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A Review of the Leader Approach for Delivering the Rural Development Programme for England

A Report for Defra

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Executive Summary

This report, commissioned by the Rural Communities Policy Unit at Defra, sets out the findings of a review of the Leader approach in England. The focus of the review is the impact of Leader in contributing to the delivery of the Rural Development Programme (RDP) in England, in order to inform the future Leader approach to delivering rural policy.

The research is primarily based on a review of existing literature and in-depth qualitative research with Local Action Groups and other stakeholders involved in delivering or benefiting from the Leader approach. The review focuses on the four key questions set out below. Our findings for each question are then presented in the remainder of this summary.

- 1) Evidence to support the rationale for use of EU resources to enable rural development – justifying intervention for the current programme and informing choices about interventions in the next programme
- 2) Evidence on the extent to which interventions have been effective to date and where future resources can be targeted
- 3) Evidence to provide an assessment of the impact of RDPE spend (2007-13) on outcomes – with reference to delivery mechanisms
- 4) Evidence to support prioritisation of activities to be funded under the next programme mapped against the six EU wide priorities for 2014-2020 and inform decisions about future delivery models

1 The rationale for using EU resources to enable rural development

Our review of the emerging policy environment provides a clear rationale for Leader funding going forward in the context of rural development.

We believe that Leader can function as a neighbourhood focused element of rural development policy, working alongside Local Enterprise Partnership (LEP) directed interventions to achieve local growth. Leader can achieve this within the broader framework of the Government's objectives for economic growth and in the context of the six priorities within the new Rural Development Regulation 2014-20. This approach fits straightforwardly into the new Common Strategic Framework for cohesion funding.

We have highlighted that the current Leader programme straddles two different national strategies for economic development (pre and post 2010 when there was a change of Government) and that this makes it difficult to assess value for money and return on investment. This is because there are no consistent national rural economic development targets to measure against.

Most Leader areas have over-achieved against their targets and there is no significant underspend at the national level, demonstrating the significant activity achieved through the Leader approach in England. We have identified that there has been a strong emphasis on measuring activity rather than impact during the current

programme. While not satisfactory, this is perhaps inevitable in the absence of clear national targets for rural economic development.

We have identified problems with measuring the wider impact of Leader due to the lack of a coherent and common approach to assessing social capital. Notwithstanding this lack of a common approach, we have established that there is a wealth of impact evidence at the Local Action Group (LAG) level. This impact evidence shows that Leader has delivered both economic and social outputs and has contributed more broadly to building the resilience of rural communities as a key outcome.

We elaborate our views about the specific role Leader could play in relation to the specific choices around rural development further on in the executive summary. It is worth stating in relation to this question however that those Leader partnerships which have been able to operate across the widest range of current axes and measures have had the greatest scope for impact. In a number of cases we have found evidence that this has enabled them to deliver comprehensive outcomes for their neighbourhoods in terms of rural development.

2 Evidence on the extent to which interventions have been effective to date and where future resources can be targeted

The lion's share of activity has been focused on Axis 3, which addresses social and economic development, tourism and quality of life in rural areas, and comprises 90% of all projects. We have significant evidence, particularly if broader social impacts are considered, that Leader has been very effective in delivering against Axis 3. This balance of activity has, however, been heavily skewed by the fact that LAGs in many areas were prevented from using any Measures under Axis 1 by their respective Regional Development Agencies (RDAs). We have identified that training interventions under both Axes 1 and 3 and cooperation projects under Axis 4 have been very hard to deliver. The research also showed that the linking of Axis 1 and 3 outputs where this was allowed has enabled Leader partnerships to deliver the most comprehensive approach to rural development.

In terms of the territorial shape of the new programme we have identified that, if all of rural England is to benefit from Leader, there will need to be a radically different approach to the current model. This is likely to involve LAGs with a larger population threshold or smaller budgets, the latter being undesirable if Leader is to have sufficient resource to be effective. We also feel there is definite merit in including market towns with a population of 10,000 - 40,000 in Leader areas.

We have identified that the role of LAGs in delivering successful interventions, wherever resources are targeted in relation to both priorities and geography is very important. Providing new Leader partnerships with best practice based start-up materials, including recruitment and induction materials for LAGs, is a good way of building their capacity early on. It is also a good way of managing any additional risk from allowing LAGs to operate in a more proportionate control framework under the new programme. We found evidence that networking between LAGs at the England wide level is a potent way of sharing and sustaining good practice. We recommend that this should be encouraged as a further way of underpinning effective performance. If it is well facilitated it will reduce the requirement for top-down monitoring and direction of activity from the centre.

3 Evidence to provide an assessment of the impact of RDPE spend (2007-2013) on outcomes

In the absence of straightforward targets for the contribution of Leader to national rural development and the lack of a common approach for measuring the wider outcomes, we have primarily concentrated on what has made Leader areas effective in project delivery. We do however make the point in relation to aspects of questions 1 and 2 above that Leader has been effective in delivering rural development at the neighbourhood level and that where allowed to operate across Axes 1 and 3 it has optimised its ability to deliver “joined up” development for rural communities.

There is EU wide evidence from the review of published literature to suggest that LAGs with the greatest self-determination in terms of areas of activity and reporting procedures have the biggest impact.

We found that where LAGs had the benefit of continuity from a previous programme they were often more efficient, and this also applied to LAGs with governance processes which set out clear operating principles for their decision making processes.

Where LAGs were provided with financial support from their accountable bodies and where they were able to offer cash flow support this was of considerable assistance to smaller projects. This approach enabled many project applicants to proceed that would otherwise be unable to pay for costs upfront, and enabled the LAG to pursue the Leader focus on small scale localised interventions.

LAGs that have been able to focus resources on project development and have operated an intensive Expression of Interest process have been most effective.

LAGs that have maintained their Local Delivery Strategy (LDS) as a “living” and up to date document, and that have a range of case studies of good practice, will be in a strong position, and will be able to use these to agree their priorities and inform the development of appropriate governance arrangements for the next programme.

4 Evidence to support post-2014 prioritisation of activities

In addition to evidence identified through other elements of our research approach our call for evidence, responded to by over 500 Leader stakeholders, identified the following levels of support for each of the six EU wide priorities for post 2014 Rural Development in terms of Leader:

- Promoting social inclusion, poverty reduction and economic development was regarded as one of the most important priorities. This was followed by promoting resource efficiency and the shift towards a low carbon economy.
- In addition to promoting social inclusion, members of LAGs, recipients of Leader funding and/or community members were more likely to rate promoting better integration of the food chain and supporting farm risk management as very important or important.
- Enhancing the competitiveness of all types of agriculture and farm viability was rated as relatively less important by respondents.

Taking our findings in relation to all four questions together it is our strong conviction that Leader should be allowed to operate across all six priorities, with the particular

focus of resources at the LDS level being determined through a negotiation between Defra and LAGs, reflecting local circumstances.

The Future Shape of Leader

We have set out below, in response to this final review area, what a future programme might look like.

LAGs could be formed, in continuity where practical and fair, through a bidding process, which builds on previous areas under the current programme. This should also consider, where there is a compelling case, the incorporation of new areas. LAGs could be encouraged to consider the inclusion of market towns with a population of between 10,000 and 40,000 in their areas. The population boundary for each LAG area could be allowed to exceed 150,000 where this is the case.

LAGs could be encouraged to write Local Delivery Strategies which apply across all six priorities within the new Rural Development Regulation (RDR). They could be supported in developing these strategies positively, but not prescriptively, by LEPs, taking account of the role Leader can play in the wider local growth agenda. It is unlikely that any LAG could be effective, under a simple evolution of the current Leader structures, with a budget of less than £1million. This, we suggest, is the very lowest end of a possible funding allocation spectrum. The Cumbrian LAGs with budgets of over £7 million each provide a good example of what can be achieved when Leader involves major funding capacity.

A list of desirable credentials could be developed in the context of the role of the accountable body. It could set out the minimum and maximum expectations of financial and practical support required for an effective Leader partnership. It could welcome the principle of small project cash flowing where there is capacity for the accountable body to do so. It could emphasise that the role of the accountable body is to facilitate and not to control the work of the LAG, drawing attention to the seven principles of Leader.

LAGs could be supported in forming their membership by a comprehensive set of good practice guidelines based on experience of the current programme. These could set out key principles they should follow in terms of the recruitment of members, the conduct of meetings, the soliciting of bids, the consideration of bids, contracting and monitoring. The guidelines could make clear the importance of a robust Expression of Interest process and the value of all LAGs engaging directly in project development support. Ideally resources for both animation and administration should be specifically identified at the outset of the programme. Subject to LAGs agreeing to follow these principles Defra staff could take a risk management, light touch approach to overseeing their operation. This could involve encouraging LAGs in the light of funding take up, to re-allocate money between priorities and measures, while considering national requirements to meet programmed spend requirements. Current evidence suggests this has been very difficult to agree in some regions.

The benefit of networking as a means of underpinning effective good operational practice could be clearly set out and a programme of enhanced networking developed. LAGs could be required to participate actively in a new networking programme. The benefit of cooperation projects could be reinforced and LAGs could be required to set informal targets for the number and scale of collaboration projects – these could be more rather than less ambitious.

A formal method of measuring the economic, social and environmental impacts of LAGs could be developed and LAGs could be required to use it. In this context, a new framework could be developed at the local level which enabled the full impact of Leader funding to be assessed. This would need to recognise levels of matched funding and wider impacts of projects beyond the period of Leader funding. This approach would enable a shift away from the focus on monitoring volume of activity or spend towards measuring outcomes.

To support this approach it could be possible to see the writing of the LDS as the development of a logic model to address the first part of a “whole life” evaluation programme for each LAG. The LAG members and over time its beneficiaries could be encouraged to participate in this evaluation approach to maximise their role in the development and effectiveness of the Leader programme.

At the national level there is merit in seeking to codify how the work of individual LAGs builds up to addressing the Government’s overall aspirations for local economic growth. If this is done effectively it will be possible to consider value for money and return on investment more accurately during the next Leader programme.

A Review of the Leader Approach for delivering the Rural Development Programme for England

Acknowledgements

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Contents

1. Aims and Objectives.....	9
2. Introduction to Leader.....	10
3. Methodology.....	16
4. The Business Case for Leader.....	20
5. Leader Programme Delivery.....	30
6. Effectiveness of Leader.....	51
7. Sharing Learning from the Leader Approach.....	57
8. Conclusions.....	60

Appendix 1. Bibliography

Appendix 2. Typology of LAGs and statistical summary

Appendix 3. Interviewees and conversation guides

Appendix 4. Detailed Findings from the Rapid Evidence Assessment

Appendix 5. Digest of responses to the Call for Evidence

1. Aims and Objectives

This report, commissioned by Defra, sets out the findings of a review of the Leader approach in England. The focus of the review is the impact of Leader in contributing to the delivery of the Rural Development Programme (RDP) in England, in order to inform future Leader approaches to delivering rural policy. The report has been put together by a team of researchers led by the University of Lincoln.

Specifically, the research aims to provide evidence of:

- The successes of Leader in delivering existing measures and the extent to which it demonstrates value for money;
- The range of economic, social and environmental benefits that Leader is used to deliver;
- Where process for delivery could be improved;
- The types of RDP measures the Leader approach is best suited to delivering.

The approach includes an EU-wide assessment of previous evaluations as well as a call for evidence across England and depth interviews with Local Action Group (LAG) members, beneficiaries, Defra representatives and members of accountable bodies in a sample of Leader Local Action Groups (LAGs). The sample is based on a typology that takes account of topography, budgetary indicators and axes for each LAG. Further details on Methodology are given in Chapter 3.

This approach is consistent with Government guidelines for process evaluation, i.e. determining “whether a policy is being implemented as planned, what is working more or less well and whether it is delivering the expected outputs and outcomes.” (Magenta Book part B pp. 81-85).

In addressing the specific question raised above, the review has focused on the key themes of the following priorities developed for the Rural Development Regulation 2014-20¹:

- 1: Fostering knowledge transfer and innovation in agriculture, forestry and rural areas
- 2: Enhancing competitiveness of all types of agriculture and enhancing farm viability
- 3: Promoting food chain organisation and risk management in agriculture
- 4: Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry
- 5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors
- 6: Promoting social inclusion, poverty reduction and economic development in rural area.

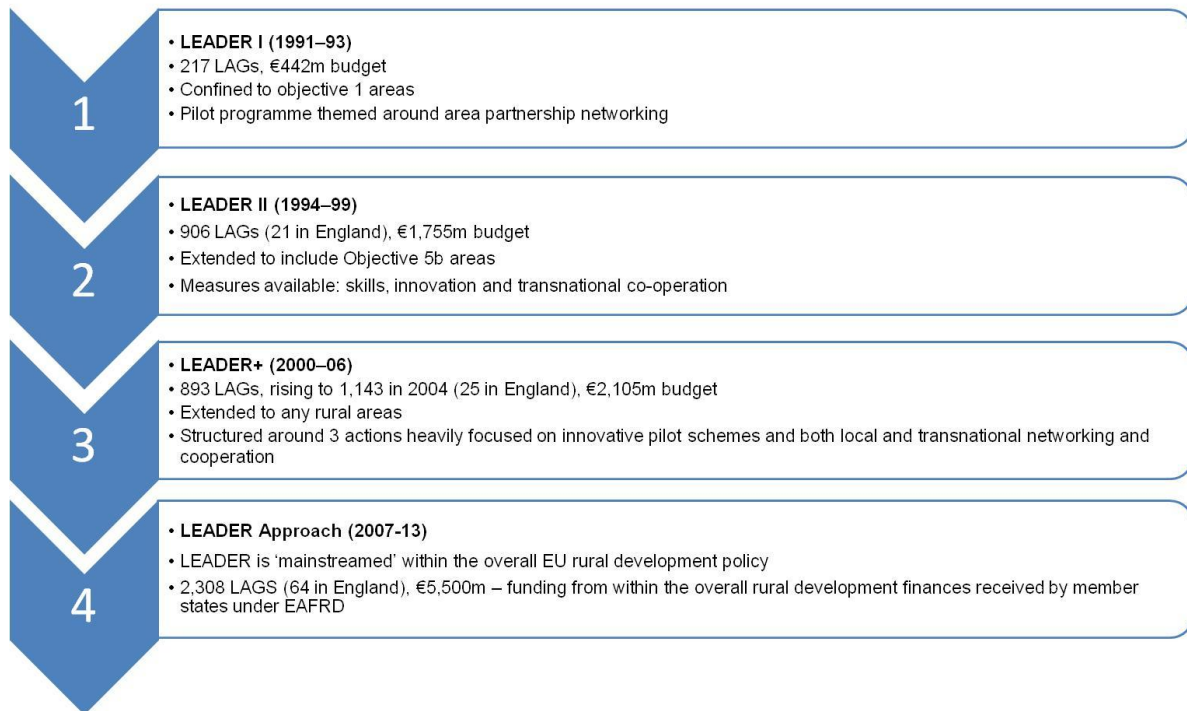
When looking forward to the future implementation of Leader, the potential for policy interventions to deliver against these broader goals has been assessed and potential approaches that can be taken forward from the current Leader method to provide the most effective means of local delivery are set out.

¹ http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/com627/627_en.pdf

2. Introduction to Leader

Leader was launched in 1991 as an area-based and bottom-up approach, where local communities were tasked with developing innovative ways to generate local development by focusing on the potential of adding value to existing to local resources.

Figure 1: Time-line of Leader programmes



The following statement from the EU Court of Auditors Report sums up the Leader philosophy, emphasising that is about adding value to the delivery of the other three axes within the RDP:

“The assumption behind the Leader approach is that there is an added value compared with traditional top-down implementation. Bottom-up approaches and interaction between different sectors at local level should mobilise local potential. Local groups should be best placed to identify integrated and innovative local solutions to local problems and can be more responsive. Participation in local decision-making should generate enthusiasm and increased commitment and can thereby result in better, more sustainable, local rural development. The community involvement achieved through the bottom-up approach can also lead to less tangible impacts, such as ‘capacity-building’ and ‘empowering the local population’ (2010, p10)

Leader has been widely recognised as an attempt to substitute hierarchical intervention with a system characterised by endogenous, territorial approaches to rural development based on network relationships (Kováč, 2000). While traditional modes of governing through top-down, sectoral policies still dominate European rural policy in terms of financial flows, partnership governance is increasingly accepted as an institutional means of promoting endogenous rural development (Furmankiewicz *et al.*, 2010).

The notion that rural development is best achieved through a combination of local resources and local action integrated within wider networks reflects neo-endogenous development theory, which offers an alternative to the dualistic “top-down” or “bottom-up” perspectives. At the heart of the idea of neo-endogenous development is the need to embrace “extra-local”

factors while retaining control locally (Ray 2001, p4). The seven key features of Leader reflect the philosophy on neo-endogenous development and these have remained throughout the programmes.

Figure 2: The 7 rules of Leader



Source: Adapted from <http://www.nuLeader.eu/aboutLeader.htm>

Based on earlier programmes across Europe, Leader has been praised for increasing awareness and motivation towards rural development (Teillemann, 2012; Franks & McGloin, 2007). The local, bottom-up philosophy of Leader is supported by research by Metis *et al.* (2010), which found that LAGs with greatest decision making power show better results in developing local skills and potential and strategic thinking. Hubbard and Gorton (2011) also noted that Leader was a popular instrument for stimulating rural development and successful across a diverse range of European case studies based on locally relevant combinations of both local and external resources and capacities. However, their research was carried out prior to the “Mainstreaming” of Leader so it was operating with modest resources. Interestingly, they predicted that “Mainstreaming Leader may present additional management and coordination problems, and potentially diminishing returns”. Nevertheless, the overall importance of development strategies that enhance local capacity and actors’ ability to direct local and external forces to their benefit must still remain.

The Future of Leader Funding

The detail of the future Common Agricultural Policy (CAP) remains under negotiation but the European Commission set out a proposal document in 2011 concerning the support for rural development by the European Agricultural Fund for Rural Development (EAFRD) wherein it

was affirmed that, “*Leader and networking approaches will continue to play a key role, in particular for the development of rural areas and the spreading of innovation*” (European Commission, 2011, p8). The latest figures indicate that the budget for the CAP overall will be reduced from €336.4bn in 2007-2013 to €278bn for 2014-2020 (BBC, 2013).

Furthermore, paragraph 38 of the Commission’s proposal states that “*Leader should therefore be continued in the future and its application should remain compulsory for all rural development programmes*” and Paragraph 40 emphasises that “*Support to Leader local development from the EAFRD should cover all aspects of the preparation and implementation of local development strategies and operation of local action groups as well as cooperation among territories and groups which carry out bottom-up and community-led local development. In order to enable partners in rural areas not yet applying Leader to test and prepare for the design and operation of a local development strategy a ‘Leader start-up kit’ should also be financed.*”

The new priorities for the future European Rural Development Programme are set out on page 9 and Leader approaches could potentially be applied to any combination of these.

On the basis that Leader will therefore continue to be integral to rural development funding at the European level, this research aims to inform the most effective means of designing, implementing and managing the future application of Leader in England. It has also taken account of the following contextual and policy issues which are current in England.

