unclear, and there is a risk that this could leave projects having to choose between focusing on output generation or working towards the project's objectives, when the two should be reinforcing.
- 7.9 The challenge of attracting project applications of sufficient quality suggests to us that there is a capacity problem among traditional rural delivery agents in coping with projects of the size and scale anticipated by a strategic programme like LRRAP. Rural agencies have traditionally had to deal with smaller funding programmes like RDP; LRRAP is a step change. Furthermore, larger mainstream delivery bodies, not necessarily rural specialists, do not appear to have become sufficiently involved in the Programme.

## Programme Performance

### *Inputs*

- 7.10 Funding allocation across the Programme's Strategic Objectives has tended to follow project applications rather than specific need. The removal from the Programme of two NWDA legacy programmes has left LRRAP with the appearance that it is seriously underperforming against SO1. Steps have been taken to address this.
- 7.11 At April 2005, the Programme still has a significant amount of funding still to commit to projects, while many of the projects that have been approved are still in the early stages of operation. The current level of project underspend needs to be reduced.

- 7.12 The Programme must commit the majority of its finances to new projects soon if it is to meet its spending targets. This must be done in a manner which does not compromise the quality or efficiency of its activities. The Programme's management is well aware of this pressure.

### **Outputs**

- 7.13 The Programme's suite of output targets are heavily focused on economic development activity, which reflects the focus on NWDA expenditure. This focus notwithstanding, the lack of GVA or tourism target outputs appears odd, given that much of the Programme's core activity is focused on projects that should impact on these areas.
- 7.14 As with spending, the Programme is facing a substantial challenge in the volume of outputs that its projects must achieve within the next few years. Current programme activity as a whole is broadly doing well against its output targets to date. However, the burden of performance falls heavily on just two projects. This leaves the Programme, in output delivery terms, looking distinctly unbalanced.

### **Value for money**

- 7.15 At this interim stage, definitive value for money judgements are hard to make, however:
- ❑ On the basis of the rigour of the Programme's application and appraisal process, we judge that activities are being delivered at a fair level of economy
  - ❑ Using the proxy of cost per job output, the Programme's efficiency appears fairly high, although the range of efficiency, project by project, is considerable
  - ❑ There is little corroborative evidence of the Programme's effectiveness to date, which is not surprising given that so much project activity is only now beginning to pick up speed. LRRAP needs urgently to consider to what extent its current baseline, objectives and outcomes are able to accurately measure the impact of the Programme as a whole.

### **Management**

- 7.16 The different tiers of Programme management and oversight have changed with time, and in some areas have yet to bed down properly. There is a concern that the Programme lacks a clearer strategic direction, and this needs to come increasingly from the RDB. In addition, the PMC must take on a more robust operational oversight role. The relationship

between the LRP and LRRAP needs clarification in order that the two may be more mutually beneficial.

- 7.17 Operationally, the Programme is well managed and well organised. There are clear processes and procedures in place for the range of the Programme's operations, from application, to project delivery and monitoring.
- 7.18 As the Programme moves away from developing and bringing on new projects, to ensuring the performance of existing project activity, it should consider carefully whether the current management and operational arrangements are sufficient to take on this altered role.

## 8 Recommendations

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*Purpose: in this Section, the recommendations of the study are set out.*

### Addressing productivity

- 8.1 The productivity agenda is increasingly driving government policy, nationally, regionally and sub-regionally. It will be important for the Programme to recognise this development in its activities and outcomes as far as possible, while recognising that, with much funding already committed, the capacity for the Programme to reshape its activities may be limited.

- Recommendation One:** Recognising the emphasis of the new Regional Economic Strategy, the Programme should consider ways in which existing or planned activity can be reshaped to focus on productivity improvement in rural Lancashire

### Measuring outcomes

- 8.2 The objectives of the Programme are too broad to allow sufficient targeting of support where need is greatest, while the Programme is let down by a poorly constructed baseline that does little to measure outcomes.

- Recommendation Two:** The Programme should define an improved baseline which provides a broader and more relevant set of condition indicators and linking outcomes (response indicators)

### Bringing on the final projects

- 8.3 The Programme needs to commit the last of its spending, and allocate its remaining outputs to new projects urgently if they are to stand a chance of making an impact by 2008.

- Recommendation Three:** The Programme must ensure that remaining planned projects are started as soon as possible

## Coping with increased Programme activity

8.4 The Programme is faced with a significant increase in spending and activity in its final years. As such, the focus of its management will increasingly be on monitoring project performance, and it must be sufficiently well configured to undertake this task.

- ❑ **Recommendation Four:** The Programme's management focus needs to shift from project development to the active management and monitoring of activity

## Refining the oversight structure

8.5 Improvements need to be made to the way in which the Programme is managed and overseen at partnership and strategic level. The Support Unit works well operationally, but lacks a stronger strategic steer. This will be increasingly important as wider developments in sub-regional regeneration activity unfold, and as the Programme increasingly has to demonstrate the strategic impact of its activities.

- ❑ **Recommendation Five:** There is a need for more assertive leadership and challenge of project and programme performance as LRRAP moves into its final years
- ❑ **Recommendation Six:** the RDB should take on more of a championing role for the Programme and consider how it can maximise the impact of LRRAP at a sub-regional and regional level
- ❑ **Recommendation Seven:** LRRAP management should work with LRP to clarify the relationship between the two bodies and to explore ways in which they can better help one another in achieving their aims.

## Increasing project linkages

8.6 Justification of a programme such as LRRAP is in part based on its ability to deliver a strategic impact. This means demonstrating that the Programme as a whole has had a greater impact than simply the sum of its individual projects. Linkages and synergies between the Programme's projects will help to make this justification.

- ❑ **Recommendation Eight:** The Programme should encourage and facilitate the creation of more linkages between its projects

## **Celebrating success**

8.7 There is an increased level of marketing of the Programme, but more could be done to disseminate the positive messages coming out of LRRAP and provide opportunities to share best practice.

- ❑ **Recommendation Nine:** LRRAP should celebrate the successes of its projects more widely among its partners and stakeholders.

**Annex A**

**Individuals formally consulted**

## Individuals formally consulted

Stakeholders	Role and organisation
Andrew Ashcroft	Lancashire County Council
Thomas Binns	NFU
Steve Heaton	NWDA
Ray Kessler	GONW
Elliott Lorimer	Lancashire County Council
Janet Mitton	East Lancashire Partnership
John Moverley	Myerscough College
Denise Partington	Community Futures
Steve Partington	Lancashire & Blackpool Tourist Board
Mark Pearson	Lancashire West Partnership
Laurence Rose	RSPB
Anne Selby	Wildlife Trust
Dennis Taylor	East Lancashire Partnership
Laura Tyson	Myerscough College
John Welbank	Lancashire Rural Futures
Programme staff	
Katherine Ashton	Administrative Assistant / PR Officer
John Bailey	Development Officer
Stephen Brown	Programme Manager
Jayne Henshall	Appraisal & Monitoring Officer
Alistair Weir	Appraisal & Monitoring Officer

## **Annex B**

# **Project Review 1 - Implementing Lancashire's Rural Tourism Strategy**

## Introduction

Implementing Lancashire's Rural Tourism Strategy, now known as the Lancashire Rural Tourism Initiative (LRTi), is the lead project under SO2 (Tourism) of the Programme. The Project has two broad strands: promoting the strategic marketing of Rural Lancashire as a visitor attraction; and a bundle of grant funding programmes available to rural tourism businesses and organisations. The latter grant programmes are available to fund the development of tourism products, events and marketing initiatives.

The Project is based at Lancashire and Blackpool Tourist Board which is the Destination Management Organisation (DMO) for the county. An expression of interest was first submitted by the project developer in February 2002. This was followed by a full application in September 2003 and an offer letter from LRRAP in June 2004. The Project was originally conceived as a four year project and, despite delays, the offer letter authorised the Project to run to March 2008. The target geography for the Project is all of rural Lancashire.

## Rationale

The rationale for the Project as stated in the application is that the creation and marketing of the Lancashire rural tourism product from existing tourism resources, i.e. the existing accommodation, attractions and the natural and historic heritage of the area, will provide an opportunity to capture more visitors and economic value from those increased visitor numbers.

The rationale for the Project is predicated on a number of assertions which are made in the original application, and have subsequently been confirmed in consultations with the Project's management:

- ❑ **The economic value of tourism:** in 2001, the tourism industry in Lancashire accounted for 8.1% of the employed workforce and around 5.3% of GDP. Unfortunately, there is no disaggregation between the contribution of the rural tourism industry and the urban tourism industry; the county's tourism is dominated by the coastal resorts of Blackpool, Morecombe and Lytham St Anne's. However, the economic value of tourism in neighbouring rural areas, such as Cumbria, suggests that there is potential to increase the economic benefits flowing from the sector.
- ❑ **Rural Lancashire as an 'undiscovered' tourism destination.** The area has some of the same attributes as neighbouring areas but does not have the same profile. For example, the area is bounded by the well known rural tourism destinations of both

Cumbria and the Yorkshire Dales. The project is concerned with raising the profile of the rural Lancashire as an alternative destination to these competitors

- ❑ **The impact of FMD:** tourism businesses in rural areas suffered as a consequence of the FMD crisis. Where the countryside was closed to walkers and other visitors, fewer people travelled into rural areas and spent money in tourism and associated businesses. In Lancashire over 300 farms had livestock culled, of which 60% were within the Bowland AONB which might otherwise have been expected to draw visitors during that time period
  
- ❑ **A source of rural diversification:** it is anticipated that economic activity generated through rural tourism can provide an alternative for rural businesses responding to the effects of restructuring in the agricultural industry. Certainly the CAP changes, which have now commenced, are driving diversification within the primary agricultural sectors and other businesses dependent on trade with primary producers.

The rationale for the Project was bolstered also by information obtained during consultations led by the Project's developers. These consultations took place during the development of the rural action plan itself and indicated that there was a need for a strategic approach to the development of tourism in the county, rather than current piecemeal activity.

