



**A Mid-Term Evaluation of the Cumbria Rural
Action Zone**

A Final Report to Rural Regeneration Cumbria Ltd

A Mid-Term Evaluation of the Cumbria Rural Action Zone

A Final Report to Rural Regeneration Cumbria Ltd

<p>SQW Quality Statement</p> <p>This document has been reviewed and approved by:</p> <p>Name: Simon Pringle Job Title: Director Date: 27th March 2006</p>	<p>Freedom of Information Act, 2000</p> <p>SQW Limited submits this report under a commercial contract with Rural Regeneration Cumbria. It may contain sensitive information that could potentially prejudice commercial interests. It should not therefore be disclosed to third parties without the express permission of SQW Limited.</p>
---	---

SQW Limited
economic development consultants

Northern Office:

3rd Floor
Regent House
Heaton Lane
Stockport
SK4 1BS

Tel: (44) (0)161 475 2107
Fax: (44) (0)161 475 2111

E-mail: mterry@sqw.co.uk

March 2006

Table of Contents

Executive Summary	i
1 Introduction	1
2 Rural Cumbria – setting the scene	8
3 The Programme in concept.....	21
4 Stakeholder perspectives.....	33
5 The Programme in practice.....	41
6 Value for Money.....	54
7 Process.....	66
8 Conclusions and recommendations	71
 Annex A Individuals formally consulted	
 Annex B Project Reviews	

Executive Summary

Introduction

1. In Summer 2005, Rural Regeneration Cumbria Ltd (RRC) commissioned SQW Ltd (SQW), in collaboration with Rural Innovation Ltd, to undertake a mid-term evaluation of the Cumbria Rural Action Zone (CRAZ, or 'the Programme') after two and a half years of operation, 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 October 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 four work streams. Structured interviews were held with 28 individuals, representing Programme staff, stakeholders and partners. A detailed review of written materials was undertaken, including key Programme documentation, strategies and policy documents, and CRAZ monitoring data. Comprehensive reviews were completed on eight of the Programme's projects. Finally, two feedback sessions were held with the RRC Board, and RRC members of staff to calibrate and consider the implications of the evaluation's emerging findings.

Evaluation Conclusions

Rationale

4. There was a valid rationale for Public Sector support in rural Cumbria in 2002. Market failures existed that provided a justification for Public Sector intervention. In particular, the agricultural sector, and other aspects of the rural economy, were hit hard by FMD, and the market cannot have been expected to self-correct. In addition, a wider set of longer-term social, economic, and environmental challenges faced rural Cumbria.
5. From the outset, CRAZ struggled somewhat to balance supporting the 'recovery' of traditional sectors, such as agriculture and tourism, in the wake of FMD, and encouraging the long-term strategic restructuring of the rural economy. Subsequently, there has been a welcome shift towards support for a longer-term economic growth approach. However, delivery of this approach will be limited to an extent by the fact that it has occurred relatively late in the Programme's life.

6. In 2006, some of the market failures still remain, although the immediate effects of FMD no longer pertain. Viewed from the perspective of the productivity agenda, there is a case for a more focused rationale for CRAZ. This suggests that the Programme should concentrate on delivering higher-level skills, more business starts, and greater employment in higher value-added sectors.

Objectives

7. The Programme's Strategic Objectives have been of limited use in directing CRAZ activity. The relevance and appropriateness of using Rural Renaissance's regional objectives at sub-regional level was not sufficiently considered, and the fact that the Strategic Objectives superseded those developed by Cumbria partners themselves has caused confusion. The objectives are very broadly cast and have not helped in ensuring that CRAZ activity is focused on specific areas of need or opportunity, sectoral or geographical. The absence of a strong baseline weakens the objectives further, and makes measurement of progress very difficult.
8. The Strategic Objectives are viewed as having contributed to the delivery of 'silos' of activity, rather than enabling the holistic approach that was originally hoped for. This has been compounded by the absence of a broader funding base, which was expected at the outset of the Programme, and the allocation of responsibility of strategic themes to specific Board members.
9. For the remainder of the Programme's life, the relative emphasis of each objective, and the balance between them, can and should be reviewed in the light of rural Cumbria's current needs. In particular, viewed from 2006, the objectives have promoted too heavy a focus on the agricultural and tourism sectors, and not enough on broader productivity issues.
10. The Programme had a good strategic fit in 2002, and to an extent its planned approach has been vindicated by wider policy developments since. The Programme needs to ensure that it makes the most of potential linkages with new policy developments such as the new Regional Economic Strategy, its new sub-regional delivery structure, and the Regional Rural Delivery Framework.

Activities

11. In project terms, CRAZ looks somewhat imbalanced. It supports a small number of large strategic projects, which is welcome. However, it also funds a large number of relatively small scale interventions compared to what might be expected of a strategic level programme of this kind. Whilst the desire to get activity up and running in the early stages

of the Programme led to this focus on small interventions, the evaluation's view is that more larger scale transformational projects should have been supported.

12. The shape of the project portfolio has been limited by a reliance on the quality of project applications that have come forward, reflecting a traditionally reactive programme approach. This has meant that the Programme is supporting projects, rather than 'buying' solutions to tackle rural Cumbria's specific needs. Commissioning may have helped here, by providing a better focus of activity and greater innovation in delivery, and this should now be the way forward for remaining project spend.
13. Within the current suite of projects, there is modest evidence of genuinely innovative delivery or activity, such as the Junction 38 Meat Processing Facility. This is somewhat disappointing, given the early expectations that a private regeneration company would provide a more creative approach. Remaining programme activity must work to maximise its innovation.

Inputs

14. The Programme demonstrates good levels of committed funds at this stage of its life, and allocations across the Strategic Objectives are broadly in line with the strong SO1/2/3 focus envisaged at the outset. Lower levels of expenditure were expected in areas like skills and environment, but they have been under-supported in terms of funding allocations to date.
15. The Programme's finances are dominated by a few very large projects. This carries the benefit of a more strategic approach to regeneration, and also the potential risks to the Programme as a whole should they underperform. At the same time, CRAZ is supporting a long tail of smaller projects, which are likely to take up considerable administrative time while delivering limited strategic benefit.
16. The Programme must ensure that substantial levels of expenditure are achieved by projects in the final years of the Programme. There is no evidence to suggest that spending targets will not be met. However, the scale of spend required may have implications for the structure and role of the Programme's management, which has been focused to date on project development. Match funding seems to be on track, but further monitoring evidence is needed to confirm this.

Outputs

17. The Programme has been successful in allocating a substantial proportion of its outputs to existing projects, but there are still significant numbers of regeneration outputs to be allocated, and reducing time for them to be achieved. The absence of annual output

targets for projects makes it difficult to determine performance to date. However, outputs show similar volume levels of achievement as spend. There is an expectation that output achievement will pick up as projects move into full speed delivery, but the Programme's output targets in volume terms nevertheless represent a considerable challenge.

Value for money

18. In as far as it is possible to make a judgement at this stage, CRAZ appears to be delivering its activities and outputs at reasonable levels of efficiency. While it is judged likely that, had CRAZ not existed, most of the Programme's activities would have happened in any case, the Programme has influenced the scale, timing and quality of the projects it has supported. There appears to be limited displacement or leakage of effects at the sub-regional level.
19. Using the benchmark of jobs created and safeguarded, outputs, CRAZ should deliver its outputs efficiently, compared to regional and national counterparts. However, the Programme's low cost per job created may be indicative of a focus on low value-added employment opportunities.
20. Measurement of the Programme's outcomes is limited by the broad nature of the Strategic Objectives and the lack of a detailed and relevant baseline. In addition, it is too early for much of the wider impacts of the Programme to have flowed through to effect outcomes. However, an assessment of indicators suggests that the picture in rural Cumbria is broadly positive, although problems still need to be addressed, especially around the value and competitiveness of the agricultural sector. The extent to which these indicators have actually been influenced by Programme activity should be the subject of ongoing monitoring and evaluative activity by RCC and project managers.

Management

21. Delivery through a Private Sector regeneration company has, in practice, been little different to traditional methods. The company model would expect to deliver strong, focused leadership, with tight structures and the ability to influence at a strategic level. For RRC, the reality has been somewhat different. Strategic direction through the Board has been limited, with too great a focus on project detail and approval rather than running CRAZ as an investment programme. Public Sector methods and culture still dominate.
22. On occasions, the RRC Board appears to have been slow to grasp governance issues, which contributed to a certain amount of early Programme 'capture' by better-organised sectors more experienced at applying for assistance, particularly agriculture and tourism. It also impacted negatively on the reputation of RRC in the early days, and this has not been thrown off entirely.

23. Programme management is widely recognised to have improved over time. However, there remains a serious lack of information and monitoring activity to provide reassurance that the Programme is on track and capable of meeting its ultimate objectives. It is hard to accept that a programme of this size does not have annual spending targets, output targets and actual match funding figures for all of its projects. There is an urgent requirement to put procedures in place to improve in this area of management.

Recommendations

24. The recommendations from this study have been split into two sets. The first set focuses on ways in which the performance of the Programme can be improved over the remainder of its operational life. The second set provides more general suggestions on future programme development, based on the experiences of CRAZ to date.

For CRAZ

1. Where possible, the Programme should seek to bend existing and planned activity to the key areas of the productivity agenda identified in this report
2. A review of the Programme's objectives is required to provide a tighter focus on intervention where it is most needed
3. Monitoring procedures need to be improved as a matter of urgency, especially the capture and verification of CRAZ expenditure, match funding, and outputs, along with clear annual targets for projects
4. The Programme needs to ensure that it has the appropriate configuration of staff to see out its operational life, particularly in the area of project monitoring
5. With the establishment of Cumbria Vision, there is a need for an early identification of a strategic group to oversee CRAZ and provide a clear direction for the remainder of the Programme's life
6. A commissioning-based approach to new project activity should be adopted
7. The Programme should seek to use a greater variety of funding instruments and move away from supporting projects through grants alone
8. CRAZ should take a more 'extrovert' approach to new interventions, drawing on ideas from elsewhere

9. The Programme's suite of smaller projects should be reviewed to establish the extent to which they may be 'clumped' together for easier oversight and improved impact.

For future programmes

10. Strong and rigorous baselines are required for programmes from the outset
11. Programmes must develop tighter, SMARTer objectives to maximise their effectiveness and promote better programme monitoring and evaluation
12. Strategic programmes should seek to recycle their funds through the use of a wider range of funding methods, in order to reduce grant dependency and increase the extent of funding recyclability
13. Clear and unambiguous delegation mechanisms between programme funders and management must be in place from the outset
14. Delegation levels in terms of funding and decision making need more clearly to demonstrate confidence in the ability of programmes to deliver on their objectives.

1 Introduction

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 In Summer 2005, Rural Regeneration Cumbria Limited (RRC) commissioned SQW Ltd (SQW), in collaboration with Rural Innovation Limited, to undertake a mid-term evaluation of the Cumbria Rural Action Zone (CRAZ, or 'the Programme') two and a half years into its operation, assessing its performance to date and making suggestions for the future of the Programme, which runs until 2008.
- 1.2 The study also included a final evaluation of the Cumbria Rural Development Programme (RDP), which was administered by RRC for its final two years of operation (2003/04 to 2004/05). This is the subject of a separate report.

Study Context

- 1.3 CRAZ is the Cumbrian arm of the North West regional recovery action plan, Rural Renaissance, which was developed in 2002 following the Foot and Mouth (FMD) epidemic of the year before. CRAZ is supported by £42m of funding from the Northwest Development Agency (NWDA), with additional match funding coming from a wide range of Public and Private Sector bodies.
- 1.4 CRAZ began life as a strategic response to the issues facing Cumbria's rural areas, as set out by the Cumbria FMD Task Force in its 2001 document, First Steps. With the emergence of Rural Renaissance at the regional level, a further sub-regional strategy (Next Steps) sought to align Cumbria's needs and aspirations - as originally set out in First Steps - into the wider regional framework.
- 1.5 The aim of both CRAZ and Rural Renaissance was to respond to the short and long term issues that faced rural areas at the time, 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. Cumbria was by far the most severely affected county, not just in the Region, but nationwide

- ❑ **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.

Vision, Themes and Objectives

1.6 CRAZ's vision is:

*'To enable the rebuilding and development of a dynamic rural economy for Cumbria, which is financially, socially and environmentally sustainable'*¹

1.7 In order to deliver the vision, a series of five strategic themes were identified for CRAZ in Next Steps:

- ❑ Developing a diverse, dynamic, competitive rural economy for Cumbria, which is financially, socially and environmentally sustainable
- ❑ Improving the environmental quality of Cumbrian land and waters and for such quality to be recognised both nationally and internationally
- ❑ Increasing opportunities for all who visit Cumbria to get enjoyment from the countryside, together with its related towns and villages, through improved access and facilities
- ❑ Creating integrated, responsive and appropriate services for the communities of rural Cumbria through working together
- ❑ Sustaining the cultural landscapes of Cumbria, which are already recognised both nationally and internationally for their visual and spiritual qualities.

1.8 Beyond these strategic themes, the specific strategic objectives for CRAZ are the same as those for Rural Renaissance, and are summarised in Table 1-1 overleaf.

¹ Next Steps, the Cumbria Rural Action Zone Strategy, June 2002

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

Strategic Objective
SO1 - Broadening the Economic Base of Rural Areas
SO2 - Renew and Strengthen Sustainable Recreation and Tourism
SO3 - Assisting the Restructuring of Agriculture
SO4 - Enhancing the Competitiveness and Capability of Primary Agriculture
SO5 - Rural Skills Development
SO6 - The Development and Promotion of Countryside Products
SO7 - Sustaining the Environmental Inheritance
SO8 - Delivering Social and Community Regeneration

- 1.9 NWDA encouraged the Region's counties most affected by FMD (Cumbria, Lancashire and Cheshire) to develop their own delivery mechanisms for the £77m the Agency committed to spend through Rural Renaissance. Cumbria decided upon a radical and innovative solution: the creation of the first rural regeneration company in the UK - Rural Regeneration Cumbria.

Scope of the evaluations

- 1.10 This external evaluation was commissioned to review the progress of CRAZ from its inception in 2003 to the present day. The cut-off for financial and output data was the end of the second quarter, financial year 2005/06, providing an evaluation period of two and a half years. RRC's detailed objectives in commissioning the study are set out in Table 1-2.

Table 1-2: CRAZ evaluation - overall study objectives

<ul style="list-style-type: none"> • Is the Programme meeting its overall aims & objectives, and if not, why not? • What is the contribution of the Programme to the delivery of the NWDA's Regional Economic Strategy (RES) and the Regional Rural Renaissance Strategy? • What are applicants and partners' perceptions of the progress made to date by the Programme and the wider activities undertaken by RRC? • Who is benefiting from activity supported to date? • Who out of the intended target groups has not benefited from the Programme and why? • Are there any multiplier effects or additional benefits which have not been included in the existing reporting processes? • Evaluation of the appropriateness of the "Next Steps" Strategy and the amended "New Landscapes" Strategy as the framework for the delivery of the Cumbria Rural Action Zone Programme to date and for the remainder of the Programme period • Evaluation of the appropriateness of the Tier 3 outputs and Tier 2 outcomes identified in the "Next Steps" Strategy and reported on in the Annual Review of the Programme as the measure of the Programme's progress • Evaluation of the appropriateness of the adoption of the proposed NWDA optional indicators as measures of the future progress of the programme • What are the lessons that can be drawn from the development of the Programme to date? • Provide recommendations for the implementation of the remainder of the Programme
--

1.11 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.

Approach and methodology

Approach

1.12 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: CRAZ evaluations approach - Green Book compliant

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

Methodology

1.13 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 four complementary work streams.

Stream 1: Structured interviews with key individuals

- 1.14 Structured interviews were held with 28 key individuals from two groups - :
- ❑ Stakeholders and partners (22 interviews)
 - ❑ CRAZ support unit staff, including secondees (6 interviews).
- 1.15 A full list of interviewees can be found at Annex A.
- 1.16 The interviews were undertaken by telephone and face-to-face, using an aide memoire agreed in advance. The majority of the 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 to follow up. Interviews with Programme staff sought to provide a picture of the Programme's activity, and how it was managed and administered.

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

- 1.17 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 CRAZ
 - ❑ Key Programme and project documentation
 - ❑ Programme and project applications, appraisals, and offer letters
 - ❑ Programme monitoring data - finance and outputs.

Stream 3: Detailed project reviews

- 1.18 The third work stream involved detailed reviews of eight CRAZ projects, which were chosen to provide a picture of as wide a range of current Programme activity as possible:
- ❑ Centre for Outdoor Management Education and Training (COMET)
 - ❑ Cumbria Festivals Programme 2004

- ❑ Cumbria Lakes+ Marketing Plan 2004-2007
- ❑ Enterprise for All Cumbria (POINT)
- ❑ Junction 38 Meat Processing Facility
- ❑ RRC Project Development Fund
- ❑ Strengthening Rural Communities Fund
- ❑ The International Centre for Sustainable Uplands.

1.19 The Project reviews were carried out by analysing project data and information, leading into substantive face-to-face and telephone interviews with relevant partners, project managers, and beneficiaries. Write-ups on the project reviews, which were undertaken using the same logic deployed for the Programme-level evaluation, can be found at Annex B.

Stream 4: Feedback sessions with the RRC Board and staff

1.20 Towards the end of the fieldwork stage, two sessions were held with the RRC Board and RRC staff in order to calibrate the emerging findings of the evaluation and start to lay the foundations for going forward with the study's recommendations.

Remainder of this report

1.21 The remainder of this report is structured as follows:

- ❑ Section 2 sets the scene in rural Cumbria, comparing its economic performance in 2002 with the present day
- ❑ Section 3 considers the Programme in concept, including the validity and relevance of its rationale and objectives in 2002 and currently
- ❑ Section 4 provides stakeholders' perspectives on the performance of the Programme
- ❑ Section 5 assesses the Programme's performance in practice, looking at project activity, funding and output delivery

- ❑ Section 6 assesses the Programme's Value for Money, and Section 7 considers the Programme's processes

- ❑ Finally, in Section 8, the study's conclusions and recommendations are presented.

Acknowledgements

- 1.22 We would like to thank all those individuals who assisted us with our work, in particular Kate Willard, Richard Pealing, and the other staff at RRC.
- 1.23 The findings and views expressed in the evaluation are those of SQW's study team, and not necessarily those of RRC.

2 Rural Cumbria - setting the scene

Purpose: this Section characterises the problems facing rural Cumbria in 2002 at the time of CRAZ's launch, reviews the situation today, and assesses the changes that have taken place in rural Cumbria's socio-economic wellbeing.

Looking back to 2002

- 2.1 An assessment is made here about the social, economic and environmental issues facing rural Cumbria at the time of CRAZ's development, drawing heavily on available macroeconomic datasets.

Economic issues

A specific shock - FMD

- 2.2 The economic impact of FMD on rural Cumbria was pronounced. It was estimated to have caused the county to lose 4% of its total GDP in 2001. Approximately 48% of all confirmed FMD cases were in Cumbria, resulting in a massive cull and severe disruption to the land-based agricultural sector, as well as knock-on effects through the supply chain (feedstock suppliers, livestock markets, hauliers, etc.). The subsequent exclusion zones impacted significantly on the wider rural economy, and most obviously on the tourism sector.

Generic weaknesses

- 2.3 There were a series of longer term economic issues which were also affecting rural Cumbria in 2002. These were identified in the Next Steps strategy (2002), which examined a series of 'development requirements' for the rural area in order to ensure that initiatives introduced through CRAZ were appropriate and suitable to address need. These portrayed the rural area at the time as suffering from widespread underperformance in a number of economic areas, compared to the North West region as a whole. As the data frequently dated from before 2001, it served to highlight the more endemic and underlying problems that faced rural Cumbria before the FMD crisis took hold. A summary of the key 'development requirements' and the underpinning evidence base is presented in Table 2-1.

Table 2-1: ‘Development requirements’ (Source: Next Steps Strategy & statistical evidence, dates as below)

Category	Problem	Supporting evidence & statistics
Output	Low and declining GDP per head	<ul style="list-style-type: none"> In 1998, GDP per head was 9% lower than the UK average (16% and 5% lower in West and East Cumbria respectively) GDP declined by 10%, 1993-98
Demographics	An ageing population: <ul style="list-style-type: none"> An influx of older working age and retired people, lower birth rates and a net outflow of the young working-age population resulting in an ageing population 	<ul style="list-style-type: none"> In 2000, 25% and 23% of the population were aged 65 and over in East and West Cumbria respectively, compared to 21% across the North West region (Source: NOMIS) In 2000, the number of young adults (aged 20-34) fell by 3.6% on the previous year, compared to a regional decline of 1.5%. The loss of young working age adults was particularly high in Copeland (-3.8%) (Source: NOMIS)
Business base	A narrow economic base: <ul style="list-style-type: none"> Dependence on small number of large multinationals (and associated risk of major external shocks) Under-representation of production and higher value added business services 	<ul style="list-style-type: none"> Dependence on large energy-related companies Under-representation of higher value added business services (14% in Cumbria compared with 25% across North West) in 2000 (Source: NOMIS)
	<ul style="list-style-type: none"> Low business start up rate and declining business base 	<ul style="list-style-type: none"> 6.7 VAT registrations per 100 VAT-registered enterprises across Cumbria in 2000, compared to a regional average of 10.3 (Source: NOMIS)
Occupation & employment structure	Dependence on agriculture & tourism for jobs - low paid, especially in East Cumbria - also, tendency for higher part-time employment (which is characterised by lower incidences of training & other forms of employee development)	<ul style="list-style-type: none"> Over representation of agricultural businesses - 27% of VAT registered enterprises in Cumbria compared to North West average of 7% 36% of employees in West Cumbria worked part time in 2000, compared to an average of 34% across the North West (Source: ABI, NOMIS) Gross weekly pay was £306 in 2000, compared to a regional average of £331 (Source: ASHE, NOMIS)
Skills & qualifications	Below average progression into Higher Education	<ul style="list-style-type: none"> 0.98% of Cumbrian population applied for tuition fees to attend HE institutions, compared to a national average of 2.3% in 1007/98 (Source: An Economic Assessment of Cumbria, 2002)
	Lack of core skills (esp. customer services) & ICT skills	<ul style="list-style-type: none"> 40.4% of employers in Cumbria experienced problems with hard-to-fill vacancies in 2000 (Source: Cumbria Employer Survey)
Earnings, unemployment & exclusion	Low earnings (agriculture & tourism)	<ul style="list-style-type: none"> Gross weekly pay was £306 in 2000, compared to a regional average of £331 (Source: ASHE, NOMIS)
	High unemployment in West Cumbria, especially amongst males & youths	<ul style="list-style-type: none"> Unemployment rate in West Cumbria was 6.8%, compared to 5.7% across the North West in 2000

2.4 The evidence provided in the Next Steps Strategy presents a clear picture of the economic issues facing Cumbria at the time: a reducing economic output delivered by a narrow and underperforming business base, with an under-employed and under-skilled population.

Key evaluation issue

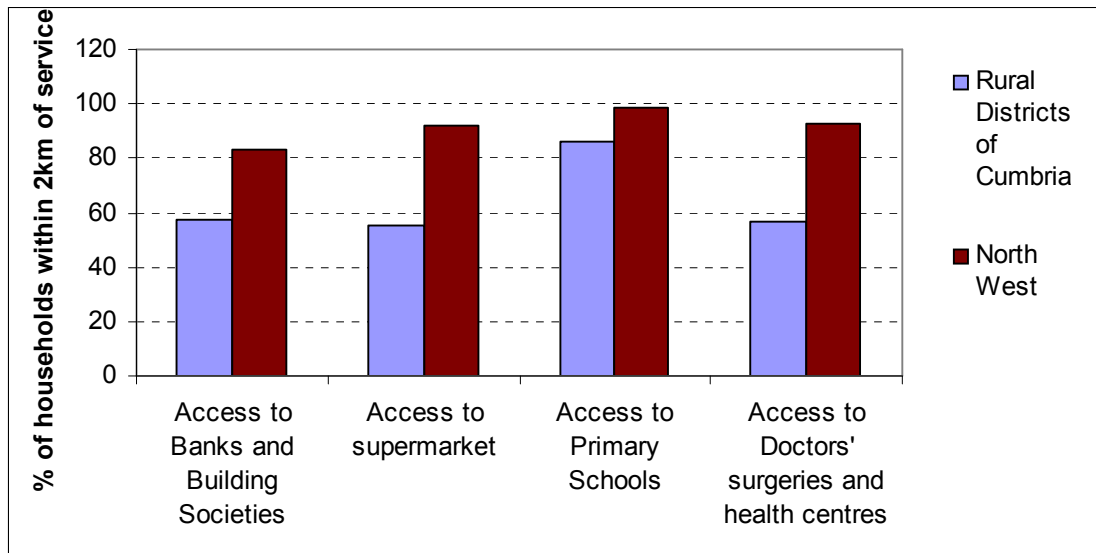
The long term problems of rural economic decline evident in Cumbria in 2002 were exacerbated by the considerable ‘one-off’ impact of the FMD crisis.

Social and environmental issues

2.5 In addition to its economic problems, rural Cumbria also faced other social and environmental challenges. For example, in 2000, 47.2% of households in Cumbria had an annual combined income of less than £15,000, compared to a regional average of 46.1%². Copeland and Allerdale in West Cumbria suffered from particularly low income levels, with 47.8% and 49.2% respectively of households earning a combined income below £15,000.

2.6 Access to key services is often an issue in rural areas. Figure 2-1 shows that services such as banks and building societies, supermarkets and doctors surgeries were significantly less accessible to households in rural districts of Cumbria in 2000 than the North West average.

Figure 2-1: Accessibility of services in 2000 (Source: Countryside Agency)



² Source: NWRU

- 2.7 Information on the state of the physical and natural environment is limited at the sub-regional level, and the original CRAZ baseline and strategy document provided little information on these aspects back in 2002. However, Rural Renaissance stated that 88% of the land in Cumbria was designated as agricultural, compared to 80% for the region as a whole. The impact of reduced agricultural activity on the landscape could have been dramatic. In addition, despite the scale of agricultural activity, Cumbria had some of the poorest quality land in the North West.

Rural Cumbria today

- 2.8 In order to analyse the current position of Cumbria, and to ensure that CRAZ remains relevant to the problems of the rural sub-region, an assessment has been made from the perspective of productivity and participation in the labour market. These are important issues for the Programme in its final years. In particular, the productivity agenda is a central part of government thinking, and underpins the new North West Regional Economic Strategy (RES), to which CRAZ ultimately contributes.³

Productivity

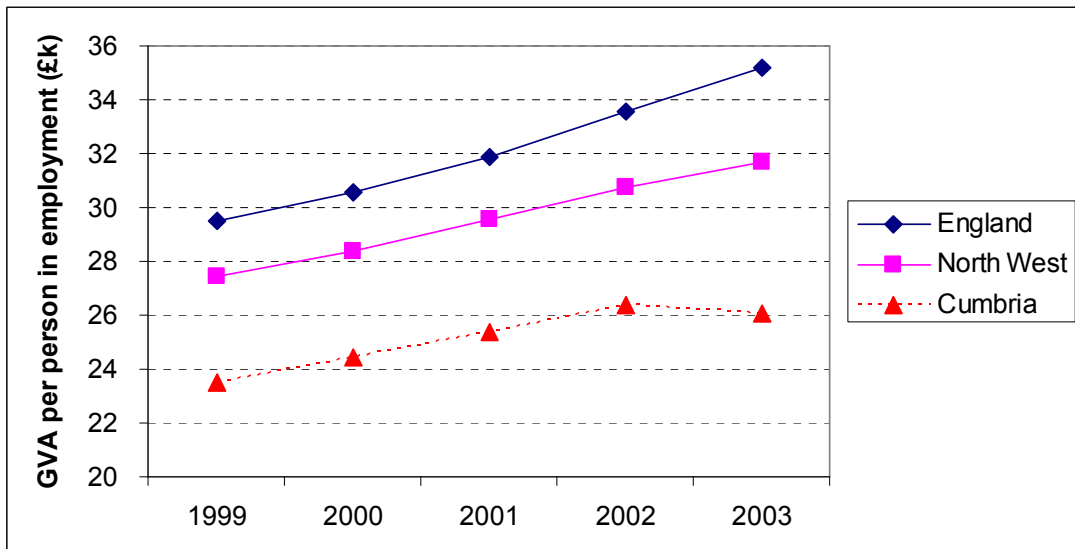
- 2.9 In 2003, Cumbria generated a total GVA (Gross Value-Added) of £5.98bn, of which East Cumbria accounted for 55% and West Cumbria 45%⁴. Since 1999, Cumbria's share of regional GVA has fallen from 6.5% to 6.2%. However, the service sector is making an increasing contribution to sub-regional GVA, accounting for 61% of output in 2003.
- 2.10 GVA per head of population also lagged behind the North West in 2003, at an average of £12,217 across Cumbria as a whole, falling to £11,437 in West Cumbria (£14,269 for the North West). Indeed, the gap has widened over the four years to 2003; in 1999, Cumbria's GVA per head was 90.6% of the North West average, and by 2003 it had fallen to 85.6%⁵.
- 2.11 Not only is output per head low, but so is the productivity of the sub-region's workers (as measured by GVA per employee - Figure 2-2). Despite an upward trend from 1999 to 2002, Cumbria's productivity has consistently lagged behind national and regional performance, and actually dropped in value in 2003. The reasons for the productivity gap, and its apparent widening, are set out below.