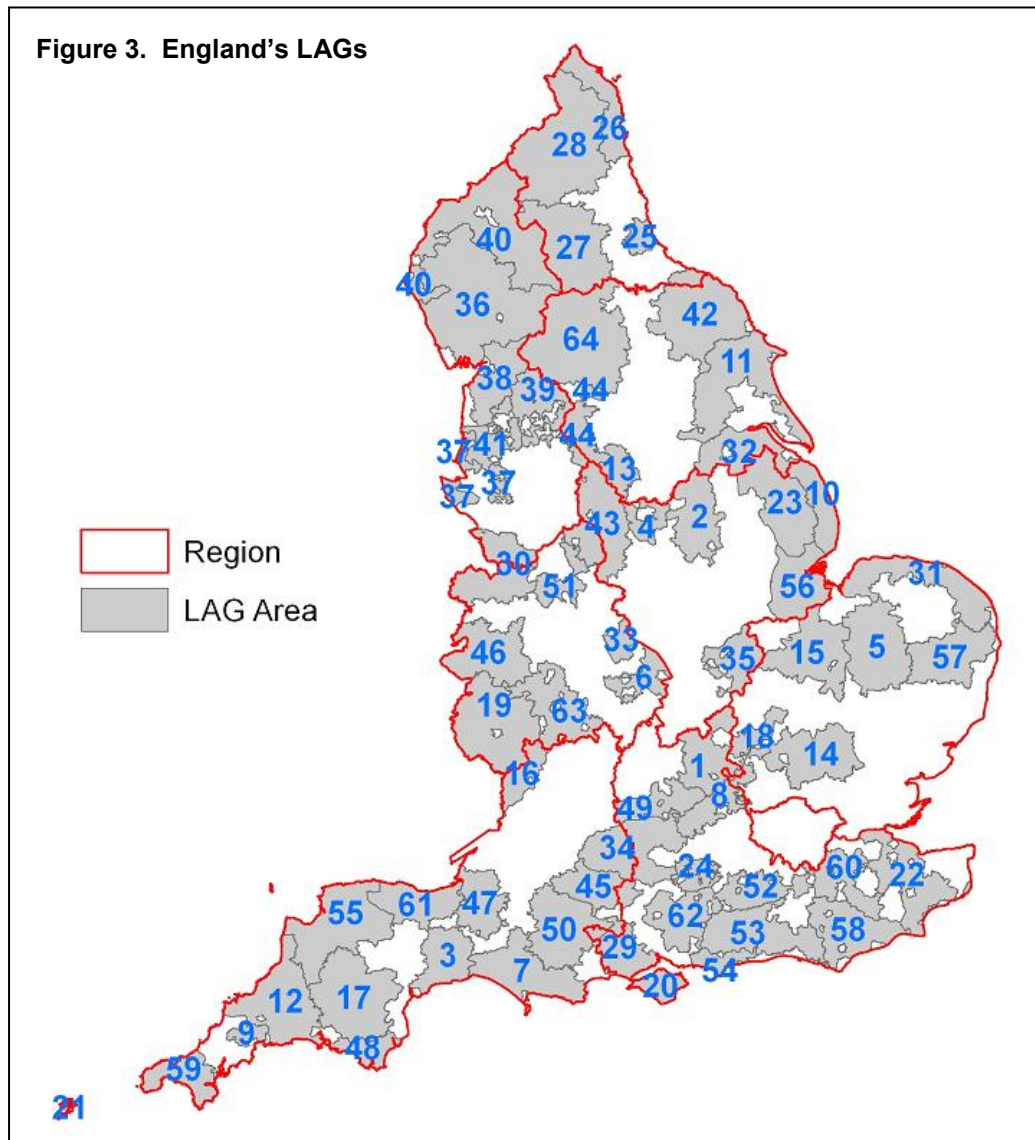
Ministerial aspirations have indicated a desire for all areas of rural England to have access to Leader funding. Our calculation, based upon an LSOA definition and constitution of LAGs identifies 52.5 percent of the rural population of England is covered by LAGs. Extending Leader to cover the whole rural population would require either significantly larger Leader population thresholds or a significant increase in the overall number of LAGs.

Continued support for Leader in England has been demonstrated with existing LAGs being given the opportunity to apply for £30-40,000 transition funding, to bridge the time between the current RDP ending and a new one potentially not being in place until 2015 (Defra, 2013). Although not eligible for funding new projects, it is intended that this money can support key roles and facilitate local groups in assessing future strategic priorities and sustaining/strengthening networks.

Rural Policy in England

The current map of 64 Leader territories, shown below, emerged in 2007 at a time when regional tiers of government held significant powers and the economy had seen an extended period of economic growth. At this time the function of Leader was to play a role in the implementation of Regional Economic Strategies focused on reducing regional inequalities in economic performance.

Figure 3. England's LAGs



ID	NAME	ID	NAME	ID	NAME	ID	NAME
1	Aylesbury Vale & Rural Milton Keynes	17	Greater Dartmoor	33	North Warwickshire	49	South Oxfordshire
2	Bassetlaw	18	Greensand Ridge	34	North Wessex Downs	50	North Dorset & South Wilts
3	Blackdown Hills & E Devon	19	Hereford	35	Northants	51	Staffordshire
4	Bolsover	20	Isle of Wight	36	Cumbria Fells & Dales	52	Surrey Hills
5	The Brecks	21	Isles of Scilly	37	Mersey	53	Sussex Downs & Low Weald
6	Central Warwickshire	22	Kent Downs & Marshes	38	North Lancashire	54	3 Harbours & a Coastal Plain
7	Chalk & Cheese	23	Lindsey Action Zone	39	Pennine Lancashire	55	Torridge & North Devon
8	Chilterns	24	Loddon & Evesley	40	Solway Border and Eden	56	Wash Fens
9	Clay Country	25	East Durham	41	West Lancashire	57	Waveney Valley
10	Coastal Action Zone	26	Northumberland Coast	42	N York Moors Coast & Hills	58	Wealden & Rother
11	Coast Wolds Wetlands & Waterways (CWWW)	27	North Pennine Dales	43	Peak Rural	59	West Cornwall
12	East Cornwall	28	Northumberland Uplands	44	Pennine Prospects	60	West Kent
13	East Peak Innovation Ptrship	29	New Forest	45	Salisbury Plain	61	Western Somerset
14	Eastern Plateau	30	Northern Marches	46	Shropshire Hills	62	Winchester & East Hants
15	Fens Adventurers	31	Norfolk Coast & Broads	47	Somerset Levels & Moors	63	Worcestershire
16	Forest of Dean	32	North Lincolnshire Rural	48	South Devon Coastal	64	Yorkshire Dales

There has been a major adjustment to the policy agenda since 2008, with the global economic downturn followed in 2010 by the election of a new Coalition Government. This Government has made addressing the impacts of economic decline one of its foremost objectives. One approach has seen the deployment of major incentives to create private sector employment, most significantly characterised by the allocation of over £1 billion to businesses through the Regional Growth Fund². A second key strategy involves stimulating local resilience and approaches to economic growth, given formal expression through measures such as the Localism Act 2011.

The organisational arrangements to deliver the Government's growth objectives are currently being shaped by the Independent Heseltine Review – "No Stone Unturned – in Pursuit of Growth" (BIS October 2012) which proposes greater management of economic development at the sub-regional level.

This argument for the devolution of implementation to the sub-region will involve Local Enterprise Partnerships (LEPs) being granted increasing responsibilities. LEPs will be invited to bid via local growth strategies to a cross departmental single funding pot enabling them to coordinate local economic development. The single pot will include some Defra resources. All economic development activities at the local level will be expected to take account of the strategic direction of the local growth strategy. In this context Leader funding will provide a tool for stimulating locally driven economic growth at the rural neighbourhood level.

At the EU structural fund level the proposals for the development of a Common Strategic Framework (CSF) provide a cap-stone for the positioning of Leader within an overall hierarchy of interventions in England. The Commission has indicated that the CSF will *"Replace(s) the current separate sets of strategic guidelines for cohesion policy, rural development policy and fisheries and maritime policy and provide a single source of guidance for all five future Funds, (ERDF, ESF, Cohesion Fund, EAFRD and EMFF), strengthening the integration of EU policies and ensuring greater impact for citizens and businesses on the ground"*.³

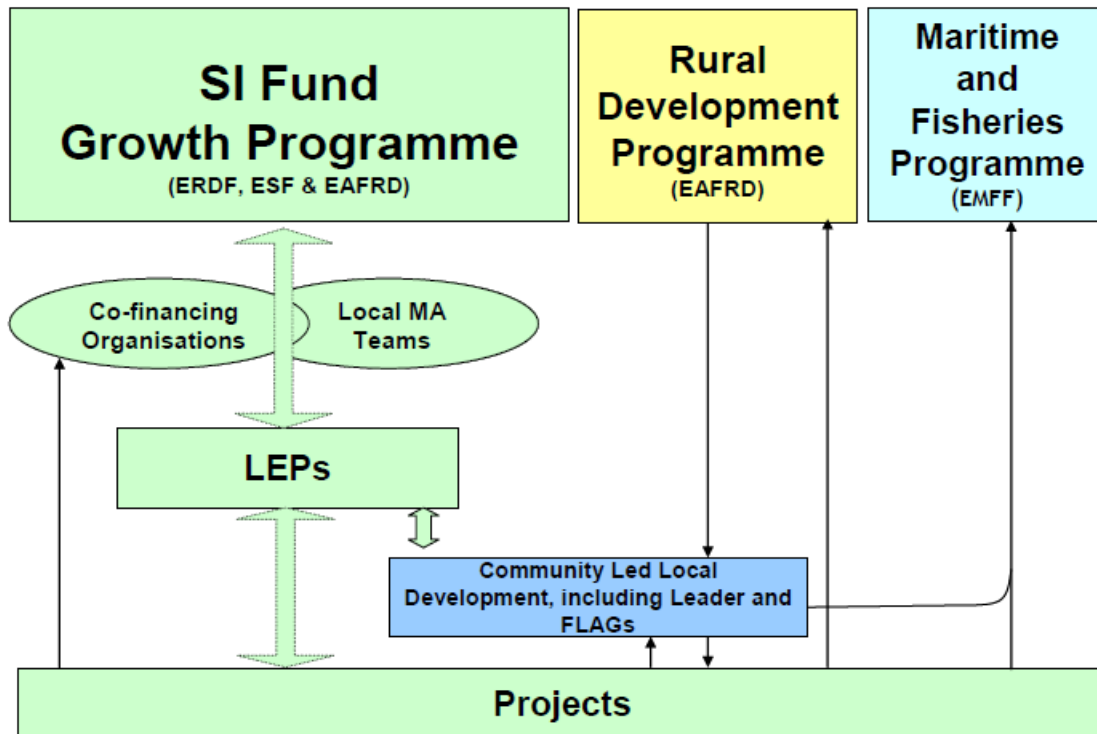
It is possible in the context of this review, to identify a very clear role for Leader post 2014. Leader can function as a neighbourhood focused element of rural development policy, working alongside LEP directed interventions to achieve local growth. Leader can achieve this within the broader framework of the Government's objectives for economic growth and in the context of the six priorities within the new Rural Development Regulation 2014-20. This approach fits straightforwardly into the new CSF for cohesion funding.

Our recommendations for the specific details of how Leader can best be shaped, from the England territorial level downwards, to fulfill this role, are set out in the conclusions at the end of this report. Its positioning in terms of the overall framework for structural interventions is set out in Figure 4 below:

² See "Local Growth Realising Every Places Potential"
<https://www.gov.uk/government/publications/local-growth-realising-every-places-potential-hc-7961>

³ Europa (2012) Commission proposes one programming tool for all structural funds
http://europa.eu/rapid/press-release_IP-12-236_en.htm?locale=en

Figure 4: The role of LEADER in the new policy framework



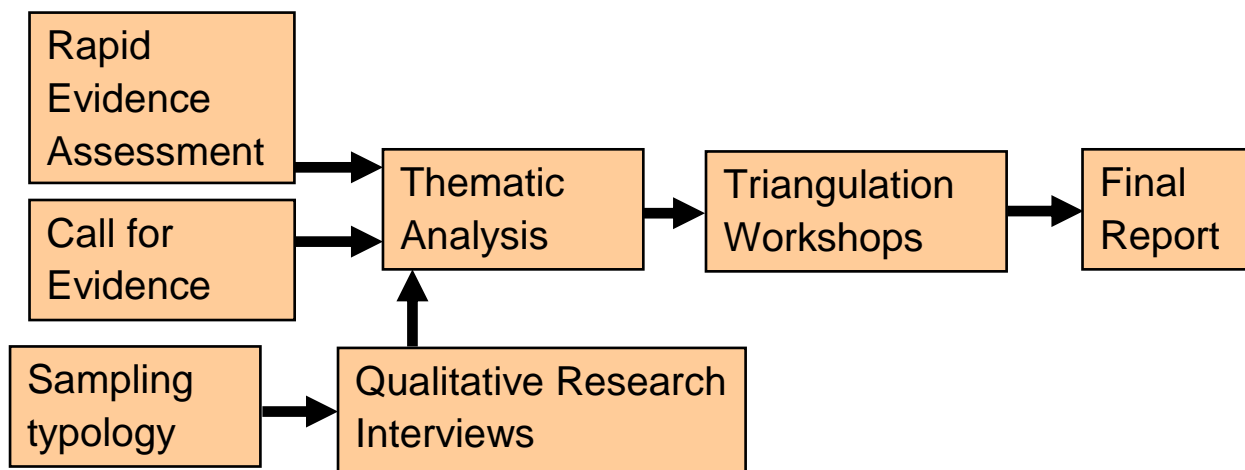
Source: HM Government, Preliminary Guidance to Local Enterprise Partnerships on Development of Structural and Investment Strategies Department for Business Innovation and Skills – 2013 (technical annex, p6)

3 Methodology

This section sets out the overall research approaches adopted for each stage of this review, as illustrated in the flow diagram below.

The philosophy and aims of Leader require any evaluation to consider the full range of outcomes, to include economic, social and environmental indicators. It is important to be aware that “added value” can be realised through the Leader process in terms of networking and capacity-building as well as through specific outcomes resulting from funded projects. The building of human and social capital among beneficiaries and added value generated through local multiplier effects must also be assessed. For the purpose of this report, social capital is defined as: “the networks, norms, relationships, values and informal sanctions that shape the quantity and co-operative quality of a society’s social interactions” (Performance and Innovation Unit, 2002, p5). By contrast, human capital refers to the skills, confidence and capabilities of individuals that can generate improved working or social opportunities (Abercrombie *et al.*, 2006).

Figure 4: Methodological process



3.1 Rapid Evidence Assessment (REA)

The REA draws together key evidence about good practice and value for money in Leader programmes in order to inform the development of Leader after 2013. The REA is based on a review of academic journals, policy evaluations and other published commentaries from 2003 onwards. Because of the need to gather evidence from previous Leader initiatives, the REA has incorporated reviews of Leader II, Leader+, as well as the current Leader period.

The REA process splits questions into two groups, “Impact questions”, concerning approaches that worked well or less well, and “Non-impact questions” to consider what is required to make it work more effectively. In addition, to explore the extent to which Leader contributes to rural development programme in England, we have referred back to overriding aims concerning value for money, wider economic and social benefits, the process for delivery and the types of RDP measures most suited to the LEADER approach.

A range of non-impact questions were identified to explore factors that contribute to the success of Leader. These included factors such as value for money, benefits delivered, stakeholder perceptions, project types, governance arrangements, budget allocations, local development strategies, geographical and population coverage, and monitoring and evaluation.

The key search terms for the REA therefore included elements of both the impact and non-impact questions. As a starting point, these were: knowledge transfer, innovation, competitiveness, farm viability, food chain, ecosystems, economic development, poverty, social inclusion, risk management, low carbon, agriculture, forestry, value for money, governance, finance, Local Development Strategy and Leader⁴. The search strategy incorporated databases highlighting good practice and evaluation outcomes, such as the European Network for Rural Development and RDPE Network. Academic studies were sourced from the journal databases EBSCO and Web of Science with additional material drawn from Google Scholar. A comprehensive evidence table is included in Appendix 4.

Prior to this review being commissioned, Defra issued a call for evidence relating to the RDPE programme as a whole via the RDPE Programme Monitoring Committee's network of stakeholders. The evidence call was made through an online survey, sent to key networks of rural informants accessed through organisations such as ACRE, the Rural Services Network and RDPE (England) Network. Respondents were asked to comment on a range of issues that could be addressed in the next RDP. This generated responses from more than thirty organisations (some multiple responses) which provided views on Leader and the findings have been incorporated into the evidence base for this new research.

Additional material from some 254 Regional Development Agency (RDA) documents and reports covering matters of rural and regional policy were provided by Defra. A review of these documents revealed only two that substantively mentioned Leader, illustrating that Leader was perhaps not a primary consideration for these organisations.

3.2 Call for Evidence

Our Call for Evidence invited stakeholder views and evidence on the current Leader programme as a means of assisting in understanding what had worked and what was required to make it happen. Views were gathered from community groups, rural businesses, farmers and foresters in receipt of Leader funding; members of Leader teams or LAGs; and people living in rural areas with views on the benefits that Leader has delivered (or not delivered). The Call asked respondents for information about:

- Their level of awareness of Leader and any involvement they have had;
- Their views on the operation of the existing Leader programme and what was required to make it happen; and
- Their views on Leader in the future (post 2014).

The Call was intended to both address any gaps highlighted during the search element of the REA (e.g. areas emerging from the starting question and non impact questions) and also offer practical insights into the operation of the programme. The Call complemented and built upon the SWOT analysis and Call for Evidence previously undertaken by Defra and also a parallel research project considering the Social Return on Investment of Axis 1 and Axis 3 carried out by the Countryside and Community Research Institute (CCRI).

A snowball sampling technique was used in order to reach a wide range of stakeholders in the Call for Evidence. This is a non-probability method that uses existing subjects to recruit other subjects through their contacts and connections. The aim is to start with one or two

⁴ Because 'Leader' is a conventional word in the English language, there was a need to use additional filter terms to identify sources related to the Leader programme, rather than Leaders and Leadership. These included "rural development", "RDPE" and "DEFRA", among others.

units, with the sample built up by these initial units referring it on to other subjects. The Call was disseminated through two units. Firstly, the Rural Services Network (RSN), a national body comprising 100 local authorities and 250 organisations working across the complete range of rural services, and secondly through the RDPE Network. The Call reached 10,000+ rural practitioners and stakeholders on these mailing lists (e.g. Parish councillors, community members, service providers, businesses). Referrals from members of the RSN and RDPE Network were also made to: RuSource (a mailing list of 1103 rural professionals including clergy, consultants, land agents, accountants and farmers); the Country Land & Business Association (CLA) and by Local Action Groups (e.g. Central Warwickshire, Yorkshire Dales, Shropshire Hills, Northern Lincolnshire).

The Call opened on 21 November 2012 with an advertised closing date on 21 December, however it was kept 'live' for the duration of the project, with responses accepted until 22 February 2013.

A total of 549 responses were received. This is a prodigious response rate for evidence calls of this scale. Our usual experience of using these channels for projects such as: the development of the local level rural proofing guidance for Defra, the identification of case studies of economic well-being for the Commission for Rural Communities and the identification of best practice in rural housing delivery for the Homes and Communities Agency yield in the order of 150 – 200 responses. The very high and rich quality of the evidence obtained for this project suggests significant experience of and interest in Leader across rural communities in England.

417 respondents (77% of all respondents) described being 'very aware' of the Programme. Of the total response count (549 responses), 52.1% had been in receipt of Leader funding, 42.9% were/had been members of LAGs, 19.7% had benefitted from a Leader funded project, 19.7% were community members with an interest in Leader and 18.3% worked for an accountable body/Leader team.

Respondents were therefore able to offer experience of Leader in general terms, had participated or benefitted directly (i.e., from a project or through membership of a LAG) and/or were familiar with its particular operational systems and processes.

3.3 Qualitative Research Interviews

In-depth face-to-face interviews were held across LAGs in six geographical areas of England. While it was not possible to visit each of the 64 LAG areas, some 21 LAGs participated in interviews and the research team ensured that others had the opportunity to feed in their thoughts and experiences at other events. These were chosen according to a typology that was developed according to topography, levels of spending and the available Axes against which LAGs were able to fund projects. This typology of Leader partnerships is set out in detail in Appendix 2 along with the interview guides for each category of respondent.