The Project's development was also influenced by previous experience of tourism organisations in the area operating events funds and marketing campaigns. The Lancashire Tourism Partnership had operated an FMD events fund immediately following the FMD crisis to try and boost events in rural areas which would draw people back to the area. The experience of that fund was that it could successfully generate additional tourist numbers and that collaborative marketing around events proved popular with tourism businesses. The LRTi project therefore drew on this experience and incorporated an events and collaborative marketing fund.

**Intervention in the rural tourism sector was valid, in that it sought to encourage rural business diversification; support the sector's recovery following FMD; and promote collaborative efforts to improve economic performance.**

## Objectives

The objectives for the Project were set out in the application, namely:

- ❑ Increase consumer awareness of Lancashire's rural tourist attraction

- ❑ Secure increased visitor numbers to the Rural Tourist Network
- ❑ Encourage higher spend per visitor for identifying new/niche products and packages
- ❑ Promote short breaks and longer stays.

The objectives are aligned to the Project's rationale, but they could perhaps have been SMARTer, for example by giving target figures for visitor spend or tourist numbers.

### **Strategic Fit**

The Project is set within LRRAP SO2 (Renew and Strengthen the Recreation and Tourism Offer). In fact, much of the overall focus of SO2 is mirrored in the Project's application, which is a result of both the Programme and the Project undergoing the same consultative process.

Beyond LRRAP, the Project aligns with other strategic frameworks, such as:

- ❑ **The Northwest Tourism Strategy**, which has objectives which include improving the Region's tourism product and infrastructure. The strategy is to be delivered, in part, by the use of thematic marketing. Two of the themes identified - countryside and food - fit well with the Project's focus, while the DMO is responsible for the delivery of the strategy at sub-regional level, ensuring a good ongoing alignment
- ❑ **The Countryside Agency/English Tourism Council's strategy for rural tourism<sup>11</sup>**, which identifies as priorities for promoting rural tourism: strengthening the marketing of rural products and destinations; bringing out local distinctiveness, culture and heritage; providing more focused business support; increased networking between rural tourism businesses; identifying rural tourism destinations for integrated quality management; and involving local communities and tourism management. The Project's objectives are well aligned to this strategy.

### **Activities**

To date, the key areas of activity for the Project have been:

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<sup>11</sup> The Countryside Agency/English Tourism Council document "Working for the Countryside – a Strategy for Rural Tourism England 2001-2006"

- ❑ Strategic marketing of rural Lancashire through the Country Escapes Marketing Initiative, a web page hosted on the Lancashire and Blackpool Tourist Board web site
- ❑ Other marketing, in the form of direct mailings, targeted mailings and specialist advertising
- ❑ Grant funding programmes, and associated protocols and procedures
- ❑ Work with rural tourism businesses and organisations to promote collaborative product development, events development, and marketing.

While preparatory work was undertaken by Lancashire County Developments Ltd (LCDL) shortly after project approval, the resignation of a key member of the project team set back the timescale for the full operation of the Project. Some members of the team started work in December 2004. However, the full project team, which now comprises a rural tourism marketing officer, a rural tourism development officer and an administrative assistant, has only been in place as a complete team since February 2005. Despite the fact that the team has been in post for a relatively short period of time, and in part as a consequence of LCDL's preparatory work, a significant amount of project activity has been generated. The period has seen the establishment of a grant scheme, an application process which clearly sets criteria for applicants, and an appraisal process which allows for expert appraisal. The application process was regarded as accessible and less complicated than both Defra and Leader+ schemes by a beneficiary business which had experience of all three.

It is clear that the LRTi funding programmes are providing opportunities for rural businesses to develop events, new products for visitors, and marketing (see Case Study below). In the period up to March 1 2005, LRTi activity managed to attract, develop and process seven projects to be delivered by external businesses/organisations.

#### Case Study - Cobble Hey Farm

Cobble Hey Farm is an example of a beneficiary which has received funding to develop itself as a tourist destination. The progression of the business from full working farm to a farm and visitor attraction has been assisted by a number of funding schemes, including LRTi.

Cobble Hey, a beef and sheep farm in the Forest of Bowland, started to diversify on a large scale after FMD in 2001. Defra funding was obtained to convert farm buildings; Leader + funding was obtained to develop a Lapwing walk with way markers to guide visitors to sites on the farm where they can view lapwings in their natural environment; and LRTi funding has now provided part funding to establish an education/information centre and children's play area and animal viewing pens.

Through involvement with LRTi and LBTB, the farm is now working collaboratively with local businesses to raise the profile of local visitor attractions. The Farm has already been commended in the recent Lancashire and Blackpool Tourist Board awards.

Projects in development and yet to be implemented include a food trails project. LRTi personnel are involved in identifying clusters of businesses able to work together to

increase the quality of offer to the tourist and also increase the businesses' ability to market successfully. Therefore the team is identifying businesses which produce local food, shops that stock the local food, and accommodation and restaurants which use local food to facilitate them working together to offer a packaged food trail.

The activities thus far, fit with the overall rationale of the project and its objectives.

## Performance

### Funding

The Project has secured £1.22m of LRRAP funding based on total eligible expenditure of £3.59m. LRRAP funding is split between £200,000 capital and £1.02m revenue. The LRRAP funding is matched with Lancashire County Council and Local Authority funding, together with private funding from charities and SMEs. The private sector match funding is expected to be produced from in-kind funding and SME contributions towards project activity. Over the lifetime of the Project, there is an expectation that SMEs will contribute £195,000 capital and £967,000 in revenue to match the funds obtained from LRTi. The funding profile for the Project is given in Table 1.

Table 1: Funding profile

	2004/05 £k	2005/06 £k	2006/07 £k	2007/08 £k	Total £k
LRRAP capital	30	50	55	65	200
LRRAP revenue	152	250	275	347	1,024
<b>Total LRRAP to be claimed</b>	<b>182</b>	<b>300</b>	<b>330</b>	<b>412</b>	<b>1,224</b>
LCC & District Local Authorities	169	225	240	280	914
SMEs	209	264	320	369	1,162
Charities and Trusts	53	66	80	95	294
<b>Total expenditure</b>	<b>613</b>	<b>855</b>	<b>970</b>	<b>1,156</b>	<b>3,594</b>
Intervention rate	30%	35%	34%	36%	34%

The original application planned expenditure of £829,000 over the first two years of the project. With the loss of the first two quarters of activity due to the Project's late start, this figure was reduced to £613,000 following consultation between LRRAP and the Project's management. Despite this rearrangement to take into account the late start, the Project has underspent considerably against the planned budget (Table 2). The majority of this underspend is due to the fact that little work has been done with businesses, where firms' contributions are used as match. With the whole team only in place from February 2005, they have between them generated a considerable amount of preliminary activity and spend, which should put them in a good position to begin a more significant level of

business support shortly. However, the project will need to demonstrate a considerable increase in spend - and activity - if it is to reach its overall targets.

Table 2: Actual project spend to date (to April 2005)

Source	Amount spent to date £k	Profile to date £k	Difference £k
NWDA	159	182	-23
Match funding	51	431	-381
<b>Total</b>	<b>210</b>	<b>613</b>	<b>-404</b>

The planned intervention rate is 34% over the lifetime of the Project. In the first financial year of activity, the intervention rate was 77%, reflecting the lack of project activity and hence the limited match funding to date. This reliance on LRRAP funding in the initial stages is not entirely surprising, given that there were start-up costs to cover. Nevertheless, forward budgets for the Project will have to be carefully managed in order to reach the overall planned intervention rate by the end of its lifetime.

The Project's application form provides a complete breakdown of funding. That breakdown discloses that close to 90% of the revenue funding package (including match funding) is available to fund projects under four strands of activity: strategic marketing; group marketing; events funding; and product development. Even if one discounts the strategic marketing budget, where the bulk of the fund is supporting the Country Escape's campaign, some 74% of the project's overall revenue budget is available in grant schemes to fund development of the tourism product by tourism businesses and organisations. Nine per cent of the total project expenditure is budgeted for management and administration, staffing associated costs. Based on previous experience, we judge that this represents a well budgeted project.

### **Outputs**

In the year ending March 2005, the Project was committed to delivering the outputs set out in Table 2. The progress in delivering these outputs has been slow, and this should be viewed in the context of the Project's late start. Only three jobs have been created, and all of those are involved in delivering the project, and 10 businesses had received specialist advice, some of whom have gone on to make applications for LRTi funding.

Table 2: Core output performance against targets (to April 2005)

Code	Output	Target total	Target (to date)	Achieved at 31/03/05	Variance
C1 (a)	Jobs created	54	8	3	-5
C1 (b)	Jobs safeguarded	94	20	0	-20
C2 (b)	Learning opportunities created and filled not leading to a formal qualification	165	25	0	-25
C4(a)	New businesses created	27	1	0	-1
S1	Businesses receiving specialist advice, aimed at improving business performance	356	50	10	-40

The targets for the next three years - set by LBTB based on their experience - are much higher than for Year One and reaching them may prove difficult. The target to create 54 jobs by the end of the project is likely to be particularly challenging. Many rural businesses involved in tourism and in need of assistance are micro businesses. Even if assistance creates an opportunity for increased economic activity, the businesses may be more likely to use outside contractors than create permanent jobs. Therefore, certain projects may have generated considerable additional economic activity, such as an increase in turnover for contractors and agencies, but LRTi cannot record this additional work as an output. Furthermore, LRRAP is not tracing whether that additional economic activity remains within the target area. This needs to be addressed, as LBTB are contracted to undertake this as part of the project.

Some recognition of additional turnover created may be considered appropriate for LRRAP activities given the nature of rural businesses. In economic impact assessments, turnover is sometimes used as a proxy for jobs created. While this might not fit NWDA specifications, it might be a useful way of better understanding the final outcomes of the Project.

### **Outcomes**

After less than one year in operation, the outcomes and overall impact of the Project are as yet unclear. In particular, it is not clear whether the Project is having an impact on visitor numbers and tourism spend. However, this is something on which the Project is supposed to report on an annual basis, and it has not yet done so. It is important that this information is collected and tracked over the lifetime of the Project in order to help determine achievement of its outcomes, and more widely those of the Programme as a whole.