³ The majority of statistical evidence presented in this section is for Cumbria as a whole, or NUTS 3 areas (i.e. West and East Cumbria) in order to provide consistency with data presented in the Next Steps Strategy document.

⁴ Source: ONS

⁵ Source: ONS

Figure 2-2: Comparison of productivity trends - GVA per employee (Source: ONS)



Key evaluation issue

The continued decline of economic output in Cumbria is a major challenge, as is the apparent worsening of productivity levels. Growing GVA and productivity therefore need to be clear foci for CRAZ in the remaining years of its operation.

Explaining the Productivity Gap

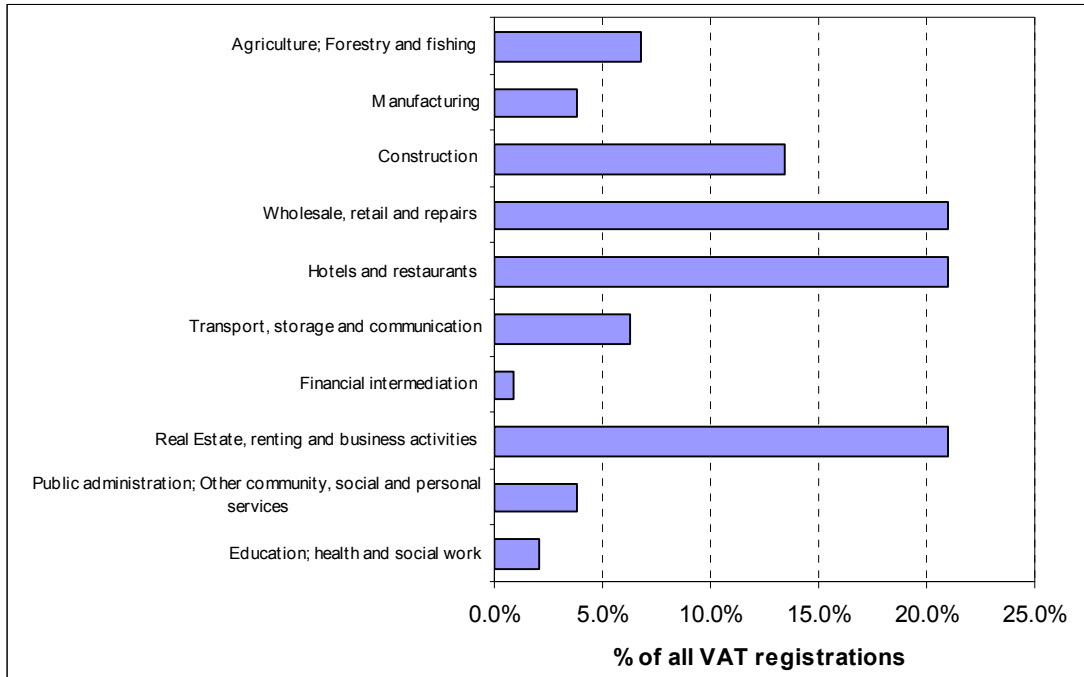
2.12 To gain a better understanding of why productivity is low in Cumbria, four of the Treasury’s the drivers of productivity - enterprise, skills, innovation and investment - are considered.

Enterprise

2.13 Between 2000 and 2004, growth in Cumbria’s VAT-registered business base grew by 3.8%, in line with the regional average. By 2004, the sub-region had a business stock of over 17,000 VAT registered enterprises, of which the agricultural sector represented 25% (compared to 6% across region). This demonstrates a continuing reliance in the economy on the relatively low value-added agricultural sector.

2.14 In 2004, the VAT registration rate in Cumbria (VAT registrations per 1,000 of working age population) was 3.7, slightly below the regional average of 3.9. Key areas of business start up included wholesale, retail and repairs; hotels and restaurants and real estate; and renting and business activities. These are relatively low value-added sectors, which suggests that the ‘wrong’ type of enterprise is being encouraged and supported. Combined, these sectors accounted for almost two thirds of all VAT registrations in 2004 (Figure 2-3).

Figure 2-3: Share of all VAT registrations by sector, 2004 (Source: NOMIS)



2.15 According to the Barclays Survey⁶, which includes businesses below the VAT threshold, the sub-region's start-up rate rises to 12 per 1,000 of the working population, equalling the North West average in 2004. This probably reflects the nature of some rural business sectors, such as tourism, where firm turnover is too low to justify VAT registration. These low turnover businesses represent a challenge to the delivery of economic growth, in that they tend to be low productivity activities at the bottom end of the value spectrum.

Key evaluation issue

The economic structure of rural Cumbria is not sufficiently geared to higher value-added activity. CRAZ has a potentially important role in addressing this.

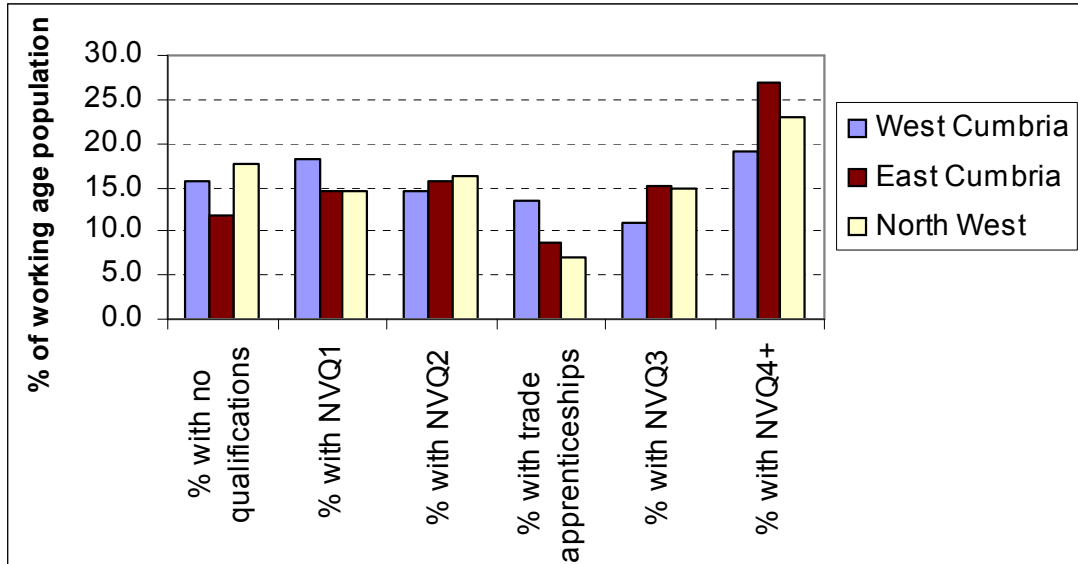
Skills

2.16 Qualification levels in East Cumbria are relatively high. For example, in 2003/04, 26.9% of the working age population were qualified to NVQ 4 or above, compared to a regional average of 23.1% (Figure 2-4). It is in West Cumbria where high-end skills are lacking, with only 19% of the working age population qualified to degree level or above (20.6% in Allerdale). It would generally be expected that a higher proportion of the rural population would have higher level skills compared to urban areas, as there is a tendency for better skilled (and therefore better paid) people to relocate to the countryside. There is less

⁶ The Barclays Survey estimates business start ups using information on opening of first business current accounts held by a firm on a postcode sector basis

evidence of this happening in Cumbria than Lancashire, for example. However, unlike Lancashire, Cumbria is not blessed with the geographical proximity to the region’s main urban centres to permit easy commuting from its rural areas.

Figure 2-4: Highest qualification attained as proportion of working age population (Source: Labour Force Survey, NOMIS 2003/04)



2.17 Numbers in higher education are below the national average. In 2000, for example, 28% of young people in Cumbria aged 18-19 participated in higher or further education, compared to an average of 30% across England as a whole (source: HEFCE). Encouragingly, the proportion of the Cumbrian population (aged 16-69) participating in taught adult learning is 48.2%, two percentage points above the regional average.

2.18 The Cumbria Employers Survey in 2004 suggests that the situation regarding skills gaps in the sub-region has improved in recent years. At the time of the survey, 5% of employers had hard-to-fill vacancies and only 1% of employers had hard to fill vacancies because of skills shortages (cf. 8% and 4% for the UK respectively).

Key evaluation issue

Lower rates of higher education participation will limit the development of a higher value-added and increasingly knowledge-based economy. CRAZ should seek to address this issue.

Innovation

2.19 Very little data is available at the sub-regional level to provide a robust assessment of innovation. However, the following datasets do provide a proxy measure:

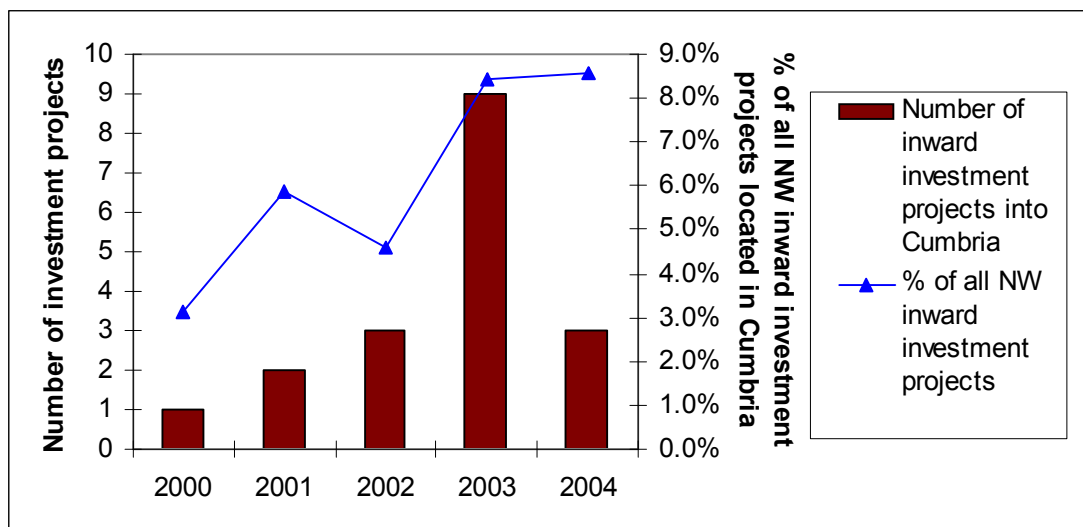
- ❑ Employment in research and development (R&D) in Cumbria is similar to the North West average of 0.16% of employees, with a slightly higher proportion of employees in West Cumbria working in R&D⁷⁸. However, this is likely to be heavily influenced by a small number of major firms, such as BNFL

- ❑ The sub region compares favourably with the North West average in terms of the proportion of employees in creative industries. Just over 17% of Cumbria's employees work in creative industries, increasing to 19.1% in East Cumbria (compared to 13.5% for the North West average).

Investment

2.20 The share of the North West's inward investment projects that locate in Cumbria have increased over the past five years to 8.6% in 2004, although the sub region still receives the lowest share of regional inward investment projects (Figure 2-5). The number of jobs brought to Cumbria by inward investment projects has been varied, from just over 230 in 2003 (from 9 projects) to none in 2004 (from 3 projects). Since 2000, Cumbria benefited from just 3% of all inward investment projects to the North West and 2% of all jobs generated by these inward investment projects.

Figure 2-5: Inward investment projects locating in Cumbria (Source: NWDA Inward Investment Team)



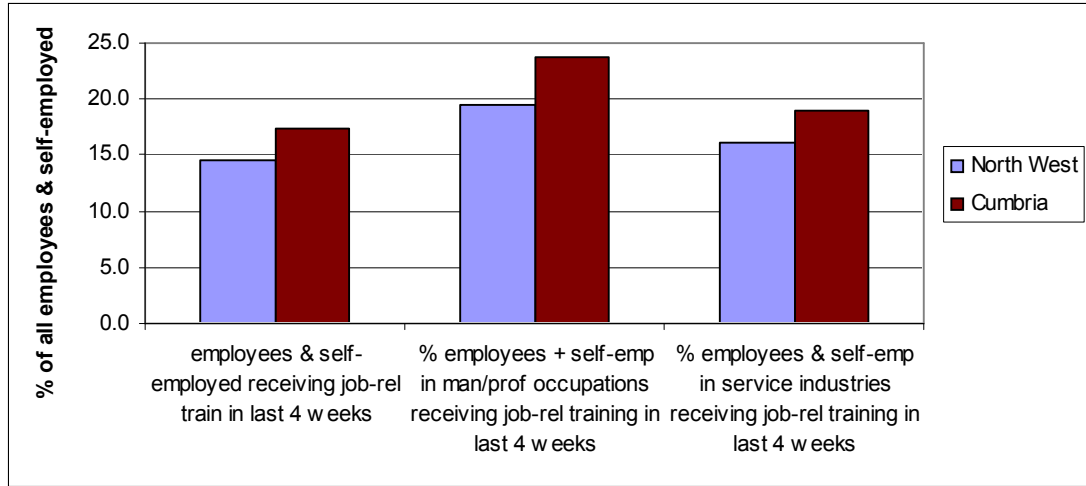
2.21 Businesses in Cumbria are more likely to invest in their staff than the North West average. The proportion of those in employment who had participated in job-related training in the last four weeks was 17.4% in Cumbria, 2.8 percentage points higher than the regional average. Manufacturing and professional sectors have a particularly high propensity to

⁷ Source: ABI, NOMIS

⁸ It is not possible to disclose sub-regional data on employment in R&D (1947 Statistics of Trade Act)

invest in training, with 23.8% of those employed in these sectors taking part in job-related training in the last four weeks, compared to 19.5% across the North West (Figure 2-6).

Figure 2-6: Proportion of those in employment participating in job-related training, Jun 2004-May 2005 (Source: Annual Population Survey, NOMIS)



2.22 In 2002/03, over 1,300 housing completions were funded by private enterprise in Cumbria, representing a construction rate of 2.72 housing completions per 1,000 of the resident population. This compares favourably to the North West average of 2.55. Within the sub region, housing construction rates peaked in Eden at 3.97 completions per 1,000 of the resident population.

Participation in the labour market

Labour market size

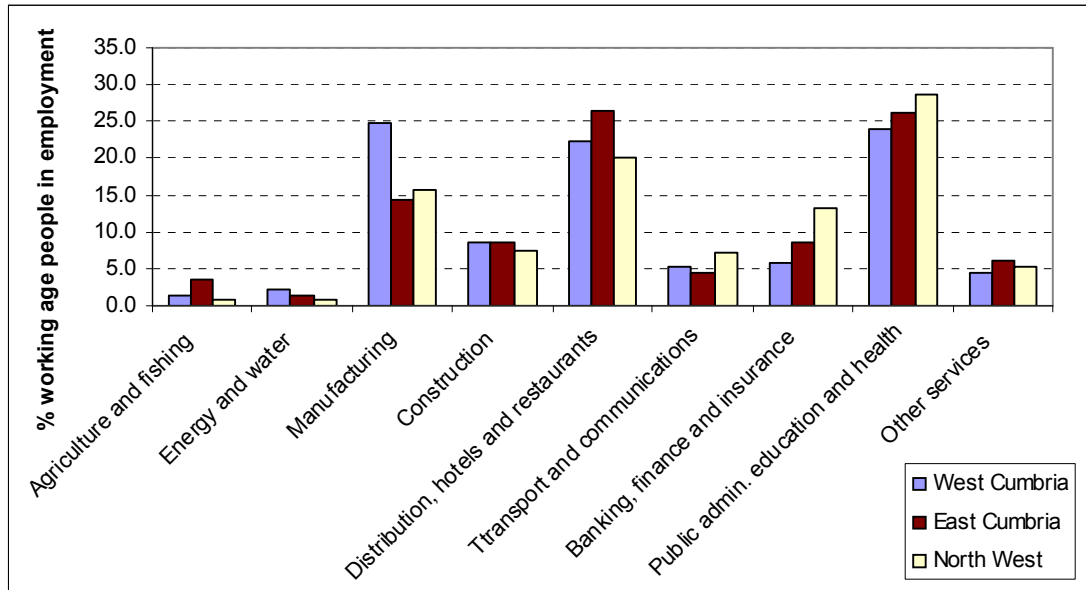
2.23 The size of the working age population living in Cumbria is on the increase, albeit at a slower rate than the North West average. By 2004, ONS estimated the working age population to be 318,500, up 1.9% since 2000 (cf. 2.1% for the Northwest). However, the sub region continues to suffer from a loss of young adults: between 2000 and 2004, the number of people aged 20-34 fell by 8.2%, compared to an average of 3.6% across the North West.

Employment

2.24 Employment rates in Cumbria (76.7%) exceeded the regional average by 4 percentage points in 2004/05. There is, however, considerable variation within the sub-region, with employment rates ranging from 72.7% in West Cumbria to 80.3% in East Cumbria.

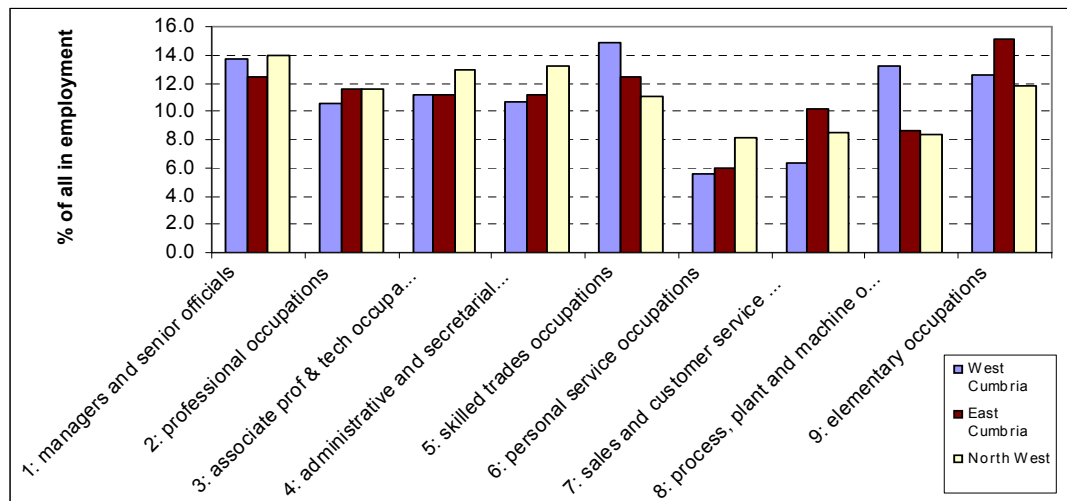
2.25 Figure 2-7 clearly shows that manufacturing, distribution hotels and restaurants, and public administration, education and health are key employment sectors in Cumbria. However, half of those in employment work in tourism and the Public Sector (46.3% in West Cumbria and 52.5% in East Cumbria), which are regarded as low value added sectors. Employment in key wealth generating sectors, such as banking, finance and insurance, is under-represented in the sub region.

Figure 2-7: Sectoral split of those in employment, April 2004 - March 2005 (Source: Annual Population Survey, NOMIS)



2.26 Figure 2-8 shows the occupational structure of the Cumbria economy, compared to the North West average. The evidence indicates that Cumbria has a similar proportion of workers in 'high end' occupations (managers, senior officials and professional occupations) to the regional average (24.0% and 25.6% respectively). However, it is over-represented in lower value added elementary occupations (14.0% across Cumbria as a whole).

Figure 2-8: Occupational structure of those in employment, 2004/05 (Source: NOMIS)



Key evaluation issue

The rate of employment in Cumbria is less of an issue than the relative lack of key wealth-generating sectors, and high levels of elementary occupations.

Earnings

- 2.27 Gross weekly pay of Cumbrian residents in employment (£321) lagged slightly behind the regional average (£335) in 2005⁹. Of particular concern is that gross weekly pay of part time workers in the sub region is only 90% of the regional average, particularly given that 35.5% of employees in Cumbria work part time (cf. 32% for North West). This effects women more than men - 51% of women work part-time, compared to just 9% of men. The high numbers of part time workers are to be expected, given the seasonality of tourism and agricultural employment, which are the dominant employment sectors in the economy.

Unemployment & economic inactivity

- 2.28 There is wide disparity in unemployment rates across Cumbria, ranging from 2.5% in East Cumbria to 5.2% in West Cumbria (cf. 4.8% for the North West average)¹⁰. Male unemployment is an issue in West Cumbria, where 6.1% of men of working age are unemployed.
- 2.29 Despite this, economic inactivity rates are below the regional average. In 2004/05, 20.4% of the working age population in Cumbria were economically inactive, increasing to 23.3% in West Cumbria, compared to an average of 23.7% across the North West as a whole.

Social and environmental issues

- 2.30 By 2003, the proportion of households with incomes of less than £15,000 had increased across all rural districts in the Cumbrian sub-region, compared to 2000. Of particular concern are Allerdale and Copeland, where over half of all households earn less than £15,000 (55.1% and 52.4% of all households respectively)¹¹.
- 2.31 The Audit Commission has recently produced a set of indicators of social cohesion and involvement at the district level. These statistics indicate that improvements in community participation are lagging behind in the Copeland district - in 2003/04, 77.3% of residents

⁹ Source: Annual Survey of Hours and Earnings, NOMIS

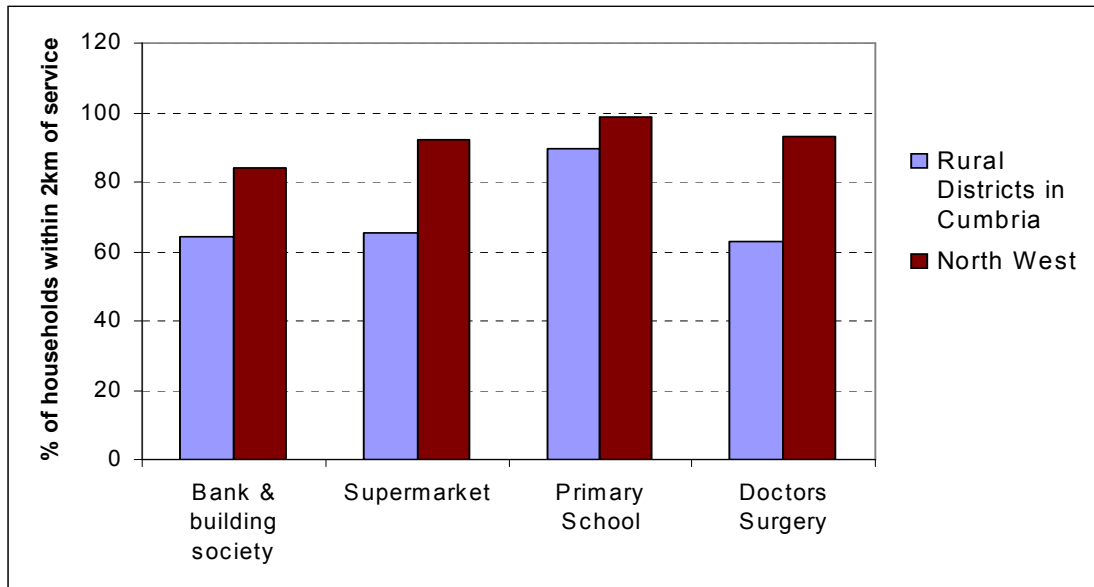
¹⁰ Source: Annual Survey of Population, NOMIS

¹¹ Source: NWRIU

thought that community activities had got better or stayed the same over the past three years, compared to 86.7% in Allerdale, 88.2% in Eden, and 90.9% in South Lakeland.

2.32 The accessibility to services in rural districts of Cumbria has improved since 2000, although a lower proportion of households live within 2km of key services than the regional average (Figure 2-9).

Figure 2-9: Accessibility of services, 2005 (Source: Countryside Agency)



2.33 Environmental data at sub-regional level continues to be limited. However, in January 2006, English Nature designated a total of 137,885 Ha as Sites of Special Scientific Interest in the rural districts of Cumbria, of which 44% is classified as in ‘favourable’ condition, 30% as ‘unfavourable recovering’ and 10% as ‘unfavourable declining’. Almost three-quarters (74.2%) of Cumbria is currently meeting the Government’s PSA target to have 95% of the SSSI area in favourable or recovering condition by 2010. Woodland cover across the sub-region is increasing slowly from 9.5% in 1999 to 9.6% in 2002 (Forestry Commission).

Summary

2.34 In 2002, rural Cumbria was correctly identified as suffering from a range of economic challenges, over and above the substantial shock of FMD. Economic output was poor, and on a downward trend. The narrow business base lacked an enterprising spirit and was heavily dependent on the underperforming agriculture and tourism sectors. The area faced an ageing population, which was already under-employed and under-skilled in comparison with the rest of the Region.

2.35 Many of these issues remain today. Viewed from the new economic policy environment of 2005, the key challenges facing rural Cumbria today are output and productivity. It is

imperative that these are raised, which means increasing economic activity, developing high level skills and encouraging higher value-added enterprise. To achieve this, evidence suggests that regeneration activity in Cumbria should increasingly focus on:

- ❑ Raising GVA across the board
- ❑ Restructuring the rural economy to ensure it is better geared towards higher value-added economic activity
- ❑ Raising the proportion of people with Level 4+ skills and increasing numbers in the workforce with higher level occupations
- ❑ Encouraging business start-ups, especially in higher value-added sectors
- ❑ Attracting and supporting businesses in high value-added sectors, and further reducing the reliance on the relatively poorer performing land-based and tourism sector.

3 The Programme in concept

Purpose: in this Section the Programme is assessed conceptually to understand the process by which it came about, and its rationale and objectives.

Timeline

- 3.1 Before analysing the Programme in detail, it is useful to set out the timeline for the key events which influenced CRAZ's development (Figure 3-1).

Figure 3-1: CRAZ timeline

Date	Event
2001	
February	FMD reaches Cumbria
October	First Steps is produced by the Cumbria FMD Task Force, representing the first strategic response by the sub-region to the FMD crisis, which was ongoing at the time
2002	
January	The Policy Commission on the Future of Farming and Food reports (Chair: Sir Donald Curry)
April	Rural Renaissance - the Regional Rural Recovery Action Plan - is published by NWDA, setting out the Region's strategic response to FMD and the wider problems faced by rural areas
June	Next Steps is produced - a revised version of First Steps, which is aligned with the recently published Rural Renaissance
July	Foot and Mouth Disease: Lessons to be Learned Inquiry reports (Chair: Dr Iain Anderson)
2003	
April	Rural Regeneration Cumbria Ltd begins its operations, including the delivery of CRAZ
October	Modernising Rural Delivery report is published (Lord Haskins' review)
2004	
July	The Government's Rural Strategy 2004 is published
2005	
March	Cumbria Rural Development Programme (RDP) ends
June	New Landscapes is produced by RRC, outlining a revised economic growth strategy for rural Cumbria.
November	Evaluation of Rural Renaissance Commissioned
2006	
April	Proposed launch of Cumbria Vision
2008	
March	CRAZ expected to end

Rationale in 2002

The rationale for Rural Renaissance

3.2 It is important to understand the rationale for Rural Renaissance, as CRAZ is the Cumbrian delivery arm of this wider regional policy. Rural Renaissance emerged as a regional response to the problems afflicting rural areas at the time, highlighted most dramatically by the effects of FMD. Specifically, the creation of a regional rural recovery action plan was posited on two key economic issues:

- ❑ **The immediate impact of Foot and Mouth Disease on the rural economy.** According to Rural Renaissance, economic losses to the Region as a whole amounted to 0.4%-0.5% of regional GDP
- ❑ **Longer-term pressures on the rural economy, including:**
 - Reform of the Common Agricultural Policy (CAP) and the increasing globalisation of the food supply chain, which resulted in a relentless pressure on farming margins and an ever-tighter competitive environment
 - Rural areas being increasingly viewed as places in which to live and play, shifting the emphasis away from their role as centres of agricultural production
 - Changing demographics, particularly an ageing population, with large numbers of farmers expected to retire over the next decade and with little evidence of succession planning in place.

3.3 In addition to the 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 consolidate 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 natural environment.

Specific economic market failures in Cumbria

3.4 Although some immediate and direct support was given to those affected economically by FMD in Cumbria, most notably those operating in farming and tourism, there remained a

short term, immediate requirement to bring large elements of rural economic activity 'back to life' through increased Public Sector intervention. The 2001 Economic Impact Assessment of FMD, quoted in Next Steps, suggested that the outbreak of FMD could 'propel Cumbria onto a lower growth trajectory unless action is taken to address the ... restructuring of the economy'¹².