Although the emphasis varied according to the type of respondent, the interviews addressed the following broad themes:

- the internal monitoring arrangements adopted by the LAG and how effective these have been in tracking performance against LDS targets
- the ease and value of external reporting arrangements to Defra and the accountable body
- identification of significant variations in programme delivery in terms of total spend and spread between LDS priorities and the reasons

- experience of the governance arrangements for each LAG, what has worked well and less well, changes in membership, attendance records etc
- clarity of the application process and effectiveness of support made available
- quality of applications received and the main challenges associated with technical appraisal
- the communication methods adopted by the LAG and reflections on the effectiveness of measures to stimulate positive engagement with the programme
- the main constraints faced by actual and potential applicants e.g. match funding, complexity of the process, planning regulations etc
- identification of any specific measures to promote innovation and the LAG approach to managing risk
- the extent of participation in LAG exchange activity and its practical value
- the value of the Leader exchange/RDPE network and identification of any specific outcomes that can be attributed to knowledge transfer

3.4 Thematic Analysis and Workshops

Thematic analysis was constructed around the four central questions below:

1. Provide updated evidence to improve the business case for the Leader approach.
2. Make recommendations to further improve programme delivery. For example, identify optimum operational conditions for LAGs e.g. in terms of levels of budget to use and type of support required from Defra.
3. Map out the types of projects Leader has been used to delivery under the current programme and what evidence exists on where it has been most effective. This will be used to consider which of the 6 EU draft objectives in the 2014-20 programme Leader is best suited to deliver.
4. Share learning from Leader's bottom-up approach to inform development of Community Lead Local Development with other CAP Funds.

These were further broken down into sub-questions (see table A3.1 in Appendix 3) allowing each of the project team to provided evidence and commentaries against each specific issue based on their areas of research. These were each drawn directly from the initial research call to ensure that the analysis was targeted at providing the most valuable information to communicate best practice and to inform the future of Leader. The final area of the research then concerned the development of best practice for sharing knowledge across each of the other areas. The research questions providing most contention were also used as the basis for two further external workshops, details of which are also included in Appendix 3. The analysis that follows later in this report is similarly presented in a thematic manner to enable the reader to get to the heart of the issues.

RESEARCH FINDINGS

The next four sections draw together the findings from the field research. The responses have been grouped against the key lines of enquiry set out in the commission for this review and are reinforced by key findings and illustrative quotes at the end of each sub-section.

4. The Business Case for Leader

4.1 What does existing evidence tell us about the value for money of the Leader approach? – *How do we define Value for Money?*

There is currently no straightforward definition of value for money (vfm) that would assist in addressing this question at a strategic level. There is a dearth of formal vfm literature about this issue in terms of the current programme. Currently, the *National Impact Assessment of Leader* conducted by Ekosgen for Defra in 2011 is the only national assessment of value for money in terms of economic cost benefit analysis⁵. There is also a lack of connectivity between the target outputs developed for each Leader programme and the bigger aggregate objectives of Leader from an England wide perspective. With the closure of Regional Development Agencies the contribution of Leader to any specific territorial strategies has been removed. This makes it difficult to set out the higher level context for a vfm assessment in relation to Leader.

A recent “think piece”/consultation (*Development of the Next Rural Development Programme in England 2014-2020*) issued by Defra in March 2013⁶ does open up scope for a parallel consideration of this issue. It establishes a series of principles linked to the justification for agreeing funding which could be applied to thinking about value for money in the context of need and demand as opposed to the traditional approach of considering economy and efficiency.

The paper sets out a number of principles including: need, market failure, adherence to Government and EU Rural Development priorities, “appropriateness”, capacity to deliver change, additionality, delivery of environmental benefits, delivery of multiple objectives, offering loans where appropriate as an alternative to grants and finally alignment with other EU funds.

There is evidence to demonstrate that Leader does address these principles particularly in the Expression of Interest (EoI) and project application process. This manifests itself in the low levels of deadweight and displacement established through the Ekosgen Impact Assessment Report 2011⁷. Our research found practical examples of this in the systems operated by CWWW, Herefordshire and Lincolnshire LAGs.

Evidence regarding vfm at an operational programme level is supplied to Defra through routine reporting on spend and outputs achieved against prescribed targets. Most programmes appear to be delivering higher outputs than contracted (all 6 field study areas provided evidence to suggest this). While this basic numerical data provides some assurances on vfm it has serious limitations in capturing the full impact and outcomes of the Leader programme, especially over the longer term. We found many examples of LAGs struggling to turn anecdotal information of value into tangible recording. The recording system only permits outputs to be recorded up to the final payment date and no scope to

⁵ Ekosgen (2011) *National Impact Assessment of Leader* report for DEFRA

⁶ DEFRA (2013) *Development of the Next Rural Programme for England 2014-2010*

⁷ Ekosgen (2011) *National Impact Assessment of Leader* report for DEFRA

assess multipliers. This was a key point raised from representatives of Shropshire Hills and Bolsover at the Leader Exchange Group meeting in November 2012.

There is a general consensus that Defra should be more concerned with the broader achievements and legacy of Leader than relying unduly on measures of performance on spend. Evidence gathered through the REA suggests that the true value of Leader is not about financial outputs, but in building capacity and triggering a 'mind shift' among local actors which, in turn, can help to improve the economic performance and sustainability of rural areas over time⁸. This raises the fundamental question as to whether the current programme's monitoring arrangements are too heavily focused on financial measures and standard output metrics rather than finding more appropriate and possibly more sophisticated indicators which would better represent the enduring impact of Leader. It is perfectly understandable in a compliance and risk management environment that this should be the case, with the Rural Payment Agency (RPA) facing significant claw-back risks from underspend and non-compliance. It does however leave the fundamental challenge of measuring and valuing wider impacts unresolved. This will remain a particular weakness confronting advocates of the Leader approach as the most effective way of sustaining the vitality and building capacity across rural economies and communities.

The process by which LAGs have been successful in engaging volunteers who commit considerable time to supporting local development occurs to us as a strong example of vfm (these individuals are not remunerated directly for their time).⁹ In many cases this also extends to commitment from officers over and above the level of Leader funding investment in their time. Furthermore many Leader grant applications have been submitted by community groups and social enterprises and the resultant projects continue to support and harness the efforts of volunteers. This is a powerful feature of Leader in terms of its role as a vehicle for engendering neo endogenous growth.¹⁰

There is a feeling among some respondents that eligibility criteria preclude some projects that would deliver greater value for money. For example, a larger established rural enterprise may be able to realise more rapid growth with Leader support but Leader is configured as an approach for projects that would not otherwise happen, not necessarily for those that would create the biggest impact. This means that some larger businesses will for example proceed at smaller scale without being prepared to wait for Leader funding. There are nonetheless some (although not many) examples of significant large scale projects which have been able to develop from scratch with Leader funding. Lakes Free Range Eggs which has become (with support from both Cumbrian Leader programmes) a major new egg business and established a significant local supply chain is one example.

Some respondents have argued that Leader systems are not sufficiently receptive to value for money issues in the context of rural localities – for example the requirement to submit three quotes has, in the views of some beneficiaries, favoured larger suppliers, often outside of local areas, and disadvantaged those offering local skills and resources which may well be available at lower costs. The administrative requirements for managing multiple local suppliers led some projects to favour single contractors, thus losing out on valuable local

⁸ Ekosgen (2011) *National Impact Assessment of Leader* report for DEFRA
Rural Development Company, Fraser Associates and University of Gloucester (2005) *An evidence base for mainstreaming Leader in England*

⁹ Hyder and ADAS (2010) *DEFRA Rural Development Programme for England 2007-2013 – Mid Term Evaluation*, Volume One;

¹⁰ Rural Development Company, Fraser Associates and University of Gloucester (2005) *An evidence base for mainstreaming Leader in England*

multiplier effects. Finding a suitable range of specialist suppliers can also be impractical in many rural areas and for niche projects.

Larger organisations (such as Age Concern, Scottish Agricultural College, Lincolnshire Wildlife Trust) struggle to claim back certain expenses. The accounting procedures do not make it easy to apportion salaries, volunteer time and some overheads to Leader. Although this may deliver a better financial return some beneficiaries have felt penalised.

A significant number of LAGs have chosen not to engage in any form of international collaboration. A common explanation has been that any such engagement involving expenditure on foreign travel and hosting of visitors etc at a time of serious cuts in public spending cuts would generate negative perceptions about Leader. This rather narrow view of what may constitute vfm is perhaps unfortunate and has no doubt restricted the ability of LAGs in some areas to exchange good practice, transfer knowledge and foster new and innovative approaches to rural development which underpin the Leader model.

The observations in this section mirror the 2011 *National Impact Assessment of Leader*¹¹ which identified that overall, although financial calculations for return on investment were not consistently high (see section 4.3 ahead) and the volume of new jobs and sales generated for those businesses receiving support was fairly modest, Leader intervention has provided significant and additional value in the local area.

Key Findings

- There is no England wide strategic basis on which to judge value for money. If a broader consideration of the ability of Leader partnerships to respond efficiently to need and demand is applied, there are a number of positive examples which can be shown, through effective programme management and systems, to have delivered value for money.
- There is a tendency to judge spend rather than impact.
- Key elements of added value around capacity building and the contribution of individuals to the successful achievement of LAG outcomes are not consistently captured and there is no common framework to achieve this.

Can we fund things that don't meet the value-for-money test if they deliver good outcomes? Defra needs to tell us the rules at the beginning of the programme. *West Cornwall*

Leader is about community groups, micro enterprises and it also has innovation as one of its key aims...Leader groups fit with the economic growth agenda as the micro enterprise support they provide can be targeted at local areas and small businesses. Leader is all about partnerships, people and capacity. Leader needs to think about the relationship between growth and community. *Defra*

Part of the barn is used for housing volunteers and part for delivering training. Some of the running costs were allowed but others weren't so these had to be written off. It got to the point where only tea bags used by certain people connected to the project could be claimed! *Coastal Action Zone*

We have turned away many potential applicants because they have in excess of 10 members of staff. *Defra evidence call respondent*

¹¹ Ekosgen (2011) *National Impact Assessment of Leader* report for DEFRA

Gathering evidence on the legacy and sustainability of projects that have been funded and the cumulative effect of Leader would be worthwhile (e.g. woodland project funded 15 years ago on Exmoor has continued, grown and diversified its activities). *North Devon*

Leader is an example of how to move away from flagship projects to be locally led and driven by community need. The projects that are funded may be small in cost/funding terms but are transformational in what they deliver. *East Cornwall*

The value for money of Leader is affected by the complexity of the reporting processes. If this was reduced, there could be more money spent on front-end work rather than administration. By comparison, Big Lottery requires less complex reporting for greater grant amounts *Solway Borders and Eden project beneficiary*

4.2 Stakeholders' perceptions of the value of Leader

Strategic level stakeholders view Leader as small scale and marginal. Many reports on rural development issues do not even mention Leader. Out of 82 RDA research and strategy reports reviewed as part of this evaluation, only two made any reference to Leader. This is despite the fact that many of these reports sought to identify ways to support regional economic development and/or promote wellbeing in rural areas.

Organisations operating at the local level, by contrast, regard Leader as a vital mechanism that provides the kinds of support that are most needed to grow and sustain small rural businesses and communities. Our "Call for Evidence", which has generated over 500 responses demonstrates that this local level support is substantial and highly committed to the continuing evolution of the Leader approach to rural development.

There is a growing international debate about the value of neo-endogenous growth as a means of building resilience in rural communities. At the England level LEPs are being asked to develop sub-regional growth strategies. This will create an opportunity for the local and complementary role offered by Leader to macroeconomic interventions such as Regional Growth Fund to be fully understood and embraced by local economic stakeholders.

The Call for evidence identified a significant body of evidence in relation to the things Leader had achieved (and some things which could be improved) as set out below:

Respondents were asked to rank five administrative processes underpinning the delivery of Leader on a continuum from excellent to very poor. These processes were: (1) the rules on which projects can be put forward, (2) the application process, (3) the help offered by the Leader team, (4) the work of the LAG and (5) the operating and audit requirements.

- The help offered by the Leader team generated the most positive ratings – with 424 respondents selecting an 'excellent' or 'good' score. This was followed by the work of the LAG, with 388 respondents rating this to be 'excellent' or 'good'. A high proportion of the sample had been in receipt of Leader funding, benefitted from a Leader funded project or had been on the LAG.
- The operating rules and audit requirements received less positive ratings – with 105 respondents rating this as 'poor' or 'very poor'. Respondents who were members of a LAG or worked for an accountable body/Leader team were more likely to rate operating and audit requirements on a continuum from average to poor compared to recipients of Leader funding who were more positive, rating it from good to average.

These findings can be used to distinguish between the views of those who have been involved in the build up to the Programme (i.e. setting the priorities in the Local Development Strategy, applying for Leader funding) and those with experience of its implementation and operating procedures.

Respondents were asked what Leader had done well:

- Respondents were positive about the ‘locality’ of the Programme, citing its contribution in helping to make the area it covered a better place (227 respondents strongly agreed), taking a bottom-up approach (211 respondents strongly agreed), supporting innovation (184 respondents strongly agreed) and providing enough money to make a difference locally (144 respondents strongly agreed).
- Respondents were less positive about the bureaucracy and processes that had to be followed (with 171 respondents strongly agreeing and 204 agreeing that there were layers of processes to follow). Respondents also indicated that auditing requirements could stifle innovation, with 143 respondents strongly agreeing and 155 agreeing that this was the case.
- Leader was viewed as providing opportunities to bring new projects forward and not as a mechanism for funding projects that would have taken place anyway or as a means to backfill reductions in public sector spending. Respondents in receipt of Leader funding were not sure if it was difficult for new people and projects to become part of LAGs.

Respondents in receipt of Leader funding were more likely to recognise how the Programme had helped to make the area it covered a better place and had provided enough money to make a difference to local needs; whereas respondents from LAGs and accountable bodies/Leader teams were more likely to give a higher rating to the ability of the Programme to take a bottom-up approach to rural development.

Key Findings

- A review of research and policy reports commissioned by the RDAs suggests that there has been little awareness of role and value of Leader at the regional level. At the neighbourhood level Leader is highly valued by those who have been involved with it. They particularly value the very local focus of the programme.
- Leader has real potential to deliver the local response to growth in rural neighbourhoods.

4.3 What are the returns on investment?

There is an interesting debate to be had about what returns on investment are most relevant and this chimes with a number of issues linked to the “intangibles” referenced in the section above.

Evaluation studies suggest that the return on investment for Leader is fairly good. There are some differences between the return of investment reported for different axes and measures, however. For example, the 2011 Ekosgen study, *National Impact Assessment of Leader*¹², calculated a total return on investment of £6.38 for every £1 invested in business support. However, a study by Genecon in the North East suggested that return on investment for business support funded by Leader was lower than for other business

¹² Ekosgen (2011) *National Impact Assessment of Leader* report for DEFRA

support funded through the RDA network.¹³ Return on investment is greatest for agriculture-based projects and business support. Projects supporting community projects and events/tourism generate the lowest return on investment. It is felt that the effects at a local level are more significant, but difficult to map, quantify and compare. Deadweight across Leader activities is low, at 15-20%, which suggests that few Leader funded activities could have been achieved without support from Leader.¹⁴

In practice interviewees focus on returns on investment in terms of jobs created as other economic benefits and multiplier effects proved difficult to quantify and report. The emphasis on creation of jobs is problematic in rural areas. In the most remote rural areas, safeguarding jobs could be regarded as being relatively as important. The planning system, a limited pool of skilled labour and greater distance from markets all combine to make rural economies vulnerable and difficult to stimulate using public policy intervention. In such areas, when jobs are lost they are very hard to replace. The focus of Leader on rural development, linking economic and social outcomes recognises the importance of sustaining as well as growing rural economies. In the current economic downturn there is a strong argument to suggest that investing in rural facilities and modest economic development has as significant an impact on sustaining established businesses and jobs by maintaining and strengthening their markets as it does in creating new ones. This argument amplifies the findings set out in the REA which identifies that deadweight is low, and that although Leader creates relatively few jobs compared with mainstream business support, these have more of an effect in a remote rural than in an urban economy¹⁵.

Match funding varies according to different axes but where it is attracted, this reflects an additional return on investment. It is frequently not considered in this context.

In view of the challenges faced by LAGs in attributing values to the wider capacity returns generated by Leader there may well be merit in considering the introduction of a formal methodology such as Social Return on Investment for measuring this. This could be encouraged as a formal part of the Leader evaluation approach in each area or could be targeted on particular areas of impact, where a number of projects have been funded through Leader in specific settlements or on specific themes - for example wood fuel projects in Cumbria Fells and Dales.

At the wider overall programme level there is merit in considering the development of a longitudinal study which could map the impacts achieved through the programme during its life and potentially also capture some of the longer term outcomes of previously funded initiatives.

There is currently limited capacity to do evaluation at a local level and, in recognition of this, Defra is planning to release better guidance on how to do local evaluations, without making this onerous for LAGs. It is also considering a survey of beneficiaries to gather more data on longer term outputs and outcomes (Leader Exchange Group, March 2013). This would go some way to making it easier to evaluate the value for money of Leader. Appointing an external organisation/research team to work alongside the LAGs in an ongoing evaluation role would help to gather the necessary in depth information to more accurately reflect the value of Leader projects.

¹³ Genecon (2010) *Mid Term Evaluation of the Rural Development Programme in the North East of England*;

¹⁴ Ekosgen (2011) *National Impact Assessment of Leader* report for DEFRA

¹⁵ Ekosgen (2011) *National Impact Assessment of Leader* report for DEFRA

Key Findings

- Existing studies suggest that the return on investment is fairly good, although slightly lower than other business support interventions. However, deadweight is reported to be low which suggests that the additionality brought about by Leader is high.
- Current arrangements do not capture matched funding and outcomes delivered after the contracted funding period for each given Leader project.
- There is merit in the consideration of a formal method for recording the wider impact of Leader at the LAG level.
- The use of longitudinal studies to better capture return on investment should be explored for the next Leader programme.

“Retaining local businesses and keeping people employed in rural areas is – arguably – just as important as supporting high growth companies in urban areas.” *Shropshire Hills*

“You get more bang for your buck in rural areas like this, it saves one or two people having to go to Lincoln to get a job so it makes a real difference. That money would’ve been lost in a bigger town. *Coastal Action Zone beneficiary*

4.4 What range of economic, social, community and environmental benefits have been achieved through Leader delivery?

The table below sets out the distribution of projects across axes across England.

Figure 5: The distribution of Leader Projects (Supplied by Defra, January 2013*)

Region	N/A	111	121	122	123	124	125	311	312	313	321	322	323	331	421	Total
South East	5		54	25	76	1	2	158	281	95	117	95	38	12	2	961
North East		4	2			1		7	45	63	93		4	14	5	238
East of England	2		14		11		25	23	82	46	20		2			225
E. Midlands	4				4			23	111	45	9		22	4	1	223
W. Midlands	2	4			4						186	142	116	10	14	478
North West	2	26	16	6	79	8	4	38	168	49	60		16	14	7	493
South West	5							5	253	94	196	81	44	30	3	711
Yorks & Humber	9										150	139	197		10	505
Total	29	34	86	31	174	10	31	254	940	392	831	457	439	84	42	3834

* 123 projects are not assigned axes/measures in the data supplied and several projects are funded through multiple measures in which case they are assigned to the primary funding measure

This table illustrates the spread of projects and the measures against which LAGs have been best able to support projects, however, it should be noted that as social and environmental benefits are not part of the reporting criteria, establishing the full range of project *achievements* is more difficult.