More generally, the Project's combination of activities - large strategic marketing and an events focus, together with grant funding aimed at business level for product development and marketing - does have the potential to change the perception of rural Lancashire as a tourism destination. The crucial factor will be the quality of the product developed with the help of LRTi. The LRTi team are focussed on supporting projects which add value to

the county-wide product and thus if the project continues to deliver, it should deliver the impact desired.

### **Management and monitoring**

The Project is managed by Lancashire and Blackpool Tourist Board, the DMO for the county. It is a company limited by guarantee with members of the company drawn from the public and private sectors. The Project benefits from secretariat support from LCDL, which is a company limited by guarantee associated with Lancashire County Council, and performs economic development functions for the county. The Project is managed by Steve Partington who was the developer of the Project and has been extensively involved in its development and implementation.

One of the major tasks has been to devise application forms, guidance and an appraisal system for all the funds available. The team have, in a short space of time:

- Produced an application process which encompasses a two stage process and an internal appraisal by the project team in conjunction with the LCDL team
- Established systems for monitoring interest generated by publicity about the schemes
- Set up a process for assessing and developing applications
- Established a protocol for appraisal and monitoring of the projects which they fund.

On approval of funding, the LRTi team, accompanied by a representative from LCDL, visits the applicant with a full monitoring pack. That pack reminds projects of their budget and targets. The monitoring system is explained to them and assistance is given to them to help keep accurate records, such as a booklet for keeping a record of all training provided.

The involvement of LCDL is an interesting part of the Project which clearly adds value. It provides a separation within the management structure between those people clearly involved in the development of project applications, and those involved in appraisal and thereafter monitoring of projects. This represents best practice in terms of grant funding programmes and would appear to be a well-developed model.

**We found the Project to be well managed, appropriately resourced, and with sensible monitoring procedures in place.**

## **Conclusions**

LRTi has a coherent rationale which is predicated on an analysis of the economic benefits of supporting and growing Lancashire's rural tourism sector. Furthermore, the aims of the current objectives of the project align with other strategic frameworks, such as the Regional Tourism Strategy and the Countryside Agency's Rural Tourism Strategy.

The Project's activities fit with its overall rationale and objectives. Initial practices in establishing funding schemes and operating them to a high standard of appraisal and monitoring appear to have worked well. The Project is working well with other projects funded under the LRRAP. This is an important aspect of LRRAP activity. The LRTi not only contributes to Strategic Objective 2 but also has an impact on other objectives of the LRRAP. For example, the LRTi team report that they have good relationships with the Lancashire Food Project and that they also cross-refer to the Lancashire Rural Futures Project (Rural Business Facilitation Service). These benefits may not be captured fully by LRRAP through the monitoring of individual projects.

The Project is challenging in its plan to knit together a number of activities, all with the aim of developing the tourism product and increasing awareness of the tourism product in rural Lancashire. These activities would not have been expected to have had a material impact as yet.

The Project has underspent to April 2005 and its the funding profile is now steep. The Project's management, and LRRAP, will need to ensure that the pressure to spend money does not lead to the wrong types of initiative being supported. Some judicious reprofiling of the Project could be considered.

Some of the targets appear challenging. Projects developed with applicant businesses would have to be very ambitious in order to produce the number of full time equivalent jobs required under the project plan. It is too early in the Project to make an assessment on whether rural tourism businesses are likely to be able to develop such ambitious projects with the support of the team.

The Project must track visitor numbers and tourism spend if it is to be able to demonstrate and justify its impact as it progresses.

## **Annex C**

# **Project Review 2 - Rural Business Facilitation Service**

## Introduction

The Rural Business Facilitation Service (RBFS), also known as Lancashire Rural Futures, is the largest single project supported by LRRAP, accounting for around 40% of committed funding. It is the only project being delivered under SO3 (Assisting in the Restructuring of Agriculture).

RBFS is an extension of the Bowland Initiative, which was set up in 1999 with the help of EU (Objective 5b) and MAFF funding to provide facilitation services to rural areas, and in particular to farming businesses. LRRAP funding has enabled the service to be extended county-wide, following a short spell when it was supported by RDP finance. Delays in the early stages meant that the Project was only fully staffed in the third quarter of 2004, but is now running at full strength through three offices (Leyland, Clitheroe and Bacup).

## Rationale

The rationale for the Project is based on the following key elements:

- ❑ **Problems delivering environmental and business support in rural areas.** Public Sector support to rural businesses was (and still is to a large degree) characterised by complex and uncoordinated delivery mechanisms, causing significant confusion among potential beneficiary firms and individuals about what support is available and how to access it
- ❑ **Planning as a barrier to business development.** The drive for rural business diversification as a result of FMD highlighted that the planning process was often regarded as a major obstacle to development
- ❑ **The wider need to improve GVA.** Over and above the problems associated with existing delivery mechanisms, there was a wider need to improve rural productivity, against the backdrop of farming decline.

This rationale is slightly different to that of the Bowland Initiative, where the justification for intervention was predicated on environmental protection, whereas now the focus is much more on supporting and encouraging a viable rural economy.

**Intervention was valid, in that is sought to encourage rural business diversification and take-up of existing Public Sector support.**

## Objectives

The objectives of the Project, based on the original application form, can be broadly summarised as follows:

- ❑ Support rural business development through the establishment of the Lancashire Rural Business Support Service, based on the Bowland Initiative model
- ❑ Provide advice and guidance to individual rural businesses and assist businesses across a range of grant schemes for business development and environmental enhancement
- ❑ Enhance the ability of rural Lancashire to access and deliver mainstream funding opportunities
- ❑ Create and secure income, jobs, products and services
- ❑ Connect individual businesses with other activity associated within the LRRAP such as Made In Lancashire.

The application specified that the Project would not provide core farm advice, rather the focus was to be on the restructuring of agricultural and rural businesses away from a reliance on core commodity products and on value-added economic activity, diversification and environmental packages.

**The objectives are aligned to the Project's rationale.**

### *Strategic fit*

Within LRRAP, the Project had a good fit with SO3 (assisting in the Restructuring of Agriculture), and a secondary fit with SO1, SO4 and SO6. Beyond the Programme, the Project aligned with the 2000 Rural White Paper, which held out the Bowland Initiative as an exemplar of good practice.

In 2005, the Project still has a good strategic fit with wider strategies and policies. The ongoing development of the Rural Delivery Framework and Pathfinder have at their core an objective to improve rural support and delivery, while the focus of the Rural Strategy 2004 is on supporting enterprise in rural areas.

## Activities

The Project's team of case officers deal with enquiries from firms and individuals when they come in. The team is divided into three geographical offices for West, East and South Lancashire. Activity is split approximately equally between two thematic areas:

- ❑ **Business support**, including planning permissions, business planning and securing grant aid
  
- ❑ **Environmental support**, focusing on accessing agri-environmental schemes, surveying and assistance with securing environmental grants.

In practice, there is cross-over between these two elements.

The role of the case officer is primarily one of 'hand-holding', that is providing support to clients who wish to claim grants, apply for planning permission, or seek business advice. It is not to do the work for them. There is a clear policy that the Project is not seeking to put restrictions on businesses, nor constrain how they might grow or diversify. This means that the Project is very much an unbiased catalyst for change. However, case officers can promote collaboration between local businesses. Diversification initiatives proposed by businesses when coming to the Project for assistance are, in the main, predictable. They tend to be in areas such as tourism, small manufacturing, or change of use in existing land and property.

The Project does not specialise in the provision of professional or expert advice, but it has a system in place for using specialists when this is required.

There has been little marketing activity undertaken to date, and a reliance on word of mouth for referrals. In the main, this has been sufficient to generate enough enquiries to keep the project team busy, and in some areas there has been too much demand for their services. In these areas, environmental criteria are used in order to prioritise support for land-based schemes.

There is no restriction on the number of times that an individual or firm can access the services of the project, except for State Aids limitations. Return clients are therefore accepted and helped, although they tend to require a lower level of support. This suggests that the Project is successfully 'teaching' clients how to navigate their way around business support and regulations. Given the finite resources of the Project, and with no lack of demand for its services, there may be value in considering whether new clients should be granted a higher priority than return users, and that perhaps there should be a more precise cut off point for support. The Project should, after all, be encouraging individuals

and firms to diversify and improve their performance without Public Sector support, at least as a long term goal.

The Project is held in very high regard by its clients, as witnessed by some of the beneficiary comments received as part of this review, and summarised below.

#### Beneficiary comments

A total of nine beneficiaries – randomly selected - were interviewed to gauge their opinions of the Project. A summary of some of their comments is provided here.

Services provided focused predominantly on planning permission and grant applications, but also the provision of other business and environmental advice.

Half of those contacted had heard about the Project by word of mouth, which reflects encouragingly high levels of satisfaction among users. Business Link and banks were also mentioned as referrers.

Direct benefits from the support focused on successful planning or grant applications, leading to building conversions or equipment purchases that enabled business diversification. Indirectly, the support has generated other benefits, such as:

- A more regular income for beneficiaries
- Increased employment for local people
- Encouragement of other businesses to diversify.

In terms of additionality, four of the nine firms would not have applied for planning permission or grants without the help of the Project. The remainder said that they would have gone ahead anyway, but that the process would have taken considerably longer.

Overall, beneficiaries found the Project to be particularly good in terms of its wide range of contacts and knowledge of grant and planning procedures. Many users also found that the Service and its staff provided good levels of communication and efficiency. One interviewee thought that the Service could benefit from a greater level of marketing knowledge.

All of the interviewees said that they would recommend the service to others; seven of whom have already done so.

## Performance

### *Funding*

RBFS is a non-delegated project, and the largest in financial terms of any in the Programme. Total expenditure over the Project's four year lifespan will amount to some £4.63m, of which £3.22m is NWDA funding. LRRAP funding is matched with funding from a range of partners, including Business Link, plus Private Sector finance from beneficiaries. (Table 1).