- 3.5 Beyond this negative externality - the impact of FMD was such that the market was unlikely to self-correct - there were other economic market failures to tackle. There was evidence of information asymmetry between the Cumbrian agricultural sector, characterised by relatively unsophisticated smallholdings, and the increasingly complex food market into which they had to play. Furthermore, it is also recognised that the Cumbria's rural environment is a public good, and as such its maintenance and development would not be led by the market alone.

Social and distributional failures

- 3.6 In addition to economic efficiency arguments, there was a valid public policy case for more equitable distribution of economic benefits to Cumbria's rural areas, and a need to tackle evident pockets of social deprivation. For example, communities in rural Cumbria suffered from a lack of access to key services, education and employment opportunities.

Strategic fit

- 3.7 At the time of publication, CRAZ, as set out in Next Steps, demonstrated a good fit with wider strategies and policies, specifically:
- ❑ **Nationally:** The approach of CRAZ fitted well with the 2000 Rural White Paper, with its themes of economic diversification, thriving rural communities and a sustained rural environment. CRAZ emerged before the substantial national policy changes that took place in the wake of FMD
 - ❑ **Regionally:** Through Rural Renaissance, CRAZ linked into the Regional Economic Strategy and other daughter documents, such as the Regional Food Strategy, with its aim of developing the agri-food sector in the Region. Links were also clear with Regional Planning Guidance, in particular its references to supporting agriculture, diversifying the rural economy, and supporting services in rural areas
 - ❑ **Sub-regionally:** Next Steps recognised the importance of CRAZ complementing existing schemes, such as the Rural Development Programme, with its similar

¹² Next Steps, June 2002, quoting the Economic Impact Assessment of FMD – Pion Economics, 2001

objectives of economic diversification, enhancement of the environment, and well-served communities.

Observations

- 3.8 Understanding the situation that pertained in 2002, there was a justification for Public Sector intervention in rural Cumbria, most evidently because of the immediate market failures caused by the FMD crisis. In late 2001, there was little sign that the rural economy was going to be able to recover without substantial Public Sector support. The considerable change under way in the agricultural sector was not necessarily a valid justification for intervention per se, except where Cumbrian farmers suffered from information inequality, and where a decline in the agricultural sector could have impacted negatively on the natural environment.

Key evaluation issue

In 2002, market and distributional failures in Cumbria's rural economy justified Public Sector intervention.
--

Rationale revisited

Market failure

- 3.9 As the previous section showed, rural Cumbria still suffers from significant levels of economic underachievement. To a significant extent, therefore, the market and distributional failures which characterised the rural areas in 2002 remain evident today, with the exception of negative externalities linked to FMD: it is widely recognised that the rural economy recovered much more quickly than expected from the outbreak.
- 3.10 Against this background, in 2005/06, there is still a rationale for Public Sector intervention in rural Cumbria. However, the policy imperative has now moved on to one focused on raising productivity. Rural Cumbria must close the output gap with the regional average and improve its wealth-creating productivity. Given this, the productivity imperative argues that CRAZ should be increasingly directed towards tackling the following issues:
- ❑ Raising the proportion of people with Level 4+ skills and employment in high value-added sectors
 - ❑ Encouraging business start ups in high value-added sectors

- ❑ Attracting a greater share of inward investment projects to the sub-region, particularly high job-generating projects

- ❑ Increasing earnings, particularly for those in part-time employment.

Strategic fit

- 3.11 To a great extent, CRAZ preceded the policy changes that were stimulated by the FMD crisis. It could therefore be seen as being ahead of its time in 2002. ‘Catch-up’ developments in policy since the Programme’s establishment point to the fact that it was an advanced approach to rural regeneration at the time.
- 3.12 The most significant subsequent development for regional rural affairs was the emergence of the Regional Rural Delivery Framework (RRDF), flowing from the Government’s Rural Strategy 2004 (RS04). This new structure for rural delivery seeks to integrate the three core strands of Sustainable Development, (Economic, Social and Environmental) at strategic and operational level, and to provide a common but flexible framework for local implementation of the Modernising Rural Delivery agenda. This is expected to result in the direct flow of rural development funding to regional and increasingly to the sub-regional level. The sub-regional delivery elements of Rural Renaissance, such as CRAZ, show a considerable similarity with the RRDF approach, and should make the transformation from existing rural delivery models to RRDF all the easier for Cumbria.
- 3.13 Rural policy continues to develop, and CRAZ should be seen as a precursor of the ‘new’ rural policy environment, rather than a creature of the past. As such, it is well placed strategically in 2005. However, it must keep pace with change, which means ensuring alignment with current policy developments. These include:
- ❑ **The Regional Economic Strategy (2006)** which has as its single ‘rural’ priority to support the delivery of RRDF. More generally, sub-regional application of the RES from April 2006 will be driven by Cumbria Vision (the new sub-regional economic partnership for Cumbria). The ‘value proposition’ of Cumbria’s rural areas in terms of the contribution it can make to implement the RES needs to be clearly defined and articulated.

 - ❑ **The Regional Spatial Strategy** will provide the overarching spatial planning context against which local planning and development control policy is developed and applied. The emerging consultation drafts support the concept of City Regions, and seek to enable the implementation of their action plans. A full understanding of the RSS will be critical in developing a clear view and focus for sub-regional investment; the application of RSS to local development policy and context will also

be crucial in enabling sustainable rural development in order to deliver against defined priorities

- ❑ **City Region Development Programmes** - the further development and implementation of the Development Programmes for Central Lancashire, Manchester and perhaps even the North East City Regions may influence the prospects for, and form of, investment in rural Cumbria
- ❑ **The Local Area Agreement for Cumbria (2007)**. The LAA will bring together a range of resources from partner organisations and funding programmes (national, regional and sub-regional), and it will be the overarching performance and tasking framework which governs the delivery of mainstream services across both urban and rural Cumbria for the next several years.

Key evaluation issue

CRAZ is well-aligned to current strategic thinking, and efforts should be made to ensure that it remains relevant to new and emerging policy agendas. Where possible, Programme funding and activity should be 'bent' to match these new directions of travel.

Objectives

Development of CRAZ's original objectives

- 3.14 In First Steps, a series of seven objectives were established for the anticipated Cumbria Rural Action Zone. These were developed after considerable consultation within rural Cumbria, and are set out in Table 3-1.

Table 3-1: Original First Steps objectives (Source: First Steps, 2001)

Objectives
A - Communities that are better able to respond and participate in regeneration opportunities
B - Maximising use of existing resources to develop a high quality environment stimulating biodiversity, woodland and forest resources
C - Contribute to the national recovery of a farming industry which provides a decent standard of living, good quality and affordable food and an improved environment
D - Enable an agricultural support industry which retains wealth locally, promotes biosecurity and leads to high quality Cumbrian produce
E - Facilitate stronger branding for Cumbria – the place and its produce
F - Regenerate a robust and high quality tourism sector which helps to sustain the link between tourism and the landscape
G - Develop infrastructure which meets the needs of today's businesses, visitors and residents

3.15 These rather broad-brush objectives covered most of the major issues that faced rural areas in 2002, without going into detail. As such, they were difficult to disagree with, but also hard to define and measure. There were also some inconsistencies in the messages from First Steps. For example, the document stated clearly that one of the main issues facing the sub-region was ‘to reduce overall reliance on tourism and agriculture in the rural Cumbrian economy’. Yet three of the planned objectives related to the support of these specific sectors, and little focus was given to the needs of the wider business base.

Rural Renaissance’s Strategic Objectives

3.16 With the publication of Rural Renaissance, CRAZ inherited a new set of eight strategic objectives, which replaced those from First Steps. The Rural Renaissance strategic objectives were adopted by all three sub-regional delivery bodies, and are set out in Table 3-2, along with their individual ‘rationales’, as outlined in Rural Renaissance.

Table 3-2: CRAZ final Strategic Objectives and associated rationales (Source: Rural Renaissance)

Strategic Objective	Summary ‘rationale’
SO1 Broadening the Economic Base	Primary agriculture not delivering high levels of economic growth; diversification would encourage more value-added activity
SO2 Renew and Strengthen the Tourist Offer	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, requires 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 The Development and Promotion of Countryside Produce	Potential for economic benefits through better marketing and promotion of local products; assists 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	Importance of social capital in supporting rural regeneration

3.17 These Strategic Objectives link to the overarching rationale for Rural Renaissance, in that they seek to improve economic activity through business diversification and agricultural restructuring, while ensuring that environmental protection and community cohesion are also addressed. However, the difference between SO3 and SO4, for example, is not entirely clear, nor is the apparently ‘equal’ weighting given to skills (SO5), the tourism sector (SO2), and all other economic activity (SO1).

- 3.18 As part of the wider Rural Renaissance strategy, there is a strong argument for CRAZ having the same Strategic Objectives. It seems odd, however, that sub-regional development in the form of First Steps was allowed to go as far as developing its own objectives, only to have them superseded by those of Rural Renaissance. This is likely to have led to unrealistic expectations of where support would eventually be given. Next Steps attempted to map across the original objectives of First Steps on to the Rural Renaissance Strategic Objectives, but this resulted in a rather confusing mixture of both.
- 3.19 What is missing is any assessment of the relative relevance of the Strategic Objectives to the needs of rural Cumbria. Through the Next Steps consultation process, a series of suggested actions were brought forward by partners, which in turn identified where funding was required under each Strategic Objective. It would have been more appropriate for the Strategic Objectives, underpinned by a strong evidence base, to have identified where funding and activity was required. Next Steps produced evidence of overall need, but not the balance between needs.
- 3.20 This is not a problem unique to Cumbria. More broadly, there was insufficient translation of the Rural Renaissance 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.

Key evaluation issue

The Programme's Strategic Objectives, and their relative relevance, were not sufficiently considered in the light of Cumbria's particular needs.

SMARTness of objectives

- 3.21 An intervention's objectives should be SMART: specific, measurable, achievable, relevant and time-bound:
- ❑ **Specific:** as has already been stated, the Strategic Objectives were not sufficiently specific to be of maximum use in rural Cumbria
 - ❑ **Measurable:** Rural Renaissance and its sub-regional delivery bodies did not have a particularly robust baseline on which they could measure their progress against objectives. In particular, 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)

- ❑ **Achievable:** the Strategic Objectives are too broad in their definition to allow a decision to be made on whether or not they have been achieved
- ❑ **Relevant:** the Strategic Objectives are broadly relevant to the needs of rural Cumbria, but again the relative relevance of them is unclear
- ❑ **Time-bound:** objectives were time-bound, only in that the Programme as a whole had a limited lifespan.

Key evaluation issue

The lack of sufficiently SMART objectives was likely to impact on the extent to which they would shape appropriate activity, and monitor programme performance.

Objectives revisited

3.22 While the Strategic Objectives of CRAZ - like Rural Renaissance - will remain the same until the end of the Programme's expected lifespan, it is nevertheless worth commenting on their validity and relevance in 2005. As outlined in the previous section, the productivity agenda argues for priorities to be made as follows:

- ❑ Broadening the business base must be a priority, in order further to reduce rural Cumbria's dependence on the land-based and tourism sectors. This must include a focus on high value-added sectors and raising overall entrepreneurship levels in the economy
- ❑ Tourism is less of a priority, particularly as there is often a tendency for support to go to the lower value end of the sector, where the generation of real economic growth is likely to be limited
- ❑ Diversification away from primary agriculture remains essential, either through moving up the value chain or through diversification. While it is recognised that the first step in diversification is likely to be limited in scope and economic value, support should aim to encourage higher value-added alternatives
- ❑ Skills levels per se are less of an issue than raising levels at the higher end of the qualifications spectrum.

Key evaluation issue

There remains a case for reviewing the Strategic Objectives, in particular their relevance to rural Cumbria in the light of new policy agendas.

Delivery arrangements

3.23 At the time of First Steps in 2001, even before the publication of Rural Renaissance, consideration was already being given to the possible delivery arrangements for a new intervention. This early move recognised that existing structures for the economic development of rural Cumbria had been inadequate to date, and that a fresh approach might be required.

3.24 Three options for delivery arrangements were considered in First Steps:

- ❑ **Using existing programmes:** while offering limited disruption to existing delivery processes and activities, there was a valid concern that using existing programmes would fail to address gaps in these programmes' geographical coverage of rural Cumbria. For example, Rural Development Programme delivery was limited to the county's Rural Priority Areas
- ❑ **Using existing mainstream bodies:** likely to be the most cost-effective option, and offered the potential to build on existing delivery experience. However, there were concerns that any one mainstream body would be seen to dominate the agenda, and might inhibit the operation of a wider and much-needed partnership approach. There was also a feeling that such an approach would lack innovation and creativity in delivery that would be required in achieving real and lasting change
- ❑ **A new company:** a creative and innovative solution, which was expected to have the sort of independence that would enable the securing of wide scale buy-in from partners and improved engagement of the Private Sector. However, there were risks identified in terms of increasing bureaucracy.

3.25 By Next Steps, a decision had been taken to deliver the strategy through 'an independent, not-for-profit, regeneration company, limited by guarantee'¹³. This approach was supported by arguments that existing structures were too fragmented to take on the task, and were insufficient to deliver the kind of transformational change required.

¹³ Next Steps, 2002

- 3.26 The early consideration of different delivery approaches is welcome. The case for a separate and new structure for the delivery of an intervention can often be made with little consideration of the other options available. In the context of Cumbria in 2002, it is fair to assume that existing programmes were not suitable delivery mechanisms because of their more fragmented spatial nature. Given that substantial amounts of money were coming into the area, delivery through a single mainstream body was likely to have been divisive, while splitting the money and activity between a range of bodies without a single, co-ordinating centre would not have achieved the sort of holistic approach that was required.
- 3.27 The only absent option from those considered was delivery through a new ‘traditional’ Public Sector programme, such as that subsequently used in Lancashire for the delivery of Rural Renaissance. It can only be assumed that such an approach was deemed unlikely to have succeeded given that previous programmes of a similar nature had failed to effect substantial change. It would nevertheless have merited consideration.

Summary

- 3.28 There was a rationale for Public Sector intervention in rural Cumbria in 2002. An already declining farming sector was hit hard by FMD, and the market cannot have been expected to self-correct this. Other economic, social and distributional failures supported the argument for intervention.
- 3.29 In 2005/06, some of the market failures still remain, although the impact of FMD has receded. Viewed from the perspective of the productivity agenda, a more focused rationale for CRAZ exists. This suggests that the Programme should focus on delivering higher-level skills, and more business starts and greater employment in high value-added sectors.
- 3.30 The Programme had a good strategic fit in 2002, and to an extent its planned approach of rural prioritisation and co-ordination of delivery has been vindicated by policy developments since. However, the rural and economic development policy environment is undergoing constant change, and the Programme will need to ensure that it makes the most of potential linkages with developments such as the new RES, its new sub-regional delivery structure, and the RRDF. These need to be seen as opportunities, rather than threats.
- 3.31 The identification by rural Cumbria of its own objectives through New Steps, only to be superseded by those of Rural Renaissance, was confusing at the outset of the Programme. The Rural Renaissance Strategic Objectives have been of limited use since in directing and focusing the Programme. The relative relevance of the objectives to Cumbria was not considered, and the absence of a strong baseline weakens the objectives and makes measurement of progress very difficult.

- 3.32 The Strategic Objectives will not change over the lifetime of the Programme, but the relative emphasis of each, and the balance between them can and should be reviewed in the light of rural Cumbria's current needs. In particular, viewed from 2006, the objectives have promoted too heavy a focus on the agricultural and tourism sectors, and not enough on broadening the business base.
- 3.33 In 2002, existing delivery structures were fragmented and lacked coverage of the whole of rural Cumbria. Given the scale and scope of the impact of FMD, a broader delivery mechanism was required. Political sensitivities at the sub-regional level argued against placing such a large amount of new development money in the hands of a single existing mainstream partner.

4 Stakeholder perspectives

Purpose: in this Section, CRAZ's rationale, objectives, activities and processes are assessed through the views of its key stakeholders and partners.

Rationale

At the outset

- 4.1 Stakeholder views generally reflect the picture of a rationale shaped both by the immediate consequences of FMD, and the longer-term structural shortcomings of Cumbria's rural economy. While stakeholders noted the importance of both in setting the context for the Programme, there was considerable variation in opinion regarding the relative emphasis given to each, strategically and operationally.
- 4.2 For some, the Programme's original rationale was based firmly on the need for a 'quick fix' to the immediate consequences of FMD, which had both economic and social impacts on rural Cumbria. The impact was felt most acutely by the agricultural and tourism sectors, which suffered a considerable downturn. Other economic issues, such as business performance in other sectors or wider economic restructuring, were not perceived as being equally relevant, or were not highlighted to the same extent. The implication is that some saw the Programme's rationale focusing more on recovery and restoration of the Cumbrian economy to pre-FMD levels and in traditional sectors, rather than growth, expansion and diversification beyond that goal.
- 4.3 For others, FMD highlighted more fundamental and longer-term problems in rural Cumbria, and demonstrated the fragile nature of rural economies and communities. As a consequence, more wholesale regeneration and restructuring was seen to be required.
- 4.4 More generally, there was broader consensus that existing forms of rural support were insufficient to deal with the challenges faced in Cumbria. RDP, for example, while viewed as a helpful programme, was perceived as being too small - both in overall scale, and at the level of individual projects and interventions, to effect the kind of change required.
- 4.5 As reflected earlier in this report, stakeholders noted that the Programme had struggled to deliver a comprehensive evidence base to underpin its rationale in the first place, which led to a more anecdotal approach to the sub-region's needs. This appears to have

compounded the problem of identifying more accurately what the original rationale for CRAZ was at its outset.

Key evaluation issue

At the outset, it appears that CRAZ lacked a consensus view among its partners and stakeholders as to its core rationale. This created the potential for confusion at a basic level about what the Programme was seeking to achieve.

- 4.6 In the early days of programme development, there appears to have been a widely-held view that the county's rural areas lacked the sort of strong leadership within existing bodies - public and private - required to think strategically and galvanise people into action within what was to be a very large scale programme. Stakeholders noted also that the politically-charged nature of Cumbria's Public Sector merited a relatively 'neutral' body to ensure equitable treatment across the rural area. Hence, there was a broad acceptance in the sub-region that a new delivery mechanism was required. It is fair to say, however, that the arguments for implementation form tended to drive programme development, rather than following defined functions.
- 4.7 The perception within Cumbria was that NWDA was not wedded to a specific sub-regional delivery approach. However, there was pressure on Cumbrian partners to come up with something new and innovative, involving the Private Sector with the drive to see things through. The Agency was not looking for a body led by Cumbria County Council or existing partners, who were viewed as lacking the expertise to take forward a programme of CRAZ's size.

In 2005

- 4.8 Subsequent developments within the sub-regional economy have led stakeholders to increasingly perceive a longer-term economic development rationale for CRAZ; it is widely considered that the rural economy recovered more quickly than expected from the immediate effects of FMD. A more dramatic change in Cumbria's rural economy was therefore seen to be required - not just 'more of the same' - in order to protect it from future crises like FMD, and to deliver real improved economic performance, where the county is under serious pressure. This was regarded as meaning a shift of emphasis away from supporting primary agriculture and tourism (but not totally ignoring them), and on to areas such as promoting high-value enterprise, building a stronger knowledge base, and enabling the sub region to compete increasingly on quality, not simply price.
- 4.9 However, stakeholders perceive that this broader role was not taken on until CRAZ was in its second year, leaving it relatively little time to effect transformational change. Nevertheless, stakeholders broadly welcomed RRC's attempts to move the CRAZ strategy on

as a consequence of the changing conditions, for example through the development of New Landscapes.

Key evaluation issue

The identification of an increasingly long-term economic growth role for CRAZ by stakeholders, rather than a focus on recovery, appears to have come too late to effect a substantive change in Programme direction.

Objectives

- 4.10 Stakeholders considered that the Programme’s Strategic Objectives were broadly relevant to rural Cumbria’s needs at the outset, in particular the focus on supporting the agriculture and tourism sectors. However, the ‘rigidity’ of the Strategic Objectives has been criticised, in that they appeared to have delivered ‘silos’ of activity, rather than the more holistic approach to regeneration that many viewed as essential to the needs of rural Cumbria (and reflected in the CRAZ vision). This is viewed as having been compounded by the way in which, with good intent, responsibility for thematic areas was divided up among RRC Board members.
- 4.11 As with the rationale, stakeholders are aware that the situation in rural Cumbria has changed over time, and that this should be reflected in the Programme’s Strategic Objectives. Again, there is a recognition that New Landscapes represents an attempt to provide a more integrated approach to the strategic challenges that the rural area faces. However, there is some criticism of this restated strategic approach, in that it is viewed as having sidelined non-economic objectives, such as social and community regeneration.
- 4.12 This links to a wider concern among stakeholders. The Programme is recognised as not having attracted the significant levels of partner funding anticipated at the outset. The lack of a broader funding base, above and beyond NWDA finance, is felt by many to have limited the extent to which CRAZ has been able to pursue its sustainable development agenda, as originally intended.
- 4.13 Levels of Private Sector funding and engagement in particular are viewed as having been disappointing, especially given the expectations that RRC, as a private company, would be able to generate such engagement. This is viewed as quite a substantial missed opportunity.

Key evaluation issue

There are concerns that the Programme has not delivered a sufficiently holistic approach to its activities and, linked to this, that CRAZ has not levered other funding streams to the extent that was originally envisaged.

Activities

- 4.14 In terms of intervention focus, CRAZ activity was most evident in the agricultural and tourism sectors, reflecting the early priorities of the Programme in these areas. However, the Programme is perceived to have struggled in demonstrating a similar presence beyond these sectors. This reflects the view of many that CRAZ support was ‘captured’ in by these two sectors, which has delivered an unbalanced Programme overall.
- 4.15 As reflected in their views on the Strategic Objectives, there was a widely-held belief that activities had tended to focus on specific issues in isolation, supporting a specific individual Strategic Objective, rather than adopting a more holistic approach. In addition, social and community issues were perceived to have ‘lost out’ to economic development activity. This again points to a lack of clarity on priorities, which is likely to have encouraged a collection of projects rather than an integrated suite of activity.
- 4.16 A difference of opinion was detected among CRAZ stakeholders as to the appropriate size of interventions required. Some believed that the scale of the challenge in rural Cumbria meant that substantial interventions were needed if transformational change was to be effected. However, others argued that large scale interventions were not suitable to rural areas, where need was geographically dispersed and communities tended to be small. We find this latter view challenging in that it implies some lack of appreciation on the transformational change that CRAZ was seeking to achieve.
- 4.17 Stakeholders thought that this difference was reflected in the Programme itself. In its first months of operation, there was an impression that CRAZ management had been too easily ‘distracted’ by project applications and a natural desire to get activity up and running. This had led to reactive support for relatively small scale interventions, rather than transformational activity, setting a trend that was difficult to break out of.
- 4.18 The debate about the scale and nature of CRAZ-supported activity led many stakeholders into considering whether CRAZ should have been configured to commission the projects that it required to meet its objectives, rather than responding to applications that came in.

Key evaluation issue

Activity is viewed as having been delivered in ‘silos’, and with too great a focus on supporting tourism and agriculture.

Stakeholders think that a commissioning approach would have been better-suited to delivering projects that addressed the Programme’s objectives.

Process

Early challenges

4.19 There is a wide recognition by stakeholders that the ‘difficult birth’ of RRC, CRAZ’s delivery body, had knock-on implications for the Programme in terms of its ability to get up and running quickly. In particular, there appears to have been a considerable difference between the early expectations of RRC - promoted as a Private Sector, autonomous regeneration vehicle - and the reality of its being a sub-regional programme management body operating primarily on behalf of a Public Sector funding body, NWDA. As a consequence, there have been misunderstandings about how it should go about delivering CRAZ. Stakeholders believe that there was insufficient effort put into forming partnerships with Public Sector bodies at the outset (a particular concern of local authorities), and building on the experience of previous regeneration and economic development activity in rural Cumbria. This is recognised to have developed over time, but a better clarified role for RRC would have delivered a smoother and quicker start for the Programme.

4.20 Beyond these early problems, stakeholders do not regard the fact that RRC is a private company as a major positive or negative factor in terms of the delivery of CRAZ. Indeed, many perceive that RRC has not behaved as a private company in practice, due to the dominant presence of the Public Sector on the Board, among shareholders, and through its funding sources. Furthermore, although dressed in Private Sector clothes, the delivery body does not appear to have unlocked broader Private Sector support.

Key evaluation issue

The establishment of a Private Sector regeneration vehicle for CRAZ is not viewed as having effected a substantially different approach to delivery.

Strategic direction

4.21 There was quite widespread concern among stakeholders about the need for CRAZ to have a clearer strategic direction. The Board appeared to see its job more in terms of project

approval than running an investment programme. The Programme is seen as being quite introverted, and not having been successful in applying lessons from elsewhere.

- 4.22 The development of Cumbria Vision was seen by many to have complicated the strategic direction of the Programme, and had diverted a significant amount of the Board's attention, to the detriment of CRAZ.
- 4.23 While many thought the process for New Landscapes was a welcome sign of strategic thinking for the Programme, some thought that it had been developed prematurely. Its publication before a revised Regional Spatial Strategy, Regional Economic Strategy and Rural Delivery Framework may mean that it's future alignment with the new direction of regional economic development policy will be limited.

Key evaluation issue

Strategic leadership of CRAZ is viewed as having been poor, with the Board more focused on operational matters, and diverted by wider developments such as Cumbria Vision.

Procedure

- 4.24 Views on the procedures for accessing funds and support from CRAZ were mixed. Many stakeholders thought the bidding and application process straightforward and transparent, although for some the process seemed unduly complicated, in particular the issue of match funding. These negative comments may reflect the fact that some rural delivery bodies, used to the relatively simple processes of the much smaller RDP scheme, found CRAZ a substantial step up in terms of scale and the extent of associated administrative rigour. This is the right track to have taken, given the Single Programme Appraisal requirements imposed by NWDA on the funding stream.
- 4.25 Some stakeholders thought that there should have been stricter conditions with respect to obtaining grants - setting the standards higher would have secured better and higher quality projects. The implication is that the bar is too low, and relatively poorly-configured projects have been given Programme support.

Programme management

- 4.26 There is a perception among stakeholders that the RRC Board was initially slow to grasp corporate governance issues, with a preponderance of project application bodies being represented on the Board. This is thought to have impacted negatively on the image and reputation of RRC in the early days, and has not been fully thrown off. It is also viewed as

having led to a certain amount of Programme ‘capture’ by better organised sectors more experienced at applying for assistance, particularly agriculture and tourism.

- 4.27 A stronger level of programme management is seen to have evolved over time for CRAZ, and there is a recognition that managers and staff have faced a very steep learning curve as they have progressed the Programme. Stakeholders were positive about the quality and commitment of staff and management. However, there was a concern that monitoring and evaluation processes at Programme level were insufficient to provide a view of CRAZ performance, and this will undoubtedly have limited how current project experience informs future project development.
- 4.28 One area of specific concern was the configuration of Programme staff as project champions when RRC was originally set up. The aim had been to encourage job applications from people within the Private Sector and separate the role from that of a ‘traditional’ Public Sector programme or project manager. However, as a consequence, doubts were expressed about whether CRAZ’s existing management capacity was sufficiently well configured for the project and programme management that would be required in the final years of the Programme’s life.
- 4.29 A number of stakeholders expressed current concerns about staff morale and retention. The uncertainty over Cumbria Vision and the future of the Programme beyond April 2006 was considered to be unsettling for staff, while the moratorium on recruitment was thought to be increasing the work burden on existing staff.

Key evaluation issue

Programme management is viewed as having strengthened over time. However, the current uncertainty over Cumbria Vision is thought to be effecting RRC staff morale and retention.
--

Summary

- 4.30 From the outset, CRAZ appears to have lacked a consensus view amongst its stakeholders as to its core rationale, in particular the balance between supporting the ‘recovery’ of traditional sectors, such as agriculture and tourism, in the shorter term, and encouraging the long term ‘growth’ of a more diverse economy. There was broad agreement on the need for a new delivery mechanism, but insufficient thought about how it should function and the form best to take this forward.
- 4.31 Subsequently, there has been a shift of opinion towards support for a longer term economic growth rationale, built particularly on the realisation that the rural economy recovered quite quickly from the immediate impact of FMD. However, the perception is that this

change of stance has occurred too late to effect real change in the direction of CRAZ delivery.