Much of the social capital discussion in the academic literature, identified through the REA, focuses on the importance of local engagement in the process of determining priorities.¹⁶ The process is still heavily public sector led and quite top-down with regulatory influence from Europe, Defra and previously the RDAs. We believe social capital needs to be considered as follows:

Social capital concerns the characteristics of network relationships whereby strong local connections provide familiarity and trust to facilitate collective action while external, “weaker ties” provide access to new information and opportunities.¹⁷

The most progressive LAGs have attempted to capture these wider benefits through project profiles and case studies that are presented in publications or on programme websites (see for example the publication ‘Happy Healthy & Prosperous’ produced by Shropshire Hills LAG). Similar material has been prepared by North Pennine Dales; Northumberland Uplands; Cumbria Fells & Dales, Solway Borders & Eden; and CWWW. The beneficiary interviews conducted for this report also provide ample evidence, albeit somewhat intangible and unquantifiable, about the reach and impact of Leader investment. The following provide a simple illustration:

- The volunteers managing Witham Hall in Barnard Castle had a ‘village hall mentality’ but are now able to operate a modern and versatile public space so protecting a major public investment
- The Forge Studios at Allendale has provided free workspace to enable young entrepreneurs to establish and grow a business
- The South Tyne Valley Railway is not only attracting additional visitors, contrary to regional tourism trends, but the many volunteers are more committed and lead more fulfilling lives
- Village Agents in remote rural Cumbria are finding novel ways of delivering community service and especially support for disadvantaged groups including the elderly
- Lakeland Eggs has enlisted a network of 50+ farmers into their supply chain, animal welfare standards are exemplary and employees are able to walk to their workplace
- Growing Together in Cornwall has through a simple concept reinforced community cohesion, bolstered local food supply chains and promoted healthier lifestyles
- Groombridge Hill farm in Kent is now defined by its new farm shop rather than the opposite and the Leader experience has inspired new initiatives in renewable energy
- Kent Lavender Growers have gained vital credibility as exporters to Continental markets

¹⁶ Carnegie Trust UK (2010a) A Common Rural Development Policy?

Scott, M (2004) Building institutional capacity in rural Northern Ireland: the role of partnership governance in the Leader II programme, *Rural Studies* 20, 49-59;

Shortall, S. (2008) Are rural development programmes socially inclusive? Social inclusion, civic engagement, participation, and social capital: Exploring the differences. *Rural Studies* 24, 450-457

¹⁷ Halpern, D. (2005) *Social Capital*. Polity Press, Cambridge

Putnam, R. D. (2000) *Bowling Alone: The Collapse and Revival of American Community*. Simon & Schuster Paperbacks, New York

- Farmers markets have been established in Shropshire schools so embedding the benefits of local food production into the minds of future consumers
- Cumbria Woodlands has provided an essential translation service to overcome the language barriers between funding bodies and the forestry sector.

Case Study: Phoenix Enterprise Centre, Cleator Moor

The creation of the Phoenix Enterprise Centre in Cleator Moor has restored a prominent historic building and provided workspace for over 30 small businesses. Cleator Moor is a severely disadvantaged former mining settlement located in West Cumbria. Two capital projects and one revenue project supported by the Solway, Borders & Eden LAG demonstrate how, in combination, Leader funding has had a profound impact in addressing many of the challenging social, economic and environmental conditions in the town. Some of the main achievements are:

- *creation of workspace for 14 private sector employees (complementing a portfolio of other office and workspace properties)*
- *restoration of a derelict listed building to a high architectural standard and complete refurbishment of an underused leisure facility, both strategically located in the centre of the town*
- *IT training and assistance into work for 30 unemployed local people*
- *provision of a multi purpose leisure/meeting space for young people and a comprehensive programme of outdoor activities and training events covering crime, healthy eating, drugs and alcohol abuse, relationships and other contemporary issues*
- *improved relations between the police and young people and a marked reduction in anti-social behaviour.*

Two of the projects are managed by the Phoenix Enterprise Centre and the third by the Phoenix Youth Project. Both organisations are governed by boards comprising local volunteers who are very well networked in the local community. Confidence has grown such that the managers now lease the town's car parks from the Local Authority, removing a perceived constraint on the retail sector. The Centre is a genuine hub for economic and community support agencies in the town and provides the glue of social cohesion. The work they do gives practical expression to the notion of the Big Society and confirms that even the most deprived communities have the capacity to act if appropriate forms of support, such as that provided through Leader, are made available.

The range of individual outcomes over and above either a high level but too general statement of the number of projects against each axis measure or an individual unpacking of each project are very difficult to summarise. This is why we have suggested the development of a more structured methodology for recording them at LAG level such as Social Return On Investment. Using this approach, an explanation of the value of Leader could be condensed into a series of headline statistics that would command strong political endorsement rather than relying on a catalogue of anecdotes. There are a number of methodologies for capturing these wider impacts and further work is needed to identify the most appropriate approach. Discussions with the national SROI network would be a good starting point in this context.¹⁸

¹⁸ www.thesroinetwork.org/

The use of independent evaluations at the end of individual LAG programmes can provide opportunities for more in depth analysis, but again operates at a micro-level where it is difficult to provide a comprehensive and accessible overview of achievement for national policy makers.

Key Findings

- Recording of social and environmental benefits is not currently required for Leader.
- There is some good practice by LAGs in measuring these benefits.
- There is very significant evidence from Leader outcomes that it is a potent means of supporting the broader rural development aspirations of the current Government.

Leader is “a model that works”; it mobilises the local community and economic actors, is driven by local need and fundamental to economic development...about “being there for the long term” and helping business growth in your local area (through understanding your local economy and writing the LDS)...“We can do it”, Leader builds the capacity and confidence of community members. *North Devon*

“Leader funded activities, which can include things like toilets, kitchens and play areas, create a space that the community can use and bring the community together.” *Northern Lincolnshire*

5. Programme Delivery

The aim of this section is to inform recommendations to further improve programme delivery. For example, identifying optimum operational conditions for LAGs in terms of organisational characteristics, geography, levels of budget to use and type of support required from Defra.

5.1 What are the characteristics of the most effective LAGs?

We found that the effectiveness of LAGs is highly dependent on the individuals involved, particularly the LAG members and support staff. The REA identifies that, given the time commitment of being involved in a LAG, the dedication of LAG members is essential.¹⁹ Other key features include the resources at the LAG's disposal and the extent to which they are networked.²⁰ Some projects place this local networking process at the heart of their approach. The Waveney Valley Identity Project where local communities and businesses are encouraged to shape the promotion of the destination is an example of the recognition of the importance of locality as a key driver by the LAG in that area. The West Kent Leader Co-ordinator has a farming background and strong connections with the land based sector resulting in good performance with Axis 1 projects. The land based sector is also well represented on Solway Borders and Eden and Cumbria Fells and Dales and LAG members overlap with other farming/forestry networks in the County. Because of this what may appear as a complicated institutional architecture for delivering rural development actually works in practice.

Evidence from the REA suggests that the most successful LAGs are those with a broad representation of community, public sector and private sector interests.²¹ Our overall findings are that across the case study areas we looked at, LAG memberships appear to be broadly based and reasonably representative of all stakeholders. The LAG chair clearly has a pivotal role in ensuring that all of these stakeholders are effectively engaged and in creating a productive and supportive relationship with Leader managers and support staff. A strong private and third sector component is evident in all cases studied. The land-based industries are especially well represented on LAGs where Axis 1 measures are offered. Public sector reorganisation and embargoes on staff recruitment have not helped continuity where Leader staff are employed by local authorities.

Governance models differ widely even between adjacent LAGs. For example West Kent has 22 members taking all key decisions, Kent Downs and Marshes (KDM) has an Executive Group of 9 members whilst Surrey Hills has a Panel of 4/5 with one individual LAG member assigned to scrutinise each Expression of Interest (EoI). In KDM approval of an EoI to proceed further is delegated to the LAG Manager and only the full application, accompanied by its technical appraisal, is considered by the LAG.

A broad conclusion to be drawn from the range presented above suggests that a core group of 12-15 members might offers a reasonable compromise between representation and

¹⁹ Rural Services Network (2012) *Future of the Rural Development Programme for England: note for Defra*

²⁰ Genecon (2010) *Mid Term Evaluation of the Rural Development Programme in the North East of England*;

Williams, D (2011) *Mid Term Evaluation of the Central Warwickshire Villages Project*

Rural Services Network (2012) *Future of the Rural Development Programme for England: note for Defra*

Ekosgen (2011) *National Impact Assessment of Leader* report for DEFRA

efficiency, although this does not imply any criticism of any specific model or approach adopted across the Leader network. The interviews that were conducted with LAGs did not reveal any evidence of serious governance failure. What is clear is that LAG members and Project Co-ordinators demonstrate a remarkable amount of commitment and belief in the Leader method. This was a very strong and distinctive impression formed by the team from across all six territorial visits.

The average LAG budget is approaching £2 million, although this is a mean average and there are very wide variations across former regions, with the largest LAG budgets, both in Cumbria, running at £8 million. A crude estimate is that a £1 million budget represents the very minimum level of resource needed to sustain a viable LAG operation. This would enable a basic level of administrative support to be provided, assuming 20% permitted M&A overhead, as well as securing the ongoing commitment of LAG members. Any figure below this would be quickly consumed or so sparingly allocated to leave too many applicants disappointed and disaffected with the process. A key feature of the next programme should be to separate animation costs from M&A or to issue clear guidance to LAGs on how they can legitimately incorporate capacity building into project delivery. Alternatively the M&A figure should be calculated to a different formula e.g. 20% of overall projected spend including match contributions.

Other key features of effective LAGs have been identified from the REA and field study visits. These include a history of partnership, which may include but is not restricted to previous Leader experience²² (Herefordshire is one example). Capacity building and skills development for LAG Board members is important, particularly for new or inexperienced members (this has been implemented in CWWW). Evidence from European evaluations of Leader suggests that autonomy from local authorities/accountable bodies helps LAGs to develop local capacity and reduce their dependence on funding²³ (as seen in North Devon+).

There is good evidence that the incorporation of LAG support teams and back office and accountable body functions in a single organisation produces efficiencies e.g. Herefordshire, Lincolnshire, and West Kent. Some back office costs also appear to be absorbed rather than claimed against the Leader budget (Shropshire). There is, in contrast, evidence from elsewhere of a controlling and risk-averse culture in some accountable bodies.

Key Findings

- The success of LAGs is heavily dependent on the calibre and commitment of their members and support staff.
- Governance models work best where they fit localities and circumstances but should not be too large and unwieldy to deliver efficient decisions.
- Project animation costs should be funded separately from other administration costs.
- Early investment in building the capacity of LAG members pays dividends in terms of the effectiveness of Leader programmes.
- Partnership working takes time to produce outcomes and LAGs that engage early in collaborations are best placed to benefit.

²² Ekosgen (2011) *National Impact Assessment of Leader* report for DEFRA.

Rural Development Company, Fraser Associates and University of Gloucester (2005) *An evidence base for mainstreaming Leader in England*

²³ Metis GmbH, AEIDL and CEU (2010) *Ex post Evaluation of Leader+report for the European Commission*

Ensuring LAG members are from a range of sectors and local communities is important to achieve the things set out in the LDS. *Cornwall Development Company*

A strong chair to explain it's not about sitting in meetings but making decisions and seeing them through. *North Devon*

Shropshire AONB has 36 members on its board, but it works because the LAG has a good chair. *Shropshire Hills AONB*

The beauty of Leader is that it is for each area to define what works best for their governance. There is the flexibility to choose priorities. The key is to get stakeholders together who are relevant, not just that put their hands up, and to get genuine representativeness. There is no one size fits all model for the best way to govern a LAG. *Leader Exchange Group March 2013*

5.2 What governance arrangements function best?

There is no single governance model that can be regarded as superior. Practices have evolved according to local conditions. Evidence of good practice and innovation is set out and referenced below – in many cases whilst we have cited the principal Leader partnership where we discovered it, the practice is more widespread:

- Placing both Leader delivery and accountable body functions within a Not for Profit Company (North Devon+ is a good example) seems to work particularly well.
- Distinctive and free-standing websites that satisfy all requirements of stakeholders and applicants and the incorporation of a member log in facility (e.g. North Pennine Dales & Lincolnshire) to assist communication, provide audit trails and respect confidentiality
- Separation of the strategic programme management role from decision making on applications (Shropshire Hills)
- Formation of novel partnerships incorporating capacity building (development officers on the ground) into the management / delivery arrangements of projects to animate programmes of work (CWWW)
- Organisation of regular field visits to projects by the LAG and follow up research to fully gauge impacts (Northumberland Uplands LAG)
- Introduction of a 'fast track' grant scheme for projects; the Rural Heritage Sector Support Project by (CWWW) and the flood mitigation scheme in Cockermouth (Solway, Borders & Eden) are contrasting but good examples of this.
- Assembling a wide range of activities that have economic, social and environmental benefits derived from one single Measure (323 (Heritage and Culture) – CWWW)
- Provision of non-qualification training e.g. to assist volunteers in making community facilities financially sustainable (North Pennine Dales) and use of social media by tourism businesses (Solway, Borders & Eden).
- Having meetings across the whole geography of the Leader area to ensure maximum engagement and a sense of inclusivity for the operation of the LAG (Herefordshire)
- LAG project compendiums (North Pennine Dales, CWWW, Cumbria Fells & Dales, Solway, Borders & Eden) - these are helpful for the development of future programme.
- Innovative use of communication technology, for example Surrey Hills makes a video recording as part of the Expression of Interest process.

- The appointment of Project Mentors (Surrey Hills)
- Beneficiaries making the transition to LAG membership (North Lincolnshire)
- Role description for LAG Chair and Board members and induction – (CWWW, Wash Fens)

More broadly activities which involve wider LAG networking with each other through both formal (RDPE Network, Leader Exchange Group) and informal through intra-regional networking (for example in the West Midlands, North East and Kent/Surrey/Sussex) appear to add value to the capacity of LAG members and to encourage confidence and innovation.

The six LAGs in Kent/Surrey/Sussex have produced a joint progress report (Dec 2012) setting out a detailed breakdown of project numbers and spend across a range of categories together with recorded outputs. The group have also prepared a SWOT analysis summarising how the Leader programme has worked well (particularly in terms of local engagement, employing local knowledge, building trusting networks and supporting hard to reach cases) and less well (largely governance arrangements). In considering future opportunities and threats this also demonstrates how LAGs are building capacity to evaluate their situation and plan for the future.

Key Findings

- There is no single best approach to effective governance; a wide range of administrative models and working practices have been deployed by LAGs.
- Written processes and protocols deployed at the outset lead to more effective governance outcomes.
- Training and mentoring for LAG members is a powerful means of driving good governance.
- Networking and LAG-to-LAG support has a key role to play in capacity building.
- Benefits can accrue for LAGs which meet at different locations across their territories and which maximize the use of ICT and social media.

As new members come in, they receive an “induction pack” with all the rules and a quick briefing from the programme manager before the first meeting, otherwise, there is no resource to provide more structured training. *Wash Fens*

5.3 What type of support is needed from Defra and other agencies?

Most LAGs employ development officers to support applications, and rely on the presence of a local accountable body (usually the local authority) to perform administrative functions.²⁴

We found evidence that the autonomy of LAGs to approve project proposals is restricted by (i) delays in interpreting what is eligible under specific measures²⁵; (ii) restrictions on measures permitted as set out in the Local Development Strategy. Evidence from the REA suggests that the effectiveness of LAGs has been hindered by the number of levels within

²⁴ Ekosgen (2011) *National Impact Assessment of Leader* report for DEFRA;

²⁵ Hyder and ADAS (2010) *DEFRA Rural Development Programme for England 2007-2013 – Mid Term Evaluation*, Volume One;

Carnegie Trust UK (2010a) *A Common Rural Development Policy?*

the Leader decision-making hierarchy, with local areas preferring to see greater trust placed in local decisions, and a lack of guidance at the outset of the current period about what could and could not be funded.²⁶

The beneficiary interviews reveal that Leader co-ordinators are almost universally held in high regard, as shown by a mean score of 4.94 out of 5 for the level of support received (see Figure 6). This contrasts sharply with satisfaction with the application, accounting and claim procedures. These are regarded as unduly burdensome and complex relative to the level of risk and amounts of finance involved. The origins of these procedures can be traced back to the EU, but there is a perception that the UK adopts a less flexible interpretation of the rules than other countries. ‘Mainstreaming’ of Leader (becoming an approach not a programme) appears to have compounded the problem as evidenced by the substantial operating manuals issued to LAGs by the RDA’s and subsequently applied by Defra regional teams. Some accountable bodies, especially those well accustomed to managing European programmes, can be said to have added “gold plating” to the procedures, not least in relation to their technical appraisal of applications and insistence on strict conformity to the rules.

Figure 6. Beneficiaries views of Leader (based on a scale where 1 is poor and 5 is very good)

	Lincolnshire	West Kent	Cumbria	North Pennine Dales	Herefordshire	Cornwall	MEAN
LAG Support	5.00	5.00	4.40	5.00	5.00	4.67	4.94
Clarity of Forms	3.80	4.00	3.40	3.50	3.25	3.17	3.49
Overall Process	4.10	4.40	2.60	2.90	3.75	2.33	3.41

Whilst there were many respondents that saw the bureaucracy to be over-burdensome, there were some that also accepted the need for procedures that ensured that the money reached the most deserving candidates. Others also recognised the value that they gained from writing detailed business plans and becoming better informed about grant funding procedures and working with public sector organisations. One beneficiary even described the process as “edifying and educational”.

The overall criticism from beneficiaries and LAGs towards the complexities of the administrative procedures was heightened by the lack of discrimination between large and very small projects or between businesses and community groups. This gives the impression of undue micro-management and inflexibility. The process certainly challenges the Leader principles of bottom-up, innovation and risk. Both small businesses (we found particular examples across the piece but particularly in Cumbria and Lincolnshire) and communities (we found examples in Cornwall and Herefordshire) can be disadvantaged and may be deterred from seeking support by these experiences. Aside from complexity, cash flow can present a serious difficulty to the same groups, which is exacerbated by the use of arrears payment for Leader-funded projects. Beneficiaries, especially those with a financial or third sector background, have drawn strong and unfavourable comparisons with other funding regimes which have simpler rules and can make up front payments to alleviate cash flow problems. Whilst not universal, the most frequent view emerging from the beneficiary interviews was that the administrative burden represented the worst aspect of their Leader

²⁶ Rural Services Network (2012) Future of the Rural Development Programme for England: note for Defra

experience. These views are supported by evidence from the REA. The need to develop a business plan is identified as disproportionate for grant applications of under £10,000.²⁷ It is felt that more businesses would apply for Leader funding if a simpler application process was developed for smaller funding amounts.²⁸

There is a strong sense arising from discussion with Leader officers and project beneficiaries that the costs of capacity building need to be separated from management and administration costs (M&A). This is not a transaction cost but a central feature of the Leader approach. There is some evidence of Accountable Bodies preferring to extract the maximum contribution from the M&A allocation rather than invest this in support for the LAG on the ground (North Pennine Dales). Elsewhere Accountable bodies appear willing to subsidise the back office functions (Lincolnshire, Shropshire Hills and Herefordshire). Some LAGs have found creative ways of incorporating capacity building into projects (CWWW, Solway, Borders & Eden, Cumbria Fells & Dales) but the guidance received by LAGs from RDAs/Defra on these possibilities has clearly varied across regions.

Those territories/LAGs with a history of Leader funding adapted to the change of programme arrangements better and more quickly than others (we found examples of very smooth operations in Herefordshire and Lincolnshire where continuity was a strength). LAGs that have only delivered Axis 3 measures may need additional support if all of the new RDP priorities are to be offered in the next round.

The decision to change the funding allocations across the programme in 2010 as a result of CSR presented serious challenges for programme management across most of the LAGs interviewed. Beneficiaries of Leader funding also felt that the short term moratorium on activity stalled their momentum.

A number of LAGs have referred to the lack of support available to small companies or start-ups to prepare suitable business plans, which are normally needed to accompany funding applications, especially following the demise of Business Link. This was raised strongly in our Kent and Surrey interviews.

Key Findings

- The interplay between Accountable Body, Defra field officer and local Leader Officer is the key to a successful Leader approach.
- There is a strong perception that the level of administrative bureaucracy associated with the Leader processes stifles innovation.
- Retrospective claiming requirements often deter applications from small businesses and community groups.
- Assistance with cash flow provided by Accountable Bodies has enabled Leader to be more inclusive.