Table 1: Funding profile

	2004/05 £k	2005/06 £k	2006/07 £k	2007/08 £k	Total £k
LRRAP revenue	468	938	1,000	812	3,218
<b>Total LRRAP to be claimed</b>	<b>468</b>	<b>938</b>	<b>1,000</b>	<b>812</b>	<b>3,218</b>
Match funding	323	385	334	369	1,411
<b>Total expenditure</b>	<b>791</b>	<b>1,323</b>	<b>1,334</b>	<b>1,181</b>	<b>4,629</b>
Intervention rate	59%	71%	75%	69%	70%

Overall, Project spending is on target. The Project has underspent a little in its first year - £54,000, or 6% (Table 2), but there were two main reasons for this:

- ❑ Underspending of East Lancashire Objective 2 money (£26,000), reflecting a lack of activity in the area, although client referrals are now beginning to pick up
- ❑ Underspending in Specialist Support (£19,000), which is a flexible resource for the Project and does not indicate any significant expenditure problem.

Table 2: Actual project spend to date (to April 2005)

Source	Amount spent to date £k	Profile to date £k	Difference £k
NWDA	470	468	2
Match funding	381	437	-56
<b>Total</b>	<b>851</b>	<b>905</b>	<b>-54</b>

One-to-one business assistance is, by its nature, labour intensive. This is reflected in the Project's expenditure. Some 70% of all spending - £915,000 - is allocated to salaries, with a further 22% set aside for the provision of specialist support.

### Outputs

After its first year in operation, the Project has met or exceeded all of its direct output targets, in some cases by a considerable amount (Table 3). This suggests that a revision of targets upwards may be manageable for the Project.

Table 3: Core output performance against targets (to April 2005)

Code	Output	Target total	Target (to date)	Achieved at 31/03/05	Variance
C1 (a)	Jobs created	16	16	18	+2
C1 (b)	Jobs safeguarded	13	13	13	0
C4(a)	New businesses created	504	103	209	+106
S1	Businesses receiving specialist advice, aimed at improving business performance	1,078	222	513	+291

In terms of indirect outputs, the picture is still a positive one, although fewer jobs have been safeguarded and woodland created (Table 4).

Table 4: Indirect outputs

Output	Target (to date)	Achieved at 31/03/05	Variance
Jobs created	37	117	+80
Jobs safeguarded	72	49	-23
Floorspace created for business use (m <sup>2</sup> )	150	2,238	+2088
Woodland created (Ha)	40	7.4	-32.6

In addition to these outputs, the Project has delivered well against its milestones, with the exception of land brought under positive management (Table 5).

Table 5: Milestones

Output	Target (to date)	Achieved at 31/03/05	Variance
Public Grant delivered (£k)	787	2,260	+1,473
Private Sector Investment (£k)	1,874	1,633	-241
Sales Increased	1,000	2,300	+1,300
Land brought under positive management (Ha)	3,000	795	-2,205
Planning permissions secured	30	44	+14

On the whole, the performance of the Project against its output and milestone targets has been very good. There is an issue, however, over the extent to which these outputs have been retained within rural areas. The Project recognises that there is significant overflow into urban from rural areas, and it is not possible to say with certainty, for example, that all the jobs created have been taken up by people living in rural communities.

### Outcomes

The Project is only a year into its current manifestation within LRRAP. However, there is clearly already significant impact at the level of individual businesses that have been supported. This is confirmed by the outputs and milestones, and also from comments we received from beneficiaries.

Lancashire was previously the poorest county in the Region in terms of its take-up of grant funding, but this is no longer the case. This is due, in no small part, to the RBFS.

### Management and monitoring

The Project benefits from having evolved from previous incarnations, and so has been able to take with it a well developed management and administrative structure. We found the Project to be well managed, with good monitoring systems in place. The Project receives

valuable support from Lancashire County Council for its financial administration, and also through the administration of the Rural Business Facilitation Service steering group by the LCC Policy Group and through the chairing of the steering group by the head of Rural Policy.

## Conclusions

The RBFS has a clear rationale and set of objectives, and a well defined path for its activities. This is not surprising, given that it is an evolution of previously successful interventions. We found the Project to be well managed and outperforming against its targets.

There are a number of issues which we believe that the Project should discuss with LRRAP management as it considers the remainder of its lifespan. We form them here as questions, rather than hard and fast recommendations:

- ❑ To what extent is the Project trying to wean businesses off its support, and that of the Public Sector more generally, in the long term? The Public Sector should only intervene in providing business support if the market has failed for some reason. Once a business has been helped through a grant or planning application, should they be encouraged to go it alone? Should limits be set for a number of times a business can be assisted? An open-ended offer of help does not necessarily promote long term competitiveness.
- ❑ Is there a case for encouraging businesses to diversify into certain sectors or activities? The Project currently has a hands-off policy when it comes to business choice in diversification. However, a key challenge for rural Lancashire is to improve productivity, so there is perhaps a role here for the Project to encourage businesses to consider high value-added activity.
- ❑ Is the Project helping to change Public Sector thinking? The reason for the Project's existence is to get around the complexities of current rural support. But to what extent is it, or should it be seeking to fix those problems and therefore eliminate the need for facilitation services in the long term?

## **Annex D**

# **Project Review 3 - Rural Community Inclusion Programme**

## Introduction

The Rural Community Inclusion Programme is a community support and capacity development project. It is designed to improve the quality of life for residents who suffer most from rural isolation through the provision of a greater range of locally available services, employment, and educational opportunities. To address rural isolation, the Project provides support (in the form of financial grants and community-based hands-on support) aimed at stimulating the creation of new, locally developed community and co-operative enterprises; to provide services and employment to the local community; and to act as a hub for community activity. The Project targets those parts of rural Lancashire not eligible for support from the Enterprising Rural Communities Programme (SRB 5), Leader+, or other area-based regeneration initiatives, in particular Rossendale, Wyre and West Lancashire districts.

## Rationale

The rationale for the Project is based on the need to tackle social and economic exclusion as a result of limited provision of, and access to, services. This not only hampers skills development and employment opportunities for rural residents, but also is more widely increasing social exclusion.

According to the Project application and consultations with the Project Manager, the rationale for the Project was based upon the findings of a preliminary ‘Excluded Groups and Rural Trends’ research project, which highlighted the existence of small rural communities that felt isolated and unable to access mainstream services. It is also based on the evidence generated by another regeneration initiative focussing on disadvantaged rural wards in Lancashire, the Enterprising Rural Communities Programme (SRB 5 scheme). The evidence gathered by this SRB programme illustrated that, without targeted assistance, the most disadvantaged groups were not able to take advantage of the funds available to them to regenerate their area, provide local services, create jobs, develop skills and become self-sustaining. The experience of the Programme demonstrated that, by supporting small community initiatives, residents could be effective in establishing new community enterprises and providing local employment opportunities.

The Rural Community Inclusion Programme seeks to replicate and extend the work of the SRB 5 Programme, primarily in the areas of Rossendale, Wyre and West Lancashire districts (although not exclusively), identified as being those least able to access mainstream service and support mechanisms.

The Study and Survey of Rural Lancashire (Enterprise plc 1999) identified that the quality of life in rural Lancashire is largely dependent on a high level of personal mobility, where

services and employment are less abundant. The study also identified how disadvantage in the rural areas might consist of scattered groups of families and individuals disadvantaged by low incomes or special needs (elderly, disabled, young people) and poor access to services. These disadvantaged groups, unable to access services, experience isolation and lower quality of life than their more affluent rural and urban counterparts. The rationale for the Project also reflects that of the LRRAP Programme more widely and in particular the recognition of the ‘need to identify and fill key gaps in the provision or scale of support’ (Lancashire Rural Recovery Action Plan, 2002).

**The rationale for the Project is justified in that there is a very clear need to address the problems facing excluded rural communities, including limited access to services, which is catalysing the poor employment and skills situation in rural areas.**

## Objectives

The main objective of the Project, as stated in the application form is to ‘tackle the issues of social and economic exclusion in rural Lancashire, through the development of new community enterprise and cooperative activity’.

The over-arching purpose of the Project is to promote social inclusion and build community capacity. The Project aims to achieve this by developing community-led solutions to locally identified issues and by building the capacity of communities (both through the informal passing of knowledge and formal training). In this way, it aims to ensure that community groups are in a position to develop and manage their own projects into the future in a way which truly reflects the needs of the wider community. The objectives for the Project as given in the application form are shown in Figure 1.

Figure 1: LRRAP 18 Project Objectives (Application Form, LRP, 2004)

- To identify and target support for deprived communities in rural Lancashire
- To assist rural communities to develop either new or existing facilities so they may act as a local ‘hub’ for the wider community
- To support members of the community in accessing sources of funding
- To provide a county-wide community technical support network/service
- To provide opportunities for all members of rural communities to engage with each other and delivery their own community projects

**The Project’s objectives are valid and relevant to its rationale. By targeting support and assisting rural communities to develop community facilities, the Project seeks to enhance community cohesion, increase access to services, and address social exclusion.**

## **Strategic fit**

The Project not only fits with LRRAP's Strategic Objectives, but it also has a good fit with wider strategic imperatives, such as the Lancashire Rural Pathfinder and Ambition Lancashire. The Pathfinder has defined clearly, as one of its objectives, the need to 'work towards a dynamic rural economy for Lancashire which is financially, socially and environmentally sustainable'.<sup>12</sup> This vision is mirrored in Ambition Lancashire, the Community Strategy from the Lancashire Partnership. The Project links into these strategies as it actively aims to enhance social sustainability in rural areas through its work to bring communities together to develop local regeneration initiatives, and in doing so builds capacity and cohesion amongst local groups. It also works to assist in making rural areas more financially sustainable, as the community enterprises supported by the Project aim to create employment and assist in service provision.

## **Activities**

The activities of the Project fall into three main categories:

- ❑ The provision of grant support to community groups for regeneration initiatives
- ❑ Advisory, information and support work and training for community enterprises/groups
- ❑ Training Community Futures staff and volunteers, and the wider voluntary sector.