- 4.32 Partners view the Strategic Objectives as having delivered silos of activity, rather than the holistic approach that was hoped for, which was compounded by the organisation of the Board. With the absence of an anticipated broader funding base, the Programme is viewed as having taken a strict economic approach to regeneration, to the detriment of the social, community and environmental objectives of CRAZ.
- 4.33 The desire to get activity up and running in the early stages of the Programme is perceived to have led to a focus on relatively small interventions, which were not what was required for the substantial challenges that faced rural Cumbria. Activity is viewed as having been most evident to date in the traditional sectors of agriculture and tourism. Elsewhere, its presence has been harder to identify. A commissioning approach to projects may have helped deliver more effective, focused and relevant projects. In retrospect, partners think that this was a missed opportunity.
- 4.34 It is recognised that CRAZ did not have an easy start, as it had to contend with the difficult early days of RRC. The Company's determined early focus on a Private Sector approach impacted negatively on the development of strong partnerships with delivery bodies and wider Public Sector stakeholders, while failing to deliver significant levels of Private Sector involvement. Progress has been made on partnership development since, but this was a missed opportunity in the Programme's formative stages.
- 4.35 The RRC Board is viewed as having been slow to grasp governance issues, which impacted negatively on the reputation of RRC, and CRAZ, in the early days of the Programme. Now, in 2005/06, the concern is that the development of Cumbria Vision is distracting the Board and senior management, to the detriment of CRAZ. Current uncertainty over the Programme's future is also believed to be effecting staff morale.
- 4.36 There is a wide recognition that the learning curve for RRC and CRAZ partners has been, and continues to be, substantial. The efforts of RRC staff in delivering CRAZ are widely recognised, and a stronger level of management is seen to have evolved over time. However, the lack of sufficient monitoring and evaluation is giving the impression that the Programme is 'flying blind', and that past CRAZ experience is not being used to shape future activity.

5 The Programme in practice

Purpose: in this section, the overall performance of the Programme is assessed in terms of its activities; inputs (finance); and outputs.

Activities

Project portfolio

- 5.1 To date (October 2005), a total of 96 projects have been approved through CRAZ (Table 5-1). As the table shows, the vast majority of projects have been supported in the SO1, SO2 and SO3 categories, which between them account for 81% of projects. As will be seen later in this section, this focus is also replicated in terms of CRAZ expenditure. This demonstrates a clear bias within CRAZ delivery in favour of economic, tourism and agriculture projects, while skills, the environment and social and community issues appear to have been accorded less of a priority. The absence of significant activity under SO6 is understandable, given NWDA's separate sponsorship of the Distinctly Cumbrian programme, which supports the marketing and development of Cumbrian products and is delivered by the Cumbrian Rural Enterprise Agency (although it does appear somewhat odd that Distinctly Cumbrian is not routed through CRAZ, given its clear sub-regional Rural Renaissance remit).

Table 5-1: Number of approved projects (Source: Programme documentation)

Strategic Objective	Number of projects	Proportion of total
SO 1: Broadening the economic base	29	30%
SO 2: Renew & strengthen sustainable tourism	33	34%
SO 3: Assisting the restructuring of agriculture	16	17%
SO 4: Enhancing primary agriculture	1	1%
SO 5: Rural skills development	6	6%
SO 6: Development & promotion of countryside products	1	1%
SO 7: Supporting the rural environment	5	5%
SO 8: Social & community regeneration	5	5%
Total	96	100%

- 5.2 CRAZ is a large programme. However, 96 projects seems a large number to be administered, given the strategic nature of the Programme as a whole. A fewer number of genuinely transformational projects may have been a more efficient approach, although

CRAZ has been dependent to a large extent on the scale and quality of projects that have been brought forward by applicants.

Project Reviews

- 5.3 A total of eight project reviews were undertaken for the evaluation. Selection of the projects to be reviewed took place in consultation with RRC to ensure that as full a range of activity as possible could be captured through the reviews. As Table 5-2 shows, the projects covered all but one of the Strategic Objectives (SO6 was not included because of Distinctly Cumbrian - see above). Between them, the projects account for some £8.48m of CRAZ funding, approximately 20% of the Programme total. As such, they can be judged to provide a reasonable sample of the Programme's activity.

Table 5-2: Projects subject to review

Project	Strategic Objective	Total CRAZ funding (£k)
Enterprise for All Cumbria (POINT)	SO1 (Business base)	1,710
Cumbria Lakes+ Marketing Plan, 2004-07	SO2 (Tourism)	4,000
Cumbria Festivals Programme, 204	SO2 (Tourism)	250
Junction 38 Meat Processing Facility	SO3/4 (Agriculture)	243
Centre for Outdoor Management, Education & Training (COMET)	SO5 (Skills)	725
International Centre for Sustainable Uplands	SO7 (Environment)	417
Strengthening Rural Communities Fund	SO8 (Social)	750
Project Development Fund*	-	385

*this project supported the development of other CRAZ applications

- 5.4 The full project reviews are provided in Annex C, and their additionality is considered in the following section. However, there are a number of broad issues coming out of the reviews which deserve to be highlighted here:

- ❑ **Project development:** generally speaking, the projects had reasonably well-developed rationales and objectives, although the generalised nature of the Programme's Strategic Objectives has meant that a tighter project 'fit' has not been delivered - CRAZ has funded projects, rather than purchased solutions. Furthermore, there was limited evidence that sufficient options and risk appraisal had taken place. This is evident in the paperwork, but its implications emerge from activity, such as delays due to planning permission
- ❑ **Project Scale:** There is a slightly odd mix of CRAZ projects in terms of their scale. For example, CRAZ supports a £4m marketing plan for tourism, which is clearly a strategic intervention in the sector, while at the same time providing a festivals fund with just £250k, dispensing less than £50k for each successful applicant. There

is an inconsistency in approach here which may have implications for the extent to which CRAZ is viewed as a strategic programme, and delivery impact

- ❑ **The extent of project delegation:** in part linked to the previous point, RRC delivered the Festivals Fund directly through its offices, whereas the Strengthening Rural Communities Fund was delegated to Cumbria Community Foundation (the correct approach, given CCF's established track record of delivery). This does raise the question of whether RRC is appropriately configured for, or should be in the business of, directly managing and dispensing relatively small grant funds in this way

- ❑ **Innovation in project design:** The J38 meat processing facility has all the hallmarks of an exemplar project: a creative project that looks set to make a significant impact on an element of the Cumbrian farming and food sector. More generally, however, there is not a lot of evidence of innovation in project design, which may be indicative of the fact that many project ideas were around before the establishment of CRAZ and RRC, and that a commissioning approach for projects was not used. The lack of innovation is disappointing, given the early expectations of RRC that its creation would herald a new approach to regeneration and deliver serious impact

- ❑ **Exit strategies and long term sustainability:** there was encouraging evidence that projects are thinking ahead to the time when their CRAZ funding runs out, and are making plans to be sustainable in the long term. There is little expectation of future funding from a successor programme.

Farming Connect Cumbria

- 5.5 Farming Connect Cumbria (FCC) was deliberately omitted from this evaluation, as it is subject to a separate mid-term evaluation which is currently underway. However, it is the largest project supported by CRAZ, and as such merits a mention in this report.
- 5.6 FCC is supported by £9.76m of CRAZ funding, some 23% of the Programme total. It is delivered by the Cumbria Rural Enterprise Agency and is sensibly based on a similar successful model operating in Wales. FCC is designed to improve the performance and sustainability of Cumbrian farming, thereby increasing the contribution of agriculture to the rural economy. Its overall approach is to combine business and environmental advice into a single sustainable development plan. This is achieved firstly through FCC advisors helping with advice on the strategic planning for a farm business, followed by a separate environmental audit of the farm business. Capital grant funding is then available for the development of the main agricultural business, but not for farm diversification, which is funded through ERDP. A technical consultancy grant is also available for those farmers who wish to plan for their future and develop a robust, professionally-produced business plan.

5.7 CREA began operating FCC in September 2004, and is half way through its three year funding programme. So far:

- ❑ 1,426 farm businesses have been registered with FCC, close to the original target output of 1,500
- ❑ 1,000 registered farm businesses have received a visit from a farm business advisor and, of these, 362 have accepted development grants
- ❑ Of the original target of £6.33m available for development grants, £3.8m (60%) has been awarded. At current rates, all the capital grant funding will be committed by October 2006, although the take up of the technical grants has been much slower and the allocation of these grants will continue through into Summer 2007.

5.8 The size of the project means that its success or failure will have a major impact on overall perceptions of CRAZ's ultimate success or failure. As such, it is vital that the ongoing evaluation process is rigorous and, more importantly, any changes that are recommended are acted on swiftly. A review of emerging data from the FCC evaluation has identified the following interesting issues:

- ❑ The Strategic Development Plan is seen by many applicants as a means to an end - an obligatory process to go through in order to access grant funding
- ❑ There is an apparent lack of take-up of the Technical Consultancy Grant, potentially because it is not a direct cash grant, or possibly because there is a lack of awareness about what it is for and how it can help farming businesses. Whatever the reason, if there is potential for underspend and low usage over the lifetime of the project, it merits further investigation
- ❑ Quantification of business improvement as a result of support (eg raised incomes, profitability, etc.) should be encouraged where it is practical to do so, in order to better assess the impact of the project.

5.9 Encouragingly, there are already signs that the evaluation process is delivering a tighter focus to its activity. On the basis of preliminary evaluation consultations, changes have been made to the scoring system and the advice provided to the grant panels. For example, smaller farm businesses with low stock numbers are now being channelled more robustly away from investment in 'more of the same' economic activity and are instead being encouraged to use the technical consultancy grants to plan properly for their future, such as through diversification. The grants panels are also looking at improving productivity per worker, including the relative value of farm work and 'off-farm' work. Low take-up of technical grants is being addressed by a publicity campaign.

Funding - relevance and appropriateness

Programme inputs

- 5.10 In Next Steps, the total fund package identified for the delivery of CRAZ was £274m, of which NWDA was to provide £67m, or 24% (Table 5-3). At the time, there was a broader expectation about the amount of funding that would ‘flow’ through the Rural Renaissance policy, and the large figure of £274m included existing and planned funding streams from all of the main Public Sector regeneration and development bodies (EU funds, Defra, Countryside Agency, etc.). In the main, this coordination of funding streams has not occurred, and Cumbria is not alone in this regard; it is a wider issue for the Rural Renaissance policy. As a consequence, the delivery of CRAZ through RRC has focused on activity supported by the ‘new’ NWDA funding provided in 2002/03 when RRC was established, amounting to £42m. For the purposes of the evaluation, this is the figure which is taken to define total CRAZ funding (excluding match).

Table 5-3: Total RRC funding, 2003 - 2008 (Source: Performance Plan 2003-2008 - Year One)

Source	Allocation (£m)	Percentage of total funding
Total NWDA funds	67	24%
....of which 'new' money for CRAZ	42	15%
Anticipated additional funding	207	76%
Total funding	274	100%

Funding allocation by Strategic Objective

- 5.11 CRAZ’s funds were allocated across the eight Strategic Objectives, with 8.3% set aside for management and administration. This seems high, based on other evaluation experience which suggests a rule of thumb rate of 5%.
- 5.12 Table 5-4 shows how the funds were allocated across the eight Strategic Objectives. The largest proportion - more than a third of the total - was allocated to SO2 (Tourism). Between them, the largest three Strategic Objectives, SO1 (Business), SO2 (Tourism) and SO3 (Agricultural Restructuring) accounted for a full 76.9% of allocated funding. The very small allocation of funding for SO6 (Produce) reflects the fact that £4.8m of NWDA funding had already been committed to the Distinctly Cumbrian Programme.

Table 5-4: Total allocated funds to CRAZ Programme by Strategic Objective (Source: Performance Plan 2003-2008 - Year Two)

Strategic Objective	Total CRAZ funding (£m)	% of total project funds
SO 1: Broadening the economic base	8.19	20.9%
SO 2: Renew & strengthen sustainable tourism	13.3	33.9%
SO 3: Assisting the restructuring of agriculture	9.73	24.8%
SO 4: Enhancing primary agriculture	-	-
SO 5: Rural skills development	3.29	8.4%
SO 6: Development & promotion of countryside products	0.38	1.0%
SO 7: Supporting the rural environment	1.84	4.7%
SO 8: Social & community regeneration	2.55	6.5%
Sub total	39.3	100.0%
Management & administration	3.56	
Total	42.8	

Committed funds by Strategic Objective

- 5.13 To date, almost £30m (75%) of CRAZ funding has been committed to projects which are either live or completed (Table 5-5). These projects were intended to draw in over £46m in match funding over their lifetime, of which 37% was to come from other public funding and 63% from the Private Sector. A further £9.5m (24%) of funding has been allocated to projects that are currently involved in the enquiry and outline stages, pending approval or awaiting offer letters. If these projects are successful, the remaining CRAZ funding available for new projects will be just over £400k (1%).

Table 5-5: Funding allocation and commitments by project status (Source: RRC data)

Project status	CRAZ funding - project allocation (£k)			Match funding (£k based on intervention rates)	Total lifetime project cost (£k)
	Capital	Revenue	Total RAZ		
Offer letter issued	12,913	16,464	29,377	46,270	75,648
Grant approved	-	211	211	635	846
At Regen Support Team	340	164	504	3,753	4,257
Detailed	1,650	100	1,750	5,680	7,430
Outlined	-	180	180	860	1,040
Enquiry pipeline	6,095	750	6,845	22,155	29,000
Total	20,998	17,869	38,867	79,353	118,221

Key evaluation issue

Given that there are just two years left of the Programme's life, it is encouraging to see that almost all of CRAZ funding has either been allocated to live/completed projects, or projects under development.

- 5.14 The distribution of committed CRAZ funds across the Strategic Objectives (Table 5-6) is broadly in line with the original intended allocations prior to projects being selected (Table 5-4). As with the original allocations, SO1, SO2 and SO3 between them received the vast majority of all committed funding to date (87.1%). SO3 is the largest single beneficiary of funds, with 37.3% of the total. Conversely, SO5 (Skills) and SO7 (Environment) have received less than half of their intended allocations.

Table 5-6: Committed funds split by capital and revenue, and by Strategic Objective (Source: RRC)

Strategic Objective	CRAZ funding (£k)			% of total RAZ funding by SO
	Capital	Revenue	Total	
SO 1: Broadening the economic base	2,300	2,791	5,091	17.3%
SO 2: Renew & strengthen sustainable tourism	2,540	6,992	9,532	32.4%
SO 3: Assisting the restructuring of agriculture	6,836	4,114	10,950	37.3%
SO 4: Enhancing primary agriculture	8	-	8	0.0%
SO 5: Rural skills development	789	495	1,284	4.4%
SO 6: Development & promotion of countryside products	-	28	28	0.1%
SO 7: Supporting the rural environment	285	558	843	2.9%
SO 8: Social & community regeneration	155	1,487	1,641	5.6%
Sub total	12,913	16,464	29,377	100.0%
Management & administration			3,562	
Total			32,939	

Committed funds by project

- 5.15 To date, 96 projects have received offer letters, the greatest number going to projects under SO1, SO2 and SO3 (Table 5-7). This reflects where the majority of funding has been allocated and committed. The average allocation per project is £306k, but the range of average project costs runs from £8k per project in SO4, to £684k in SO3.

Table 5-7: Average cost per project, by Strategic Objective (Source: RRC data)

Strategic Objective	Number of projects	Average CRAZ committed / allocated funds per project (£k)
SO 1: Broadening the economic base	29	176
SO 2: Renew & strengthen sustainable tourism	33	289
SO 3: Assisting the restructuring of agriculture	16	684
SO 4: Enhancing primary agriculture	1	8
SO 5: Rural skills development	6	214
SO 6: Development & promotion of countryside products	1	28
SO 7: Supporting the rural environment	5	169
SO 8: Social & community regeneration	5	328
Total	96	306

- 5.16 CRAZ activity encompasses a very wide range of project sizes by expenditure, specifically:
- ❑ The largest project - Farm Connect Cumbria - alone accounts for 33.2% of committed funding (£9.76m)
 - ❑ The three largest CRAZ projects account for more than half (52.7%) of committed funds: Farm Connect Cumbria (SO3), Cumbria Lakes and Marketing Plan (SO2), and Enterprise for All Cumbria (SO1).
 - ❑ Six projects receive more than £1m, accounting for 66.2% of committed funds
 - ❑ Sixty-one projects are worth £100k or less, accounting for only 6.5% of all committed funds between them.
- 5.17 For a Programme that is designed to be a strategic deliverer of transformational projects, it is welcome that a large part of CRAZ funding has been earmarked to a limited number of sizeable projects. At the same time, however, the domination of Programme spend by a small number projects puts a significant amount of pressure on these to deliver for the Programme as a whole. One or two underperforming projects spending over £1m would impact severely on the Programme.
- 5.18 At the other end of the scale, there are implications for the delivery of so many small projects in terms of management cost and time, and the extent to which these small projects are capable of having a transformational effect in Cumbria.

Key evaluation issue

In project terms, the Programme looks rather misshapen, with several large strategic initiatives sitting alongside a considerable number of smaller interventions.

Expenditure to date

- 5.19 Table 5-8 overleaf outlines CRAZ expenditure, compared with lifetime targets, and match funding to date.

Table 5-8: Actual spend to date by projects under each Strategic Objective, compared to lifetime targets (Source: RRC data)

Strategic Objective	CRAZ spend to date		Progress against lifetime targets		Assumed match achieved to date (based on intervention rate)
	CRAZ spend to date (£k)	% of total by SO	Proportion of lifetime allocation spent to date	Spend still to come (£k)	
SO 1: Broadening the economic base	1,674	16.9%	32.9%	3,417	2,721
SO 2: Renew & strengthen sustainable tourism	5,096	51.4%	53.5%	4,437	8,007
SO 3: Assisting the restructuring of agriculture	1,780	17.9%	16.3%	9,170	1,942
SO 4: Enhancing primary agriculture	6	0.1%	80.8%	1	6
SO 5: Rural skills development	639	6.4%	49.8%	645	590
SO 6: Development & promotion of countryside products	28	0.3%	100.0%	-	60
SO 7: Supporting the rural environment	205	2.1%	24.3%	638	309
SO 8: Social & community regeneration	493	5.0%	30.0%	1,148	1,045
Sub total	9,921	100.0%	33.8%	19,456	13,809
Management & administration	2,208		62.0%	1,518	
Total	12,129		28.3%	30,708	13,809

- 5.20 Overall, projects have only spent one third of lifetime allocations to date. However, it is not possible to assess whether this was expected by 2005/06 Qtr 2 because RRC have been unable to provide project targets for spend to date. When the Programme commenced in 2003/04, offer letters did not break down target spend by year, and as a result it is not possible to assess whether project spend is on track or will hit the target until it is completed. On more recent offer letters, RRC have introduced an annual breakdown of target spend but, due to this partial information, it is not possible to provide a comprehensive picture of targets to date.
- 5.21 Greatest spend has been by projects under SO2. These projects have also made good progress against lifetime targets. Projects under SO3, on the other hand, have only spent 16.3% of lifetime targets, leaving over £9m to be spent over the next 2½ years.
- 5.22 It is also not possible to assess whether the match funding spent to date is on target, as it is not monitored. Again, this is a serious weakness. Following the approach used by RRC, an assumption is made that match funding has successfully been attracted based on the project intervention rate. This gives a leverage ratio of RAZ to match funding of £1:1.4, with projects under SO2 attracting the greatest amount of match funding by volume, at just over £8m.

Key evaluation issue

The absence of annual spending targets for all CRAZ projects, and the lack of match funding data, are major obstacles to effective performance monitoring.

Central costs

5.23 Table 5-9 below presents RRC’s management and administration costs. Figure for 2003/04 and 2004/05 are actual spend figures, and the following figures are forecasts (which were re-profiled at the end of 2004/05).

Table 5-9: RRC Management and administration costs - £k (Source: RRC documentation)

	2003/04	2004/05	2005/06	2006/07	2007/08	Total
RRC Management costs	935	799	950	651	392	3,726

5.24 The reduction in administration expenditure over time, and particularly for the final year, is of some concern. It is vital for sufficient administration to remain in place to the very end of the Programme in order to be able to make a final assessment on performance. What should be happening over time is that project development activity reduces, but is matched by an increase in monitoring and evaluative activity.

Outputs

5.25 It is still early days for the Programme in terms of output delivery, given the lag between establishing projects and achieving outputs. However, a number of factors should be considered nevertheless, including:

- ❑ The relevance of the Programme’s outputs
- ❑ The proportion of the Programme’s outputs which remain unallocated to live or completed projects
- ❑ The performance of existing projects to date.

Output relevance

5.26 Table 5-10 sets out the broad categories by which RRC monitor the programme’s outputs. There is a clear economic focus to the outputs, with some recognition of environmental and skills related outputs. However, there a number of output areas which are not captured, namely:

- ❑ **GVA created or safeguarded**, which would align the activities more closely with the productivity agenda. Job creation does not automatically equate to economic development, and is very much dependent on whether these jobs are in high value added sectors or activities
- ❑ **Visitor numbers and attendance at conferences and workshops**, which give some indication of progress against SO2 in particular
- ❑ **Social and community aspects** of the programme's activities, especially under SO8.

5.27 In April 2005, new output definitions and methods of calculation came into force, in line with the Regional Development Agency Tasking Framework, These new output definitions are being worked into the CRAZ Draft Annual Business Plan (2006-2007). Tasking Framework outputs now include 'businesses supported with management skills' and 'number of adults undertaking work based training', but continue to omit the missing outputs identified above. Outputs used in this report are expressed as 'old' Tier 3 Outputs for the purposes of comparability as, at the time of this evaluation, outputs had not been fully revised at the project level.

Output allocation

5.28 Table 5-10 presents lifetime output targets for RAZ funding as stated in *New Landscapes*. The current portfolio of projects (live and completed) should deliver well against jobs created or safeguarded, new businesses created, and skills. However, in terms of regeneration, there are still substantial outputs to be allocated to projects which will deliver on new or converted floorspace, hectares of land recycled and woodland created. The challenge for the Programme now is to ensure that new projects approved for RAZ funding will make significant contributions to these outputs.

Table 5-10: Output allocation to live or completed projects (Source: lifetime targets sourced from revised targets in *New Landscapes*, current project targets are from RRC data)

	CRAZ lifetime targets	Current project targets	% of CRAZ lifetime total
1. Jobs created or safeguarded	3,038	2,651	87%
2. Employment Support	-	3,375	-
3. New Businesses created	1,000	1,139	114%
4. Business Support	5,793	4,226	73%
5. Regeneration	-	6,483	-
New/converted floorspace (sq m)	15,000	5,538	37%
Land recycled (Ha)	60	-	0%
Woodland created	550	-	0%
6. Skills	1,500	2,091	139%

Notes: Original RDA Tier 3 Outputs have been used in this table

Project performance

- 5.29 Table 5-11 sets out outputs achieved to date, compared to lifetime targets. It is not possible to assess progress against targets to date because RRC did not set out annual targets on all offer letters and are therefore not able to provide this information. This is further weakness in the Programme's processes.

Key evaluation issue

The lack of annual output targets for all CRAZ projects is a further weakness in the Programme's processes.

- 5.30 Of the six categories against which RRC monitor progress, performance against 'skills' is good with 1,626 adults participating in work based training, or 78% of lifetime target. Two projects contributed to the majority of these outputs, namely Strengthening Rural Communities (41% of outputs) and IT Services to the Farming Community (30% of outputs). However, progress against all other outputs has been limited, putting additional pressure on projects to deliver outputs in the remaining years of the project.

Table 5-11: Project performance to date against lifetime targets (Source: RRC data)

	Lifetime target (number)	Achieved to date (number)	% of lifetime targets achieved to date
1. Jobs created or safeguarded	2,651	735	28%
2. Employment Support	3,375	888	26%
3. New Businesses created	1,139	332	29%
4. Business Support	4,226	784	19%
5. Regeneration	6,483	-	0%
6. Skills	2,091	1,626	78%

- 5.31 Projects under SO1 have played a key role in output performance to date, achieving 81% of all jobs created / safeguarded, 100% employment support and 97% new businesses created. Projects under SO4, SO6 and SO7 on the other hand have contributed very little to outputs achieved so far, and are not expected to do so over their lifetime.

Table 5-12: Output performance by Strategic Objective (Source: RRC data)

	SO1	SO2	SO3	SO4	SO5	SO6	SO7	SO8	Total
1. Jobs created or safeguarded	597	67	5	0.5	11	0	5.6	48.5	734.6
2. Employment Support	888	0	0	0	0	0	0	0	888
3. New Businesses created	322	5	2	1	2	0	0	0	332
4. Business Support	23	300	91	0	365	0	4.5	0	783.5
5. Regeneration	0	0	0	0	0	0	0	0	0
6. Skills	10	16	0	0	556	0	54	990	1,626

Summary

- 5.32 CRAZ is supporting a large number of projects, perhaps too many for the strategic level intervention it is supposed to be. The mix of project sizes suggests an inconsistency of approach in terms of how intervention should be managed. Project appraisal and development has to a large extent been reliant on the quality of projects that have come forward. Commissioning may have helped this, by providing a better focus of activity, and greater innovation in delivery. Overall, more risk and options analysis should have been undertaken at development stage. There is some good evidence of thinking in projects about their long term sustainability, post-CRAZ.
- 5.33 The funding focus in CRAZ has been on the 'new' NWDA money; the broader funding approach originally envisaged never really materialised, either at the level of Cumbria or the Region. The Programme demonstrates good levels of committed funds at this stage of its life, and allocations are broadly in line with the strong SO1/2/3 focus envisaged at the outset. Not a lot of spend was originally committed to areas like skills and environment, but they have nevertheless been under supported in terms of funding allocations to date.
- 5.34 In terms of funding, the Programme is dominated by a few very large projects. This carries the benefit of a more strategic approach to regeneration, and the potential risks to the Programme as a whole should they fail. At the same time, CRAZ is supporting a long tail of smaller projects, which are likely to take up considerable administrative time, while delivering little strategic benefit. Again, there appears to be an inconsistency of approach.
- 5.35 The Programme is faced with ensuring substantial levels of expenditure are met by projects in the final years of the Programme. This may have implications for the structure and role of the Programme's management, which has been focused to date on project development. Match funding seems to be on track, but further monitoring evidence is essential if this is to be confirmed.
- 5.36 The Programme has allocated a number of output areas well across existing projects, but there are still substantial regeneration outputs to be allocated, and dwindling time for them to be achieved. The absence of annual output targets for projects makes it difficult to determine performance to date. However, outputs show similar volume levels of achievement as spend. There is an expectation that output achievement will pick up as projects turn from establishment issues to 'full-throttle' delivery, but the targets nevertheless represent a considerable challenge.

6 Value for Money

Purpose: in this section, an assessment is made of Value for Money, from the perspectives of the economy, efficiency and effectiveness of the Programme's activities.

Economy

- 6.1 At this stage in the lifetime of the Programme, hard and fast judgements on the economy of the Programme, i.e. the price of the activities 'bought' by funders, are difficult to make. Furthermore, CRAZ's monitoring data does not provide evidence to back up any assertions on economy. This should be addressed. Specifically, the Programme should seek to compare the price it is 'buying' activities for compared to other similar rural development programmes.

Efficiency

Additionality of activities

- 6.2 In order to understand the net effects of the Programme, it is important to assess the extent to which activity would have happened without the involvement of CRAZ. Each of the projects which underwent review, and which our efficiency assessment is based on, has been 'scored' by the reviewer against the following additionality categories:
- ❑ **Positive effects - scale, timing and quality additionality** - the extent to which CRAZ involvement delivered projects that were larger in scale, brought about more quickly, or were of a higher quality than if the Programme had not existed
 - ❑ **Negative effects - leakage and displacement** - the extent to which the Programme's benefits have 'leaked' out of rural Cumbria; the Programme may reduce outputs or outcomes elsewhere.
- 6.3 Projects were marked on a range of 0 (no effect) to 5 (high effect), with negative effects being deducted from the positive. The results are set out in Table 6-1 overleaf.