²⁷ Waller, V (2012) Agricultural Investment Study: Report for the Solway Border and Eden Group, University of Cumbria

²⁸ Rural Services Network (2012) Future of the Rural Development Programme for England: note for Defra

5.4 What are the roles and responsibilities of the organisations involved (LAGs, Accountable Bodies, Defra agencies)?

Leader officers are widely praised by those involved in the delivery process especially project beneficiaries. From the interviews conducted in the 21 LAGs chosen for detailed analysis, very few cases have been recorded of tensions between the Leader officers and other individuals and organisations involved in the delivery process.

Accountable Bodies

Accountable bodies are reported to cover a wide range of activities and generate an equally wide range of views in terms of their effectiveness. Some have been accused of “gold plating” rules and regulations, while others have provided at cost or subsidised support to LAGs (Lincolnshire, West Kent Partnership and Herefordshire for example) and this is highly valued. Others have helped with cash-flowing projects; Kent CC and Herefordshire are examples.

Regional Development Agencies

RDAs are seen on balance to have been a controlling presence. Invariably, the programme boundaries set by the RDAs (i.e. the measures allowed) have set a direction with little scope for change and improvement post relocation to Defra. Some of those interviewed feel that Defra staff are there to police the process and ensure the rules are followed rather than to mentor and support the LAGs. Where Defra Regional Teams have a large number of LAGs and wide territories there are obvious constraints on fostering close working relationships. Having said this, a number of positive examples of problem solving and LAG networking were cited (for example in Yorkshire & Humberside). In other areas, such as the West Midlands, there was a mutual understanding that Defra staff were doing their best to encourage effectiveness in the face of difficult and constraining rules and circumstances. The good practice emerging from these areas signposts some positive opportunities for the future.

Rural Payments Agency

A response from the Rural Payments Agency to this report states that, while the RPA is obliged to take monitoring seriously in terms of ensuring only eligible expenses are claimed, it does not set out to be too stringent where projects fail. In some cases a judgement will be made as to whether the project has achieved a satisfactory level of outputs based on the grant-funding received, in which case clawback is not initiated. The RPA also noted that complete project failure is relatively uncommon so the extent of auditing and monitoring fears associated with higher-risk projects is perhaps misplaced.

Rural and Farming Networks

No evidence has emerged from any of the interviews of a strong influence being exerted by the Rural and Farming Networks (RFNs) on the delivery of the current programme or design of the next. Knowledge about the membership and proceedings of RFNs from within the Leader community was generally sketchy. Local Government was largely expected to take the lead in negotiations over future LAG territories and the next round of LDS, albeit that their economic development functions have been severely weakened by spending cuts.

Local Enterprise Partnerships

Engagement with LEPs was similarly weak or undeveloped. Perceptions dominated that LEPs had an urban agenda, were preoccupied with strategic, high impact projects and were

either disinterested or lacking in any capacity to become involved in Leader style liaison with micro-enterprises from the bottom-up. This is an issue which will need very significant attention in the light of the strategic role evolving for LEPs from the Heseltine Review. New guidance issued to LEPs in April 2013 on Structural and Investment Fund Strategies²⁹ identifies the importance of aligning Leader with other funding sources and policy approaches (see HM Government, 2013 - Technical Annex p6).

Local Authorities

The out-sourcing of local authority services has potential relevance to future arrangements for delivering Leader. The North Devon+ example has been examined by some neighbouring LAGs and the advent of the CSF may provide further impetus to the search for suitable mechanisms for integrating different funding streams including EAGGF. A discussion paper has been prepared on devising a new delivery model in the North East (Rural North) but the main constraint on taking any new ideas forward would appear to be the capacity of LAGs and Leader Co-ordinators to invest the necessary time in exploring and developing new and possibly complex financial and administrative systems.

Rural Community Councils

The RCC network (both individual RCCs and their umbrella organisation Action for Communities in Rural England – ACRE) has also been affected by austerity. The appetite and financial capacity for taking on board Leader arrangements, especially if these extend beyond the current Axis 3 measures, would therefore need significant further exploration.

Process improvements should concentrate on shortening the audit and accounting trail and reducing the number of agencies involved (LAG-Accountable body-Defra-RPA). There was consistent support for delegating to LAGs the ability to operate a small grants scheme, say below £10k, with a much simpler application and claims process. Existing examples of this include Somerset County Council, which has provided revolving funds to finance smaller projects.³⁰ Funding schemes operated by Heritage Lottery Fund, the 'Awards for All' element of the Big Lottery Fund, the Community Foundation network and a number of other charitable bodies provide good examples of auditing arrangements that are proportionate. The procedures governing the allocation of Sustainable Development Funds in the National Parks and AONBs were also referred to.

Notwithstanding the discussions about the importance of more consistent approaches to systems across regions and the need to manage risk, a less interventionist approach from the centre for the next programme would be well received. A number of the process approaches above, (in the section on governance arrangements), if introduced across the board at the inception of the new programme, could allay some of the concerns about enhanced delegation leading to greater risk.

Key Findings

- There has been consistent praise for the calibre and support provided by Leader Officers.
- There have been mixed comments made about the effectiveness of working relationships between the delivery bodies.

²⁹ BIS (2012) *Structural and Investment Fund Strategies – Preliminary Guidance to Local Enterprise Partnerships*, April 2012

³⁰ Carnegie Trust UK (2010a) *A Common Rural Development Policy?*

- The complexity of the grant application and claims process associated with Leader is regarded as disproportionate compared to other funding regimes; the idea of simplified arrangements for small grants has received wide endorsement scheme.
- There is no standard “best model” for Leader administration – the North Devon+ “outsourced” approach perhaps represents the most radical alternative to conventional mechanisms.

5.5 How do types of support differ across different regions?

The RDAs imposed very strict controls over LAGs from the outset. Policy towards eligible axes/measures varied across the country, from the full range available to one single measure. Some LAGs were instructed to avoid business support (Yorkshire and West Midlands), while others were tasked to concentrate on this (East Midlands). The interpretation of EU guidelines and eligibility criteria by the RDA/Defra/RPA was often inflexible causing frustration and delay. The guidance manuals produced to assist LAGs were also highly complex and unwieldy.

The REA has identified some interesting “Celtic” comparisons:

- Devolved governments of Wales, Northern Ireland and Scotland are thought to take a more ‘hands off’ approach to engaging with LAGs, with little attempt by government to influence LAG priorities³¹
- In Scotland and Northern Ireland, many Leader groups have been able to move effectively from one Leader programme to another due to interim support provided by local authorities.³² It is important to consider how the value of financial support can be enhanced by additional approaches to encouraging continuity, such as the Irish approach of combining Leader with the delivery of other rural development initiatives.

Respondents raised some key operational points:

- Having a streamlined process where application, appraisal and compliance all sit together so applications can be processed and progressed would be very beneficial – *West Midlands*
- Leader needs to be focusing on outcomes and how you achieve these, not driven by eligibility and you need to be able to add other public funds into projects without losing Leader funding – *South West*
- The capacity of local organisations going forward to support Leader is mixed. The regional structures have gone and infrastructure organisations like RCC have been weakened – *West Midlands*
- Some LAGS have a detailed EOI to filter the application process and this limits the number of unsuitable projects taken forward to full application – we found examples in West Kent, Kent Downs and Marshes and in Lincolnshire. Effective EOI processes are crucial to the overall efficiency of Leader procedures.
- The Leader application process can be disproportionate to the sums involved. The requirement to submit original invoices, bank statements and three quotes can be onerous in some circumstances. Any minor variations in contract terms or offer

³¹ Ekosgen (2010b) *National Impact Assessment of Leader: The Leader Approach in the Devolved Nations* report to DEFRA

³² Carnegie Trust UK (2010a) *A Common Rural Development Policy?*

conditions also generates further paperwork for applicants, the LAG and A/C body staff – *North East*

- The employment status and terms and conditions of Leader Co-ordinators vary significantly according to the host organization and in some cases merit improvement from an HR perspective – *North East, South West*
- The ability to operate across both Axis 1 and Axis 3 has enabled LAGs to take a far more holistic approach to rural development in their areas – *Cumbria, Fells and Dales and Solway, Borders and Eden Leader partnerships*

The LAGs interviewed have invariably been supplied with detailed and up to date management information to enable progress on spending to be tracked and adjustments made. The Local Development Strategy is very often supported by a Delivery Plan, which is revised at regular intervals. Annual reports for public consumption have also been prepared by some LAGs (Cumbria Fells & Dales, Solway, Borders & Eden, CWWW) summarising achievements and elaborating with reference to case studies.

In some regions LAGs have been able to freely transfer notional funding allocations between Measures and even Axes without undue regional brokerage (for example in the North East). This contrasts with other regions (South East) where approval was needed from Defra, even leading to LAGs having to trade their allocations.

Key Findings

- Those regions which allowed the broadest focus for Leader (Axis 1 and 3) – North West and South East have LAGs which feel they can make the widest contribution to rural development.
- Those regions with the most liberal approach to allowing movement of funds between measures are most popular with their LAGs who feel they can manage their activities with enhanced efficiency.
- The relatively greater “hands off” approach to Leader management (which the REA suggests is more prevalent in Scotland and Northern Ireland) has been welcomed by LAGs as an approach which is more empowering.
- The provision of good quality, up to date monitoring information as the norm is fully appreciated by LAG members. This is seen as a national strength which has been more effective since the departure from a regional approach to Leader regulation.
- Clear efficiencies have been achieved in those areas where a significant contribution has been made to subsidising the operation of the LAG in terms of staff, bank rolling and cash flow support. This arises through a discussion of the different regional characteristics of management with LAGs and is important to reference but which is variable within each region rather than specific to one region or another.

5.6 Budgets – what are optimum allocations for LAGs? What are the key drivers of underspend?

Future budget levels will clearly have to reflect demographic and economic circumstances and the range of measures being deployed.

Greater local control of budgets would give LAGs more discretion in how funds are allocated and be able to respond to changing conditions in the local economy. Equally, a local accountable body should also be able to be more flexible in allowing the movement of funds between priorities identified in the LDS. They can also transfer the money to beneficiaries more quickly if they do not have to rely on the RPA to approve claims and make payments.

This still does not overcome the problems for community and private sector beneficiaries having to pay up front. Alternative means to manage cash-flow problems during projects are needed. One suggestion from a beneficiary was that contractors' invoices might be paid directly, others considered that short term bridging loans might be feasible.

There appears to be a powerful case for a delegated small grants scheme overseen by LAGs. This is not to diminish the importance of audit, which should be regarded as a strength of the system. Overall, an approach that is proportionate and contains fewer links in the accounting chain is desirable.

In Bolsover, "billing rounds" proved successful at encouraging applications with a clear deadline imposed and well advertised opportunities. The higher rates of applications and certainty of delivery in terms of meeting spending targets was, however, partially offset by less well developed applications given the timescales available.³³

The change of Government and Comprehensive Spending Review paralysed the Leader programme early in 2011 just when LAGs were gaining momentum. The stop-start and re-profiling of budgets caused serious uncertainty; some large scale, planned projects had to be condensed into a shorter time frame.

It would appear that different legal advice was taken by RDAs in the extent to which funding could be delegated to Accountable Bodies. The latter function is retained by Defra in some regions e.g. North West but devolved to County Councils in others.

The imposition of inflexible annual spending targets from the centre and resistance to transfer of allocations between measures has been criticized, along with the importance attached by Defra to spend of funds rather than commitment of funds in monitoring performance.

The REA suggests that very large budgets may be difficult to spend in Leader areas. There are also mixed views about the benefit of allocating resources to Axis 1 activities, due to the presence of other regional and national schemes which support farmers. The eligibility criteria for some Axis 1 funding also serves to exclude upland farmers, arguably a group Leader should be seeking to support, as funding for equipment is more focused on advanced technology than basic handling systems.³⁴ The difficulty of allocating funds under Axis 1 provides an interesting talking point in relation to the potential role of Leader, post 2014, in delivering activities across the six new priorities identified within the Rural Development Regulation (RDR).

Overall the evidence suggests that it is best to set a minimum rather than a maximum budget, taking account of population and need. It needs to be recognised that many projects in rural areas will be relatively small scale but still require considerable input of staff time making M&A costs appear relatively high. Larger projects may have to be cross referenced or 'wired in' with other funding streams as envisaged in the CSF.

A number of LAGs identified that flexibility was important across measures and recognised the merit of working together over some larger projects and to pool budget allocations. Cumbria Fells and Dales and Solway Borders and Eden LAGs are a good example of cooperative working under the current programme.

³³ Bolsover North East Derbyshire Leader (2012) *Mid-Term Programme Review*, June 2012

³⁴ Waller, V (2012) *Agricultural Investment Study: Report for the Solway Border and Eden Group*, University of Cumbria

A number of causes for underspend by LAGs were identified across the programme. The principal reasons included: Cash flow difficulties for project applicants (largely arising from the retrospective claims process); lack of local capacity in terms of monitoring the "pipeline of bids"; lack of availability of matched funding; applicants choosing to access simpler funding opportunities; and the level of dynamism and experience of the LAG in stimulating bids and managing the overall bidding process.

Finally all funding schemes show a profile of low initial spend, a mid-term peak and then a fall off towards the end of the funding period. It is important to bear this in mind when reviewing the spend patterns of Leader programmes. Experienced programme managers often hold some resources back to enable them to maximise the impact of their funding through leaving scope to fund high quality projects which crop up towards the end of the funding period, rather than racing to allocate spend as quickly as possible. It is important to bear these dynamics in mind when considering the spending profile of Leader programmes to avoid falling into the assumption that the best programmes allocate their funding on the basis of a flat profile.

Key Findings

- Budget levels should reflect demographic and economic circumstances and the range of measures being deployed in each LAG area.
- It may be desirable to seek to extend the Leader approach to all rural areas, but LAGs will need a minimum level of budget to remain viable. There may be serious challenges in making the likely levels of funding under the new programme stretch this far. If this is to be attempted a radically different territorial and governance approach to Leader will be needed.

“There is a false sense of equity that Leader money should be available everywhere, but different areas need different funding levels (determined by need).” *Defra*

5.7 In what ways do LAGs who spend their budget allocations differ to those who under spend?

The scale of LAG budgets, their history (continuity and experience) and their ability to use resources to stimulate and then support the development of proposals are all really important in helping drive spend.

LAGs that have not been allocated sufficient resources to address the challenges and priorities set out in the original LDS or have been unable to build sufficient capacity into promotion, mentoring and project development appear to be less effective. They often deploy considerably less than the 20% allowed for M&A. Where LAGs have enjoyed subsidised running costs and cash flow facilities from their Accountable Bodies they can achieve more in terms of spend.

Positive relationships with Defra and a willingness to apply a “liberal” interpretation of the rules in the later phases of the current RDP period have also helped to facilitate spending.

Planning control in some areas has impeded potential capital projects (an example was offered by the Coastal Action Zone in Lincolnshire where building regulations approval was also required prior to the confirmation of funding).

Some LAGs put significant store in the EoI process as a filter. Others feel that projects presenting to them at the earliest possible stage of a firm proposal or concept makes a significant contribution to approvals.

Spending under certain Axis 1 measures has been difficult in Cumbria, including 111 (training, due to procurement), 122 (woodlands due to rules about ownership), 124 (because of need to have both a producer and processor as applicants). It can be difficult to approve projects for farm diversification when it has to be the first diversification the farm has engaged in.

The ability of LAGs to spend as per the original Local Delivery Strategy allocations has been restricted by delays to specific measures (e.g. 111) and spending freezes following the Comprehensive Spending Review.

Key Findings

- While there is no guaranteed formula for success, the most effective LAGs in terms of spend appear to be those with: budgets that closely reflect the spending priorities set out in the LDS, a history of continuity and experience and scope to stimulate and support project development work in advance of applications.
- Whilst efficiency is a good thing, there is evidence to suggest that LAGs which do not take sufficient administrative support in terms of a comprehensive M&A budget and are not able to identify project animation costs are less effective.
- A detailed and effective EoI process has a major impact on the quality of applications. This has been supported in some cutting edge LAG areas by the use of video and social media components.
- The 2010 spending moratorium had a "sapping" effect on all Leader programmes and it has taken some a considerable time to move forward from this hiatus.
- Challenges around moving funding between measures and axes have impacted negatively on some Leader area.

5.8 What are stakeholders view on the optimum geographical and population coverage?

The research involved a significant consideration of the spatial characteristics of LAGs as set out below:

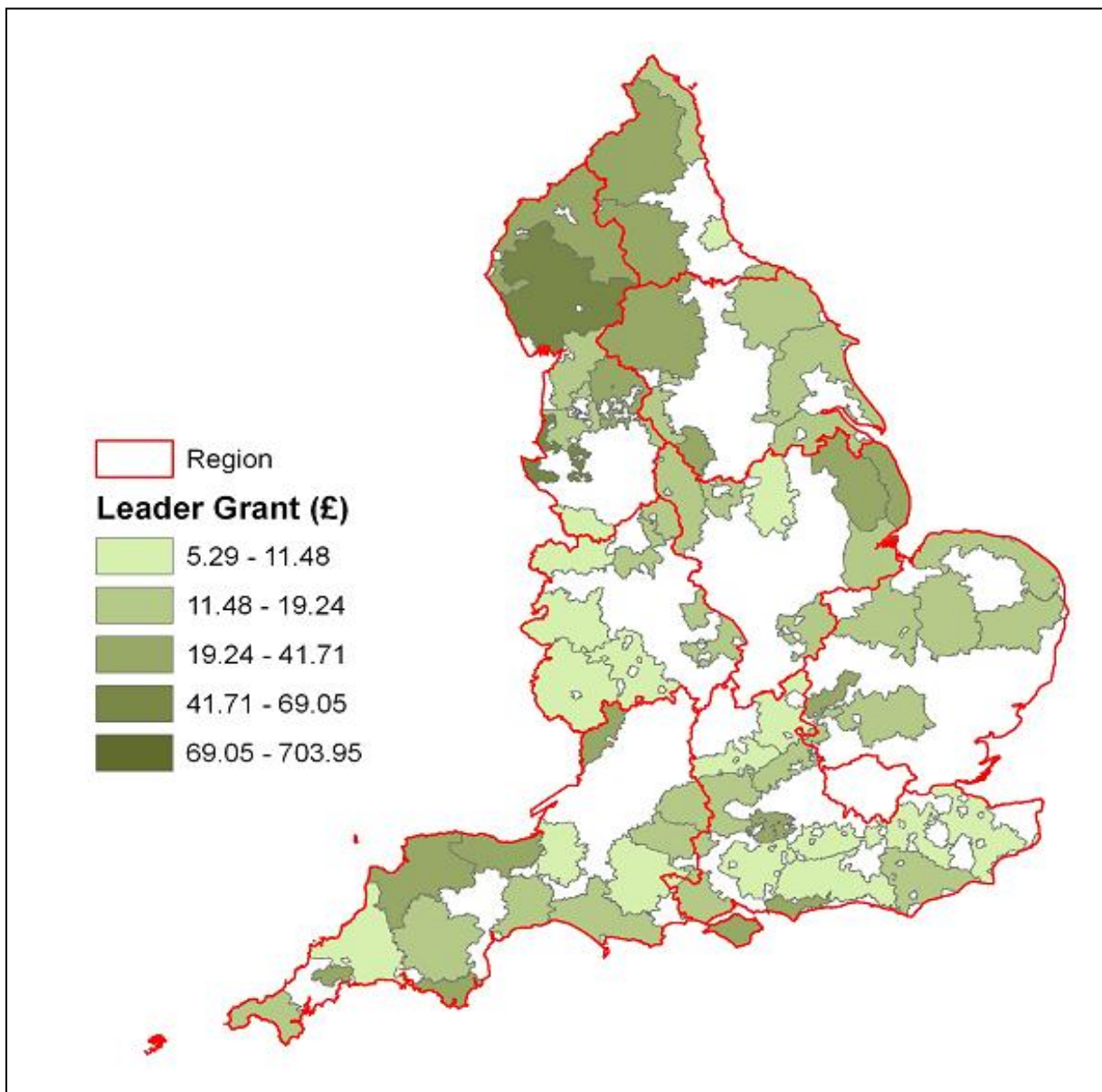
Being a territorial approach, there was a desire to represent local identities rather than just using pre-existing administrative boundaries.³⁵ Whilst clearly meeting the ideals of Leader, this creates certain challenges for administration and evaluation where different administrative areas and data-sets overlap. To enable more detailed evaluation of future programmes, it will be useful to correlate localities with statistical data areas so that the impact of intervention can be more robustly assessed against other criteria.