The Project is delivered by a team of community development workers. The team works to identify, develop and promote initiatives which provide opportunities for local communities to secure land and property assets that can be used to underpin community activity, generate revenue and give more control to local people in regenerating their area. The Project also provides training, support and advice to local communities, for example conducting community appraisals and market research, business planning, accessing fund, establishing networks, marketing and promotion. Once individuals or groups have benefited from training and support events, the community development workers then encourage them to build on their skills to address the needs of their own groups/enterprises and the wider community. This encourages long term sustainability of the initiatives, independent of the Project itself. Figure 2 highlights examples of the key activities the Project has supported so far.

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<sup>12</sup> Lancashire Rural Pathfinder Business Plan , March 2005

Figure 2: Examples of project activity

**Grant-supported projects**

**Whittle le Woods Community Hall**

In 2004, Whittle le Woods Village Hall Trust was established as a community enterprise and the Hall restored using a grant of £6,800 from the Project. The Hall is a community resource where services such as child care are delivered and other social events are held.

**St Oswald's Church Hall**

Project support allowed new electrical work to be complete in a community extension to the existing facility. The extra space provided will provide more capacity for groups to use the building. Pre-school provision restricted some capacity due to child safety and the new build will provide extra space for other user groups and better storage and toilet facilities.

**Brothers of Charity Heaton St Gardening scheme.**

Funding will provide gardening and safety equipment for SEN adults working on community gardens and play areas under tutored supervision in the Chorley, South Ribble and West Lancashire areas.

**Rossendale Farmers market.**

Publicity and equipment to establish a farmers market in the Rossendale area, this is now an established market and growing steadily, it has recently moved to the site of the textile museum.

**Earby Mining Museum.**

The museum is currently undergoing refurbishment with assistance from the lottery. Project funding is being used to establish a volunteer run café on the site to support the museum visitors and local need.

**Coldwell Activity Centre**

This social enterprise wanted to extend and develop its training facility for corporate and community groups. The funding is to equip a new training room.

**Chatburn Village Hall.**

This project is to assist with major refurbishment project by providing costs towards a kitchen extension. The facility will be a community resource centre providing a range of community activities and training.

**Outreach Work**

**Visiting proposed projects and offering advice** on the grant application process and identification of possible funding options. Where project activities are not aligned with SO8 they are signposted to other sources of funding

**Organising events**, for example advice surgeries, to assist groups with project development issues such as funding and governance

**Staff training**

**Training for Community Development Workers** - workers attend training course and events e.g. social enterprise network events, to develop their knowledge, promote awareness of the project and also collect information for projects

## Funding

The Project has secured £279,500 of LRRAP funding (£103,500 capital and £176,000 revenue) and has been able to match these funds with £418,500 from other public sources and from Community Futures itself. The funding profile for the Project is given in Table 1. The funding allocation is staggered over the four years with a greater proportion allocated towards the end of the Project to enable the community technical support network to be established, and because take up of grants/support is expected to increase over time.

Table 1: Project funding profile

Source	2004/5 £k	2005/6 £k	2006/7 £k	2007/8 £k	Total £k
NWDA/LRRAP	57	62	74	86	<b>279</b>
Lancashire County Council	22	17	13	12	<b>64</b>
Countryside Agency	24	32	32	40	<b>128</b>
Community Fund	41	55	50	67	<b>213</b>
Community Futures	1	3	5	5	<b>14</b>
<b>Total</b>	<b>145</b>	<b>169</b>	<b>174</b>	<b>210</b>	<b>698</b>

To date, a total of £47,000 of LRRAP funding has been spent and £90,000 of match funding (Table 2), a small underspend of £8,000. The underspend is primarily due to the delays that affected the Project in its early stages. There was some concern in the initial stages that the Project was receiving insufficient proposals for grants. Given the fact that it still has the majority of its lifetime to run, and that the Project recognises its underspend and is taking steps to address the issue, this does not necessarily represent a significant problem. However, the next year of the Project's life will be important in ensuring spend targets are met.

Table 2: Actual project spend to date (April 2005)

Source	Amount spent to date £k	2004/5 profile £k	Difference £k
LRRAP	47	57	-10
Lancashire County Council	15	22	-7
Countryside Agency	29	24	5
Community Fund	45	41	4
Community Futures	1	<1	<1
<b>Total</b>	<b>137</b>	<b>145</b>	<b>-8</b>

## Outputs

In its application, the Project was expected to deliver the outputs listed in Table 3 below. There is a particular emphasis on learning opportunities, reflecting the Project’s focus on ensuring that rural communities have the capacity to run their own regeneration initiatives.

Table 3: Lifetime target core outputs (Source: LRRAP offer letter)

	2003/04	2004/05	2005/06	2006/07	2007/08	Total
Jobs created	0	1	4	4.5	3.5	13
Jobs safeguarded	0	3	0	0	0	3
Businesses created	0	1	3	4	2	10
Learning opportunities – no formal qualification	0	100	500	600	620	1,820
New floorspace created for business use (m <sup>2</sup> )	0	15	100	100	100	315

The Project has met or exceeded all of its output targets to date, with the exception of learning opportunities, where none have been delivered (Table 4). The recording of outputs is partly to blame here, and steps have been taken to improve the Project’s monitoring systems. Nevertheless, the learning opportunities target represents a significant challenge for the Project in future years. A question must be raised about the validity of this output in relation to the objectives and activities of the Project. Providing grant assistance and general support to community-based initiatives, such as those outlined in Figure 2, is unlikely to deliver the scale of learning outputs required under the terms of the offer letter. Such outputs will only come from a more learning-based approach, where there is a greater onus on providing communities with the skills needed to generate long term employment opportunities, although this may often fall short of the precise output definition in terms of the scope and duration of the training provided. The Project’s management recognise that this approach can only be delivered once they have the requisite experience and capacity themselves to pass on. However, time is not on their side, and we believe that the Project will struggle to meet its overall target based on its current suite of activities. In addition, while perhaps implicit, the Project’s objectives do not stress the importance of learning in its delivery.

Table 4: Core output performance against targets (LRP data and claim return forms)

Core Output	Target to date	Actual to date	Difference
Jobs created	1	2	+1
Jobs safeguarded	3	3	0
Business created	1	1	0
Learning opportunities – no formal qualification	100	0	-100
New floor space created for business use (m <sup>2</sup> )	15	250	+235
Improved business floor space (m <sup>2</sup> )	0	100	+100
Ha. of Brownfield land reclaimed	0	0.13	+0.13

All outputs are scrutinised and verified by a panel so that outputs are not double counted where recipients of grants have attracted more than one funding stream. The panel consists of representation from LRRAP, Business Link, Lancashire Economic Partnership, Lancashire County Council, Community Fund and the Lancashire Association of Parish and Town Councils. According to consultees, the panel has become somewhat unsettled due to tensions amongst representatives on the counting of outputs for projects receiving multiple funding streams. It was consultees' view that LRRAP have been stringent on the counting of their outputs from this project.

### Outcomes

The main outcome of the Project is likely to be its capacity-building element. Beneficiaries have commented that the support given by the Community Development Workers has given them the confidence and knowledge to develop or create new initiatives, for example by understanding the process of funding applications, or marketing their initiative to create self-sustaining revenue streams. An example of one beneficiary's perspective is given in Figure 3 below.

Figure 3: Impact

#### **Case study - Whittle le Woods Community Hall**

Whittle le Woods Community Hall received £6,800 from the Project to buy a new floor. The village had been looking for a community hall since February 2005 and decided to refurbish and renew the hall. With the help of this and other funding streams e.g. the Community Fund, Lancashire environment fund and other charitable funds, they have been able to achieve this. The hall now provides an asset for the village where activities are held for the community. Current activities include a retirement club, children's dance classes and guest speakers.

A consultee at Whittle Le Woods Community Hall praised the assistance of an LRRAP development officer assigned to them for helping with filling in grant application forms and putting them in touch with other partners e.g. marketing experts to publicise the hall. This project also commented on the efficiency in receiving funds from Community Futures and their flexibility, although they did note that the amount of 'form filling' seemed excessive for the small amount of funding requested. Whilst only a part of the funding for this development, the project has been able to draw down enough to provide a new floor which has contributed to the new hall. Beforehand there was no such facility and now the secretary of the Trust is looking at other ideas, such as an ICT room.

The level of additionality for the Project appears to be moderate. Whilst there are other funds available for community groups to engage in development activities, and there are business support providers in the market for them to access advice, the Project assists in raising awareness and putting people in touch with relevant advisory bodies. Because of residents' lack of awareness of advice mechanisms, lack of confidence in accessing services, and general exclusion from services due to weak rural infrastructures, it is not thought that groups would receive the levels of advice and support they do if the Project didn't exist. Displacement is not considered to be high, neither are leakage effects, but it is early on in the Project to assess this effectively. Multiplier effects, whilst also difficult

to assess at this stage, could be quite significant in the long term, because of the knock-on effect in the local economy of the new capacity built, employment created and skills developed.

Community Futures feel they have themselves experienced a steep learning curve by undertaking this project. Not only has the Project raised the profile of the organisation strategically and across rural communities, but also it has given staff additional knowledge and expertise and they now have increased capabilities to deliver more effectively within other community programmes, especially those in the realm of social enterprise. In hindsight, the Project's management accept that they were not fully aware of the types of skills staff would need to provide the support services for the Project. This is being addressed. Community Futures have also incurred problems with consistency of staffing levels. Nonetheless, the Project has given Community Futures a clearer picture of the issues facing rural communities.

### **Management and monitoring**

The Project is managed by the Chief Officer at Community Futures, a registered charity, formerly the Community Council of Lancashire. The charity manages several community based projects aside from the Rural Inclusion Programme, and has extensive experience of doing so. The Project is managed operationally by an experienced project manager who is responsible for the line management and supervision of the community development team. The project manager also has overall responsibility for designing the work programme and delivery of outputs. The Project also benefits from the support of the financial manager at Community Futures, who is responsible for the collection and reporting of financial and outputs information.