Table 6-1: Project additionality

Additionality Criteria	Enterprise for All Cumbria	J38 Meat Processing Facility	Strengthening Rural Communities Fund	International Centre for Sustainable Uplands	Project Development Fund	Lakes+ Marketing Plan	COMET	Cumbria Festivals	Total
Positives									
Scale	3	5	3	4	3	4	3	3	28
Timing	2	3	2	3	2	3	3	2	20
Quality	3	4	2	3	3	3	4	2	24
Negatives									
Leakage	1	0	1	1	0	0	1	2	3
Displacement	1	0	0	0	0	0	1	0	2
Totals (positives less negatives)	6	12	6	9	8	10	8	5	

- 6.4 This is a qualitative judgement of the evaluation team. Nevertheless, the assessment suggests that the strongest additionality effects at this interim stage in the Programme have been in terms of scale, i.e. that CRAZ involvement has delivered larger interventions than would otherwise have been the case. To a lesser extent, CRAZ has enabled projects to be delivered more quickly and at a higher quality. With one exception, the assessment is that projects or activity would have come about without the involvement of CRAZ at some future time or in some different form. The exception is Junction 38, which appears to have been a genuinely innovative project which would probably not have gone ahead at all without CRAZ support.
- 6.5 There was some evidence of leakage and displacement effects at the sub-regional level. However, at the regional level, effects may be different, for example the potential of supporting Cumbrian tourism at the expense of tourism in the rural areas of Lancashire and Cheshire. Of the project reviews, the most substantial additionality was displayed by Junction 38 and the Lakes+ Marketing Plan. Smaller grant schemes, such as the Festivals Fund and Strengthening Rural Communities Fund did less well.
- 6.6 Overall, this paints a relatively encouraging picture of the Programme in terms of its additionality, although it should be remembered that the reviews were undertaken of relatively large scale, high profile projects, and that additionality for the large number of smaller projects may be considerably different. Moreover, a number of the initiatives are still developing operating momentum, so data on precisely what is emerging is still building.

Key evaluation issue

Based on the projects reviewed for this evaluation, the Programme appears to be delivering encouraging levels of additionality.

Comparative efficiency

- 6.7 There are few benchmarks available to judge what an acceptable ‘cost’ is for outputs produced in rural areas (it is assumed that costs for outputs delivered in *urban* areas will be substantially different, due to the relative ease of access to services, concentration of population, etc.). As a consequence, comparative efficiency calculations are difficult to make.
- 6.8 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 (created and safeguarded) were delivered. The same approach is used here to provide an indicative picture of Programme and project efficiency, as the job outputs are common to most 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.
- 6.9 Table 6-2 shows the differing levels of cost per job output (created and safeguarded) by Strategic Objective. The table demonstrates that there is a wide variation in performance across Strategic Objectives, from as little as £3.7k per job (SO1), which is surprisingly low for the rural area, to a high of £56.2k (SO 6); the average for the Programme as a whole is £11.1k. For ERDP, the range was £5k and £27k, with a programme average of £25k.

Table 6-2: Cost per job output (created and safeguarded), by Strategic Objective (Source: RRC data)

Strategic Objective	Total RAZ funding (£k)	Total target jobs created /safeguarded	Cost per job (£k)
SO 1: Broadening the economic base	5,091	1,389	3.7
SO 2: Renew & strengthen sustainable tourism	9,532	204	46.8
SO 3: Assisting the restructuring of agriculture	10,950	925	11.8
SO 4: Enhancing primary agriculture	8	0	30.2
SO 5: Rural skills development	1,284	35	36.9
SO 6: Development & promotion of countryside products	28	1	56.2
SO 7: Supporting the rural environment	843	31	27.0
SO 8: Social & community regeneration	1,641	67	24.4
Total	29,377	2,651	11.1

- 6.10 There is considerable variation within each Strategic Objective from project to project. For example, cost per job ranges from £0.3k (Community asset and re-investment trust) to £69.3k (a film office for Cumbria) within Strategic Objective 1, and from £6.6k (Darkest Muncaster) to £207.1 (Wordsworth Trust Business Development Programme) within Strategic Objective 2. This is arguably too wide a variety within a single programme.
- 6.11 ERDP is a different programme, and its evaluation took place in 2003. Nevertheless, it appears that, in comparison, average cost per job output from CRAZ is lower. Furthermore, 52% of job outputs are due to come from projects under SO1, at an average cost per job of £3.7k.
- 6.12 At one level, job creation at such a low cost can be viewed as an encouraging level of value for money. However, this presupposes that all jobs created have the same value and quality. In CRAZ's case, the low cost per job is likely in part to be indicative of employment creation in low value-added sectors, such as tourism, where jobs can be 'bought' more cheaply. By way of regional comparison, the mid-term evaluation of the Lancashire Rural Recovery Action Plan (SQW, 2005) recorded a Programme-level cost per job of £35k.

Key evaluation issue

While superficially encouraging, the Programme's low cost per job created may be indicative of a focus on low value-added employment opportunities.

Effectiveness

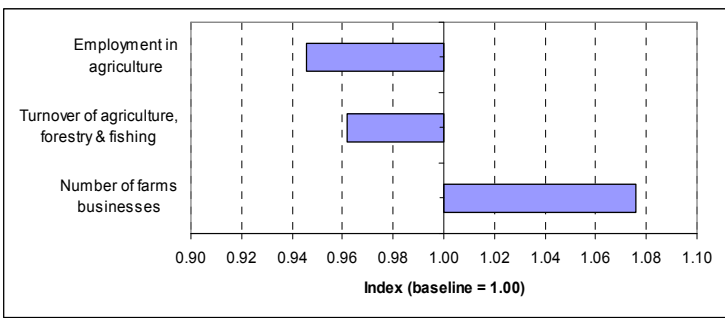
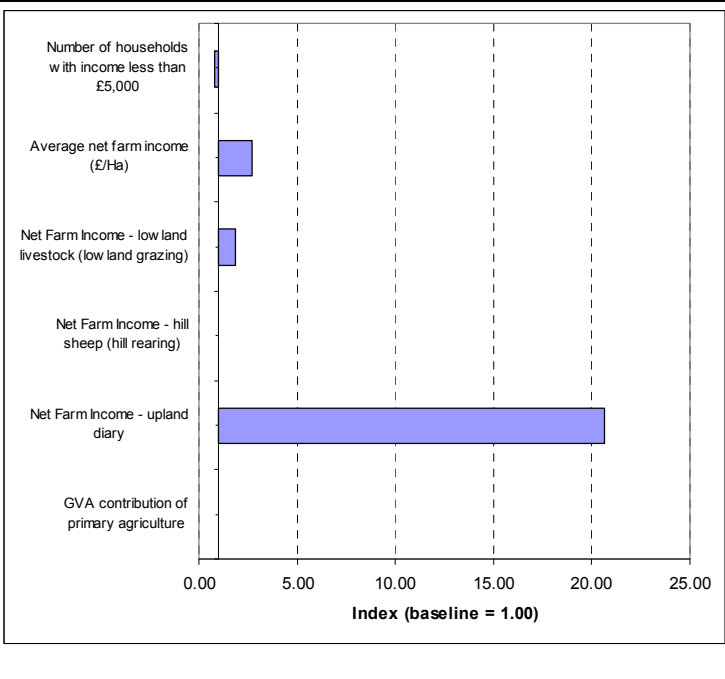
- 6.13 In terms of the effectiveness of CRAZ - the extent to which it is succeeding in meeting its objectives and outcomes - it is still too early for a definitive judgement. However, an update of the baseline, and other sub-regional data, gives an indication of developments to date.
- 6.14 Over the next few pages, a series of scorecards provide an overview of outcome change across the eight Strategic Objectives, in as far as this has been achievable with the data and information available. Where possible, the baseline indicators for CRAZ have been analysed. However, as has already been noted, the baseline was not a particularly strong one, so other proxy indicators have been used in order to give as comprehensive a picture as possible. Values greater than 1.00 indicate an improvement (where a fall is an improvement e.g. VAT de-registrations, the figures have been inversed to reflect the improvement). A system of red, amber and green 'faces' provide a summary indication of progress.

- 6.15 It should be noted that the extent to which an assessment can be made is dependent on the timeliness of the data available. Much of the data in the scorecards dates from 2003 and 2004 - too early to give a real indication of the Programme's impact. However, it should help to demonstrate a direction of travel for rural Cumbria, and help to guide CRAZ in its final years.
- 6.16 An assessment of the data follows the scorecards themselves.

Performance Scorecards

Strategic Objective	Index of performance against Strategic Objectives	Baseline date	Latest year	Commentary	Source	Traffic Lights
1. Broadening the Economic Base of Rural Areas	<p>Index (baseline = 1.00)</p>	2000	Jun 04 - May 05	The proportion of the working age population qualified to NVQ level 3 or above has increased by 11.5pp to 41%	LFS	😊
		2000	2003	The number of ICT related employment has risen by almost one third to 1,450 employee jobs	ABI	😊
		2000	2003	The number of ICT related businesses has doubled to 875 across Cumbria's rural districts	ABI	😊
		Jun 99 - May 00	Jun 04 - May 05	The number of working age people in employment has risen by 9% to 202k in 2004/05	LFS	😊
		2000	2003	The level of VAT de-registrations has shown signs of improvement, falling by 9% per annum	NOMIS	😊
		2000	2003	The number of VAT registrations has risen by almost 6% across rural districts in Cumbria	NOMIS	😊
		2001	2003	The stock of VAT registered businesses across rural districts of Cumbria has increased slightly (by 0.7%) to just over 16k businesses	NOMIS	😞

Strategic Objective	Index of performance against Strategic Objectives	Baseline date	Latest year	Commentary	Source	Traffic Lights
2. Renew & Strengthen Sustainable Recreation & Tourism	<p>Index (baseline = 1.00)</p>	2000	2003	The proportion of trips that use B&B or farmhouse accommodation has risen by 1pp to 12% of trips in 2003	CTB	😊
		2000	2003	The number of people employed in tourism / leisure related sectors in rural districts of Cumbria has fallen by 15% to just under 20k people	ABI	😞
		2000	2003	VAT registrations for tourism/leisure related businesses in rural districts has remained static at 275 per annum	NWRIU	😊
		2000	2004	The business stock of recreation, hotel and restaurant businesses has increased slightly by 0.5% to 2,185 businesses	NWRIU	😊
		2000	2004	The turnover of recreation, hotels and restaurant businesses in rural districts has increased by 13% to almost £560m	NWRIU	😊
		2000	2004	The Cumbria Tourist Board estimate that the economic impact of tourism has increased by 27% to over £1.1bn	CTB	😊
		2000	2003	The proportion of all tourist trips to Cumbria which stay in the countryside has risen by 7pp to 61% in 2003	CTB	😊
		2000	2004	The number of overnight visitor stays in Cumbria has increased by 15% to 5.4m	CTB	😊

Strategic Objective	Index of performance against Strategic Objectives	Baseline date	Latest year	Commentary	Source	Traffic Lights
<p>3. Assisting the restructuring of agriculture</p>		2000	2003	Employment in agriculture has fallen by 5.4% to approximately 12,600 people in 2003	NWRIU	☹️
		2000	2004	Turnover in agriculture, forestry and fishing has fallen by 3.8% to £471m	NWRIU	☹️
		2000	2003	The number of farm businesses has risen by 7.6% to just over 7,500	NWRIU	😊
<p>4. Enhancing the competitiveness & capability of primary agriculture</p>		2000	2003	The number of households with an income below £5,000 has risen by 26% to almost £20,000 households	NWRIU	☹️
		1999/00	2003/04	Average net farm income has risen from £75/Ha to £201/Ha	Farm Business Survey	😊
		2001/02	2003/04	Net farm income for lowland livestock has risen from £131/Ha to £239/Ha	Farm Business Survey	😊
		2001/02	2003/04	Net farm income for hill sheep has risen only slightly from £136/Ha to £137/Ha	Farm Business Survey	😐
		2001/02	2003/04	Net farm income for upland dairy has risen considerably from £6/Ha to £124/Ha	Farm Business Survey	😊
		2000	2003	The contribution of agriculture to Cumbria's GVA has fallen slightly from 3.3% to 3.2%	ONS	😐

Strategic Objective	Index of performance against Strategic Objectives	Baseline date	Latest year	Commentary	Source	Traffic Lights
<p>5. Rural skills development</p>	<p>Working age persons receiving job-related training in last 4 weeks</p> <p>Pupils Achieving 5 or More A*-C Passes at GCSE Level (or Equivalent)</p> <p>Skills/qualifications of rural area (NVQ 3 & 4)</p> <p>Index (baseline = 1.00)</p>	2000	2003	<p>The proportion of the working age population in rural districts who have received job related training in the last four weeks has increased by 3.3pp to 15.5% in 2003</p>	LFS	😊
		Sept 98 - Aug 99	Jun 04 - May 05	<p>The proportion of pupils achieving five or more GCSE passes at GCSE level has risen by 7.7pp to 55.3% in 2004/05</p>	DfES	😊
		Jun 99 - May 00	Sept 03 - Aug 04	<p>The proportion of the working age population with NVQ levels 3 and 4 has increased by almost 3% to 105,000 people</p>	LFS	😊
<p>6. Development & promotion of countryside products</p>	<p>Number of visitors to events held by Made in Cumbria</p> <p>Total number of events held by Made in Cumbria</p> <p>Number of local farmers markets supported</p> <p>Membership levels of branding networks (Membership of 'Made in Cumbria' organisation)</p> <p>Value of farm products sold through Made in Cumbria network</p> <p>Volume/value of countryside product/produce</p> <p>Index (baseline = 1.00)</p>	2000	2004/05	<p>The number of visitors to Made in Cumbria events has increased by one third to approximately 4 million</p>	Made in Cumbria	😊
		2000	2004/05	<p>The number of events held by Made in Cumbria has fallen very slightly to 170</p>	Made in Cumbria	😐
		2000	2004/05	<p>The number of farmers markets supported by the Made in Cumbria network has double to 84</p>	Made in Cumbria	😊
		2000	2004/05	<p>Membership of the made in Cumbria branding network has increased by 43% to 500</p>	Made in Cumbria	😊
		2000	2004/05	<p>The value of farm products sold through the Made in Cumbria network has doubled to approximately £1.5m</p>	Made in Cumbria	😊
		2000	2004/05	<p>The value of countryside produce has increased by 46% to roughly £4m</p>	Made in Cumbria	😊

Strategic Objective	Index of performance against Strategic Objectives	Baseline date	Latest year	Commentary	Source	Traffic Lights
7. Sustaining the rural environment		1999	2002	Woodland cover across Cumbria has increased slightly to 9.6% of the sub-region	Forestry Commission	😊
8. Delivering social & community regeneration		2001	2005	The proportion of households living within 2km of a doctors surgery or health centre has increased by 6.4pp to 63%	Country-side Agency	😊
		2000	2005	The proportion of households living within 2km of a primary school has increased by 3.6pp to 90%	Country-side Agency	😊
		2000	2005	The proportion of households living within 2km of a supermarket has increased by 9.6pp to 65%	Country-side Agency	😊
		2001	2005	The proportion of households living within 2km of a bank of building society has increased by 7.5pp to 65%	Country-side Agency	😊
		2001	2005	The proportion of households living within 2km of a post office has increased by 1pp to 89%	Country-side Agency	😊

Assessment of scorecards

- 6.17 Based on the data available, overall the picture for rural Cumbria looks positive, with most of the baseline and proxy indicators on a positive trend over time. However, there are areas where the indicators suggest a downward trend, specifically:
- ❑ **Reduced employment and turnover in agriculture, with stagnant GVA.** This is of concern, in that it is coupled with a rise in the number of farm businesses. This suggests that the sector is becoming less competitive over time. This needs to be watched carefully, given the significant levels of support provided to the sector through FCC
 - ❑ **Reduced employment in the tourism and leisure sector.** This may not necessarily be regarded as a negative. Reduction in employment, with growing sector turnover, suggests improved labour productivity for the sector.
 - ❑ **The proportion of households with low income,** which has increased over time.
- 6.18 These are issues that deserve further consideration by CRAZ. In addition, the lack of movement in the size of the business stock should be regarded as an issue of concern.

Conclusions

- 6.19 In as far as it is possible to make a judgement at this stage, CRAZ appears to be delivering its activities and outputs at acceptable levels of economy and efficiency. While it is judged likely that most of the Programme's activities would have happened in any case, had CRAZ not existed, the Programme has influenced the scale, timing and quality of the projects it has supported. There appears to be limited displacement or leakage of effects at the sub-regional level.
- 6.20 Using the benchmark of jobs created and safeguarded, outputs, CRAZ's cost per output is low compared to regional and national counterparts. However, this may reflect employment creation in low value-added sectors of the economy rather than an efficient programme *per se*.
- 6.21 Measurement of the Programme's objectives is limited by the broad nature of the Strategic Objectives and the lack of a detailed and relevant baseline. In addition, it is too early for much of the wider impacts of the Programme to have flowed through to effect outcomes. However, an assessment of indicators suggests that the picture in rural Cumbria is better than 2002, although problems still need to be addressed, especially around the value and competitiveness of the agricultural sector. The extent to which these indicators have

actually been influenced by Programme activity should be the subject of serious, adequately resourced ongoing monitoring and evaluation activity by RCC and project managers.

7 Process

Purpose: in this section, the structure and processes of the Programme are considered, including strategic leadership, procedures and management.

Delivery body

7.1 Expectations were raised significantly in the early days of RRC about how a private company regeneration vehicle could potentially deliver CRAZ. It was heralded as offering a range of benefits over traditional models, including:

- ❑ More focused leadership, through a Board dominated by individuals drawn from the Private Sector
- ❑ A strong strategic influencing role
- ❑ Tighter management structures
- ❑ Enhanced engagement with, and involvement from, the Private Sector as well as the Public Sector
- ❑ Treatment of CRAZ as an investment programme, not a grant dispensing body.

7.2 In practice, however, there has been little difference between the delivery of CRAZ through RRC and that of other similar programmes by traditional methods. Despite the raised expectations, delivery still looks and feels like it is led by the Public Sector. This is perhaps not surprising, and possibly inevitable, given that the shareholders are Public Sector bodies and funding also comes from the Public Sector. However, it is disappointing that the company approach has not delivered increased involvement of the Private Sector, which is lacking both in CRAZ and more widely in many regeneration programmes.

Key evaluation issue

It is disappointing that RRC has not delivered a substantially different delivery approach to that of traditional programmes, and has not succeeded in engaging greater Private Sector involvement.

Board leadership

- 7.3 Strategic leadership by the Board has been limited in its effectiveness throughout CRAZ's life. In the early days following RRC's formation, the Board was too heavily occupied by day-to-day issues, in particular getting projects off the ground and committing funding, rather than keeping one step ahead of operational matters. Disagreements with NWDA over funding issues were a subsequent distraction, and a change of Chief Executive further complicated the senior management and leadership picture. Over the last month, the Board has been further preoccupied with the transfer of CRAZ and RRC into Cumbria Vision, which is due to take place in April 2006. The image of the Programme is therefore of one which has had little sense of its strategic direction.
- 7.4 The challenge for the future is to set out a direction for the remainder of the Programme which seeks to make the most of current activity, shapes the remainder of any uncommitted resources, and helps to set the scene for whatever might come after CRAZ. The RRC Board will not be meeting again, as RRC is subsumed into Cumbria Vision. This has the potential to further muddy the Programme's strategic direction, and must be addressed urgently.

Key evaluation issue

There has been limited strategic direction of the Programme since the outset. The integration of RRC and CRAZ into Cumbria Vision should be grasped as an opportunity to address this.

Management and process

- 7.5 There appears to be a clear allocation of tasks, and a common understanding of responsibility across the RRC team. Key elements of each role are summarised in Figure 7-1 overleaf. There is a keen awareness among Programme Managers of the need to shift their focus from project development towards securing agreed outputs via monitoring and performance management, which is encouraging.

Figure 7-1: RRC team roles

<p>Chief Executive</p> <ul style="list-style-type: none">• Deliver against a duty of care to the programme and team• Provide strategic leadership for the programme, team and amongst wider rural development stakeholders• Be true to the core objectives of the programme; say NO when necessary <p>Policy and Planning Manager</p> <ul style="list-style-type: none">• Responsible for ‘operational programme management’• Critical friend to Programme Managers but without line management responsibility• Accountable to CEO and NWDA for compliance, monitoring and reporting• Co-ordinate and lead on policy and RRC input to wider sub-regional and regional policy development / consultations <p>Programme Managers</p> <ul style="list-style-type: none">• Project development and facilitation• Assess potential of project to meet programme objectives• Initial ‘appraisal’ and ‘smart’ project development• Project monitoring post implementation; critical friend and responsible for claims and performance monitoring <p>Delegated Programme Manager</p> <ul style="list-style-type: none">• Operational management of delegated funds• Assess applications against programme criteria, awards and claims process• Monitoring and performance assessment of external delivery• Internal claims process where relevant• Internal reporting

7.6 The area of systems and processes has been a challenging one for the Programme. It is acknowledged that the failure to implement an electronic information system (such as System K) had been a mistake, and as a consequence, claims and reporting systems are somewhat cumbersome and paper-oriented. This has probably contributed to the programme monitoring challenges outlined below.

7.7 All parties involved with programme management and project development have experienced difficulties with the appraisal and approval system, particularly when the value of applications exceeded the delegated limit (£250k) and had to be referred to the NWDA. There have been several cases where the impact of delays generated from this process appears to have been prejudicial to projects and to the impression that applicants formed of the Programme.

Key evaluation issue

There is a need to sharpen up the appraisal and approval system, in collaboration with NWDA, to ensure it is more responsive to project needs.

Programme Monitoring

7.8 As previous sections have noted, there are some serious flaws in the monitoring processes for the Programme, in particular:

- ❑ The lack of annual spending and output targets for all projects
- ❑ The absence of verified match funding data, both in overall terms and the split between Public and Private Sector leverage
- ❑ Insufficient verification of claimed outputs.

7.9 The absence of this information has proved problematic for the purposes of this evaluation and, more importantly, must limit the extent to which the Programme's management is able to track ongoing performance in real time. RRC are well aware of these failings and are taking steps to improve matters. Progress in this area must be rapid, given the limited time left for the Programme.

Key evaluation issue

There is an urgent requirement to improve programme monitoring processes.

Role of the RST

7.10 The Regeneration Support Team (RST) at Cumbria County Council plays an important supportive role in the administration of CRAZ. The support provided originally focused on the appraisal of project proposals and the processing and endorsement of claims. However, as the scale of activity and spend has increased over time, and project development has slowed, the RST has become increasingly involved in the monitoring of projects and compliance issues. This reflects a lack of capacity within the RRC to carry this out entirely by themselves, but an independent input is to be welcomed.

7.11 It is important to understand that monitoring activity undertaken by the RST should not be viewed as a substitution for similar activity by the Programme's management. RST monitor on behalf of the accountable body (Cumbria County Council), and this is perhaps more akin to an audit function. In addition, a more evaluative process should be carried out by RRC to ensure that projects are performing well in the overall context of the Programme. As has already been shown, it is evident that current monitoring processes do not offer RRC sufficient information to allow them to assess what has been achieved by the Programme to date and, more importantly, whether the Programme is on track to deliver its outputs and outcomes by 2008. This needs to be addressed urgently. However, with some 96 projects,

a pragmatic approach needs to be applied to the monitoring of activity, with a focus on the largest and most significant projects.

Future developments

- 7.12 The implications and uncertainties caused by the planned integration into Cumbria Vision have had a negative impact on the morale of Programme staff. This sense of unease and frustration has been compounded by the related moratorium on recruitment and its impact on the workload of the organisation. The loss of the Compliance Manager, and gap in Programme Management capacity, is also keenly felt. While these issues are not viewed as having prejudiced delivery of the overall programme, it is likely that the ability of the Programme's staff to operate with optimum effectiveness has been impaired.

Summary

- 7.13 Delivery through a Private Sector regeneration company has, in practice, been little different to traditional methods. The company model would expect to deliver strong, focused leadership, with tight structures and the ability to influence at a strategic level. For RRC, this has not been the case. Public Sector methods and culture still dominate, and there has been a lack of engagement with the Private Sector.
- 7.14 Programme management is widely recognised to have improved over time. However, there remains a serious lack of information and monitoring activity to provide reassurance that the Programme is on track and capable of meeting its ultimate objectives, while also embedding learning. There is an urgent requirement to put procedures in place to improve in this area of management.

8 Conclusions and recommendations

Purpose: in this Section, the conclusions of the study are presented, together with our recommendations on those changes for maximise CRAZ's impact over its remaining lifetime, and suggestions for future programme development.

Conclusions

Rationale

- 8.1 There was a valid rationale for Public Sector support in rural Cumbria in 2002. Market failures existed that provided a justification for Public Sector intervention. In particular, the agricultural sector, and other aspects of the rural economy, were hit hard by FMD, and the market cannot have been expected to self-correct. Information asymmetry existed, particularly between the farming sector and its key markets, and there was a public good argument that supported intervention in order to maintain the quality of the natural environment. In addition, there were social and distribution failures that needed correcting.
- 8.2 In 2005/06, many of the market failures still remain, although the immediate effects of FMD no longer pertain. Viewed from the perspective of the productivity agenda, which is now more evident in public policy, the case for intervention in Cumbria's rural areas still remains, but a more focused rationale for CRAZ exists. This suggests that the Programme should concentrate on delivering improved output and productivity performance through higher-level skills, with more business starts and greater employment in higher value-added sectors.
- 8.3 From the outset, CRAZ has struggled to balance supporting the 'recovery' of traditional sectors, such as agriculture and tourism, in the wake of FMD, and encouraging the long term strategic restructuring of the economy. Subsequently, there has been a welcome shift towards support for a longer-term economic growth approach. However, delivery of this approach will be limited to an extent by the fact that it has occurred relatively late in the Programme's life.

Objectives

- 8.4 The Programme's Strategic Objectives have been of limited use in directing CRAZ activity. The relevance of using regional objectives at sub-regional level was not sufficiently

considered (either in Cumbria or the other sub regions), and the fact that the Strategic Objectives superseded those developed by Cumbria partners themselves caused confusion. The Strategic Objectives are very broadly cast and do not help in ensuring that CRAZ activity is focused on specific areas of need or opportunity, sectoral or geographical. The absence of a strong baseline has weakened the objectives further, and makes measurement of progress very difficult. This should have been picked up and dealt with at an early stage of the Programme's development.

- 8.5 Operationalising of the Strategic Objectives is viewed as having contributed to the delivery of 'silos' of activity, rather than the programme-wide holistic approach that was hoped for. This has been compounded by the absence of the broader funding base which was expected at the outset of the Programme (again, not unique to Cumbrian delivery of Rural Renaissance), and the allocation of strategic themes to specific Board members.
- 8.6 The Strategic Objectives will not change over the lifetime of the Programme, but the relative emphasis of each, and the balance between them can be, and should be, reviewed in the light of rural Cumbria's current needs. In particular, viewed from 2006, the objectives have promoted too heavy a focus on the agricultural and tourism sectors, and not enough on broadening the business base. More generally, activity and the Programme's direction also need to be reshaped in the light of the productivity agenda.

Strategic fit

- 8.7 The Programme had a good strategic fit in 2002, and to an extent its planned approach has been vindicated by wider policy developments since. The rural and economic development policy environment is undergoing constant change, and the Programme will need to ensure that it makes the most of potential linkages with developments such as the new RES, its new sub-regional delivery structure, and the RRDF. These need to be seen as opportunities, rather than threats.

Delivery arrangements

- 8.8 In 2002, existing delivery structures were fragmented and lacked coverage of the whole of rural Cumbria. Given the scale and scope of the impact of FMD, a broader delivery mechanism was required. Political sensitivities at the sub-regional level argued against placing such a large amount of new development money in the hands of a single existing mainstream partner. A new intervention was therefore justified.

Activities

- 8.9 At a project level, CRAZ looks somewhat imbalanced, with many relatively small scale interventions being supported, compared to what might be expected of a strategic level programme of this kind. The desire to get activity up and running in the early stages of the Programme led to a focus on relatively small interventions, which were not what was required for the substantial challenges that faced rural Cumbria. Although most project funding is now allocated, there may be value in ‘clumping’ similar smaller projects together and leveraging synergies.
- 8.10 The shape of the project portfolio has been limited by a reliance on the quality of project applications that have come forward. This has meant that the Programme is supporting projects, rather than ‘buying’ solutions to tackle rural Cumbria’s specific needs. Commissioning may have helped here, by providing a better focus of activity and greater innovation in delivery. Commissioning should now be the way forward for remaining project spend.
- 8.11 Within the current suite of projects, there is modest evidence of genuinely innovative delivery or activity. This is disappointing, given the early expectations that a private regeneration company would provide a more creative approach.

Inputs

- 8.12 The Programme demonstrates good levels of committed funds at this stage of its life, and allocations across the Strategic Objectives are broadly in line with the strong SO1/2/3 focus envisaged at the outset. Lower levels of expenditure were expected in areas like skills and environment, but they have been under-supported in terms of funding allocations to date.
- 8.13 The Programme’s finances are dominated by a few very large projects. This carries the benefit of a more strategic approach to regeneration, and also the potential risks to the Programme as a whole should they underperform. At the same time, CRAZ is supporting a long tail of smaller projects, which are likely to take up considerable administrative time while delivering little strategic benefit. This suggests an inconsistency of approach.
- 8.14 The Programme must ensure that substantial levels of expenditure are achieved by projects in the final years of the Programme. This may have implications for the structure and role of the Programme’s management, which has been focused to date on project development. Match funding seems to be on track, but further monitoring evidence is needed to confirm this.