This is the first time that the datasets have been pooled together at this LAG level of geography. Headline findings are presented below with additional LAG data presented alongside the typology in Appendix 2. Further analysis to advise the future geography of Leader areas is ongoing as part of a related project.

³⁵ Moseley, M. (2003) Rural Development; Principles and Practice. Sage London

Figure 7 illustrates the variations in the amount of Leader funding in relation to the size of the rural population in each LAG area. However, the map requires careful interpretation. For example, two LAGs in the North West – NW Fells and NW Mersey – are indicative of the need to interpret the pattern revealed in the light of particular local circumstances. Thus whilst both are in the top category in terms of Leader spend per head of rural population the local circumstances are very different. NW Fells has a very large rural population *and* a high RDPE spend (£5.6m by September 2012) spread across a large area producing a Leader spend of £48 per head of rural population. NW Mersey on the other hand has a small rural population distributed across a relatively small rural area combined with a moderately high Leader spend (£1.7m) producing a spend of £69 per head of rural population. Similar issues of interpretation occur in all regions to some extent, but especially within the South East where several LAGs have high rural populations.

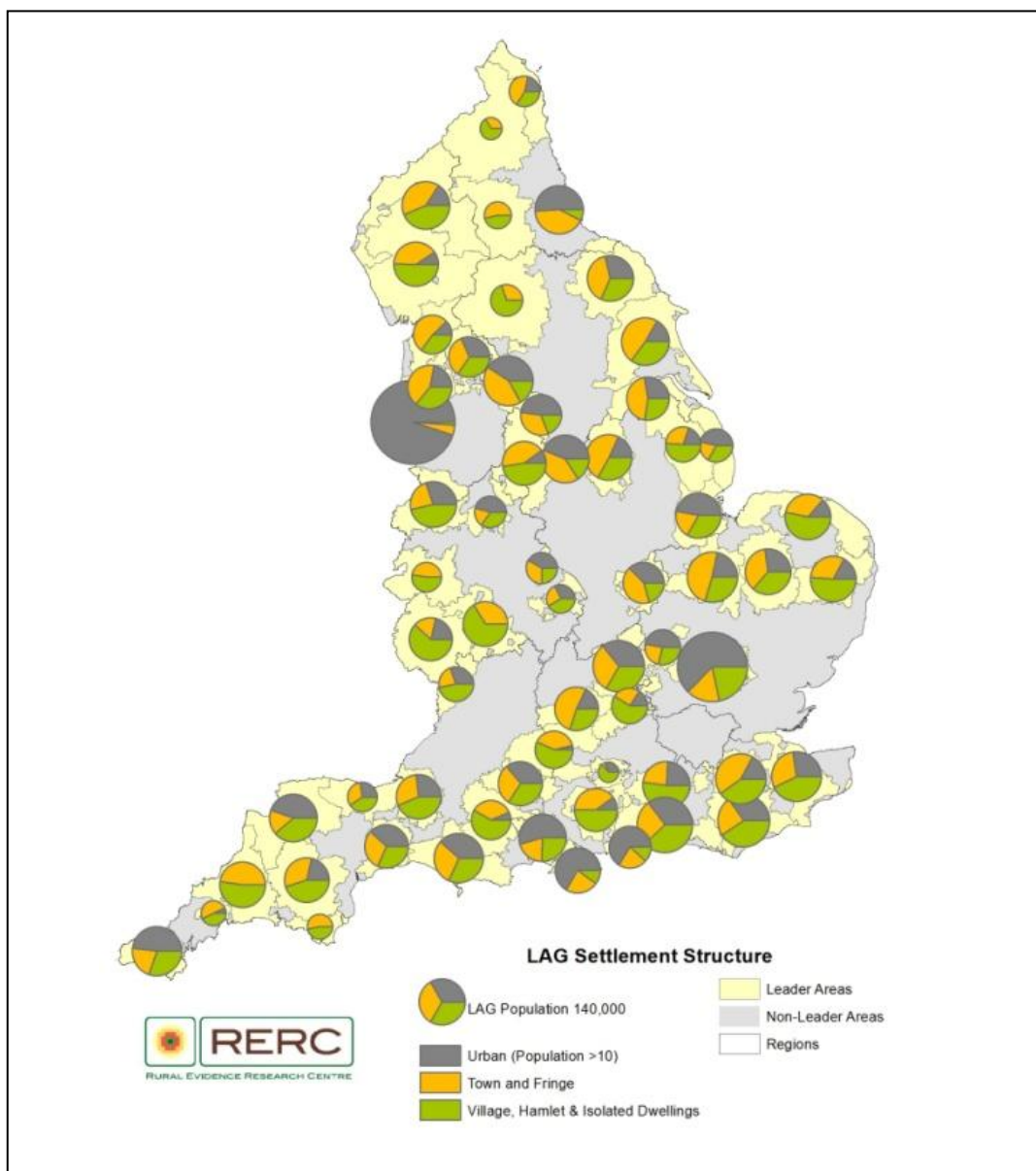
Figure 7. Leader grant per head of rural population



The Settlement Structure of LAGs

Figure 8 shows the total population of each LAG rural population sub-divided into the proportion comprising places over 10,000 population (i.e. 'urban' in terms of the definition) 'town and fringe' (roughly, small towns under 10,000 population), and villages, hamlets and isolated dwellings. This map suggests that the majority of LAGs have a significant 'urban' element to their population structure in terms of the formal Rural_Urban Definition which defines places over 10,000 population in 2001 as 'urban'. The population size is based on ONS Lower Super Output Area data to estimate the size of settlements within each LAG area. The LAG boundary data was provided by Defra. This in turn was based on information provided by each LAG to set out their proposed coverage. There is some uncertainty over how each of the original boundaries was set and therefore the extent to which these maps reflect individual settlement areas that LAG target in practice.

Figure 8. The urban and rural composition of LAGs

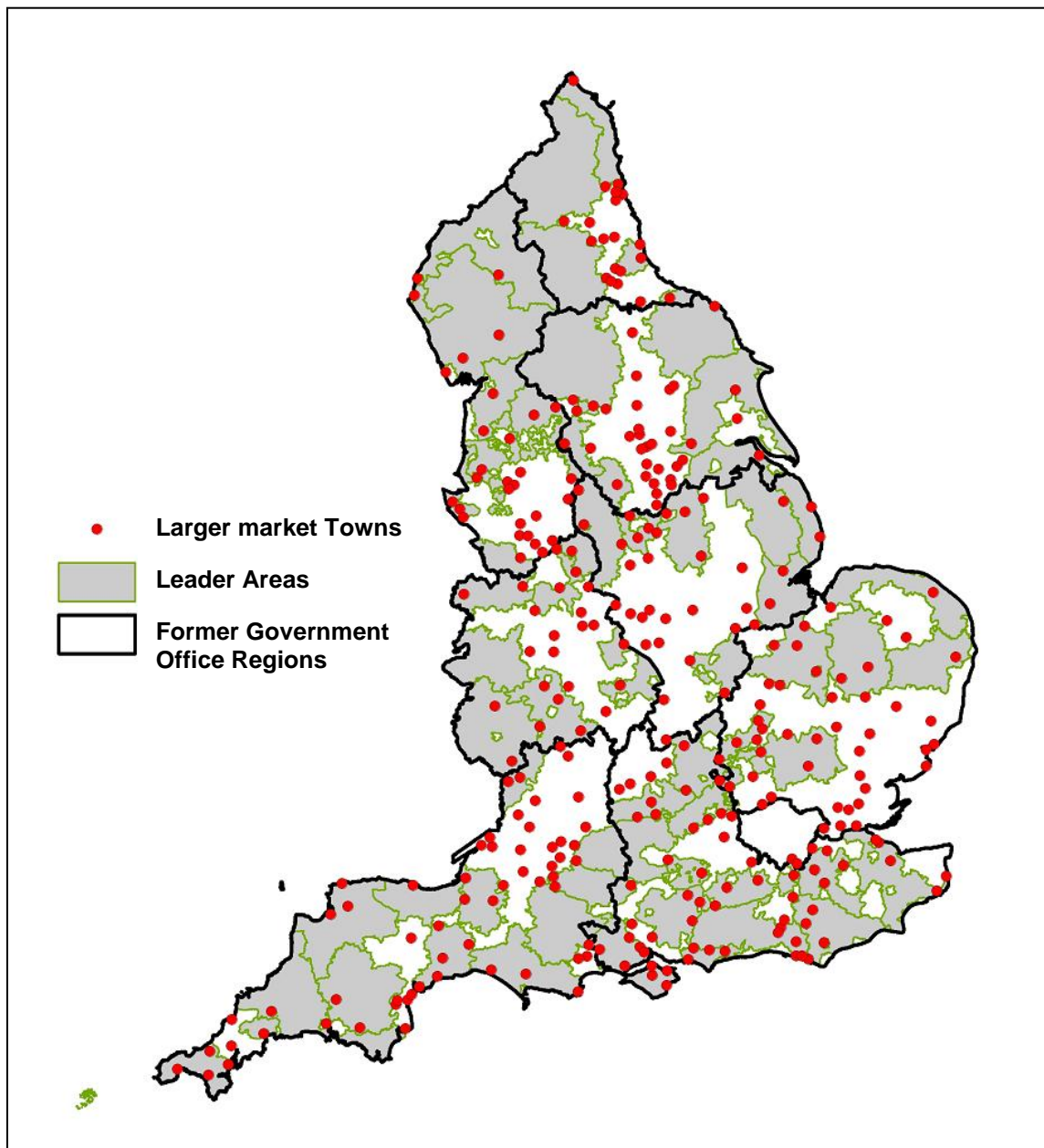


How far this urban element is included in the 'target areas' for Leader grant is not known. It does not necessarily imply LAGs have funded projects in urban areas. However, it appears

there are some LAGs in which the majority of the population is in formally defined urban areas.

A further complication to the geography is created by population rules that have seen mixed approaches to the inclusion or exclusion of market towns from LAG areas. Figure 9 shows the location of larger market towns (defined as having between 10,000 and 40,000 population in 2001) in the context of LAG areas. Out of a total of 311 such towns, 82 with a total population of 1.34 million are located *within* LAG areas, (including such places as Bridport (Chalk and Cheese), Leominster (Herefordshire) and Hexham (Northumberland Uplands), and 62 (total population 1.30 million) are located near to LAG boundaries such that they might be expected to have significant social and economic influence within the LAG(s) to which they are proximal. Given that these settlements play a significant role in the performance of neighbouring rural economies, the need to delineate LAGs to exclude them in many cases appears to contradict the current understanding that urban and rural areas are interdependent and stronger linkages between places can promote development.

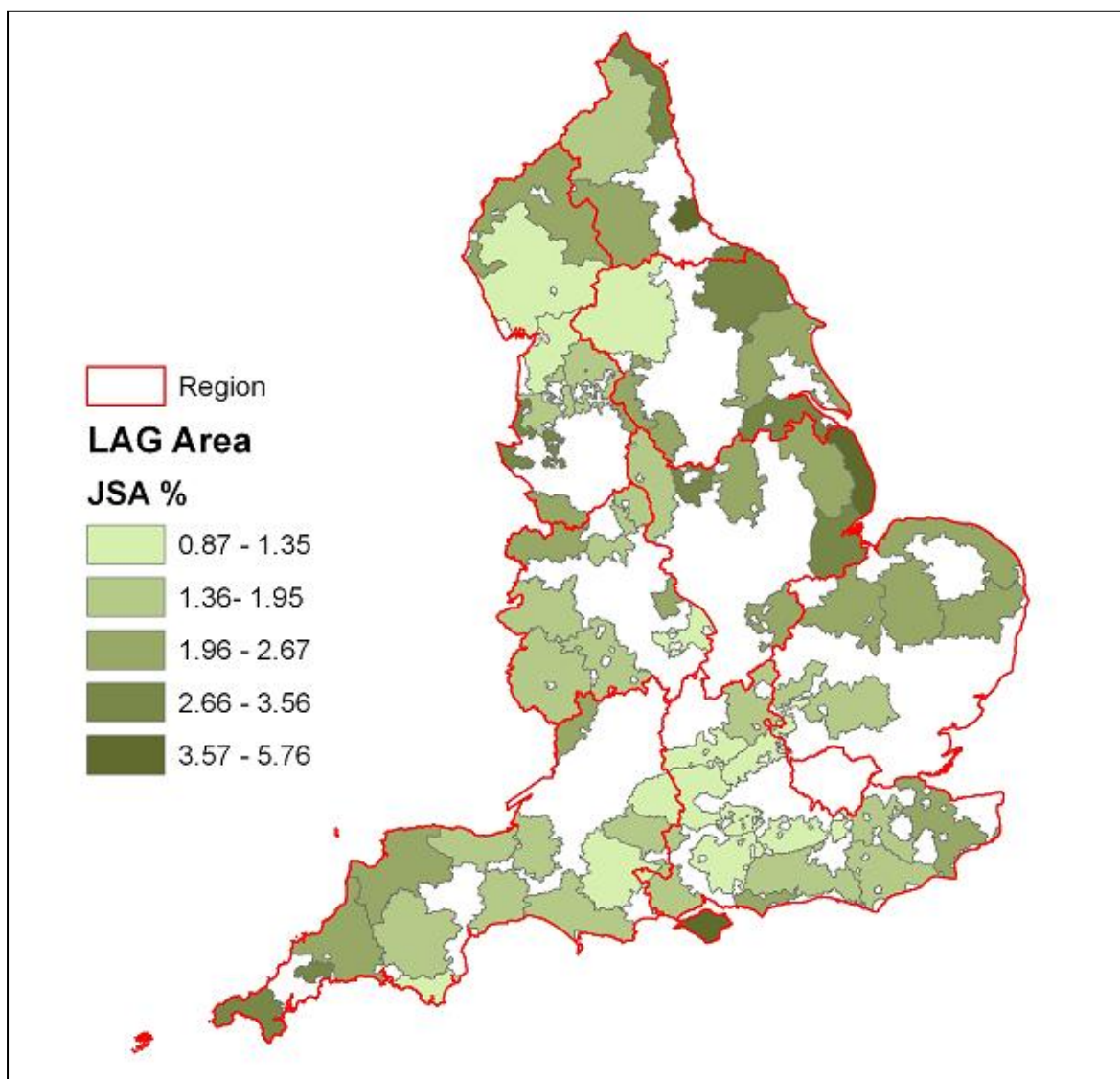
Figure 9. Leader areas and larger market towns



Rural Unemployment

The general level of economic activity or well-being within a LAG will also have an impact on LAG 'performance' as measured, say, by employment or income. Figure 10 below has been constructed based on job seekers allowance (JSA) data for the wards that make up each of the 64 LAGs. This is seen as a proxy for economic performance although it is a short term snapshot and a highly seasonal and partial measure of unemployment. While there is not a great deal of variation among the majority of LAGs, the notably *lower* performing LAGs are in many ways the 'usual suspects' in regional economic terms such as Coastal Action Zone (Lincolnshire), Clay Country Local Action and West Cornwall Together have high JSA rates, whilst the better performing include Cumbria Fells and Dales, the Yorkshire Dales (both with relatively small numbers of employed persons) and an 'arc' of LAGs in the South East e.g. the Chilterns, Wessex Downs, Winchester & East Hants and Loddon & Eversley among others.

Figure 10. Percentage of job seekers allowance claimants in each LAG



The map also indicates the seasonal nature of employment in coastal LAGs as well as a regional/structural element to unemployment such as in the East Midlands, North West (especially Merseyside) and the North East. This reminds us that the development needs of

many rural areas are not solely about rurality and that specific objectives cannot always be considered in isolation.

Key thoughts on geography include concerns over the division between urban and rural. For example, evidence from the REA suggests that some market towns are seen to be artificially excluded. This is not helpful when the market town acts as a service centre for the rest of the area and is therefore integral to the local rural economy.³⁶ This is supported by views cited in the literature that the coherence of an area is more important than the size of the population base.³⁷ However, findings from the interviews suggest that in LAGs that straddle administrative boundaries, it can be difficult to measure impact across the whole area.

It is not clear from the generality of LAGs how they have treated 'market towns' either in the delineation of the LAG area itself or in the allocation of grant. In the former case, some LAGs have fixed their boundaries so that they avoid larger towns and some have left some medium sized towns out of their territorial definition. Hardly any LAGs are as explicit as Kent Downs and Marshes whose LDS states that places with between 5000 and 10,000 population in 2001 are *included* in the eligibility for grant.

Figure 7 above illustrates that there are mixed approaches to the inclusion of larger market towns within LAG areas. A number of market towns with significant rural functionality and population thresholds over 10,000 are included in the rural definitions and a starting point for the future programme could be to consider, where relevant, including them in future allocations. Without going to extremes there is perhaps a need to recognise that "delineated space" is an outdated concept. There is also an issue that population size restriction does not allow for economies of scale which can therefore impact on efficiency.³⁸

Overall our impressions are that a good number of the current Leader territories are of the right size and composition to achieve a balance between efficiency and the principles of localism. However the areas have, in some instances, been contrived to secure continuity with previous programmes, to satisfy prescribed population thresholds or to conform with local government boundaries rather than to truly reflect coherent cultural or natural geographies. Geography is an important issue going forward. To cover the entire national rural population would require 122 LAGs based on an 85000 population average; 98 based on a 100,000 population average and 78 based on a 125,000 population average. Note, however, these numbers take no account of any required geographic disposition of LAG areas. Under the new arrangements being proposed for the development of growth strategies by LEPs there may well be an important role for them to play in determining Leader geographies.

Key Findings

- The current size and scale of Leader programme fits England well although some of the specific geographies have been somewhat "contrived" and some areas are under represented
- Consideration should be given to including rurally significant larger market towns in Leader areas

³⁶ Rural Services Network (2012) Future of the Rural Development Programme for England: note for Defra

³⁷ Rural Development Company, Fraser Associates and University of Gloucester (2005) *An evidence base for mainstreaming Leader in England*

³⁸ Hyder and ADAS (2010) *DEFRA Rural Development Programme for England 2007-2013 – Mid Term Evaluation*, Volume One

“For the next Leader programme you need a critical mass of people and a critical mass of activity to justify the expense of employing people to do this job...that takes you to a District level or larger. How local is local?” *Defra field officer*

“The geographical coverage of the LAG in the next phase will be determined by what the priorities will be.” *Solway Borders and Eden*

“It if ain’t broke don’t fix it. The idea of fuzzy boundaries and working across regions? It is difficult to work with neighbouring LAGs on joint projects, let alone working across regions.” *Cumbria Fells and Dales*

5.9 What recommendations can be made on how to improve and standardise data collection in future?

The findings for this section build on the issues identified in preceding areas of the report which have established:

1. the value of setting a clear direction for LAGs under the new programme in terms of both the contribution of their LDS to national rural development objectives and
2. the value of developing a formal means of recording the wider social return on investment delivered by Leader.

The need to develop meaningful, proportionate and not unduly burdensome approaches to data collection is a consistent theme arising from the field interviews and the workshops. There is a counterpoint made by Defra staff that data collection needs to be sufficiently robust that beneficiaries take their responsibilities seriously and there is enough evidence to meet any challenges from the RPA or EU auditors.

Key representative comments from LAGs include:

- The importance from the outset of both LAGs and project beneficiaries being clear on the data they have to collect and the level of support available from Defra and the Accountable Body to facilitate smooth and effective claiming processes
- Having a relevant and intelligent approach to measuring outputs and outcomes is more important than compiling data for its own sake
- In-kind volunteer time and contributions were asked for in applications but not actively documented or tracked; these are worth measuring as a demonstration of added value
- Application forms should be more closely aligned with the ROD data recording system.