Monitoring and evaluation of impact is achieved through the charity's own Rural Trends database, which tracks changes in the level of service provision in rural Lancashire at a parish level. The system also maps the activity of staff through which the impact of activity in target areas can be assessed. To evaluate impact on beneficiaries, the Project administers a customer satisfaction survey and feedback from users through means of participant evaluation questionnaires issued at all training and advice events the project organises/delivers. When the Project moves into its final year of delivery, an evaluation of impact on the target beneficiaries will be undertaken to establish whether or not activity should be continued beyond the lifetime of the LRRAP funding and if so how this may be achieved.

In terms of outputs generated by the Project, these are collated by the project manager, fed to the finance manager and a project activity report is developed every month for the management team to assess and feed back any issues to the delivery team. Each beneficiary of the project's grants has to complete a quarterly monitoring form. Monitoring

of finance and outputs is carried out to a good standard through systems already in place within the charity. However, there is a view that the task of completing paperwork for the Support Unit is rather time consuming and detracts somewhat from project activity. This is also felt further down the line by grant recipients, who do not necessarily have the knowledge and skills to complete forms effectively. The Community Development Workers do assist with this but nonetheless beneficiaries found it rather excessive and time consuming. There have also been instances of a lack of understanding between the Project's management and the LRP Support Unit on how to capture specific monitoring data e.g. timesheet data, but communication between the two has improved and the current relationship between the two is generally good.

There is some concern about staff capacity within Community Futures, which may affect its ability to deliver the Project over its remaining lifetime. The number of core staff is limited and, as a result, it might struggle to develop the cohesion required to operate at full effectiveness. In addition, the overall size of Community Futures tends to fluctuate because of its reliance on grant funding, which further reduces stability and cohesion. However, work is underway between Community Futures and Government Office for the North West to develop a package that will build staff capacity and hence improve the facilitation and support that can be offered to beneficiaries.

### ***Partnership working***

The partners most prominently involved in the development of the project have been the Countryside Agency, who commissioned a research project aiming at identifying groups in need of support in rural Lancashire and who have since provided grant aid to assist in the employment of the Community Development Team; and Lancashire County Council, which has played an important role in project design, assigning funds and providing advice.

Supporting community and social enterprises is a key objective for this project, and so a close relationship with business support agencies is vital. The Project should link up with Business Link where they are working with a social enterprise that needs business advice, for example. The Project does engage with the Rural Business Facilitation Service, but there is a feeling among stakeholders that the relationship could be closer. There is less evidence of wider partnership working; a number of partner organisations were mentioned at application, but do not appear to be playing a major role in the Project. Greater partnership activity should be encouraged.

### ***The future and sustainability***

The Project aims to make community enterprises/groups self-sustaining in terms of revenue funding and skills sets, so that they can continue their activities beyond the end of the Project's life. Community Futures also aims to train its staff and become accredited to 'sell' training courses and establish a technical support network for those working to support community groups. In this way, the Project's activities will leave a legacy, and this was designed into the Project at the outset. In the past, LCC established a rural support network, but it only lasted six months due to insufficient usage and hence delivered poor value for money. The Project should understand the lessons from this exercise in order to avoid making the same mistakes - capacity, again, is the key issue.

### **Conclusions**

The Project's rationale is clear. There is a real need to address the problems facing excluded rural communities, in particular their ability to access services and their capacity to undertake regeneration projects themselves. These problems in turn have a negative impact on the ability of these communities to generate sustainable education and employment opportunities. The Project's objectives set out clearly how these challenges are to be addressed.

Initial project delays have had an inevitable impact on the amount of activity that the Project has so far delivered, and problems with recruitment have to a certain extent affected the skills base of the Project team. The Project's activities focus on the provision of grant support to community groups for specific regeneration activities, as well as advice, training, and help to develop the capacity of community groups.

The Project has underspent slightly, but is not significantly adrift from its expenditure targets. Of more concern is the issue of learning outputs, as none have been delivered to date. If no substantial delivery of this target is made within the next six to 12 months, the LRP Support Unit and the Project's management should consider either restating the target or refocusing Project activity to improve the chances of it being reached.

The value and impact of this Project will eventually be measured by its ability to improve the capacity of disadvantaged and isolated rural communities to help themselves. One year in, it is far too early to make a judgement. However, this impact will not be fully felt if there is too great a focus on the delivery of grant support, and not enough on building that capacity through raising knowledge and skills in communities. It will be crucial for the Project to retain this focus in future years.

## **Annex E**

# **Project Review 4 - Cuerden Valley Park Restoration**

## Introduction

The Cuerden Valley Park Restoration Project is one of four projects being delivered under SO7 (Sustaining the Environmental Inheritance). The Project aims to restore the Cuerden Valley Country Park environmentally, and enhance its attractiveness and usefulness to visitors, using New Deal and voluntary labour.

Cuerden is a 600 acre country park located in Bamber Bridge, near Preston. The Park was originally laid out in the nineteenth century as grounds for Cuerden Hall, which is now run by the Sue Ryder Foundation as a nursing home. The Park itself is owned by the Cuerden Valley Park Trust (CVPT), a registered charity. The restoration of the park is being carried out by CVPT, in conjunction with the Lancashire Wildlife Trust (LWT).

## Rationale

The rationale for the Project is focused on the physical restoration of the Park, which is a site of considerable natural and historical interest, including:

- ❑ Original landscaping dating back to the nineteenth century, including a walled orchard
- ❑ The ruins of a bleach and dye works, which burnt down in 1914
- ❑ Woodland habitat, including a pinetum
- ❑ Water habitats, such as the River Lostock and a lake/reservoir.

Before the restoration project began, the Park's assets were in a considerable state of disrepair. This had resulted in the Park being de-listed by English Heritage, while the silted lake failed to comply with the necessary environmental regulations. CVPT lacked the finances to make the necessary improvements to protect the Park's heritage; maximise the environmental benefits; and improve its value to visitors and the locality. Without the restoration project, the Park would have continued its steady decline.

**Intervention to restore Cuerden Valley park was justified, in that it sought to restore and protect a rural area of environmental and historical importance, which otherwise might have been lost.**

## Objectives

The objectives of the Project fall into four broad areas, namely:

- ❑ A series of physical restoration activities, such as the de-silting of the lake, improving access, repairing fencing, uncovering existing footpaths, etc.
- ❑ Enhancement of the Park's tourism and recreation facilities
- ❑ Improving the educational attractiveness of the Park to schools and life long learners
- ❑ Utilising New Deal labour and creating jobs in the process of restoration.

The main funder for the Project is the Heritage Lottery Fund (HLF). As a consequence, the restoration project benefited from a comprehensive design and planning phase, paid for with HLF funding. This has resulted in the development of a restoration strategy with a clear set of SMART objectives for the Project.

**The Project's objectives were appropriate at the time of the original application and remain so today.**

### *Strategic fit*

Within LRRAP, the Project fits well within SO7, in that it focuses on environmental improvement and protection. It also has clear linkages to SO2 (Tourism) and SO5 (Rural Skills). Beyond the Programme, the Project is broadly aligned to other strategic themes, such as:

- ❑ Recognising the environment as a valuable regional asset (Regional Economic Strategy)
- ❑ Exploiting the potential for creating employment opportunities through the development of environmental assets (EU Objective 2)
- ❑ Maximising the value of the Region's natural resources by promoting them to tourists and visitors (The Tourism Vision for England's Northwest).

## Activities

The activities of the Project have altered since the first expression of interest was submitted. It was originally envisaged that LRRAP funding would support the building of the Park's Visitor Centre, which is a model of sustainable building techniques. However, delays in getting funding agreed with the Programme meant that this particular aspect of the Project did not receive LRRAP support.

Within the overall project, LRRAP support has been focused on two types of activity:

- ❑ **Capital works**, including various physical restoration initiatives. LRRAP funding has, for example, been used in providing parking facilities, repairing walls, tree planting and woodland clearance. This work is carried out by volunteers or New Deal labour. In addition, LRRAP has supported the development and creation of some of the Park's interpretation materials (e.g. signage and information boards)
  
- ❑ **Supporting employment posts**, in particular an education officer (part-time), an events and information officer, and a New Deal supervisor, all on three year contracts.

The range of capital projects being undertaken in the Park is broad, and it is neither easy nor particularly helpful to isolate only those supported directly by LRRAP in reviewing the Project. The Park now has its visitor centre, and there is much evidence of significant restoration work throughout the grounds. The unexpected discovery of the original footpath through the pinetum is just one example of the work carried out so far, while there is still much to do, such as the restoration of the original walled orchard.

Delivery of much of the capital work is carried out in collaboration with the New Deal scheme. With the help of the New Deal supervisor, the Park is able to take on up to six New Deal trainees (either volunteers or referrals) to work on restoration projects. Individuals are given the necessary training over a minimum 13 week period, which can result in qualifications in areas such as building, landscaping and driving. This element of the Project, which has been running for three years, has resulted in the direct recruitment by the Park of four New Deal trainees, while about half of the 110 trainees in 2004/05 successfully gained some form of qualification.

The part-time education officer has been in post since February 2003. A range of educational activities are being run at the Park, currently focusing on Key Stage 2. These include a programme on Victorians, and other activities such as pond dipping, river studies and orienteering. Development of other programmes for 0-5-year-olds and their parents with a specific environmental theme. The education programmes generate their own

income, and it is hoped that this element of the Park's activity may become self-sustaining in the future.

**The Project is carrying out a clear set of activities that are aligned to its objectives and rationale.**

## Performance

### Funding

The Project has secured £99,000 of LRRAP funding, to be spent over four years (Table 1). In this Project, LRRAP is a minority funder, matched to the support from HLF, and providing 11% of the Project's eligible expenditure. The Project as a whole (i.e. including eligible and ineligible expenditure, and support from other sources) has increased over time to a current total of £2.2m.

Table 1: Funding profile

	2003/04 £k	2004/05 £k	2005/06 £k	2006/07 £k	Total £k
LRRAP capital	38	11	6	0	55
LRRAP revenue	12	14	11	7	44
<b>Total LRRAP to be claimed</b>	<b>50</b>	<b>25</b>	<b>17</b>	<b>7</b>	<b>99</b>
Match funding (majority HLF)	254	294	271	11	830
<b>Total expenditure</b>	<b>304</b>	<b>319</b>	<b>288</b>	<b>18</b>	<b>929</b>
Intervention rate	16%	8%	6%	39%	11%

Spending of LRRAP monies is on schedule after the first two years (Table 2), and the Project's management is confident that its lifetime spending targets will be hit.