Outputs

- 8.15 The Programme has already allocated a substantial proportion of its outputs to existing projects, but there are still significant numbers of regeneration outputs to be allocated, and dwindling time for them to be achieved. The absence of annual output targets for projects makes it difficult to determine performance to date. However, outputs show similar volume levels of achievement as spend. There is an expectation that output achievement will pick up as projects move into full speed delivery, but the Programme's outputs targets nevertheless represent a considerable challenge.

Value for money

- 8.16 In as far as it is possible to make a judgement at this stage, CRAZ appears to be delivering its activities and outputs at reasonable levels of efficiency. While it is judged likely that most of the Programme's activities would have happened in any case, had CRAZ not existed, the Programme has influenced the scale, timing and quality of the projects it has supported. There appears to be limited displacement or leakage of effects at the sub-regional level.
- 8.17 Using the benchmark of jobs created and safeguarded, outputs, CRAZ is delivering its outputs efficiently, compared to regional and national counterparts. However, the Programme's low cost per job created may be indicative of a focus on low value-added employment opportunities.
- 8.18 Measurement of the Programme's outcomes is limited by the broad nature of the Strategic Objectives and the lack of a detailed and relevant baseline. In addition, it is too early for much of the wider impacts of the Programme to have flowed through to effect outcomes. However, an assessment of indicators suggests that the picture in rural Cumbria is broadly positive, although problems still need to be addressed, especially around the value and competitiveness of the agricultural sector. The extent to which these indicators have actually been influenced by Programme activity should be the subject of ongoing monitoring and evaluative activity by RCC and project managers.

Process

Structure

- 8.19 Delivery through a Private Sector regeneration company has, in practice, been little different to traditional methods. The company model would expect to deliver strong, focused leadership, with tight structures and the ability to influence at a strategic level. For RRC, the reality has been different. Public Sector methods and culture still dominate.

Board

- 8.20 The RRC Board appears to have been slow to grasp governance issues, which impacted negatively on the reputation of RRC in the early days, and has not been thrown off. It has contributed to a certain amount of Programme ‘capture’ by better-organised sectors more experienced at applying for assistance, particularly agriculture and tourism.
- 8.21 Strategic direction through the Board has been limited, with too great a focus on project detail and approval rather than running CRAZ as an investment programme.

Management

- 8.22 Programme management is widely recognised to have improved over time. However, there remains a serious lack of information and monitoring activity to provide reassurance that the Programme is on track and capable of meeting its ultimate objectives. It is hard to accept that a programme of this size does not have annual spending targets, output targets and actual match funding figures for all of its projects. There is an urgent requirement to put procedures in place to improve in this area of management.

Recommendations

- 8.23 The recommendations from this study have been split into two sets. The first set focuses on ways in which the performance of the Programme can be improved over the remainder of its operational life. The second set provides more general suggestions on future programme development, based on the experiences of CRAZ to date.

For CRAZ

A focus on productivity

- 8.24 The productivity agenda needs to drive CRAZ activity from now on. The alignment of the Programme to this policy imperative is vital if the key economic issues in rural Cumbria - declining output and worker productivity - are to be tackled. This should include a review of the Programme objectives in the light of the key productivity drivers identified in this report. CRAZ should seek to tighten its focus, sectorally and geographically, to ensure it hits the key areas of need and opportunity in rural Cumbria.

- ❑ **Recommendation One:** Where possible, the Programme should seek to bend existing and planned activity to the key areas of the productivity agenda identified in this report

- ❑ **Recommendation Two:** A review of the Programme’s objectives is required to provide a tighter focus on intervention where it is most needed

Improved performance monitoring

8.25 As the Programme moves into its final two years of operation, there will be an increasing need for CRAZ management to demonstrate the impact of its supported activities. The extent to which this is possible at present is severely limited by the monitoring procedures in place.

- ❑ **Recommendation Three:** Monitoring procedures need to be improved as a matter of urgency, especially the capture and verification of CRAZ expenditure, match funding, and outputs, along with clear annual targets for projects
- ❑ **Recommendation Four:** The Programme needs to ensure that it has the appropriate configuration of staff to see out its operational life, particularly in the area of project monitoring

A clear strategic direction

8.26 The Programme is in need of a strong, clear strategic lead, especially as it moves into the new sub-regional delivery structure of Cumbria Vision.

- ❑ **Recommendation Five:** With the establishment of Cumbria Vision, there is a need for an early identification of a strategic group to oversee CRAZ and provide a clear direction for the remainder of the Programme’s life

A more creative approach

8.27 The extent of ‘new’ activity that is possible through the Programme is now limited. However, where possible, CRAZ should seek to deliver on the original expectations of a creative and innovative approach to economic development. This may include a commissioning approach to new projects, and use of different funding instruments to promote the idea of funding recycling. Also, the Programme should be willing to be more extrovert and build on ideas from elsewhere.

- ❑ **Recommendation Six:** A commissioning-based approach to new project activity should be adopted
- ❑ **Recommendation Seven:** The Programme should seek to use a greater variety of funding instruments and move away from supporting projects through grants alone

- ❑ **Recommendation Eight:** CRAZ should take a more ‘extrovert’ approach to new interventions, drawing on ideas from elsewhere

Fewer projects

8.28 CRAZ has supported too many relatively small projects, which diverts valuable programme management time and limits the extent to which the Programme is likely to deliver genuinely transformational change. ‘Clumping’ similar small projects together might simplify oversight procedures and start to provide additional benefit.

- ❑ **Recommendation Nine:** The Programme’s suite of smaller projects should be reviewed to establish the extent to which they may be ‘clumped’ together for easier oversight and improved impact.

For future programmes

Tighter objectives underpinned by a strong baseline

8.29 A comprehensive baseline is essential in order to ensure that a programme is aware of where it is starting from, and has a point against which progress can be measured. This needs to be linked directly to a set of tight strategic objectives which ensure a focus of activity where it is most needed.

- ❑ **Recommendation Ten:** Strong and rigorous baselines are required for programmes from the outset
- ❑ **Recommendation Eleven:** Programmes must develop tighter, SMARTer objectives to maximise their effectiveness and promote better programme monitoring and evaluation

Promoting investment activity

8.30 Large strategic programmes like CRAZ should increasingly be viewed as investment vehicles, rather than just methods of dispensing grants. A more flexible approach to funding, such as the use of loans and other funding methods, offers a chance to move away from the tendency of grant dependence in some areas of economic development. It also provides an opportunity for the recycling of funding, with the returns from successful investments being ploughed back into new interventions.

- ❑ **Recommendation Twelve:** Strategic programmes should seek to recycle their funds through the use of a wider range of funding methods, in order to reduce grant dependency and increase the extent of funding recyclability

Improved delegation mechanisms

8.31 The mechanisms for delegation of funding and authority need to be as clear as possible. An inconsistent approach to delegation causes unnecessary confusion within the programme deliver and management process, and is a source of frustration to projects. Furthermore, strategic programmes with large budgets need to be provided with adequate delegation levels from the outset in order to be taken seriously by their partners.

- ❑ **Recommendation Thirteen:** Clear and unambiguous delegation mechanisms between programme funders and management must be in place from the outset
- ❑ **Recommendation Fourteen:** Delegation levels in terms of funding and decision making need more clearly to demonstrate confidence in the ability of programmes to deliver on their objectives.

Annex A

Individuals formally consulted

Individuals formally consulted

Stakeholders	Role and organisation
Steve Heaton	NWDA
Ray Kessler	GONW
Ralph Howard	Director, Community, Economy & Environment, Cumbria County Council
Ruth Atkinson	Eden District Council
Roger Roberts	Chief Executive, Voluntary Action Cumbria
Andrew Beeforth	Director, Cumbria Community Foundation
Ian Stephens	Chief Executive, Cumbria Tourist Board
David Brockbank	Chairman, Cumbria Vision
Jim Lowther	Lowther Estates
Dr Graham Baldwin	Director for Cumbria, University of Central Lancashire
Bob Clark	Executive Director, Cumbria Rural Enterprise Agency
Paul Davies	Chief Executive, Eden Housing Association
Charles Woodhouse	Chairman, Rural Regeneration Cumbria
James Carr	Vice Chairman, Rural Regeneration Cumbria
Alistair Wannop	Board member, Rural Regeneration Cumbria
Kate Braithwaite	Chief Executive, The Carnegie Trust
Audrey Taylor	Economic Development Officer, South Lakeland DC
David Martin	Head of Regeneration, Allerdale Borough Council
Allan Haile	Acting Head of Regeneration, Cumbria County Council
Gillian Elliott	Manager, Regeneration Support Team
Prof. Paul Wellings	Board member, Rural Regeneration Cumbria
Bob Pointing	Chief Executive, Westlakes Renaissance
Programme Staff	
Kate Willard	Chief Executive
Richard Pealing	Policy & Planning Manager
Martyn Staveley	Programme Manager (Business)
Jenny Benson	Programme Manager (Tourism & Environment)
Pat Allison	ERDF & ESF Programme Development and Delivery Support Manager
Michael Clarke	Delegated Fund Manager and Communications

Annex B

Project Reviews

Centre for Outdoor Management, Education and Training (COMET)

Issue	Response
Market Failure	The devastating impact of FMD on the Cumbrian tourism industry and an absence of any facility specifically designed to assist in the development of the Cumbrian outdoor activities sector
<p>Rationale:</p> <ul style="list-style-type: none"> • Why Public Sector intervention at all? • Why not delivery through existing providers? • Why delivery through RRC? 	<p>The rationale for the Project was based on the following key elements:</p> <ul style="list-style-type: none"> • The repercussions of the Foot and Mouth Disease on the Cumbrian tourism industry, and associated levels of unemployment in the area • Formal demand from local SMEs and industry bodies for a Centre designed specifically to assist in the development of the Cumbrian outdoor activities sector, whose needs were not being supported in any other form at that time. <p>The rationale for this project was primarily built on research undertaken in 2000. The key findings from this piece of research specifically relating to the COMET project, were</p> <ul style="list-style-type: none"> • Growth of participation in outdoor leisure activities • A significant shortage of suitable qualified leaders • A high level of response to a primary research survey at 72%, of which 82% confirmed they looked to recruit staff with specific, higher level qualifications • Local businesses expressed an interest • Industry under pressure to meet stricter guidance on Health and Safety, employment and legislation • SMEs in the industry suffer from few formal networking opportunities <p>The original research process involved extensive consultation with SME representatives from the industry and, to ensure the research findings remained relevant and valid in 2003 when the project commenced, Industrial Liaison Committee Members were consulted and confirmed that these needs had still not been met.</p> <p>The second element of the project's rationale has been built on a sound evidence base, and shows clear need for the project and demand from the outdoor activities sector. The evidence base informing the impact of FMD on the tourism industry could, however, be supported with more robust and detailed evidence. Nonetheless, the rationale was valid, timely and relevant at the time the project was set up.</p>
<p>Objectives</p> <ul style="list-style-type: none"> • Relevance to rationale • Fit with Strategic Objectives • SMARTness • Fit with wider policy agendas 	<p>The aims of the project, based on the original application form can be broadly summarised as follows:</p> <ul style="list-style-type: none"> • Support and create self-sustaining jobs and safeguard existing ones • Assist in the creation of new markets and products • Support and advise businesses on the development of new and high-growth sectors • Promote an increase in the level of professional competence • Promote and support spin-outs and developments • Help develop ICT and knowledge transfer in the region • Sustain the rural economy of Cumbria. <p>Essentially the main focus of the project was to provide a Centre which could support the outdoor activities sector, through creating employment, advising on business development, re- and up-skilling of the workforce, and providing facilities for business networking and knowledge transfer.</p> <p>It is evident that the headline intentions of the project are broader than those identified above, and include the integration of outdoor activities with tourism and sport, which will in turn break down perceived barriers between the sectors and extend the scope of outdoor activities, and attract additional tourists to the area.</p> <p>The aims are broad and wide-reaching, and well aligned with the rationale. On the whole, the aims are reasonably SMART, in that they are specific, measurable and relevant (although not time-bound).</p> <p>The project's aims are well aligned with the Strategic Objectives of the CRAZ Programme, directly contributing to SO1 (Broadening the Economic Base), SO2 (Renew and Strengthen Sustainable Recreation and Tourism) and SO5 (Rural Skills Development). Furthermore, <i>New Landscapes</i> highlights outdoor recreation and education as a sector that will become increasingly</p>

	important to the Cumbrian economy, and identifies the COMET Centre as playing a key role in this.
Options explored and reasons for project choice	<p>During the project development phase, three options were considered:</p> <ul style="list-style-type: none"> • Option 1 - do nothing • Option 2 - Proceed as planned but within existing resources • Option 3 - Provide new specialist, dedicated facilities. <p>Option 1 was discounted as the clearly evidenced demand for the project would not be addressed in any other way, and opportunities would therefore be missed. Option 2 was claimed to put ‘immense pressure’ on existing resources. Therefore the decision was taken to proceed with Option 3 which would, as UCLAN argued, ‘allow the University’s business and innovation agenda to develop and provide a focus for local business and communities in Cumbria’. RRC judged this to be an appropriate decision, and that the proposed project would represent value for money.</p>
Activity - description and identification of target beneficiaries	<p>The main area in which CRAZ funding was spent was on the construction of the Centre. The project did experience some delays in construction, due to the refusal of planning permission and the subsequent re-location to a different site, which impacted upon the completion date and costs (the latter have covered by UCLAN). The construction process is now complete, enabling the project to engage in a range of additional activities, including:</p> <ul style="list-style-type: none"> • Training workshops on issues such as outdoor health, training and skills development, and arts in the outdoors • Facilitation workshops, including SME networking events to develop new product and marketing ideas, and share best practice • Learning conferences to enable knowledge transfer between UCLAN and the business community, and skills development • Provision of conference facilities for externally run events, such as the World Challenge event • Provision of incubation facilities for SMEs, e.g. ICT facilities, accommodation. <p>The project management have encouraged the activities which take place at the Centre to evolve and adapt to changing needs and demands of the outdoor activities sector, and is continually seeking to take advantage of new opportunities. For example, in response to a need to provide activities for disenfranchised youths and a demand from the agricultural sector to become involved in outdoor activities, a ‘Homeward Bound’ project was set up, in which youths were participated in camping, trekking and farming skills activities with Young Farmers in the area. This clearly shows a pro-active and responsive approach to project management, and is a key strength of the project.</p> <p>As the project’s activities are delivered from a central location at COMET, they are delivered in a highly integrated fashion.</p> <p>The project’s activities are well aligned with those set out in the original proposal form, and appear wholly suitable to meet the project aims. The activities identified above are also suitable to address Strategic Objective 5 as intended, in that they assist in improving the competitiveness of business through the development of human capital. The influence of activities extend beyond SO5, to impact upon SO1, broadening the economic base of rural areas through the outdoor sector and linking this up with other industries in the sub-region such as sport and tourism, and SO2, renewing and strengthening sustainable recreation and tourism.</p>
Financial analysis	<p>Total project Value: £1,141.8k CRAZ contribution: £724.9k (intervention rate of 63%) Match funding: £416.9k (Objective 2 ERDF)</p> <p>By 2005/06 Qtr 2, the project had spent a total of £440.9k of the allocated CRAZ funding. Due to delays in the construction of the Centre, the project has experienced a considerable under-spend of CRAZ funding (£284.0k). As RRC do not monitor match funding spend, we can only assume that, based on an intervention rate of 63%, just over £163k in match funding has been levered to date. It appears that, due to the refusal of planning permission initially and the consequent re-location, costs have increased slightly. All additional costs have been borne by UCLAN.</p>
Output and outcome analysis	<p>Outputs</p> <p>The NWDA target outputs for the project were:</p> <ul style="list-style-type: none"> • 14 new jobs • 382m² of new building space

	<p>Information provided by project management indicates that, at the time of this evaluation, the building phase was complete and four new jobs had been created. Delays in the construction of the building have resulted in an under-achievement of jobs created to date.</p> <p>The lifetime output targets for the project are reasonably realistic given the scale of the project, although are slightly ambitious in the time period specified, as it is only once the construction phase was complete that it could begin to generate jobs.</p> <p>The outputs selected are relevant to the activities taking place. However, a number of the activities' key outputs are not captured, such as number of, and attendance at, conferences and workshops, number of people achieving qualifications and additional skills. Arguably, a large proportion of the project's activities involve improving business competitiveness and opportunities, and enabling people to get better jobs rather than creating new jobs.</p> <p>Monitoring systems</p> <p>The project has already implemented a well developed and efficient monitoring system, which is collected, collated and stored using UCLAN's standard electronic monitoring system on a monthly basis. The monitoring system captures project outputs beyond those identified in the returns forms, including the number of participants at events, workshops and conferences to gain feedback. Additionally, SMEs using the Centre will be monitored longitudinally (every six months) to assess the impact of the Centre's activities on their business, for example on business income, and how their market and skills needs are changing. This information will then be used to inform and shape the Centre's future activities.</p> <p>Outcomes & impact</p> <p>The Centre officially opened in October 2005, shortly before this review. As a result, it is too early to fully assess the project's outcomes. However, early indications suggest that the project has already had positive impacts on individual businesses taking part in workshops and networking events, primarily in capacity building and knowledge development. This has been confirmed by positive comments received from business beneficiaries. In the long term, activities at the Centre are likely to enable participating businesses to diversify more quickly into wider markets, and thereby boost the local economy.</p> <p>The project has also effectively engaged with harder to reach groups during its short lifetime. Examples of this activity include the 'Homeward Bound' project discussed above, and a 'Wilderness Camp' where disenfranchised and excluded youths camp and learn survival techniques in an area of woodland managed by the Centre.</p> <p>Staff at UCLAN and members of the Steering Group have undertaken a steep learning curve, particularly in the process of constructing the Centre. The Centre provides a forum for regional and national experts in the field to work in partnership, stimulating the generation of innovative ideas on how the outdoor industry can develop.</p>
<p>Value for money:</p> <ul style="list-style-type: none"> • Economy • Efficiency, including additionality, displacement and leakage • Effectiveness 	<p>The potential additionality brought about by this project is considered to be high. A similar facility is not available elsewhere in the sub-region, and so the project is not considered to present risk of displacement. Through hosting national conference and workshop events, the Centre is attracting additional 'tourists' to the area, which will inevitably have a knock on effect on local services such as catering suppliers, hotels and bed and breakfast accommodation. Given the scope of future outcomes, the project is judged to represent value for money.</p> <p>The project has been delivered in an effective and efficient way by UCLAN as the lead organisation. To date, members of the Steering Group have been very enthusiastic and supportive of the project, and have worked effectively in partnership to add considerable value to the project. Not only does the diverse range of members provide a wide range of networks and contacts on which the project can draw, but it also encourages the generation of new ideas and opportunities which promote joined up thinking, for example between outdoor activities and the tourism, skills, learning and education sectors.</p>
<p>Recommendations on future reshaping</p>	<p>The project was future-facing from the outset, with a clear continuation strategy. The Centre has now been fully mainstreamed by UCLAN, as originally intended. Due to the successes of this project, UCLAN are now in the process of developing a bid for 'COMET 2'. This initiative aims to up-skill and re-skills those in the tourism industry, and will be operated in partnership with the existing COMET Centre.</p>

	<p>A number of positive lessons can be learnt from this project. As a result of a well evidenced rationale, the aims and activities were clearly defined and well aligned with the Strategic Objectives of CRAZ. Through delivering the project's activities at a central location and employing an enthusiastic and diverse steering group, the project and its activities have been delivered in a highly integrated fashion. Furthermore, the activities are evolving and adapting to changing needs and demands of the outdoor activities sector, and are continually seeking to take advantage of new opportunities, for which it should be credited.</p>
--	--

International Centre for Sustainable Uplands

Issue	Response
Market Failure	A failure of rural policy makers to join up their thinking with regard to rural development, and as a result, significant gaps in the knowledge base. Additionally, intervention was required to address low income levels of those living and working in the Cumbrian uplands.
<p>Rationale:</p> <ul style="list-style-type: none"> • Why Public Sector intervention at all? • Why not delivery through existing providers? • Why delivery through RRC? 	<p>The rationale for the Project was based on the following key elements:</p> <ul style="list-style-type: none"> • Gaps in knowledge base and a lack of joined up rural development activity. The drive towards evidence based rural development highlighted substantial gaps in the Cumbrian knowledge base and a failure to take a joined up approach to knowledge sharing and rural development • Low incomes in upland areas. The problems of low incomes was highlighted and exacerbated by the Foot and Mouth Crisis, and against this backdrop there was a need to raise GVA in upland areas. <p>At the time the project was set up, the intervention was valid in that it sought to undertake research which could then provide an evidence base to inform how rural regeneration and policy development could best address problems of low incomes and GVA in upland areas.</p> <p>However, the evidence which supported the rationale was limited. Statistics on GVA at the sub-regional level are robust and relevant to the first element of the rationale, showing that in 2003, GVA per head in Cumbria was only £12,217, compared to £14,269 in the North West and a national average of £16,485¹⁴. But the gap in knowledge was based on perceptions from Cumbria County Council and other partners, rather than hard evidence to identify specifically where the gaps were.</p>
<p>Objectives</p> <ul style="list-style-type: none"> • Relevance to rationale • Fit with Strategic Objectives • SMARTness • Fit with wider policy agendas 	<p>The main aim of the project, based on the original application form and consultation with the project manager can be summarised as follows:</p> <ul style="list-style-type: none"> • To provide a forum to bring together academic expertise, local agencies' knowledge and the communities of businesses and residents to identify needs, commission research and development projects, and test and implement initiatives <p>In addition to this main aim, the project also intends to:</p> <ul style="list-style-type: none"> • Gain a world reputation for innovative thinking and judicious practice in managing uplands, and create a global centre for excellence in research and action-into-practice • Develop a vision for uplands development over the next 20-50 years • Host and co-ordinate an international community of sustainable uplands knowledge • Assess international ideas for sustainable upland development within an integrated sub-regional policy for economic regeneration <p>To achieve these goals the Centre intended to employ a core team of experts who would develop strong links internationally and with private and voluntary sectors at the grassroots as a means to develop and share intelligence.</p> <p>The project's aims are well aligned with the rationale, with a strong focus on co-ordinating local, national and international upland research and information sharing, which will in turn assist in raising GVA in upland areas in the longer term. The aims are somewhat broad, lacking detail on areas which require researching in particular. It is unsurprising that an innovative project like the Uplands Centre has found it difficult to specify this level of detail, but the vagueness of aims has led to some uncertainty around the direction of the Centre now that it is up and running. Furthermore, the aims are difficult to measure and therefore do not qualify as being 'SMART'.</p> <p>Strategic fit</p> <p>The project was originally designed to address SO7 (Sustaining the Rural Environment) of the CRAZ programme. The rationale and aims of the project are clearly aligned with this Objective, and arguably have a secondary fit with other Objectives such as SO1 (Broadening the Economic Base), SO2 (Renew and Strengthen Sustainable Recreation and Tourism) and SO3 (Assisting the Restructuring of Agriculture). The Objectives that the project contributes to are largely dependent upon the type of research undertaken at the Centre - for example, the first piece of research looked into social capital within upland communities, which directly addresses SO8 (Delivering Social and Community</p>

¹⁴ Source: ONS

	<p>Regeneration).</p> <p>The aims of this project also fit well with the cross cutting priority theme of ‘sustaining the natural economy’ in <i>New Landscapes</i>, and will undoubtedly contribute to the development of knowledge to evidence the economic significance of the natural environment and ensure interventions are environmentally sustainable.</p> <p>Beyond the CRAZ Programme, the project aligns with other strategic frameworks, such as:</p> <ul style="list-style-type: none"> • The Rural Strategy (2004), which prioritises ‘enhancing the value of our countryside’ to protect the natural environment for this and future generations • The Draft Rural Delivery Framework for the North West (November 2005), which identifies ‘enhancing the value of our rural environmental inheritance’ and ‘supporting sustainable farming and food’ as a headline rural priorities for the Region.
Options explored and reasons for project choice	<p>The only other option considered during the project development phase was ‘business as usual’. It was argued that, without an intervention to take the lead in knowledge development and sharing, the sub-region would continue to lack input of ‘fresh ideas’ and ‘thinking across the traditional spatial, sectoral and institutional barriers’ to address rural challenges. However, no other options were considered to identify the most appropriate activities to fulfill the project aims.</p> <p>The RRC application appraisal stated that, without RRC funding the Centre might have carried on with fewer core staff and fewer projects and activities. However, it also raised the risk that the other major funder, Cumbria County Council, would withdraw their support, in which case the Centre would not be established.</p>
Activity - description and identification of target beneficiaries	<p>The main activities of the project are intended to be primary research and hosting and co-ordinating local, national and international uplands events. The Centre was established in April 2004, but appeared to get off to a slow start, not holding the first annual conference (which was designed to identify the Centre’s work programme) until November 2004. Nevertheless, since then the Centre has hosted a number of regional and national events, participated at international conferences and completed the first research study on the implications of social capital in hill farming areas for policy development. Activities have included the following:</p> <ul style="list-style-type: none"> • Community Based Activity in the Uplands - Opportunities and Limits, November 2004 - this was the Centre’s first annual conference which examined the opportunities and limitations to community based development in the uplands, and concluded with recommendations for the work programme of the Upland Centre. The conference was attended by a range of agencies, councils, communities, businesses and individuals with an interest in sustainable uplands development • Research Study, April 2005 - this study involved research into the implications of the social capital of traditional hill farming on policy for the delivery of public goods in the Uplands • ESRC Seminar - Valuing the Uplands, May 2005 - this event aimed to influence the way in which public programmes in upland areas are appraised and evaluated • 6th Form Conference, October 2005 - working in partnership with the University of Central Lancashire, Cumbria Institute for the arts and Aim Higher Cumbria, the Centre held a conference specifically for sixth formers from across the sub-region on the interpretation of landscape <p>The research element of the work programme appears extremely well organised and structured. The research team at the Centre carry out extensive consultation, for example through meetings with strategic stakeholders, surveys with local residents, conferences and workshops, to assess the demand for research. Following this, a long list of topics are presented to the Steering Group to prioritise based on their policy usefulness. The research team then work with relevant partners to develop the selected research topics further. Throughout the process, partnership working at all levels is extensive to ensure any research undertaken addresses need in a joined up way.</p> <p>In addition to the activities identified above, the Centre has also developed wider linkages, both nationally and internationally, within the upland environment field. There is, however, one key barrier preventing the project achieving its potential to become an internationally recognised Centre of excellence - communication. Current dissemination, promotion and marketing of the project’s activities and successes are insufficient, rarely reaching beyond the agencies and partners involved in the activities. This is recognised as a weakness of the project, and there is a commitment to a more proactive approach in the</p>

	<p>future.</p> <p>The work programme and the overall strategic direction of the Centre are guided by a Steering Group, consisting of representatives from Lancaster University, Cumbria County Council, RRC, University of Central Lancashire, Voluntary Action Cumbria, NWDA and seven individuals involved in upland activities in the sub-region. The Steering Committee members add considerable value to the project. Not only do they ensure that activities are strategically aligned with other activity taking place elsewhere in Cumbria and further afield, but they also champion the Centre and its activities in the wider policy arena. Partnership working beyond the Steering Group has been somewhat ad hoc so far, depending on the activities undertaken. More recently the Centre has formed an 'Advisory Group' of local business and strategic stakeholders and community members which meet on an informal basis to identify gaps in knowledge and research required - it is essential that these partnerships become a more formalised, structured part of the Centre's activities.</p> <p>To summarise, the Centre's activities are wholly suitable to meet the project aims, and as the Centre becomes more established the international linkages and recognition will be strengthened. The primary beneficiaries of the Centre have so far been strategic partners benefiting from knowledge accrued from the research, but in the longer term, it is envisaged that Upland Communities will ultimately be the beneficiaries.</p>																									
Financial analysis	<p>Total project value: £736.6k CRAZ contribution: £416.6k (Intervention rate of 56.6%) Match funding: £300k from Cumbria County Council and £20k from the Lake District National Park Authority</p> <p>Table 8-1: Funding Profile (Source: Offer Letter)</p> <table border="1" data-bbox="539 898 1315 1077"> <thead> <tr> <th></th> <th>Yr 1 (£k)</th> <th>Yr 2 (£k)</th> <th>Yr 3 (£k)</th> <th>Total (£k)</th> </tr> </thead> <tbody> <tr> <td>RAZ funding</td> <td>110.6</td> <td>144.8</td> <td>161.2</td> <td>416.6</td> </tr> <tr> <td>Match funding</td> <td>NA</td> <td>NA</td> <td>NA</td> <td>320.0</td> </tr> <tr> <td>Total Project Costs</td> <td></td> <td></td> <td></td> <td>736.6</td> </tr> <tr> <td>Intervention rate</td> <td></td> <td></td> <td></td> <td>56.6%</td> </tr> </tbody> </table> <p>By 2005/06 Qtr 2, the project had spent a total of £114.9k of the CRAZ funding, which is £140.5k less than expected.</p> <p>The Centre was not up and running until April 2004, which was six months into Year 1, and the project has experienced changes in key staff members (the original Centre Director left in July 2005 and as a result the Deputy Director shifted from part to full-time to fill the position). The amount of under-spend does suggest that either insufficient time was allowed for the project to become established and develop its portfolio of activities, or delays in initiating activities (due to difficulties in getting partners to agree a consensus approach) has led to a substantial amount of funding (£301.7k) needing to be spent in the final year. It is essential that the project is more proactive in driving activities forward in the third year of funding.</p>		Yr 1 (£k)	Yr 2 (£k)	Yr 3 (£k)	Total (£k)	RAZ funding	110.6	144.8	161.2	416.6	Match funding	NA	NA	NA	320.0	Total Project Costs				736.6	Intervention rate				56.6%
	Yr 1 (£k)	Yr 2 (£k)	Yr 3 (£k)	Total (£k)																						
RAZ funding	110.6	144.8	161.2	416.6																						
Match funding	NA	NA	NA	320.0																						
Total Project Costs				736.6																						
Intervention rate				56.6%																						
Output and outcome analysis	<p>Outputs</p> <p>The contracted outputs for this project are to create four new jobs and one new business, of which two new jobs and 0.5 new businesses will be claimed as NWDA outputs.</p> <p>Monitoring information provided by RRC indicates that all four jobs have now been created through employing staff at the Centre. The project is yet to generate the new business, and it is unclear from the documentation available and discussions with the project's management how the project intends to generate this output.</p> <p>The outputs above are of limited relevance to the project's activities, and are insufficient to measure progression against the project aims. There are a number of outputs which might be more appropriate, such as number of research studies undertaken and number of conferences held.</p> <p>Outcomes & Impact</p> <p>The Centre is still finding its feet, but early signs of outcomes are encouraging. The Centre has already developed a national profile within the field of upland research, resulting in a number of academics expressing an interest in working with the Centre. Furthermore, anecdotal evidence suggests the first research study on social capital has been well received by local policy makers, and the project manager believes that research findings have infiltrated rural policy making at the national level.</p> <p>At the local level, the Centre's activities have led to improved joined up working</p>																									