There is a feeling that beneficiaries should be asked to engage with the process for longer in terms of providing evidence of impact. Impacts outside of fixed boundaries, multipliers and wider “social good” should all be collected and common approaches to these issues should be explored and agreed. This may even start to build Leader beneficiary communities where recipients of funding can mentor future applicants or even join LAGs.

Key Findings

- There is a need for a clearer, more sophisticated yet proportionate approach to measuring the full impacts of Leader, with appropriate support from the centre.
- In-kind volunteer time and contributions are asked for in applications but not actively documented or tracked yet these provide a valid demonstration of added value.
- Application forms should be more closely aligned with the ROD data recording system.

5.10 What different approaches to monitoring and evaluation do LAGs adopt?

The Leader officer is the key broker in terms of monitoring and evaluation. Some LAGs are far more focused on collection of monitoring data than others – invariably the tone is set by a regional legacy, which still informs monitoring.

At the project information level there appears to be widespread unease with the level of monitoring information required and with its emphasis on spend and basic outputs.³⁹ The national RDPE assessment conducted by Hyder and ADAS in 2009 highlights concerns about the capacity of LAGs, which often comprise a number of small organisations, to record, store and report data in a consistent way.⁴⁰ It is also suggested that the need to identify outputs and targets at the application stage may be off-putting to prospective applicants, particularly where there is a need to commit to job creation.⁴¹ There are no real examples of empowering or light touch monitoring approaches from the perspective of projects although LAGs have aspirations to correct this through participatory evaluation, Northumberland Uplands LAG being a good example of this.

Accountable bodies impose different monitoring approaches. In Lincolnshire there is just one link in the chain between the County Council and individual projects. In Cumbria there is a three way relationship between Defra at the regional level, the LAGs themselves and the County Council.

Most evaluation is either commissioned externally as a formal process (Cumbria Fells & Dales, Solway, Borders & Eden, Kent Downs and Marshes) or conducted internally (Shropshire Hills) at the end of the programme period. There are some notable examples of mid term evaluation (Central Warwickshire Villages Leader Project) containing pertinent recommendations for improvement.⁴² These included the need for greater clarity on added-value; excessive administrative and financial systems compared to other schemes; micromanagement by policy-makers caused by fear of EU and Government Audit regimes; and problems caused by a lack of time available to applicants and other volunteers given that this was not the “day job” for most people in the process.

Evaluation is usually technical and top-down in character. From a value adding and capacity point of view it is highly desirable for more of those involved directly in the Leader delivery process (LAG members, project beneficiaries, accountable body staff) to get involved directly in evaluation activities. This could be facilitated effectively by taking a more structured approach to promoting/requiring participatory evaluation as part of the LAG set up processes under the new (post 2014) programme.⁴³ There is also a need to move away from a focus on outputs, towards a greater emphasis on outcomes and also delivery processes. In their analysis of how European rural development policy is evaluated, Dwyer

³⁹ Dwyer, J. Bradley, D. and Hill, B. (2008) Towards an enhanced evaluation of European rural development policy, *Economie Rurale* 307, 53-80

⁴⁰ Hyder and ADAS (2010) *DEFRA Rural Development Programme for England 2007-2013 – Mid Term Evaluation*, Volume One

⁴¹ Rural Services Network (2012) *Future of the Rural Development Programme for England: Note for DEFRA*;

⁴² Williams, D (2011) *Mid Term Evaluation of the Central Warwickshire Villages Project*

⁴³ Metis GmbH, AEIDL and CEU (2010) *Ex post Evaluation of Leader+report for the European Commission*;

et al. (2008) suggest that it is important to understand delivery processes as these have a clear effect on the quality of programmes and their impacts.⁴⁴

Key Findings

- In most cases Leader Officer is the most important person within the Leader delivery process and often spends a significant amount of time supporting the monitoring and reporting activities of projects.
- Many Leader partnerships feel stifled by administrative and monitoring procedures.
- There is scope to involve local people, including those involved directly, in the evaluation of Leader projects at the local level.

⁴⁴ Dwyer, J. Bradley, D. and Hill, B. (2008) Towards an enhanced evaluation of European rural development policy, *Economie Rurale* 307, 53-80

6. Effectiveness of Leader

6.1 What types of project has Leader been more or less successful in delivering?

Leader has clearly demonstrated its efficacy in delivering most of the Axis 3 measures.⁴⁵ This may be because, as suggested in the REA, community-based projects are quicker to come forward and easier to implement compared with land-based projects.⁴⁶ One LAG (CWWW) founded its entire programme on Measure 323 – Heritage and Culture. Measure 321 (Basic services for the economy and rural population) was deliberately excluded from some programmes (Lincolnshire) and although implemented elsewhere (Cumbria) has been described by some interviewees as a ‘battleground’. The intervention rate for this measure can be as high as 100% and hence is very attractive. Measure 331 (Training and information for economic actors operating in the fields covered by RDPE Axis 3) appears to have presented procurement difficulties.

It is noteworthy that a significant proportion of RDPE Axis 1 was delivered by the Leader method in Cumbria (hence the scale of the budgets). It transpired that some of the Axis 1 measures (115 – Setting up of management, relief and advisory services; 122 – Improvement of the economic value of forests; 124 – Cooperation for development of new products, processes and technologies in agriculture, food and forestry) would be undeliverable or extremely challenging because of detailed eligibility criteria, but there is nevertheless a record of sound achievement, notably in measures 114 – use of advisory services and 123 – adding value to agricultural and forestry products. The two Cumbria LAGs commissioned a report to consider the challenges of engaging classic Axis 1 potential applicants in the farming community.⁴⁷

Training projects have been problematic due to needing competitive quotes and not being able to deliver in house; some LAGs have however been more flexible in addressing these issues (Herefordshire) than others (East Midlands LAGs).

Collaboration was not well taken up in England. Indeed only 42 (out of 3,834 projects overall) collaboration projects have been initiated across the whole of England according to Defra figures. Evidence from the REA suggests that projects based on collaboration between businesses can be difficult to deliver, particularly where the businesses concerned are competitors.⁴⁸ Examples of this were cited by the Cumbrian LAGs, who stated that collaboration projects between farms (such as those involving the purchase and sharing equipment) were difficult to promote. Capital projects have been more popular but they hit upon problems of match funding and eligibility, especially relating to the problem of Leader being a “funder of last resort”. More could have been achieved if local representatives had greater freedom to choose appropriate measures at the outset. In the future, it is seen as important not to apply national or regional prescription to the same degree as happened previously.

Leader has certainly supported projects not covered by or overlooked in national and regional programmes. North Devon has funded projects to provide transport for young people to access the beach; community infrastructure/buildings; business mentoring and

⁴⁵ Ekosgen (2011) National Impact Assessment of Leader report for DEFRA;

⁴⁶ Williams, D (2011) *Mid Term Evaluation of the Central Warwickshire Villages Project*;

⁴⁷ Waller, V (2012) *Agricultural Investment Study: Report for the Solway Border and Eden Group*, University of Cumbria

⁴⁸ Rural Services Network (2012) Future of the Rural Development Programme for England: Note for DEFRA

support for micro-businesses and SMEs; non-qualification training (including the use of social media by tourist businesses); and capacity building to enable the voluntary sector to take on the running of public services. In Cumbria, Leader has also been used to fund training courses on local livestock breeds, which would not be covered by national training programmes.

In a future programme, more could be done to publicise the availability and purpose of Leader funding to widen its reach. The interviews illustrate a high occurrence of beneficiaries who knew about Leader through previous involvement or through direct contact from Local Authorities and other organisations connected to Leader as shown in Figure 11.

Figure 11: Beneficiary awareness of Leader

AREA	SOURCE OF AWARENESS OF LEADER
Herefordshire	Because of the continuity (from a previous Leader programme) they knew it was coming and were able to benefit
	Heard through links with Council
	Tipped off by other parts of the Council arising from asset transfer discussions
	Long term awareness of Leader 10 years ago when first started
	Have had Leader project funding previously
Cornwall	The group was aware of Leader funding through an individual Councillor
	The beneficiary manager has a professional background in fund raising and experience of large scale projects
	The beneficiary manager had previously run an outdoor Adventure Centre so was aware of the Leader Programme
Lincolnshire	He was told of the opportunity by the programme manager telephoning to explain that it could help their planned developments
	"We have a good relation with East Lindsay DC, the economic development side at least...they told us about it and started it off"
North Pennine Dales	The organisation has good connections in Teesdale and is represented on LAG. Has familiarity with funding procedures
	The NP AONB initially signposted STRPS towards Leader funding
	The Witham Hall project has the full support of Durham CC and its officers are well aware of funding opportunities including Leader
	The applicant was a former LAG member
West Kent	Heard about it through the 'Produce in Kent' organisation
	Told by a land agent friend
	Awareness came by word of mouth from the farming community
	One of the group was a LAG member
	Became aware via a National Trust link
Cumbria	The team was aware of Leader from a previous Age UK project in Cumbria
	"It was only when reading a land agency brochure about a dairy project in the south of England that we realised it could be used for large agricultural projects"
	Previously aware, saw invitation to tender
	[the applicant] was heavily ingrained in Leader and its previous iterations

Examples of key “process” conditions underpinning the generation of successful projects include:

- The staffing resources able to be deployed on the ground in animation and mentoring and helping applicants navigate the system.
- Having a track record in running Leader programmes and having a track record of working with Defra.
- Flexibility around when individuals can apply for funding.
- Sound advice provided at the earliest possible stage of the process on whether an applicant meets the priorities of the LDS (e.g. through initial access to Leader officer via phone call before EOI stage).

A key issue to consider going forward, with reduced levels of overall resources to support rural growth, is that demand and interest in the new programme may well grow as other sources of funding decline or are withdrawn. This could significantly alter aspirations and approaches to the next round of LDS and widen the range of projects put forward for Leader funding.

Key Findings

- The majority of Leader expenditure, and therefore outputs, relate to Axis 3.
- Training proposals have been particularly difficult to deliver.
- Collaboration projects have proved particularly difficult to deliver and only small numbers have been achieved across the whole programme.
- Successful project delivery can be attributed to a range of operational factors and methods deployed by each LAG in conducting its business.

6.3 Are there differences in perceptions of risk and different approaches to risk management?

The scope for innovation in Leader is restricted by rigorous application of the rules. The research highlighted a fear that ground-breaking or unconventional projects may be too risky, fail to satisfy tightly defined eligibility or output criteria and expose the LAG or Accountable Body to inspection by the RPA. In some cases, a portfolio approach is taken where only one project that is perceived “risky” is permitted to be on the books at any given time. This could exclude particularly innovative projects from the Leader process.

We identified two key findings arising from the REA in relation to risk:

- Interpretation of what innovation means within Leader varies across Europe, and does not appear to be a priority for LAGs in other countries.⁴⁹
- Innovation is likely to be conditioned by: (i) the ability of LAGs to take their own decisions; (ii) the strength of community involvement; (iii) the level of project officer support; and (iv) participation of innovative individuals in LAGs, associated agencies, local communities and businesses.⁵⁰

It has also been identified that participation in transnational cooperation projects facilitates innovation.⁵¹ With reduced participation in transnational projects under the current Leader period, this may have reduced the opportunity for innovation and knowledge transfer.

Despite the risk aversion brought about by the fear that innovative projects will not be funded, our interviews have clearly highlighted that Leader has funded innovative projects, particularly related to energy efficiency and alternative service delivery models. Some examples of these are highlighted in section 5.3, above.

Key Findings

- The narrow interpretation of eligibility criteria, complex application and claims processes and potentially severe clawback penalties all serve to constrain risk taking by LAGs and their accountable bodies.
- This risk averse approach stifles innovation amongst LAGs.

“We do encourage applicants to think about innovative projects, such as different uses and energy efficiency, but we want the applications to be bottom-up. The LAG is open to suggestions as long as the projects can prove community support.” *Northern Lincolnshire*

“We have the perennial issue that what is being funded, rather than the amount of money spent, should be what matters.” *Defra evidence call response*

“We are audited to death...the punitive stuff is worrying...You have to find some faults with the claims to make sure that they appear on the system, if they see that you have no faults at all, you are guaranteed to be picked up on the audit.” *Leader Exchange Group workshop*

⁴⁹ Metis GmbH, AEIDL and CEU (2010) *Ex post Evaluation of Leader+ report for the European Commission*

⁵⁰ Rural Development Company, Fraser Associates and University of Gloucester (2005) *An evidence base for mainstreaming Leader in England*

⁵¹ Ekosgen (2011) *National Impact Assessment of Leader* report for DEFRA

6.4 What different approaches are taken to the development, management and delivery of Local Development Strategies (LDS)?

Much of the LDS content was devoted to making the case for Leader and explaining governance arrangements in addition to setting out proposed priorities and programmes of activity. Some European evidence suggests that they can resemble funding bids which are ignored after the funding is secured.⁵² The RDAs exerted a strong and sharply contrasting influence over the latter. In Yorkshire & Humberside local development strategies have been restricted to Axis 3 measures, while in Cumbria all measures are included in the LDS. Preparation of the LDS occurred before the recession so the assumptions made about economic growth prospects and service provision had to be revisited. The LDS priorities and principles are still generally used by the LAGs to assess the eligibility and suitability of projects. Many LAGs have ensured that the LDS is a living document that is regularly updated, typically as an annual Delivery Plan, which reviews performance and enables adjustments to be made to the programme to reflect changed circumstances.

Because many LDS were written before the recession, there is a feeling they may no longer be relevant to the current economic context. However, in the absence of other guidance such as the Regional Economic Strategy, there is a sense that the LDS now provides the only consistent and relevant reference point for local intervention. The next generation of LDS will be prepared in the context of a paucity of strategic guidance for rural development and could therefore assume even greater significance. A key question for those preparing the LDS will be the extent to which this document can or should attempt to integrate Leader with other potential funding streams as envisaged in the CSF. Questions of territorial coherence and future institutional structures and relationships must also be addressed. In the light of the Government's response to the Heseltine report there will clearly be an enhanced role for LEPs in this process.

Key Findings

- The current generation of LDS were written to make the case for Leader funding and in the context of different economic conditions.
- The priorities and broad spending plans set out in most LDS remain valid, particularly in the absence of other strategic guidance and where they have been supplemented by Delivery Plans as a "living document".
- The CSF will provide an important context for the development of new LDSs under the new programme.
- LEPs can be expected to have a key role in setting the strategic context and future direction of LDS documents.

⁵² Metis GmbH, AEIDL and CEU (2010) *Ex post Evaluation of Leader+report for the European Commission*

6.5 What are the characteristics of an effective LDS?

The REA suggests that, across Europe, the thematic scope of the LDS tends to be kept wide to encourage local potential, but with the risk of reducing strategic focus.⁵³

Other key features identified include:

Where the LDS is refined to take account of changes in local need (e.g. the recession led to tweaks that allowed a refocus from support for green business to support for micro-businesses and SMEs).

Where the LDS provides flexibility to respond to immediate needs and react, which means that it is not out of date before it is printed.

Where the LDS is regularly reviewed and updated to reflect current circumstances. Delivery Plans which enable adjustments to be made at regular intervals to their spending plans are commonly used by LAGs. These have proved essential where unforeseen difficulties over eligibility or lack of demand are encountered over some Measures balanced by an excess demand for other Measures.

Key Findings

- There is evidence from the EU level downwards that the most effective LDS are broad and flexible in scope.
- The most successful LAGs regularly review and update their LDS as a living document.

⁵³ Metis GmbH, AEIDL and CEU (2010) *Ex post Evaluation of Leader+report for the European Commission*

7. Sharing learning from the Leader approach

The engagement of Project Co-ordinators in RDPE networking opportunities has been constrained by demanding workloads. A large number of new LAGs were created at the start of the current Leader programme and spending on projects was often delayed as members became accustomed to the complex processes and procedures. Defra should consider appropriate forms of training and support that might be introduced as part of the decision making on introducing the new Leader programme.

The REA identifies that limited participation of young people in Leader is a weakness of the approach throughout Europe. Other under-represented groups include women and farmers in certain areas.⁵⁴ There is also a widespread perception that it can be difficult to get 'real grassroots people' involved that are not already involved in community groups.⁵⁵ As a way of engaging under-represented groups, some LAGs have specifically funded projects to encourage their participation in rural development (for example, 'Skills in the Hills' which promotes engagement of young people in rural skills in Yorkshire).⁵⁶

There is a lack of consensus about whether Leader is truly a 'bottom-up' approach – some LAGS see themselves as intermediaries rather than bottom-up partnerships⁵⁷, and across Europe it has been identified that some LAGs give the majority of their grants to their own member organisations.⁵⁸

7.1 Co-operation Projects

Cooperation at all levels from the very local to the transnational is a core component of the Leader approach as diverse networks are seen as being key to developing social capital and neo-endogenous development⁵⁹. We recognise that it takes time to build trust and understanding between LAGs, especially across national boundaries but there is some good evidence of success where it has occurred. For example, in Northumberland, the NULAG has shown that transnational projects can pay dividends but it requires a genuine belief in co-operation as a means to generating additional outcomes, not just as an exercise in itself. For this reason, monitoring needs to be focused on the impact of cooperation, not just numerical measures of activities and spend. In the case of NULAG, it also relied on LAG board members having a range of skills, including languages, to enable the cooperation to work well.

⁵⁴ Metis GmbH, AEIDL and CEU (2010) *Ex post Evaluation of Leader+ report for the European Commission*;

Shortall, S. (2008) Are rural development programmes socially inclusive? Social inclusion, civic engagement, participation, and social capital: Exploring the differences. *Rural Studies* 24, 450-457

⁵⁵ Rural Development Company, Fraser Associates and University of Gloucester (2005) *An evidence base for mainstreaming Leader in England*

⁵⁶ Syers, P (2012) *Skills in the Hill End of Project Report*

⁵⁷ Rural Development Company, Fraser Associates and University of Gloucester (2005) *An evidence base for mainstreaming Leader in England*

⁵⁸ European Court of Auditors (2010) Implementation of the Leader Approach for Rural Development, Special Report 10

⁵⁹ Murdoch (2000) Networks – a new paradigm of rural development? *Rural Studies* 16, 407-419

Despite a couple of successes, there has been reduced participation in transnational exchanges overall compared to previous Leader programmes.⁶⁰ This has mainly been attributed to the changed economic and political context and public perceptions which militate against expenditure on networking and public money being used for international travel. There is little evidence, although a strong conviction from those who engaged in it, that transnational cooperation in previous programmes resulted in tangible benefit to local economies and communities.

At least one project under Axis 4 was referred for Ministerial approval and others have stalled due to the inability of Leader staff to be released for such activity by their employing organisations. Evidence from the REA suggests that LAGs lack guidance on inter-LAG networking, and struggle to develop international links. It is also suggested that transnational cooperation projects rarely progress beyond exchange of experience and, as a result, bring little tangible benefit.⁶¹ Despite this some cooperation projects have been successfully implemented and their achievements celebrated.

The CWWW LAG has been especially active and is an exemplar of what can be achieved. A leaflet has been published 'Realising our Potential through Cooperation' which highlights exchange activity and collaboration in four distinct areas of nature tourism; cycleways; waterway museums; and creative events related to the coast. Shropshire Hills engaged in two successful trans-national projects on the historic environment and local food supply chains.

It is identified that networking between LAGs in England is very beneficial, however, particularly for LAGs that were newly established in the current Leader period.⁶² There are good examples of neighbouring LAGs undertaking joint working on projects e.g. Walking with Offa, Lakes Free Range. Local networks of LAGs have been formed to exchange information and provide mutual support. North Devon+ have hosted visits from LAGs interested in its operational model for Leader.