Table 2: Actual project spend to date (April 2005)

Source	Amount spent to date £k	Profile to date £k	Difference £k
NWDA	73	75	-2
Match funding	549	548	+1
<b>Total</b>	<b>622</b>	<b>623</b>	<b>-2</b>

### Outputs

Since the start of the Project, the outputs have been raised beyond those set out in the original offer letter. The new outputs for the Project are judged to be realistic and

achievable, and are set out in Table 3. However, two key issues should be raised with respect to the suite of outputs:

- ❑ **Learning opportunities:** learning opportunities have been available through the New Deal scheme, however the trainees are predominantly from the towns of Preston and Chorley rather than rural areas of the county. Output recording does not currently take into account this ‘leakage’ of benefit to urban areas. Nevertheless, the skills that trainees are learning are useful from a rural perspective.
- ❑ **Businesses receiving specialist assistance:** these outputs relate to providing businesses with advice on more sustainable methods of construction and building use, drawing on the model used for the Visitor Centre. While the Centre is part of the HLF-funded project as a whole, it was not specifically supported by LRRAP funds.

Table 3: Core output performance against targets (Source: LRRAP monitoring data)

Code	Output	Target (to date)	Achieved at 31/03/05	Variance
C1 (a)	Jobs created	3	3	0
C1 (b)	Jobs safeguarded	5	5	
C2 (a)	Learning opportunities created and filled leading to a formal qualification	54	80	+26
C2 (b)	Learning opportunities created and filled not leading to a formal qualification	84	104	+20
C3	Hectares of brownfield land remediated or recycled	0.5	0.5	0
S1	Businesses receiving specialist advice, aimed at improving business performance	24	39	+15
S4	Hectares of woodland created	1.05	0.4	-0.65

### Outcomes

Cuerden Valley Park was an underutilised and under-resourced environmental asset before the restoration project began. That it got off the ground was not directly due to LRRAP. The main funding was already in place, courtesy of HLF, and the Project would have gone ahead in any case without LRRAP support, although this would likely have meant managing funding gaps throughout the lifetime of the Project. Nevertheless, LRRAP was one of a number of smaller funding streams that made up the 25% match funding required. LRRAP support is judged to be particularly important in the funding of revenue items - specifically staffing - which will be critical in ensuring that the most economic benefit is made from the environmental improvements through increased tourism, recreation and educational usage.

Half way through its four year lifespan, some of the Project’s outcomes are becoming evident. There has been, and continues to be, significant environmental regeneration activity in the Park. In addition, linking up with New Deal has provided work experience,

training and, in some cases, jobs as a direct result. The education programmes are also beginning to link local schools to the Park, increasing its relevance and value as a local and sub regional asset, while marketing should ensure it becomes a tourist attraction.

The Project's management estimates that 65% of Project expenditure has been routed through suppliers and companies in Lancashire. If this continues for the whole of the Project, it would amount to approximately £1.4m invested in the sub-regional economy.

### **Management and monitoring**

The Project is run by LWT and CVPT. LWT's finance department provides the administration for the Project, and the two organisations are conveniently co-located in the Park's new Visitor Centre. Management of the Project is sound, with a clear authorisation process in place. The Project is run as a cost centre, and the attribution of income to expenditure is clear, despite the difficulties of balancing a range of varying intervention rates for a range of funding streams.

The initial process of securing LRRAP support does not appear to have been an easy ride. The application process seems to have been a lengthy one, and the subsequent delays meant that the Programme could not directly support the construction of the new Visitor Centre. From the perspective of the Project's management, the ongoing monitoring procedures connected to LRRAP funding are criticised as being administratively burdensome, with a high level of detail required by the Programme to explain the Project's ongoing performance.

Consideration is already being given to long term sustainability. Through the HLF, funding will continue to be available for 'enhanced maintenance' for a further ten years, but this will not cover staff costs. It is hoped that retained income as a result of increased visitor numbers and education programmes could help to sustain the education and marketing posts, but it is too early to say with any certainty if this will be possible. Nevertheless, it is encouraging that the Project's management are already considering the Project's longer term viability.

### **Conclusions**

The size and nature of the Cuerden Valley Park Project makes it a relatively straightforward one to review. LRRAP is very much a minority financial stakeholder in a Project which has benefited from considerable advanced planning as a result of HLF support. Its rationale and objectives are valid, and its activities clearly link to these.

In its outputs, the Project highlights one of the challenges of delivering area-based rural regeneration, in that it is sometimes difficult to ensure that all the benefit is retained within the rural areas that the intervention is trying to target. This is the case with many of the learning opportunities involving New Deal trainees.

The frustrations that the Project has had with LRRAP administration and processes since its inception may be indicative of a system that is not sufficiently flexible to match its demands and monitoring rigour to the size and complexity of individual projects. Alternatively, it may indicate a lack of capacity within the Project's delivery structure to service the monitoring and appraisal requirements of LRRAP.

## **Annex F**

### **Project Review 5 - The Development and Promotion of Lancashire Food**

## **Introduction**

The Development and Promotion of Lancashire Food is the lead project under SO6 (The Development and Promotion of Countryside Produce). The strategic objective is to maximise the added value to primary products and thus financial returns to local producers. The project is based within the Rural Business Centre at Myerscough College. Myerscough College is the accountable body for both this project and the Made in Lancashire Group.

An expression of interest was submitted in October 2002, a full application in January 2003 and an offer letter issued in October 2004. We understand that at least some of the delay in the Project's approval can be attributed to the time involved in obtaining state aid clearance, which was secured by the applicant working through the Regional Food Group rather than via LRRAP. The project plan underwent a number of iterations before the final version was approved. This Project would appear to have been subject to a rigorous process which provided ample opportunity for LRRAP to interrogate all aspects of the project plan.

## **Rationale**

The rationale for the Project, as set out in the original application, focuses on two key issues:

- ❑ **Diversification:** rural businesses, in particular the farming and agricultural sectors, will need to diversify in order to combat the steady erosion of their income. This will require a shift towards higher value-added activity, such as moving up the supply chain and becoming more involved in marketing and selling produce
  
- ❑ **Market potential:** The large conurbations of Manchester and Merseyside which adjoin rural Lancashire offer potentially significant markets for well-marketed produce, particularly those areas with greater levels of purchasing power and discernment over purchasing choices. Exploiting these requires good promotion and the development of consumer and supply chain markets.

Public Sector intervention is required as the individual businesses concerned have limited resources and expertise individually in developing and marketing their products. The need therefore is for funds, support and access to expertise. There is a stated expectation that a greater impact from the intervention can be obtained if marketing activity is promoted collectively rather than individually, and this is an important factor in the justification of the Project.

**The rationale for this project is valid, in that it seeks to improve the economic benefits from Lancashire's food sector through improved collaboration.**

## Objectives

The overall aim of the Project is to “support food businesses in rural Lancashire to become more financially, socially and environmentally sustainable and competitive within the coordinated structure of Made in Lancashire.” A supplemental aim is to “add value to the work of the North West Food Group in Lancashire by supporting new activities and increasing the capacity to support food businesses.” The objectives are very clearly stated:

- ❑ Facilitate and encourage collaboration and co-operation between food producers
- ❑ Develop marketing opportunities with the producers locally, regionally, and nationally
- ❑ Develop linkage of Lancashire produce into the major urban conurbation, in particular taking advantage of the close proximity to Manchester and Merseyside
- ❑ Establish the Made in Lancashire brand
- ❑ Encourage product development to maximise marketing opportunities of primary producers
- ❑ Facilitate the development of appropriate skills
- ❑ Provide a focal point for the delivery of business and technical support for new food businesses or existing businesses diversifying into food activity by working in partnership with others including the higher education institutions, the Rural Business Facilitation Service and North West Fine Foods.

The development of the Project and the related Strategic Objective in LRRAP appears to have been predicated on an assumption that the Made in Cumbria model for support to food producers could be replicated in Lancashire. Made in Cumbria was established in 1989 as an economic development initiative by Cumbria County Council to promote the sale of local produce. It was perceived as a tested model for the development of markets for local produce. However, the experience of the Project has shown that some ground work is required before the Made in Cumbria model can be fully implemented in Lancashire.

**The Project's objectives are valid, relevant, and clearly stated**

### **Strategic fit**

The Project's objectives fit with LRRAP's SO6 and much of what is in the Project is mirrored in SO6 concerned with the development and promotion of countryside produce, although this project is concerned with food produce and not other countryside produce. Beyond LRRAP, there is a clear fit between that part of the regional agri-food strategy concerned with the promotion and development of specialist food and local food, and the aims and objectives of the Project, while it is also aligned to national policy. A recent food policy paper published by Defra, for example, states that there is a clear directive to RDAs to support co-ordinated public sector support for local food initiatives of which this is one.

### **Activities**

The Project is being delivered through the Made in Lancashire (MiL) group. MiL is one of the partners of the North West Food Alliance along with other sub-regional and specialist groups. The North West Food Alliance is responsible for the delivery of North West agri-food sector strategy developed in 2001. Both NWDA and Defra fund the North West Food Alliance and funding from them is devolved to MiL to implement the strategy at the sub-regional level. The North West Food Alliance has just started to review its current strategy and expects to complete that review by January 2006. This current project has been developed to amplify and hasten the delivery of that strategy and also the LRAAP. It should be borne in mind that when the Project was originally conceived in October 2002, the Made in Lancashire group was new and there had been little implementation of the agri-food strategy at sub-regional level. The two year time lag between initial development of the Project and its approval meant that MiL had made a start on planned activity using existing funding from Defra and NWDA regional funds (hereinafter referred to as MiL funds).

The project application does identify which activity is to be funded by LRRAP is additional to that already provided for by existing MiL funds, and activity which increases the amplification of those funds.