	<p>within the policy arena and enabled partners to gain a better understanding of local need. The project manager also believes that involvement of the local community in research studies will lead to local ownership of policy changes arising from the work, although it is too early to support this assertion with evidence.</p> <p>The delivery organisation and partner agencies on the Steering Group have also benefited from the project. Through working in partnership to identify gaps in knowledge and undertake research work, partners have become more aware of other partners' agendas. The Centre effectively provides a forum through which partners can form a consensus view on how the research should be taken forward, and are therefore more likely to be going in the same strategic direction. Furthermore, through community consultation, partners have gained a better understanding of rural issues in upland areas.</p> <p>A fundamental problem for the Centre at the moment is capturing its impact, particularly where outcomes are qualitative. The project manager has not yet developed a system to monitor these wider impacts, believing that many of the outcomes are 'non-measurable'. However, it is essential that all outputs are monitored effectively if the Centre is to put forward a strong case for future funding once current funding programmes end.</p>
<p>Value for money:</p> <ul style="list-style-type: none"> • Economy • Efficiency, including additionality, displacement and leakage • Effectiveness 	<p>The level of additionality for the Centre is reasonably high, given that the Centre has adopted an innovative approach to bring together a wide range of local, national and international agencies in the field of upland research that would not have taken place otherwise. Nothing similar is available elsewhere in the sub-region.</p> <p>The extensive process of stakeholder consultation used to identify research topics suggests the Centre's activities are effective in identifying and addressing need. The impact of the Centre on the wider Cumbrian economy is likely to be indirect as the evidence produced by research activity feeds into rural policy which in turn influences incomes and GVA. The project essentially plays a supportive role, providing an evidence-based input to policy development, rather than being transformational itself.</p>
<p>Recommendations on future reshaping</p>	<p>There are some areas in which the project could be improved, including:</p> <ul style="list-style-type: none"> • Identifying clearly defined and specific project aims, which are agreed by the project steering group at the outset - delays in coming to a consensus on the Centre's purpose have delayed the project's progress, and resulted in a lack of clarity on the initial activity portfolio • The dissemination and promotion of activities and research findings, especially if it is to become an internationally recognised Centre of excellence for upland research, and if potential benefits are to be maximised • Monitoring of outcomes and impacts, as they are currently insufficient. This is, in part, linked back to the slightly vague aims and objectives at the outset, and the consequential lack of focus. However, it is crucial that effective monitoring systems are developed if the project is to evidence its impact and secure future funding.

Project Development Fund

Issue	Response
Market Failure	A market failure existed in that small organisations were unable to fund the development of ideas into feasible projects, thereby risking the efficient and effective allocation of RRC funding.
<p>Rationale:</p> <ul style="list-style-type: none"> • Why Public Sector intervention at all? • Why not delivery through existing providers? • Why delivery through RRC? 	<p>The rationale for the Project was based on the following two key elements:</p> <ul style="list-style-type: none"> • A demand from the local community for assistance with developing project ideas into feasible projects as organisations often find this process difficult • A need for RRC to ensure that funding was allocated to full-scale projects which were feasible, particularly given a context of limited programme funds <p>In the early stages of CRAZ, RRC found that a number of ideas were coming forward for funding, although required support to develop them into full-scale project proposals before funding could be awarded (if appropriate). The cost and time taken to develop a full proposal were unfeasible for many small organisations, and support was not available elsewhere to assist in this process. RRC, in consultation with NWDA and CCC, identified this as a gap in the market and therefore developed the PDF to address the market failure.</p> <p>The rationale for this project seems reasonably relevant and valid at the time the project was set up. However, specific and quantitative evidence on the demand for the project does not seem to be available, which raises questions on the robustness of the original rationale.</p>
<p>Objectives</p> <ul style="list-style-type: none"> • Relevance to rationale • Fit with Strategic Objectives • SMARTness • Fit with wider policy agendas 	<p>The aim of the project, based on the original application form appears to be:</p> <p><i>‘to establish a Project Development Fund to support the development of programmes and projects by RRC’.</i></p> <p>The project application also states that ‘the fund would be focused on developing projects that would draw on RRC NWDA funding, Rural EDZ funding and other relevant NWDA funding’.</p> <p>Essentially, the project manager believes that the main aim of the project was for RRC to develop successful new projects, which in turn successfully met the strategic objectives of the Next Steps Strategy. This focus, to develop strategically relevant and feasible projects, is well aligned to the second element of the rationale relating to RRC’s need to fund successful projects. But it departs somewhat from the first element of the rationale relating to the needs of the local community.</p> <p>Strategic fit</p> <p>The project is reasonably well aligned with the Strategic Objectives of CRAZ, in that the project development process will bring about projects that are feasible and strategically relevant. Although, arguably the project’s contribution to achieving these Objectives is indirect, largely dependent on which types of projects are granted the Fund, and is unlikely to bring about transformational change itself.</p>
Options explored and reasons for project choice	No other options were considered during the project development phase, suggesting that the project manager did not assess whether this was the most cost-effective way of delivering the intervention.
Activity - description and identification of target beneficiaries	<p>The project’s main activity is to provide seed funding to enable applicants to develop their project ideas. Successful applicants can use this funding to undertake the following activities:</p> <ul style="list-style-type: none"> • Options appraisals, including elements of market research • Feasibilities studies to assess the suitability of a future project • Research Studies that will assist in the development of a specific project or programme • Economic and Environmental Impact Assessments of a proposed project or programme. <p>A Project Steering Group, consisting of representatives from RRC, CCC, and NWDA, were tasked with selecting projects on a monthly basis. The selection criteria focused the projects’ strategic fit with CRAZ, value for money and sustainability of the full-scale project. Applicants could apply for up to 100% of the study costs, with an upper threshold of £15,000. The project does not appear to have been publicised at the outset; rather</p>

	<p>applicants have been sourced from organisations approaching RRC for full scale project funding.</p> <p>Table 8-2 below provides examples of applicants who were successfully granted the PDF. In total, some 38 projects have been supported by the Fund. Once an organisation has been awarded funding, the RRC project manager provides assistance in selecting a suitable consultant to carry out the work, and provides continuous support to help manage the appointed consultants throughout the study.</p> <p>Table 8-2: Examples of Successful Project Development Fund Applicants</p> <table border="1" data-bbox="639 456 1370 824"> <tr> <td>Cumbria Outdoor Education Development Study</td> <td>Solway Aviation Museum Feasibility Study</td> </tr> <tr> <td>Cumbria Asset Re-investment Trust</td> <td>Senhouse Roman Museum Options Appraisal</td> </tr> <tr> <td>Made in Cumbria Business Planning</td> <td>Dairy Processing Study</td> </tr> <tr> <td>Theatre by the Lake Phase 2 Feasibility Study</td> <td>Wealth of Wildlife Economic Outputs Study</td> </tr> <tr> <td>Cumbria Historic Environment Invest Strategy</td> <td>Redevelopment Options Study at Nenthead</td> </tr> <tr> <td>Cheese Processing Facility Study</td> <td>Lakeland Sports Heritage centre at Grasmere</td> </tr> <tr> <td>Crofton Rural Enterprise Centre Project Development</td> <td>Keswick Museum Feasibility Study & Business Plan</td> </tr> </table> <p>Notes: Highlighted projects are those which have, or are in the process of being, developed into full scale projects</p> <p>The activities of the project have been spread across the entire sub-region, with approximately 40% based in the South Lakeland district. It appears that one project, Udale Speciality Foods Ltd, is based in the district of Lancaster, lies outside of the target area. However, consultation with the grant recipient suggests that the Fund was used to develop the ‘Cumbria Fellbred Products’ arm of the company.</p> <p>In summary, the activities appear suitable to meet the project aim, in that projects which have undertaken a feasibility study are more likely to be successful if developed fully using CRAZ funding, and thereby deliver against the programme’s strategic objectives. Due to the variety of projects in receipt of PDF, the project cuts across all eight Strategic Objectives, although the extent to which the project impacts upon these objectives depends on which ideas are fully developed as a result of the feasibility study.</p> <p>Although partnership working is limited to RRC, CCC and NWDA representatives on the Project Steering Group, this arrangement has considerable knowledge of local need and existing programme activity, and has therefore been successful in ensuring that studies selected are well aligned to the wider sub-regional and regional strategic context.</p>	Cumbria Outdoor Education Development Study	Solway Aviation Museum Feasibility Study	Cumbria Asset Re-investment Trust	Senhouse Roman Museum Options Appraisal	Made in Cumbria Business Planning	Dairy Processing Study	Theatre by the Lake Phase 2 Feasibility Study	Wealth of Wildlife Economic Outputs Study	Cumbria Historic Environment Invest Strategy	Redevelopment Options Study at Nenthead	Cheese Processing Facility Study	Lakeland Sports Heritage centre at Grasmere	Crofton Rural Enterprise Centre Project Development	Keswick Museum Feasibility Study & Business Plan
Cumbria Outdoor Education Development Study	Solway Aviation Museum Feasibility Study														
Cumbria Asset Re-investment Trust	Senhouse Roman Museum Options Appraisal														
Made in Cumbria Business Planning	Dairy Processing Study														
Theatre by the Lake Phase 2 Feasibility Study	Wealth of Wildlife Economic Outputs Study														
Cumbria Historic Environment Invest Strategy	Redevelopment Options Study at Nenthead														
Cheese Processing Facility Study	Lakeland Sports Heritage centre at Grasmere														
Crofton Rural Enterprise Centre Project Development	Keswick Museum Feasibility Study & Business Plan														
Financial analysis	<p>PDF is a delegated fund (2003/04 - 2004/05) Total project cost: £618.4k CRAZ contribution: £385.4k (intervention rate of 62%) Match funding: £233k (sourced or provided by applicants themselves)</p> <p>As shown in Table 1, just over 80% of the CRAZ funding was expected to be spent in the second of the two-year project. However, grant applications were for smaller amounts than expected, and as a result, the project experienced an under-spend by the end of Year 2. In response to this, the lifetime of the project has been extended by one year to the end of 2005/06, with agreement from RRC and CCC.</p> <p>Table 1: Actual project spend to date</p> <table border="1" data-bbox="647 1760 1370 1906"> <thead> <tr> <th></th> <th>Actual amount spent to date (2005/06 Qtr 2) £k</th> <th>Profile to date £k</th> <th>Difference £k</th> </tr> </thead> <tbody> <tr> <td>CRAZ</td> <td>281.8</td> <td>385.4</td> <td>103.6</td> </tr> <tr> <td>Match</td> <td>107.1</td> <td>233.0</td> <td>125.9</td> </tr> </tbody> </table> <p>Notes: Actual match funding spent to date is based on calculations using the RAZ intervention rate of 62%</p> <p>By 2005/06 Qtr 2, 73% of CRAZ funding had been spent, although the remaining £103.6k has now been allocated to approved studies. Individual</p>		Actual amount spent to date (2005/06 Qtr 2) £k	Profile to date £k	Difference £k	CRAZ	281.8	385.4	103.6	Match	107.1	233.0	125.9		
	Actual amount spent to date (2005/06 Qtr 2) £k	Profile to date £k	Difference £k												
CRAZ	281.8	385.4	103.6												
Match	107.1	233.0	125.9												

	<p>grants awarded ranged from £2,250 (Udale Speciality Foods Limited) to the upper threshold of £15,000, (numerous projects including Made In Cumbria Business Planning, Theatre By the Lake Phase 2 Feasibility Study and Development of Grizdale Arts headquarters), and averaged at just over £10,200 per project. The intervention rate on individual studies (ratio of RAZ funding to match funding) varied from 20% to 100%.</p>												
Output and outcome analysis	<p>Outputs</p> <p>The project has made good progress against targets set out in the original offer letter, providing support for 38 studies (Table 8-3). The project is also on track to meet the target of 15 projects fully developed. There is inevitably a lag time between carrying out a feasibility study and developing the full scale project, so it is possible the outputs of this project will exceed the original target, but that this will take place beyond the project lifetime.</p> <p>Table 8-3: Output performance (Source: Offer letter and information provided by the project manager)</p> <table border="1" data-bbox="651 667 1369 835"> <thead> <tr> <th></th> <th>Target total</th> <th>Achieved to date</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Number of studies supported</td> <td>40</td> <td>38</td> <td>-2</td> </tr> <tr> <td>Number of projects fully developed</td> <td>15</td> <td>12</td> <td>-3</td> </tr> </tbody> </table> <p>On the whole the performance against output targets has been good. The current conversion rate of feasibility studies supported developing into full projects is 31.6%, slightly below the target of 37.5%. However, this figure does not specify whether projects are developed fully with or without the assistance of RRC, and therefore extends beyond the original project aim to 'establish a Project Development Fund to support the development of programmes and projects by RRC'. In order to measure progress against this aim more closely, an additional output to capture the number of projects fully developed using RRC support might be more appropriate.</p> <p>Outcomes & Impact</p> <p><i>Measuring the impact</i></p> <p>The project intends to measure the overall impact of the project by the number of PDF clients that approach RRC for CRAZ funding to develop full-scale projects, which is well aligned with the original project aim ('to establish a Project Development Fund to support the development of programmes and projects by RRC'). However, once studies are completed there is no formal monitoring of whether projects develop further, so it is unclear how this impact will be captured.</p> <p>At the time of this evaluation, four of the 38 organisations who had received PDF grants had gone on to receive CRAZ funding to develop the project idea further or for full-scale project delivery, with an additional two organisations awaiting approval of their funding application. This gives a conversion rate for CRAZ funding of 16% (i.e. 6 out of 38 PDF clients have applied to RRC for CRAZ funding). As discussed above, there is inevitably a lag time between feasibility study completion and applications for further funding, and the project manager expects this conversion rate to increase over the following 18 months. Although, given that the majority (99%) of CRAZ programme funding has already been assigned to projects (proposed, live or completed), we question the extent to which this is possible.</p> <p><i>Impact on beneficiaries</i></p> <p>On the whole, the beneficiaries consulted found the process of applying for the grant straight forward and flexible. Most felt in control when selecting and managing consultants, although some thought that their own objectives and RRC's agenda were not always compatible. The project has clearly resulted in a range of knock-on benefits, including:</p> <ul style="list-style-type: none"> • The ability of organisations to put a stronger, more informed case forward to potential funders • The development of a clearer, more rounded view of the business potential 		Target total	Achieved to date	Variance	Number of studies supported	40	38	-2	Number of projects fully developed	15	12	-3
	Target total	Achieved to date	Variance										
Number of studies supported	40	38	-2										
Number of projects fully developed	15	12	-3										

	<ul style="list-style-type: none"> • Capacity building within applicant organization itself, particularly in terms of dealing with consultants • Enabling a business selling local produce to wider markets and thereby expand their business base • Making a business more profitable in the long run by using the study outcome to refocus the commercial approach. <p>The beneficiaries consulted did express some frustrations with the project. The original project application states that the project will ‘help to generate an overall perception of RRC as a responsive and effective body that is able to assist applicants through all stages of their project activity’, and this appears to have been the impression imparted by RRC to participants of the PDF. However, in practice, this follow through does not appear to have taken place for some participants where, despite feasible and strategically relevant options being identified by feasibility studies, RRC have refused full-scale funding applications or have not provided advice on how the feasible projects might be taken forward. There might be valid reasons behind these decisions, although evidence suggests that communication mechanisms have not been as effective as they could have, or that participants had false expectations of what the project itself would involve.</p> <p><i>Impact on delivery organisation</i></p> <p>The project has also brought about benefits for the delivery organisation, RRC. By assisting organisations to develop their ideas further, RRC has been able to invest RRC funding on projects which are based on feasible ideas with a robust evidence base, and therefore more likely to be successful and deliver against the Programme’s Strategic Objectives.</p>
<p>Value for money:</p> <ul style="list-style-type: none"> • Economy • Efficiency, including additionality, displacement and leakage • Effectiveness 	<p>Evidence suggests that the project has brought about significant additionality. In the absence of the PDF, beneficiaries believed some studies would have taken place on a significantly smaller scale (to limited effect), but the majority would not have taken place at all. A number of beneficiaries consulted felt that this would have led to substantial amounts of funding being spent on inappropriate or unsustainable projects. None of the beneficiaries consulted were aware of any other project available with equivalent levels of flexibility, and as a result the project’s activities were not substituting or overlapping with other interventions.</p> <p>No leakage has occurred and the risk of displacement is low.</p>
<p>Recommendations on future reshaping</p>	<p>A continuation or exit strategy has not been developed for this project, and as a result its activities will terminate in March 2006. In a context where the majority of PDF and wider RRC funding has been committed, there does not appear to be a need for RRC to continue this project.</p> <p>However, there are some areas in which the project could have been improved, particularly in monitoring and evaluation. First, electronic collation and storage of monitoring information appears to be limited to grants made on an annual basis, which limits the extent to which detailed information be shared with partners. Second, there is a fundamental problem with the existing monitoring system in that it fails to formally monitor individual projects’ development once studies have been completed. This raises questions regarding how the output of 12 ‘projects developed fully’ is monitored and validated. It is therefore not possible to make an evidence based assessment of progress against the PDF project aim. Third, the amount of match funding actually levered has not been formally monitored by the project manager.</p> <p>Additionally, there appears to have been a lack of clarity around the purpose of the project, and what it was designed to do, both during the development phase, and amongst project beneficiaries. Also, the project may have been able to avoid grants being lower than anticipated, and the subsequent short fall in spend, by undertaking primary research into what small organisations needed and demanded.</p>

Cumbria Lakes+ Marketing Plan, 2004-2007

Issue	Response
Market Failure	FMD crisis leading to a cessation of much of Cumbria's visitor economy during spring 2001, and the consequential impact on the perception of Cumbria as a visitor destination from media coverage of FMD.
<p>Rationale:</p> <ul style="list-style-type: none"> • Why Public Sector intervention at all? • Why not delivery through existing providers? • Why delivery through RRC? 	<p>An integrated overseas and domestic tourism marketing plan coordinated by Cumbria Tourist Board. The Project was a response to the NWDA's 'vision for tourism in England's North West'. The objectives of the programme are to take the industry forwards towards the future by means of a range of marketing activities over the four-year period 2004-2007.</p> <p>The plan was developed in response to the FMD crisis resulting in the closure of much of the fells area, the consequential negative perception of Cumbria as a destination leading to a collapse in visitor numbers. CRAZ funding was used as public investment to provide additional marketing and promotional funds to the industry in order to allow it to address the negative associations of FMD, and support the development of an improved and more resilient visitor economy.</p>
<p>Objectives</p> <ul style="list-style-type: none"> • Relevance to rationale • Fit with Strategic Objectives • SMARTness • Fit with wider policy agendas 	<p>The project directly supports CRAZ SO2 (An improved visitor economy), and is directly aligned with the Regional Tourism Strategy which identifies the 'renaissance of the lake district' led by the 'attack' brand of the Lakes and supported by thematic campaigns.</p> <p>The project provides a strong fit with RES and sub-regional economic strategies, and developed from the Cumbria Market Forecasts research (2002) carried out by Locum Destination Consulting.</p>
Options explored and reasons for project choice	<p>The technical appraisal carried out by Cumbria County Council concluded that:</p> <p>Details of considered options have been given. Main justification for increased support from NWDA is:</p> <ul style="list-style-type: none"> • Pressure on local authority budgets • Need for post-FMD change in practice/ increase in activities • Other options have not been costed or compared • Request is for 71.4% of costs. Remainder from 'private' sources (advertising & membership revenues) <p>VFM is offered by achievement of key targets in local and regional strategies - this is the level of investment required to achieve significant economic impact in the county. The work to be undertaken is of a highly specialised nature - there is no other countywide organisation able to undertake the work. Competitive tendering will identify the most cost effective ways of undertaking activities.</p> <p>The intention to support some form of 'step-change' in Cumbria's visitor economy is apparent across the RES, Regional Tourism Strategy and CRAZ Next Steps. It appears that RRC, Cumbria CC and NWDA were happy to rely upon the applicant to define how public funds should best be invested to achieve this. Whilst there was a certain amount of 'negotiation' around the detail of the project; this mainly related to 'funding process' and did not seek to further investigate the proposed activity or means of delivery.</p>
Activity - description and identification of target beneficiaries	<p>An integrated overseas and domestic tourism marketing plan coordinated by CTB including the following activities over a four year period 2004-2007:</p> <ul style="list-style-type: none"> • Agreement of Cumbria DMO and attack, slipstream

	<p>and development brand relationships, activities and resources</p> <ul style="list-style-type: none"> • Agreement of Cumbria brand architecture in accordance with the proposed NW and England brand architecture • Major key-brand national media campaigns based upon the Lake District - Heart of Cumbria attack brand. • Further development of Cumbria - Hidden Treasure slipstream brand campaign. Providing dedicated support for Eden, Eastern Dales, Carlisle, and Cumbria's Coastal Areas • To publish a range of tourism promotion material including The Lake District Holiday Guide, Active Cumbria, Cumbria Gardens, the Cumbria Touring map and Guide and the Camping and Caravanning Guide. Includes conversion analysis and targeted promotional campaigns • To strengthen group travel promotional activity within the county, using a focused and market driven approach. This will include the production of a series of itineraries for groups that complement the broader Lake District - Heart of Cumbria and Undiscovered Cumbria campaigns and the creation of a group travel website • The continued promotion and development of tourism websites • The provision of co-ordinated public relations activity to support all of the above. • Evaluation and monitoring work <p>Target beneficiaries were the tourism businesses of Cumbria, together with the local supply chain (i.e. specialist local food producers, outdoor activity providers); holistically, the sub-regional economy. The application also cited the visitor as a potential beneficiary, although this view has been re-assessed during evaluation.</p>
Financial analysis	<p>Total Project Value: £5.6 million (2004 - 2007) CRAZ contribution: £4 million Private sector / applicant: £1.6 million</p> <p>The contribution from the private sector comes from the sale of advertising and promotional space within the published guides (area and thematic), budgeted at £400,000 per annum.</p> <p>To date (2.25 years ex 4), CTB have reported £1.061 million of private sector leverage. Slightly above target for this point (£900k). It appears possible (based upon consultation during the evaluation) that the total receipts from advertising and inclusion within all publications supported by the CRAZ project exceed this sum.</p> <p>No attempt has been made to quantify additional investment in marketing or product development / improvement by tourism businesses influenced or generated by the promotional activity and campaigns.</p>
Output and outcome analysis	<p>Target Project Outputs agreed were as follows:</p> <ul style="list-style-type: none"> • Growth of staying visitor numbers: 10% increase on 2000 from 17.7m to 18.1m • Growth of domestic visitor spend: 26% increase 2000, from £822m to £1042.5m • Growth of tourism/leisure related employment: 3,064 FTE • Number of tourism/leisure businesses assisted: 2,000 <p>The impact of the project is measured by CTB using a</p>

	<p>conversion rate against each campaign to establish their impact in driving visitor numbers, and then applying spend per head and average stay figures derived from the STEAM model and market research specific to Cumbria carried out in 2002 (Locum Destination Consulting). These figures are then analysed by an external consultancy to provide information on staying visitor numbers, visitor spend and related employment. This methodology is consistent to that used across the region, and was accepted by RRC and NWDA when the project was proposed.</p> <p>Proposed Variation in Project Outputs Before the offer letter was concluded, there was a debate between NWDA and CTB over the outputs offered. This led to a variation in the outputs:</p> <p>Staying Visitor Numbers - Yr 2000 'bed nights' baseline figure of 16.99 million; project outputs of a 10% increase over the project to a total number of 18.68 million bed nights (1.69 million bed night increase) <i>an increase on original proposal</i></p> <p>Visitor Spend - Yr 2000 staying visitor revenue baseline figure of £695.57m; % increase sought of 26% over project, target of £876.42m (£180.85m spending increase) <i>comparable % increase on different baseline</i></p> <p>Despite these agreed variances, the outputs included in both offer letter and monitoring plan are those originally proposed by CTB. It appears that this is the result of an oversight by all parties</p> <p>Performance to date against project outputs:</p> <p>Assessment of the impact of the marketing campaign has a 12-month time lag, due to the need to carry out post activity conversion research, and to factor in 'season' specific data from the STEAM model. As such, as at the date of evaluation, output data is only available for Year One (2004).</p> <p>Growth in visitor numbers: + 392,971 (98% of total) Growth in visitor spend: £19.4 million (9% of total) Growth in indirect employment: 899 (29% of total) Number of business assisted: 2,134 (107% of target)</p> <p>It appears that the project is on target to achieve three of its four output requirements. There seems very little chance, however, that it will achieve the target on increased visitor spend (either the original proposal or the revision) over the period of the project. This raises some queries about the validity of the original target (and so methodology behind it); particularly when considering the relationship between growth in visitor numbers, and growth in visitor spend. 98% of targeted growth in visitor numbers has secured only 9% of growth in visitor spend.</p> <p>The numbers of businesses assisted has been derived from a count of the membership of CTB, without any real linkage being made to the project (beyond the generic). It appears that no definition of what 'assisted' actually meant was considered or included by the grant funders at the outset of the project.</p>
<p>Value for money:</p> <ul style="list-style-type: none"> • Economy • Efficiency, including additionality, displacement and leakage • Effectiveness 	<p>The delivery of the project has been effectively and efficiently managed by CTB; there is a robust system for accounting and check analysis administered between CTB and the RST (on behalf of RRC).</p> <p>The impact of the campaigns appears to have been positive; particularly the new thematic campaigns which offer additionality such as The Taste District (local food</p>

	<p>and drink) and the Outdoors Activity sectoral development. Anecdotal and qualitative assessment supports the validity and effectiveness of these campaigns.</p> <p>There appears to be very limited risk of displacement or leakage at sub-regional level. The campaigns promote the entirety of Cumbria, but only Cumbria (bar some possible overlap with Yorkshire / Northumberland around Hadrian’s Wall). There is likely to be an element of displacement if assessed at regional level, as the thematic campaigns in particular attract visitors from within the region.</p>
<p>Recommendations on future reshaping</p>	<ol style="list-style-type: none"> 1. There have been some ‘errors’ in administration at the outset of the project. These should be used to inform a tighter process in future 2. There appears to be some uncertainty over the relationship between the impact of increasing visitor numbers, and increasing visitor spend. This should be considered in more detail and factored into future public investment in destination marketing. It may also be worthwhile updating the research on which the data analysis is based; this is becoming somewhat historic (2001). 3. There is limited evidence of the net additional impact of the campaigns on individual businesses and so sub-regional GVA; whether in terms of increased occupancy, profitability or as a catalyst for investment and improvement / growth in the over-all product offer. This should be addressed by an independent interim review of the project. 4. There appears to be limited clarity over the total value of private sector revenue leveraged by the public investment through advertising and promotional spend, but also through wider investment in product development. This should be investigated by an independent interim review of the project. 5. As this project moves towards completion, it is important that its success in achieving a ‘step change’ can be understood; that the context within which promotional activity must take place for the next four to five years is fully understood; that the validity of impact measurement is fully tested; and the need for additional public sector investment in destination marketing is fully explored. Consideration should be given as to how these issues might be addressed by an independent interim review of the project.

Junction 38 Meat Processing Facility

Issue	Response
Market Failure	<p>The RRC Project Summary Sheet (00194) sets out the details of market failure in the clearest of terms; the key points are:</p> <ul style="list-style-type: none"> • Lack of access to ‘low throughput’ meat processing facilities is preventing red meat producers in Cumbria from adding value to over 85% of production each year • Total value add on this stock equates to in the region of £50m • Only 3 suitable processing facilities exist in the County, these are at capacity; there is a shortage of licensed processing and maturation facilities • To achieve the necessary collaboration between red meat producers, economies of scale and retain the financial benefits of processing to the primary producers the facilities must be farmer owned • Securing and increased sales value from processing will be necessary for many red meat producers maintain their herds, and so contribute to landscape management
<p>Rationale:</p> <ul style="list-style-type: none"> • Why Public Sector intervention at all? • Why not delivery through existing providers? • Why delivery through RRC? 	<ul style="list-style-type: none"> • Funding from public sources was necessary bridge a funding gap • Projections in the business plan analysed by RRC programme manager demonstrated that the facility will run on very narrow net margins, both as a result of market competition, but also the need to share the processing margin with the primary producers. • Finance costs had to be kept to a minimum in order to retain enough net margin for cash reserves and reinvestment • RRC has collaborated with Leader Plus and Distinctly Cumbrian in order to best match available capital and revenue funding
<p>Objectives</p> <ul style="list-style-type: none"> • Relevance to rationale • Fit with Strategic Objectives • SMARTness • Fit with wider policy agendas 	<p>This project is directly aligned with the aims of RRC’s SO3/4 agricultural programme and has many cross cutting benefits to SO6 Countryside products and SO7 natural environment. It therefore has excellent strategic fit sub-regionally through Next Steps and the refreshed strategy, regionally through Rural Renaissance and nationally through the Strategy for Sustainable Farming and Food. Its objectives are simple; to secure access for primary producers from within the programme area to a specialist processing facility (previously unavailable as a result of market failure) in order to increase the value of their sales, and safeguard their viability.</p>
<p>Options explored and reasons for project choice</p>	<p>The technical appraisal makes it clear that four options were explored:</p> <ul style="list-style-type: none"> • Not to go ahead with the project (do nothing) • To acquire an existing facility - none were found to be available • To implement a larger project including an abattoir - this was rejected due the existence on the edge of the catchment of Hawes Abattoir, and the risk to the viability of both existing and new facility • Continue with the project as designed <p>The independent appraisal concluded that the project as defined was the ‘most plausible solution’ and provided ‘the most and productive use of funding’.</p> <p>We agree with these comments.</p>
<p>Activity - description and identification of target beneficiaries</p>	<p>The project will provide permanent maturation, cutting and packing services for conventionally produced and organic livestock. Users will be red meat producers from Cumbria wishing to service a growing market for high quality, locally produced and fully traceable meat from local Cumbrian cattle, sheep and pigs. The facility will be owned by a farmer collaborative, and will derive its revenue from processing charges on livestock processed for members of J38 and a wider customer base.</p> <p>Beneficiaries will be:</p> <ul style="list-style-type: none"> • Members of the farmer owning collaborative • Red meat producing businesses accessing value added opportunities

Issue	Response
	<ul style="list-style-type: none"> Local food retail and food service outlets - enhanced supply chain Designated and protected landscapes - maintenance of upland landscape through grazing
Financial analysis	<p>Total Project Value - £960,000</p> <p>RRC Contribution - £243,300 (25.33%) capital for site and building development</p> <p>Other public funding - £140,800 (14.7%) Leader Plus & Distinctly Cumbrian</p> <p>Private sector contribution - £572,000 (59.5%) - member equity, site value, bank debt</p>
Output and outcome analysis	<p>Tier Three Outputs</p> <p>RRC / CRAZ funding is claiming half of the total outputs (share with Leader Plus and Distinctly Cumbrian). The outputs being claimed are:</p> <p>Jobs created or safeguarded Total - 55 RRC claimed - 22.5</p> <p>New businesses created Total - 1 RRC claimed - 0.5</p> <p>New floorspace created Total - 750 RRC claimed - 375sq m</p> <p>Other Outputs:</p> <p>Turnover (pa) £943,000</p> <p>Cattle throughput 948</p> <p>Sheep throughput 96,320</p> <p>Pigs throughput 5,480</p> <p>Organic certification 1</p> <p>To date the facility is under construction; no outputs have therefore been generated. The offer letter states that the floorspace, business creation and 3 jobs should be delivered in the 2005/2006 financial year. The construction programme is on schedule for completion before the end of March 2007; the project therefore appears to be on target at this early stage.</p> <p>Outcome</p> <p>No outcome has been defined for the project; presumably the outcome will be a fully functioning and financially viable processing and maturation facility, delivering the value adding benefits to Cumbrian red meat producers, together with wider supply chain and environmental benefits. If this is the case, the outcome is likely to be achieved</p>
Value for money:	<p>The technical appraisal found that the project offered significant value for money based on project cost assessed against projected outputs/outcomes; c 55 jobs and business safeguarded, 750 sq m new workspace and potentially £3 million per annum increased sales value retained within the sub-regional red meat sector.</p> <p>The costs of the project to the public purse have been constrained through open market procurement, the use of the business owners equity and the low intervention rate (40% in total, 25% CRAZ)</p> <p>The entire value added sales value delivered by the project are additional, as is the facility itself, and jobs associated with it. There seems little doubt that the facility, business and value generated to individual target businesses within the county would not have been secured without the CRAZ funding.</p> <p>There appears to be little prospect of leakage or displacement; the majority of the businesses using the facility will be from within the programme area; trading surplus from the facility will be retained within the programme area and the value of sales generated from the facility will be additional to the programme area. There may be some regional displacement, but not at sub-regional level.</p>
Recommendations on future reshaping	<p>The project is at too early a stage for any re-shaping; rather the programme managers need to ensure that the business gets up and running as anticipated, and offer what help they can to support the first years trading. It will also be important to secure sufficient information on jobs and businesses safeguarded in order to validate Tier 3 output claims.</p> <p>Over all, the project appears to be an excellent example of what RRC has achieved. If the forecast outputs are achieved, it could rightly be held up as a high quality case study.</p>

Enterprise for All Cumbria (POINT)

Issue	Response
Market Failure	<p>The problem of poor levels of enterprise in rural Cumbria, evidenced by:</p> <ul style="list-style-type: none"> • Low levels of business starts • Decreasing GVA in rural areas impacted by low business formation <p>The case was made on the basis of strong assertions, rather than a clear data evidence story, which weakens the argument to an extent. However, this evaluation has identified an ongoing enterprise gap in rural Cumbria, particularly in high value-added sectors.</p>
<p>Rationale:</p> <ul style="list-style-type: none"> • Why Public Sector intervention at all? • Why not delivery through existing providers? • Why delivery through RRC? 	<p>Intervention in the form of this project was justified at application on the following basis:</p> <ul style="list-style-type: none"> • Existing enterprise support structures in Cumbria were characterised by fragmentation of delivery and uneven access to help • Clear differences and variation in the quality of business support being offered <p>There is a case here for arguing that a separate intervention should not be required to ‘fix’ existing Public Sector mainstream support. However, the project takes a more pragmatic approach to the problems of co-ordinated enterprise support delivery.</p> <p>The independent role of RRC is important in circumventing some of the political differences between enterprise support delivery agencies.</p>
<p>Objectives</p> <ul style="list-style-type: none"> • Relevance to rationale • Fit with Strategic Objectives • SMARTness • Fit with wider policy agendas 	<p>The project’s aim is to “build capacity to deliver an enterprise culture and to accelerate the rate of new business formation in Cumbria”. More specifically, the objectives focus on</p> <ul style="list-style-type: none"> • Simplified access to start-up support and the encouragement of an enterprise culture • Whole county delivery - CRAZ working with West Lakes Renaissance • Raising the number of pre-start engagements • Improve access to support for all parts of the community, and focus on some particular groups (eg unemployed, women) <p>The objectives are reasonably SMART, in that they specify where activity should focus, and are linked to a target number of enterprises to be supported (in excess of existing delivery levels). There is little time-relevance, except for the fact that the project only runs for less than three years.</p> <p>There is a good fit with SO1 (Business Base), and some linkages to SO5 (Skills).</p> <p>The project works to RES priorities on business creation and other sub-regional strategies, such as the County Council’s 2002 Strategy with its focus on support for diversification of the business base and the encouragement of small business.</p>
Options explored and reasons for project choice	<p>Alternative delivery options were not explored. However, there was some consideration of what might happen should the project, or parts of it, not go ahead. This focused on the likely negative impact on the quality of support and the scale benefits of co-ordinated operation at the county level.</p>
Activity - description and identification of target beneficiaries	<p>Core activities of the project are as follows:</p> <ul style="list-style-type: none"> • Delivery (50% of activity): group activity - workshops for business starts; one-to-one advice - business advisers; marketing support • Grants (50%): £1k over one year for applicants (£500 first, £250 after 3-6 months, £250 after 9-12 months). Grants designed to help with initial cash flow issues in start-ups, and to retain a connection with start-ups through a full calendar year <p>Delivery is through six existing business support partners, coordinated by Business Link Cumbria. The project is open to anyone in Cumbria who is thinking of starting a business (or social</p>

Issue	Response
	<p>enterprise), but there is a particular targeting of women entrepreneurs.</p> <p>While the delivery arm of the project is uncontroversial in terms of its fit with the project's rationale and objectives, the grant support is more questionable. The provision of £1,000 is, for the start-ups, a small amount of money; as such, we judge that it is unlikely to be of great value in cash flow terms. For the project, however, the cumulative amount of grant aid is considerable, and there will be additional transaction costs associated with its administration.</p> <p>The argument that such grant funding is a necessary requirement to retain the engagement of start-ups is not a particularly well-made one. If the quality of delivery is to rise (a stated objective of the project), one would expect this to generate increased levels of engagement. Fundamentally, it is not entirely clear how small scale business grants of this kind help to achieve the objectives of the project.</p> <p>Beneficiaries reported that the project was helpful in providing a simplified system for accessing a range of business support. Some of the support was patchy in terms of the standard of delivery, and the securing of the grant was considered by some not to be worth the effort given the amounts involved.</p>
Financial analysis	<p>For the project lifetime (Jan 04 - Jun 06):</p> <ul style="list-style-type: none"> • CRAZ - £1.71m grant, representing 63% of costs • ERDF - £866k for EDZ • Other NWDA - £155k for other parts of Cumbria • Total £2.73m <p>To date, £658k (38%) of CRAZ funding has been spent. It is likely that the lifetime spending target will be met by the end of the project.</p> <p>Administration costs are estimated at 5%, which is reasonable.</p>
Output and outcome analysis	<p>Lifetime output targets (achievements to date):</p> <ul style="list-style-type: none"> • 860 firms created (301 plus 8 social enterprises) • 960 jobs (477) • 50 women owned businesses created • 750 people receiving business advice <p>There is a slight concern that the configuration of these outputs in effect 'double counts' the value of project activity. For example, a start-up given support could be viewed as a firm created, as well as an individual advised, and a job created. This gives the impression of a project that is more efficient in output terms than it actually is.</p> <p>In terms of outcomes, it is too early to say what the wider impact will be on the overall business base of rural Cumbria. The project supports any business idea, so there is no focus, for example, on the development of enterprise in higher value added sectors. This may limit the overall impact on economic performance in productivity terms.</p>
Value for money:	<p>Economy</p> <ul style="list-style-type: none"> • We judge that the delivery aspect of the project is delivering fair levels of economy, through the scale increase in activity for what is, compared to mainstream business support funding, a relatively small amount of money. We question the economy of the grant element of the project as it is unclear to what extent this is necessary <p>Efficiency:</p> <ul style="list-style-type: none"> • Deadweight for the project is assessed as quite high. Entrepreneurs determined to start their own businesses are likely to go ahead in any case, although the project may help in improving their longer term viability. It has not been possible to identify the extent to which those less confident would-be entrepreneurs would have gone ahead in any case,

Issue	Response
	<p>or with the support of existing mainstream deliverers. This deserves further investigation by the Programme and project</p> <ul style="list-style-type: none"> • There is a limited risk of displacement in the region, given that small business starts should not pose an early threat to existing businesses • There is no leakage at the sub-regional level. <p>Effectiveness:</p> <ul style="list-style-type: none"> • We doubt whether a two and a half year project will be sufficient to effect a measurable culture change in terms of attitudes to business in rural Cumbria. However, the development of improved capacity and higher standards of support by existing deliverers would be a step in the right direction.
Recommendations on future reshaping	<ul style="list-style-type: none"> • We question the decision to run this project - a key one in terms of size and focus on enterprise - for only a 30 month period • If the project was to be extended, the impact of the regional review of business support would need to be considered • More effort is required to share best practice among delivery bodies - evidence suggests that this has been sporadic to date • Evidence should be provided as to the additional benefit being provided by the grants system • Future similar projects should consider the extent to which it is possible or advisable to encourage support in high value business sectors, rather than start-ups per se.

Strengthening Rural Communities Fund

Issue	Response
Market Failure	<p>Distributional issues surrounding insufficient access to health and social support networks in rural areas, which was exacerbated by FMD and its consequences. The evidence base drew on the following issues:</p> <ul style="list-style-type: none"> • Consistent farming decline, leading to negative social impacts on agricultural communities • Demographic change - the ageing population required more support than was available • Physical and social feelings of isolation post-FMD, which impacted on the mental health of farmers • Wider loss of rural services
<p>Rationale:</p> <ul style="list-style-type: none"> • Why Public Sector intervention at all? • Why not delivery through existing providers? • Why delivery through RRC? 	<p>Public Sector intervention was valid on the basis that health and social support that had been identified as being needed was not available through normal market mechanisms.</p> <p>An evaluation of the Cumbria Community Recovery Fund, which predated SRCF, identified an ongoing need for targeted support to help the social and personal recovery in rural areas post-FMD.</p> <p>Delivery was delegated to the Cumbria Community Foundation (CCF) - a sensible option, given its clear expertise in grant delivery, knowledge of need, and network of partners. It also provided a way of coordinating funds from a range of different Public Sector sources.</p>
<p>Objectives</p> <ul style="list-style-type: none"> • Relevance to rationale • Fit with Strategic Objectives • SMARTness • Fit with wider policy agendas 	<p>The main objective, according to the application, was “to enable grass roots activity which will contribute to the economic and social regeneration of rural communities”</p> <p>This is broadly relevant to the rationale, although it is very broadly cast. This provides the project with the flexibility to provide support across a wide range of areas, but limits the extent to which the objective is SMART, and useful in determining what the overall impact of the project may finally be.</p> <p>The proposal does, however, specify certain target groups for support - the elderly, children and young people, people suffering from mental health problems, and those on low incomes. It also sets out some ‘generic’ priority areas for projects, including access to health services, advisory and education services, financial advice and social housing.</p> <p>There is a good strategic fit with SO8 (Social and Community). More widely, the project links to other bodies’ focus on rural disadvantage in Cumbria, such as that undertaken by CREA.</p> <p>There is not a lot of evidence of linkages with other CRAZ activity, but such links would be welcomed by CCF - RRC are represented on the fund’s steering group, so there is a communication mechanism in place.</p>
Options explored and reasons for project choice	<p>No other options were explored. The basis for the project was formed strongly on the back of the evaluation of the Cumbria Community Recovery Fund - it is not therefore surprising that a similar model was used.</p>
Activity - description and identification of target beneficiaries	<p>Key elements of activity:</p> <ul style="list-style-type: none"> • Grants of up to £10k are available for voluntary and community groups through a delegated scheme run by CCF • 3 year activity period to October 2006 • Grant provision - managed by a grants committee - tends to be responsive to requests for help, but has been more pro-active in supporting mental health issues, which appear to have been particularly overlooked by mainstream agencies • Grant committee consider the applications brought forward by grants officers - an assessment and scoring system is used to select those projects to be supported; the committee does not always agree with the views of the grants officers. <p>In terms of focus and beneficiaries, the proposal states: “Based on research we have undertaken we know that large numbers of people in rural Cumbria experience rural poverty, social isolation, poor access to services, a lack of affordable housing, low wages and poor job opportunities. As a result we will prioritise projects which support children & young people, older people, people on low incomes, and people with disabilities, particularly those suffering from mental health problems”</p>

Issue	Response												
	<p>Beneficiaries have remarked on the straightforward and efficient application process, and the helpfulness of the grants officers.</p> <p>The activities and target beneficiaries fit with the project's rationale and objective.</p>												
Financial analysis	<p>As a delegated grant fund, the project has straightforward finances:</p> <ul style="list-style-type: none"> • CRAZ support of £750k, at £250k per year for three years • Additional £100k provided by other CCF funds • Maximum support of £10k per applicant for up to 50% of project costs, which is stipulated in the contract • There have been no major problems with over or under spend • Administration costs are reasonable (10%), as CCF have experience of delivering grant funds for other bodies and have priced accordingly. <p>CCF comment that, as a community support body with little income of their own, the CRAZ process of claims in arrears is a challenge for the organisation in terms of managing its cash flow.</p>												
Output and outcome analysis	<p>Outputs</p> <p>A full review of Tier 3 outputs was provided by the project in July 2005 (table below). They show that the two output categories have been exceeded considerably.</p> <table border="1" data-bbox="533 853 1262 981"> <thead> <tr> <th>Category</th> <th>Forecast</th> <th>Achieved to date</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Jobs created/safeguarded</td> <td>7.5</td> <td>23</td> <td>15.5</td> </tr> <tr> <td>Learning opportunities</td> <td>45</td> <td>338</td> <td>293</td> </tr> </tbody> </table> <p>However, care must be taken with these figures, as there is very little evidence of output ratification at the applicant level. Beneficiaries confirm this, as well as a relatively little lack of understanding about the output process. This is likely to change with the switch to Tasking Framework outputs in 2005/06, and the more rigorous process of verification.</p> <p>Other outputs for the project were agreed as follows (achievement to date in parentheses):</p> <ul style="list-style-type: none"> • Community projects supported: 85 (102) • Community businesses supported: 11 (6) • Community businesses set up: 3 (0) • Information services supported: 7 (20) • Community buildings supported: 14 (5) • New services created: 11 (20) <p>In all but three of these supplementary categories, the output targets have already been exceeded. In the area of business support and creation, the project recognises in retrospect that the grant fund is not particularly well configured to meet these output targets.</p> <p>Outcomes</p> <p>This is not a transformational project - at the low level of individual grant support, it has no capacity to do so. One consultee described it as more of a 'sticking plaster' for rural social and community need. This does, however, raise the issue of whether the fund is delivering more sustainable solutions to the real needs of rural communities, or is acting as a short term, stop-gap measure. The 2005 evaluation identified a range of social and human impacts, but there is little evidence of an aggregated impact on the social and human capital of Cumbria's rural areas.</p>	Category	Forecast	Achieved to date	Variance	Jobs created/safeguarded	7.5	23	15.5	Learning opportunities	45	338	293
Category	Forecast	Achieved to date	Variance										
Jobs created/safeguarded	7.5	23	15.5										
Learning opportunities	45	338	293										
Value for money: <ul style="list-style-type: none"> • Economy • Efficiency, including additionality, displacement and leakage • Effectiveness 	<p>Economy</p> <p>It is assessed that the project is delivering good levels of economy in terms of the activities that are being purchased. CCF have a strong track record of delivering delegated grant schemes, and the evidence of this evaluation is that administration is efficient</p> <p>Efficiency</p> <p>The project has done well to exceed its limited range of outputs, especially</p>												

Issue	Response
	<p>given that it does not have an economic focus, and a small budget. In terms of additionality:</p> <ul style="list-style-type: none"> • In an evaluation of the project in 2005, 40% of respondents stated that their project was unlikely to have gone ahead without funding support • There is an assertion that money stays in rural communities - file reviews suggest that there may be a small element of leakage into non-rural areas • No displacement effects have been identified <p>Effectiveness</p> <p>At local and community level, the project has been effective in delivering support. The 2005 evaluation identified a range of intangible benefits, such as the improvement of social cohesion, raised tolerance of different cultures and lifestyles, and improved knowledge of healthy lifestyles. Economic impact is less evident, however this is not the key focus for this project.</p>
Recommendations on future reshaping	<p>The project has little time to run, but some general observations can be made:</p> <ul style="list-style-type: none"> • While beneficial at local and neighbourhood level, the small size of individual grants does limit the transformational nature of the intervention • There is a capacity - and willingness - to take a stronger lead on aligning grant support with other CRAZ activity, if given a steer from RRC

Cumbria Festivals Programme, 2004

Issue	Response
Market Failure	FMD had caused a significant decline in tourist numbers. As a consequence, regular events and festivals were struggling to sustain their activities.
<p>Rationale:</p> <ul style="list-style-type: none"> • Why Public Sector intervention at all? • Why not delivery through existing providers? • Why delivery through RRC? 	<p>The rationale was based on the following issues:</p> <ul style="list-style-type: none"> • A previous project in 2003 had provided more immediate support to struggling festivals in the wake of FMD; a convincing case was made for continued support for a further year, but for development rather than recovery purposes • Backed up by an independent report which argued that festivals were in a financially precarious position, and that their economic impact (£12m, supporting 457 jobs) made the sector worth supporting <p>There was a valid rationale for the project, based on the experiences of the previous year, backed up with quantitative data from the independent report.</p> <p>Some observers, and this evaluation, have found it difficult to reconcile RRC's strategic intervention in tourism (Lakes+ Marketing, £4m), with this relatively small grant scheme (£250k) for the same sector. It is not clear why this project could not have been delegated to another body.</p>
<p>Objectives</p> <ul style="list-style-type: none"> • Relevance to rationale • Fit with Strategic Objectives • SMARTness • Fit with wider policy agendas 	<p>The objectives of the project were as follows:</p> <ul style="list-style-type: none"> • Attract more staying visitors especially at quiet times of the year • Build capacity of the festivals sector • Increase European and international links • Maximise efficiency and effectiveness of festivals marketing • Develop educational strategies and programmes of activity • Enable festivals in Cumbria to maximise their contribution to the economic regeneration of Cumbria • Contribute to the attractiveness of Cumbria as a location for inward investment <p>The objectives of the project fit well with the rationale, in that they support developmental activity to improve the longer term sustainability of festivals, rather than being a straightforward financial 'crutch'.</p> <p>On the whole, the objectives are SMART, in that they are linked well to outputs (see below) and, as a one year programme, are reasonably time-bound.</p> <p>There is a good strategic fit with SO2 (Tourism) and to a lesser extent SO5 (Skills). Links to wider strategies, such as the regional tourism strategy, are evident.</p> <p>This is an encouraging example of a joint project between RRC and West Lakes Renaissance - delivery in a coordinated fashion makes good sense in this case.</p>
Options explored and reasons for project choice	Limited options consideration appears to have been made. The do nothing option should have been explored in more detail to determine the likely impact of the project not going ahead at all.
Activity - description and identification of target beneficiaries	<ul style="list-style-type: none"> • Festivals and Shows Toolkit (FAST) - an innovative toolkit for festival organisers to use in order to determine their development needs, but also to capture project performance information • Training for events organisers • Direct grant funding • Joint marketing activity <p>Beneficiaries were festival organisers. Promotion of the project was through direct mail invitations to apply, using a database of 250 events and festivals. All money was allocated in a single meeting of</p>

Issue	Response																																				
	<p>the project grant panel, decisions made on a case-by-case basis. Beneficiaries consulted considered the application process to be straightforward, although FAST was thought to be ‘tricky’ to complete by some. Projects found the funding a useful way of being able to expand a festival’s activities or size without unduly worrying about the potential financial risk. This is clearly helping to build more substantial, sustainable festivals and events.</p>																																				
Financial analysis	<p>Allocated funds were £250k NWDA, £200k public, £50k private (50% intervention rate). Outturn was £44k underspend on NWDA finance, which was rolled into the next festivals project the following year. It is important to note that the administration costs of the fund have been borne by RRC, so there is an additional ‘cost’ to the project which is not seen in its bottom line.</p>																																				
Output and outcome analysis	<p>Outputs Outputs are listed in the table below. Broadly there is a good fit with the activities of the project, with the possible exception of learning opportunities and businesses created. We concur with project management that the latter in particular was over-ambitious, as festivals cannot really be regarded as ‘businesses’ in the traditional sense. Visitor spend has been calculated using the STEAM model - a commonly-used tourism model in the region. The outputs are shared between RRC and WLR, and are not split in the project monitoring report which has been used for the output information. Due to a freeze in NWDA funding, project finance was delayed, and therefore activity has run beyond the original 12 month timeline. This has had a knock-on effect on output performance.</p> <p>Output performance (shared 50/50 with West Lakes Renaissance)</p> <table border="1" data-bbox="659 1055 1305 1453"> <thead> <tr> <th>Category</th> <th>Forecast</th> <th>Achieved to date</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>Jobs safeguarded</td> <td>40</td> <td>21</td> <td>-19</td> </tr> <tr> <td>New businesses created</td> <td>6</td> <td>0</td> <td>-6</td> </tr> <tr> <td>Learning opportunities</td> <td>100</td> <td>0</td> <td>-100</td> </tr> <tr> <td>Businesses receiving advice</td> <td>40</td> <td>40</td> <td>0</td> </tr> <tr> <td>Businesses assisted on skills</td> <td>40</td> <td>0</td> <td>-40</td> </tr> <tr> <td>Events supported</td> <td>40</td> <td>17</td> <td>-23</td> </tr> <tr> <td>Festival visitors</td> <td>50k</td> <td>40k</td> <td>10k</td> </tr> <tr> <td>Visitor spend</td> <td>£1.5m</td> <td>£1.5m</td> <td>0</td> </tr> </tbody> </table> <p>Outcomes An interim analysis of the project’s impact, using the responses of 25 grant applicants who had filled in the FAST toolkit, plus a series of common tourism multipliers, determined the following:</p> <ul style="list-style-type: none"> The 25 festivals generated 110k bed nights in local hotels £2.4m spend in the local economy from the events, with £7m visitor spend Number of jobs created or sustained is estimated at 392. 	Category	Forecast	Achieved to date	Variance	Jobs safeguarded	40	21	-19	New businesses created	6	0	-6	Learning opportunities	100	0	-100	Businesses receiving advice	40	40	0	Businesses assisted on skills	40	0	-40	Events supported	40	17	-23	Festival visitors	50k	40k	10k	Visitor spend	£1.5m	£1.5m	0
Category	Forecast	Achieved to date	Variance																																		
Jobs safeguarded	40	21	-19																																		
New businesses created	6	0	-6																																		
Learning opportunities	100	0	-100																																		
Businesses receiving advice	40	40	0																																		
Businesses assisted on skills	40	0	-40																																		
Events supported	40	17	-23																																		
Festival visitors	50k	40k	10k																																		
Visitor spend	£1.5m	£1.5m	0																																		
Value for money: <ul style="list-style-type: none"> Economy Efficiency, including additionality, displacement and leakage Effectiveness 	<p>Economy Even at 21 jobs safeguarded, the project demonstrates moderate levels of economy (equivalent to £24k per job)</p> <p>Efficiency Applicants were not asked about additionality in the application procedure, however:</p> <ul style="list-style-type: none"> Project management believe that events would have taken place on a reduced scale had the project not been available. It is unlikely that any of the activity is fully additional There is evidence of some leakage - support was given to 																																				

Issue	Response
	<p>festivals in Cumbria, but in a few cases the festival organisers were located outside the sub-region (and the North West)</p> <ul style="list-style-type: none"> No displacement effects have been identified. <p>Effectiveness</p> <p>The project's outcomes demonstrate a reasonable level of effectiveness - in gross terms - for a relatively small investment, such as the increased visitor spend and hotel nights. However, a proportion of these outcomes are likely to have happened in any case, which reduces the overall impact of the project to a degree. Long term survival and growth of these festivals, in terms of their ability to attract visitors, will be the real demonstration of the project's effectiveness.</p>
Recommendations on future reshaping	<p>The project has already ended, although a new project will take on the work of supporting festivals. The new project will aim to create more sustainable festivals, further moving support away from recovery and rescue, and on to long-term self-sufficiency.</p> <p>Some final points:</p> <ul style="list-style-type: none"> It does not seem to be the best use of RRC resources to directly administer such a small grant fund, and would seem to be of little strategic or transformational impact, despite its apparent success at the level of individual festivals There was little evidence of linkages with other CRAZ projects.