Table 1 overleaf shows which planned activities were intended to be new and which were intended to supplement existing work by MiL, and which activities have been undertaken in the six months since the project received approval. An assessment is also made of actual activity against the Project's stated objectives.

Aim	Activity	Funding		Description	Fit with objectives	
		MiL	LRRAP			
Collaboration between food producers in rural Lancashire	Set up 4 cluster groups		✓	Groups have been established and use a facilitator to explore possible collaboration between producers.	✓	
Develop marketing opportunities and co-ordinate marketing activities	Support at shows		✓	Marketing and management support at agricultural shows and other events	✓	
	Lancashire Young Chef of the Year competition – in schools		✓	Organised by the Lancashire Education Business Partnership with the aim of offering pupils an insight into catering and hospitality, so that they could consider the food industry as a possible future career option. Also linked to CPD activity with teachers around local food.	✓	
	Develop new food tourism initiative each year		✓	Working with LRTi, MiL's assessment is that a lot of ground work required with producers before Food trails launched. Nonetheless MiL are working with LRTi to test a grading system which includes an assessment of local food provision in tourist graded facilities.	✓	
	Lancashire Food Festival	✓		MiL have funded 'Taste Lancashire - A Festival of Food & Drink'. A festival of Lancashire's, food heritage and locally produced food and drink, held in April. The Festival is a good opportunity to get partners to work together and do business together. There were linked activities at all Farmers Markets, encouraging producers, and restaurants to participate and raise the profile of local food.	✓	
	"Meet the Buyer" event			✓	First meet the buyer event likely to take place in December 2005, somewhat delayed by results from a consultancy project concerning producers' readiness. Also likely to be reduced in scope. At the start of the project it was envisaged that they would be able to hold events with supermarkets. It now seems more likely that an event will be organised for a small number of producers meeting local independent retailers.	
	Business and marketing fund to assist businesses			✓	Fund established in April 2005 as planned. £25,000 per annum. Businesses can apply for a maximum of £1000 matched by their own funds. Funds available for skills development, marketing, labelling. One grant already made, four applications outstanding	✓
Develop effective distribution networks and develop new markets	Research distribution problems	✓	✓	Research was conducted using the MiL funds. The results of this research suggest that the Made in Cumbria model of working with producers is based on a greater capacity of producers than currently exists in Lancashire.		
	Linkages with urban markets	✓	✓	Delayed following research		
	3 promotional events to urban markets		✓	Delayed following research		

Aim	Activity	Funding		Description	Fit with objectives
		MiL	LRRAP		
	Database of Lancashire food lovers		✓	Underway	✓
Establish Made in Lancashire Brand	Linkages with Local Food Initiatives		✓	Activities were intended to establish the Made in Lancashire brand with the public and thus increase attractiveness of the brand to producers. Activities have included linking with initiatives in schools promoting healthy food.	✓
	Linkages with National Food Initiatives		✓	Activities envisaged included working with EBLEX and Levy Boards on relevant national campaigns. They are planning joint activity with EBLEX for this coming year.	
Product Development	1 additional seminar each year		✓	One product development seminar has taken place but has not been repeated.	
Skills Development	Identify skills need and signpost to training		✓	No activity as yet – very few producers have shown an interest in this.	
Delivery of technical and business support with partners	2 business /technical support networks		✓	Networks have been established - the Business Club which meets every other month and the Farmers Market Network . These meetings are an opportunity to access information, for example they have hosted discussion on Product Development and Trading Standards.	✓
	32 businesses per year referred to networks and other business support services		✓	By the end of 2004/05, 2 businesses had been referred	✓
	Member support for production of web sites, photography and Protected Geographical Indication		✓	Activity has disclosed that only one producer is interested in the Protected Geographical Indication. The support for websites and photography is contained within the Business and marketing fund	✓
Improve communications with members and between members	Develop electronic network		✓	There is a website and message board but few of the producers use the internet and this has not produced the anticipated participation in an electronic network	✓

The table shows that where planned activity has already taken place, it broadly aligns with the Project's overall aim and objectives. Some activity has been curtailed due to a lack of capacity, including ICT take-up by rural food businesses.

A research project commissioned by MiL has identified an unanticipated difficulty for the Project, in that food businesses in rural Lancashire do not have well-developed supply chains, as had been presumed by the Project and the North West Food Alliance. The Made in Cumbria model is dependant on greater capacity in local producers than has been uncovered in Lancashire. A not uncommon model for a farm business in rural Lancashire is to combine production of primary produce and direct selling to the public via farmers markets or shops. This is a time intensive model which does not maximise the opportunity to sell to outlets or to the service sector, and limits the time available for primary production. Therefore, a key activity has been identified since the Project started to help these small producers develop to the stage where they can supply retail and catering outlets. The Project has developed a draft action plan to take account of this change to the project. This new activity does fit with the stated aim of the Project, and demonstrates an encouraging and positive flexibility in its approach to supporting the sector.

Of the activity undertaken in the first six months of the Project, there has been a concentration on establishing the Made in Lancashire brand and work preparatory to registering a trademark. The Project reports that upon full investigation, they were advised against the trademarking of Made in Lancashire because of the challenge of protecting its use. Nonetheless, they have started to establish it as a brand to be used by member businesses and organisations. There are 63 member businesses (52 at the time of the final application to LRRAP) and an outstanding database of enquiries which is double that. The Project reports that new members join the Made in Lancashire 'brand' each month, i.e. that they join the networking activities and use the trademark on their products.

The Project has concentrated on providing opportunities for collaboration between food producers and organising marketing opportunities, such as the business club.

A major activity has been the development and launch of 'Taste Lancashire - A Festival of Food & Drink'. This is a two week festival incorporating a number of marketing events for individual producers and raising the profile of Lancashire food.

## Funding

The Project has secured £500,000 of LRRAP funding based on total eligible expenditure of £732,708. The intervention rate for LRRAP funds is 68%. The funding Profile (Table 2) discloses that a fairly constant level of activity and spend throughout the Project has been projected. At the end of March 2005, the Project had spent according to profile. In the detailed budget, it is clear that a substantial part - close to 50% of the budget - is intended to be applied directly to marketing events, opportunities for meetings between producers and business development seminars rather than on management and administration of the project.

Table 2: Funding profile for the project

	2004/05 £k	2005/06 £k	2006/07 £k	2007/08 £k	Total £k
Capital LRRAP	3	10	6	7	26
Revenue LRRAP	63	144	140	127	474
<b>Total LRRAP to be claimed</b>	<b>66</b>	<b>154</b>	<b>146</b>	<b>134</b>	<b>500</b>
Defra	20	20	20		60
Myerscough College	1	2	2	2	7
SMEs	13	45	47	61	166
<b>Total Expenditure</b>	<b>100</b>	<b>221</b>	<b>215</b>	<b>197</b>	<b>733</b>
Intervention rate	66%	70%	68%	68%	68%

## Outputs

In the financial year to 31<sup>st</sup> March 2005, the Project committed itself to delivering three new jobs, four jobs safeguarded, 14 businesses receiving advice and 14 businesses assisted in skills needs. The Project has underperformed against these targets with only one job created which is within the Project itself, two jobs safeguarded, again within the Project, and two businesses receiving specialist business advice. This is despite the fact that the activity, although suffering some setbacks, is aligned with the Project's aims and activities. The job creation and new business targets have been problematic thus far and are likely to continue to be so. The Project recognises that they have had problems reaching targets and are now seeking to review these with LRRAP management.

## Management and monitoring

The Project is overseen by Lorna Tyson, of Myerscough College. The budget allows for two hours per week of her time to the Project. There is a project coordinator and an administrator. The project coordinator was already in post by the time the funding from LRRAP was approved.

There is informal reporting between the project coordinator, who is most involved in the delivery of all activity, to senior level. The Project also then reports on upwards to the steering group for Made in Lancashire. The steering group for Made in Lancashire includes representatives from farmers markets, the tourism sector, retail catering, the NFU, and producers. The Project also reports quarterly to the Rural Business Facilitation Service steering group (see below). The Project is able to use the established college finance system for monitoring of finance. Monitoring of outputs is essentially a paper-based system until the returns are recorded in the quarterly claims. The project is alert to issues of verification of external outputs and has put in place a mechanism to capture those when they arise.

## **Conclusions**

The Development and Promotion of Lancashire Food is essentially the delivery of additionality to Made in Lancashire activity, funded by Defra and NWDA. The project has behaved in a transparent way by identifying additional activity and activity which would be amplified and have further reach with the assistance of the LRRAP funding. As the project team comment, the funding from LRRAP provided them with “the green light for more activity.”

There is a causal link between the Project’s aims and the objectives. However these could be met without the job creation and business creation outputs being met. These targets are not a measure of successful activity under the objectives. The overall aim of increasing financial, social and environmental sustainability and competitiveness of rural food businesses is not necessarily evidenced by an increase in the number of businesses or the number of employees in the food industry.

The Project has only had six months of activity prior to the end of the financial year. It would appear that activity focused on developing the trade mark of Made in Lancashire has taken up some time without producing the output that was anticipated. Nonetheless activity has been carried out to establish the Made in Lancashire brand.

Activity thus far has been focused on developing marketing opportunities with producers locally. Such opportunities that have arisen have been around events such as Taste Lancashire and through the business clubs for producers. The targets for the Project would appear to be ambitious. In 2005/06 there is a target for the project to generate 12 new businesses. Although planned activity may increase the turnover of food businesses and their profitability, it is not clear how the activity planned and set out in the project application will produce new stand alone businesses.

In view of this, there is a need for the Support Unit and the Project's management to agree a way forward which more effectively balances the objectives and activities of the Project and its outputs.

The project already has close working relationships with other LRRAP projects, such as the Rural Business Facilitation Service. There already appears to be opportunity for the projects to share experiences - the Rural Business Facilitation Service has a steering group which the other economically-focused projects attend, where project managers can provide updates on delivery. The opportunity for the large strategic projects to work together and complement one another in this way should continue to be exploited for the benefit of the Programme as a whole.