Key Findings

- Participation in transnational exchanges has been limited.
- Investment in upfront training and support in relation to the formation and performance of LAGs and their members is likely to have a beneficial impact on their long term effectiveness.
- Networking and sharing of good practice should be key elements of any future Leader programme.

⁶⁰ Hyder and ADAS (2010) *DEFRA Rural Development Programme for England 2007-2013 – Mid Term Evaluation*, Volume One

⁶¹ Rural Development Company, Fraser Associates and University of Gloucester (2005) *An evidence base for mainstreaming Leader in England*

⁶² Rural Development Company, Fraser Associates and University of Gloucester (2005) *An evidence base for mainstreaming Leader in England*

7.2 Knowledge transfer and sharing of best practice

From our interviews with LAGs, there is little evidence of use of the best practice examples and case studies posted on the RDPE network website. The lack of consistency in the way these case studies are presented is cited as one reason for their limited use. Evidence from the REA suggests that, to be useful, sharing of best practice cases should be done in a consistent format that enables LAGs to learn about what works and what does not work from elsewhere. Best practice examples could be made more consistent if coded by type of rural context, sector, and measure, for example.⁶³

Effective bottom-up processes require self-evaluation for localised learning⁶⁴ and one approach that could facilitate more knowledge transfer is a combination of self-evaluation and collaborative evaluation between LAGs. From discussions at a LEG workshop, there is evidence that this is being considered in parts of England and there is evidence that it has been successful in Finland.

A further opportunity to retain knowledge within LAGs is to foster ongoing working relationships with beneficiaries. In some areas (e.g. Lindsey Action Zone) this is done through LAG meetings visiting different projects. It has been suggested that assessing the motivation for participation in further rural development projects among beneficiaries and other actors.⁶⁵

Key Findings

- There is little evidence of use of best practice examples posted in the RDPE network website by LAGs.
- Effective use of best practice examples could be improved by providing a consistent format for case studies.
- Although there are mixed views on the value of transnational cooperation projects, local networking between LAGs is identified as beneficial and should be a core feature of future Leader programmes.

⁶³ Saraceno, E (2007) *How good practices within the Leader+ initiative anticipated the opportunities seen in the new Rural Development Regulation- report for the Leader+ Observatory Contact Point*

⁶⁴ Furmankiewicz, M. & Janc, K. (2011) "Partnership governance in the new UE member states. The impact of place-based intervention on the social and economic activity of local communities in Poland". Presented at the Institute for European Integration Research workshop 29-30 Nov 2011

⁶⁵ Teilleman, K. (2012) Measuring social capital accumulation in rural development, *Rural Studies* 28, 458-465

8. Conclusions

The findings are ordered against each of the four objectives set out for the review as follows:

8.1 Evidence to support the rationale for use of EU resources to enable rural development

Our review of the emerging policy environment provides a clear rationale for Leader funding going forward in the context of rural development. In particular, Leader can function as a neighbourhood focused element of rural development policy, working alongside other agencies to achieve local growth. Leader can achieve this within the broader framework of the Government's objectives for economic growth and in the context of the six priorities within the new Rural Development Regulation 2014-20. This approach fits straightforwardly into the new CSF for cohesion funding.

We have highlighted that the current Leader programme straddles two different national strategies for economic development (pre and post 2010 when there was a change of Government) and that this makes it difficult to assess value for money and return on investment. This is because there are no consistent national rural economic development targets to measure against.

That most Leader areas performed well against their targets and there is no significant underspend at the national level demonstrates the significant activity achieved through the Leader approach in England. We have identified a strong emphasis on measuring activity rather than impact during the current programme. While not satisfactory, this is perhaps inevitable in the absence of clear national targets for rural economic development.

We have identified problems with measuring the wider impact of Leader due to the lack of a coherent and common approach to assessing social capital. Notwithstanding this lack of a common approach, we have established that there is a wealth of impact evidence at the LAG level. This can be accessed through their case studies of projects.

We have identified that, even with the prescriptive approach of some RDAs in shaping the direction of Local Development Strategies, Leader has worked effectively across a wide range of measures and projects. We find nothing to suggest that it could not contribute to local growth and resilience across all 6 priorities within the new RDR. Our call for evidence, which received feedback from more than 500 stakeholders, highlights some preferred areas for Leader support in the future. Priorities 5 "Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors" and 6 "Promoting social inclusion, poverty reduction and economic development in rural areas" were particularly strongly supported. The only priority which received limited support was Priority 2 "Enhancing competitiveness of all types of agriculture and enhancing farm viability". It is not clear from the results why this was the case. It may reflect that under the current programme most LAGs have not been allowed to support Axis 1 activities and are therefore less comfortable with this area of intervention.

In terms of programme governance and administration, we acknowledge the significant regulatory pressures exerted on those with responsibility for the implementation of Leader. However, we suggest that the Leader programme would benefit from a more "hands off" approach in the future. LAGs have been subject to extremely onerous monitoring and reporting procedures which is out of proportion for the scale of their budgets. These restrictions have combined to militate against the principles of local determination and innovation which form the core idea of the Leader approach at the EU level. The limited level of cooperation projects across Leader is a specific weakness that needs to be addressed in the development of the next programme. It has reduced learning and reinforced narrow

thinking. Along with the focus on monitoring spend as a proxy for impact, it has driven some partnerships down the route of being a straightforward grant fund rather than a vehicle for rural development.

8.2 Evidence on the extent to which interventions have been effective to date and where future resources can be targeted

In the absence of impact information, activity has been used as a proxy for effectiveness. The lion's share of activity has been focused on Axis 3, which addresses quality of life in rural areas, and comprises 90% of all projects. This balance of activity has, however, been heavily skewed by the fact that LAGs in many areas were prevented from using any Measures under Axis 1 by their respective RDAs. The research also identified that training interventions under both Axes 1 and 3 and cooperation projects under Axis 4 were particularly hard to deliver.

In terms of the territorial shape of the new programme we have identified that, if all of rural England is to benefit from Leader, there will need to be a radically different approach to the current model. Based on the current delivery arrangements for Leader, an England-wide approach would need to incorporate 60 or so LAGs and an average budget (subject to resources) of around £2 million.

We feel there is definite merit in including market towns with a population of 10,000 - 40,000 in Leader areas. In keeping with our proposal that local determination should be given more emphasis in the new Leader approach, we feel this should be made optional rather than mandatory.

We have identified that providing new Leader partnerships with best practice based start up materials, including recruitment and induction materials for LAGs, is a good way of building their capacity early on. It is also a good way of managing any additional risk from allowing LAGs to operate in a more liberal regime under the new programme. We found evidence that networking between LAGs at the England wide level is a potent way of sharing and sustaining good practice. We recommend that this should be encouraged as a further way of underpinning effective performance. If it is well facilitated it will reduce the requirement for onerous top-down monitoring and heavy direction of activity from the centre.

8.3 Evidence to provide an assessment of the impact of RDPE spend (2007-13) on outcomes

In the absence of straightforward targets for the contribution of Leader to national rural development and the lack of a common approach for measuring the wider outcomes, we have concentrated on what has made Leader areas effective in project delivery.

There is EU wide evidence from the Rapid Evidence Assessment to suggest that LAGs with the greatest self determination in terms of areas of activity and reporting procedures have the biggest impact.

We found that where LAGs had the benefit of continuity from a previous programme they were often more efficient, and this also applied to LAGs with governance processes which set out clear operating principles for their decision making processes.

Where LAGs were provided with financial support from their accountable bodies and where they were able to offer cash flow support this was of considerable assistance to smaller projects. This approach enabled many project applicants to proceed that would otherwise be unable to pay for costs upfront, and enabled the LAG to pursue the Leader focus on small scale localised interventions.

Where LAGs were left to operate without support on the basis set out above, there is evidence to suggest that they have had to focus more heavily on lower risk, higher level projects. These have often been delivered by relatively large scale organisations – including local authorities and big voluntary/community sector bodies.

LAGs that have been able to focus resources on project development and have operated an intensive Expression of Interest process have been most effective.

LAGs that have maintained their Local Delivery Strategy as a “living” and up to date document, and that have a range of case studies of good practice, will be in a strong position, and will be able to use these to agree their priorities and inform the development of appropriate governance arrangements for the next programme.

8.4 Evidence to support prioritisation of activities to be funded under the next programme

The Call for Evidence identified some key thoughts from respondents on the future of Leader. Respondents were asked to rate the importance of the six European priorities in the next Leader Programme:

- Promoting social inclusion, poverty reduction and economic development was regarded as one of the most important priorities – with 358 respondents rating this as ‘very important’ and 125 respondents rating it as ‘important. This was followed by promoting resource efficiency and the shift towards a low carbon economy, which 353 respondents rated as very important or important.
- In addition to promoting social inclusion, members of LAGs, recipients of Leader funding and/or community members were more likely to rate promoting better integration of the food chain and supporting farm risk management as very important or important.
- Enhancing the competitiveness of all types of agriculture and farm viability was rated as less important by respondents.
- All respondents strongly agreed that the new Leader Programme should start promptly so as to avoid any negative impact on local capacity and expertise (407 respondents). Recipients of Leader funding rated providing for Localism and Big Society activities by supporting local people and communities to develop new projects as important; compared to members of LAGs who rated being flexible enough to form part of a package of funding as important and members of LAGs which scored simpler rules and audit requirements as important.

The findings transact the line between those with on-the-ground experiences for whom Leader is important in their specific locality, through to administrative staff for whom the strategic direction of the programme and the processes underpinning it are important.

We have set out below, in response to this final review area, what a future programme might look like.

LAGs could be formed, in continuity where practical and fair, through a bidding process, which builds on previous areas under the current programme. This should also consider, where there is a compelling case, the incorporation of new areas. LAGs could be encouraged to consider the inclusion of market towns with a population of between 10,000 and 40,000 in their areas. The population boundary for each LAG area could be allowed to exceed 150,000 where this is the case.

LAGs could be encouraged to write Local Delivery Strategies which apply across all six priorities within the new RDR. They could be supported in developing these strategies

positively, but not prescriptively, by LEPs, taking account of the role Leader can play in the wider local growth agenda. It is unlikely that any LAG could be effective, under a simple evolution of the current Leader structures, with a budget of less than £1million. This, we suggest, is the very lowest end of a possible funding allocation spectrum. The Cumbrian LAGs with budgets of over £7 million each provide a good example of what can be achieved when Leader involves major funding capacity.

A list of desirable credentials could be developed in the context of the role of the accountable body. It could set out the minimum and maximum expectations of financial and practical support required for an effective Leader partnership. It could welcome the principle of small project cash flowing where there is capacity for the accountable body to do so. It could emphasise that the role of the accountable body is to facilitate and not to control the work of the LAG, drawing attention to the seven principles of Leader.

LAGs could be supported in forming their membership by a comprehensive set of good practice guidelines based on experience of the current programme. These could set out key principles they should follow in terms of the recruitment of members, the conduct of meetings, the soliciting of bids, the consideration of bids, contracting and monitoring. The guidelines could make clear the importance of a robust Expression of Interest process and the value of all LAGs engaging directly in project development support. Ideally resources for project development support should be clearly stated and ring-fenced separately to the 20% allowed for M&A funding. Subject to LAGs agreeing to follow these principles Defra staff could take a risk management, light touch approach to overseeing their operation. This could involve encouraging LAGs in the light of funding take up, to re-allocate money between priorities and measures, while considering national requirements to meet programmed spend requirements. Current evidence suggests this has been very difficult to agree in some regions.

The benefit of networking as a means of underpinning effective good operational practice could be clearly set out and a programme of enhanced networking developed. LAGs could be required to participate actively in a new networking programme. The benefit of cooperation projects could be reinforced and LAGs could be required to set informal targets for the number and scale of collaboration projects – these could be more rather than less ambitious.

A formal method of measuring the economic, social and environmental impacts of LAGs could be developed and LAGs could be required to use it. In this context, a new framework could be developed at the local level which enabled the full impact of Leader funding to be assessed. This would need to recognise levels of matched funding and wider impacts of projects beyond the period of Leader funding. This approach would enable a shift away from the focus on monitoring volume of activity or spend towards measuring outcomes.

To support this approach it could be possible to see the writing of the LDS as the development of a logic model to address the first part of a “whole life” evaluation programme for each LAG. The LAG members and over time its beneficiaries could be encouraged to participate in this evaluation approach to maximise their role in the development and effectiveness of the Leader programme.

At the national level there is merit in seeking to codify how the work of individual LAGs builds up to addressing the Government’s overall aspirations for local economic growth. If this is done effectively it will be possible to consider value for money and return on investment more accurately during the next Leader programme.

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Appendix 2: Typology of LAGs and statistical summary

Sampling Typology

This typology has been developed using three criteria: (i) Topography, (ii) RDPE Axes and Measures against which LAGs can deliver and (iii) the proportion of the budget spent by Sept 2012.

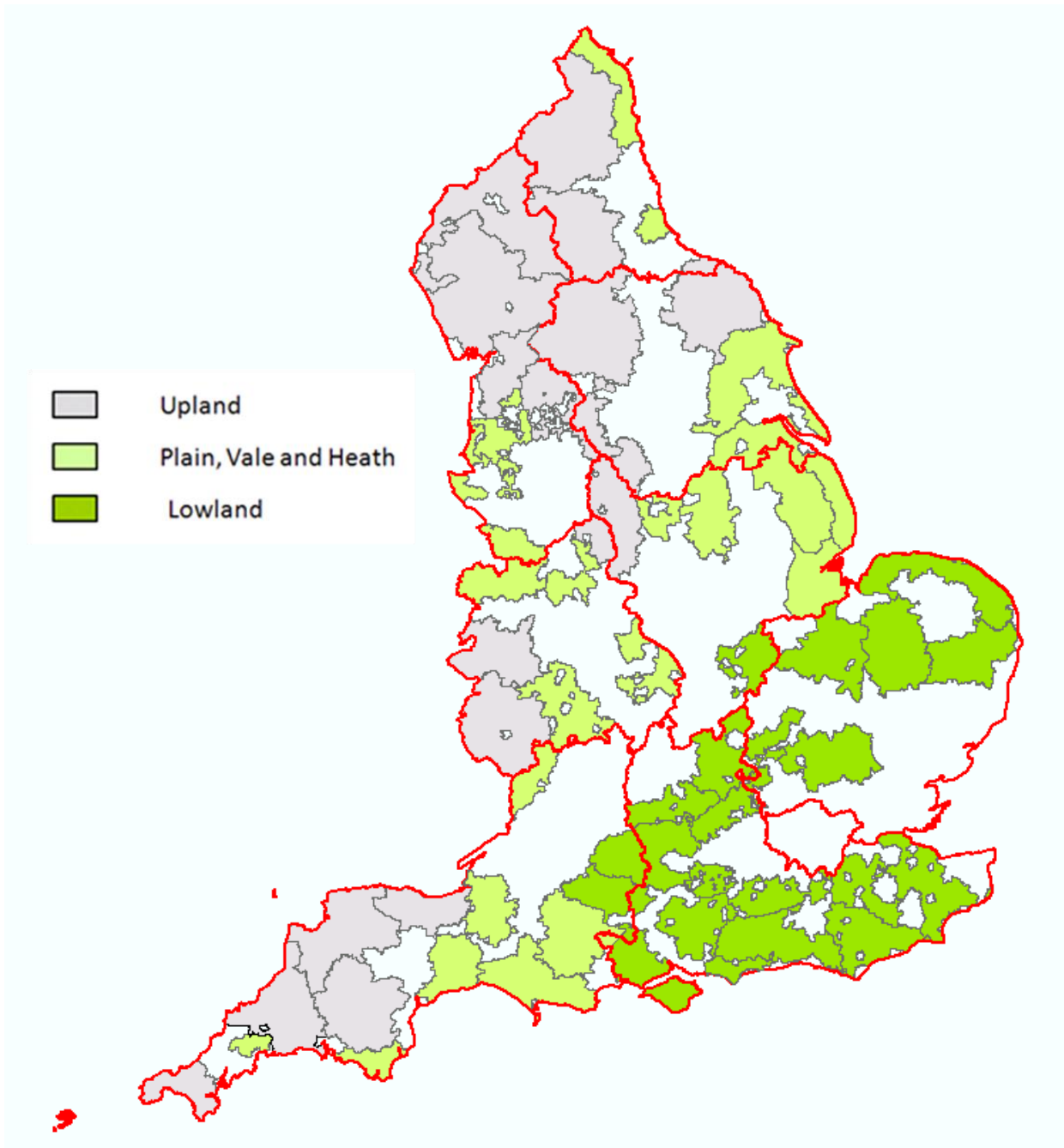
- (i) Topography generated a 3-way classification as follows (see map in Annex 3):
 - 1 **Upland:** based upon the Defra Uplands Policy Review, n = 20 LAGs
<http://archive.defra.gov.uk/rural/documents/interim2/uplands-map.pdf>
 - 2 **Plain, Vale and Heath:** identifies in general limestone escarpments (arable and mixed farming) and river basins and plains (stock raising), n = 24 LAGs.
 - 3 **Lowland:** mainly arable and high value crops, significant metropolitan influence, n = 20 LAGs.
- (ii) RDPE Axes and Measures were broken down into the 33 LAGs that have at least one Axis 1 Measures defined as **Mixed Measures** and the remaining 31 LAGs that deliver against only Axis 3 measures defined as **Rural Quality of Life and Economy Measures**.
- (iii) The proportion of budget spent was divided into the three categories set out below:
 - High Spend:** 75 – 89 percent, code 1
 - Medium Spend:** 60 – 74 percent, code 2
 - ⁶⁶**Low Spend:** 35 – 59 percent, code 3

The typology was constructed as a simple three way (3X2X3) table comprising the final indicator for each criterion giving 18 classes, as set out in Appendix 2. The typology was also the basis for ongoing quantitative analysis of the LAGs which will enable us to consider how the findings vary according to other socio-economic indicators for each LAG and their wider geographical areas.

This typology allows further statistical analysis at the LAG geography to illustrate the population and employment characteristics of the sample LAGs. These, along with the classification of LAGS applied in this study are included in the following pages. Moving forward, an evidence base at this level of geography can facilitate further longitudinal evaluations of the impact of Leader.

⁶⁶ Using these classes two LAGs (Northern Marches and Loddon and Eversley are borderline high spend but here classified medium spend and two LAGs (New Forest and Norfolk Coast and Broads) are borderline medium spend but here classified as low spend.

The Topography of LEADER Areas



Note: Isles of Scilly in Upland class

A Classification of Leader LAGs by Topography, Axes and Spend (Those in bold are selected as principle case studies for interviewing)				
Group	Topography	Axes	Spend	Number
1	Upland	1+3	High Spend	
	North York Moors Coast & Hills LAG			1
2	Upland	1+3	Med Spend	
	Cumbria Fells and Dales			3
	Peak District Rural Action Zone			
	Northumberland Uplands (NULag)			
3	Upland	1+3	Low Spend	
	North Lancashire			4
	North Pennine Dales			
	Pennine Lancashire			
	Solway, Borders and Eden			
4	Upland	3	High Spend	
	Greater Dartmoor			3
	Shropshire Hills			
	Yorkshire Dales LAG			
5	Upland	3	Med Spend	
	East Peak Innovation Partnership (EPIP) LAG			5
	South Pennines LAG			
	Torridge and North Devon			
	West Cornwall			
	Western Somerset			
6	Upland	3	Low Spend	
	Isles of Scilly			4
	Clay Country			
	East Cornwall			
	Herefordshire			
7	Plains, Vales and Heath	1+3	High Spend	
	Coast & Lowlands			2
	Merseyside			

8	Plains, Vales and Heath	1+3	Med Spend	
	Northern Marches			1
9	Plains, Vales and Heath	1+3	LowSpend	
	East Durham			2
	West Lancashire			
10	Plains, Vales and Heath	3	High Spend	
	Bolsover and Northeast Derbyshire			6
	CWWW			
	Northamptonshire Rural Action Partnership			
	Northern Lincolnshire LAG			
	South Devon Coastal			
	Worcestershire			
11	Plains, Vales and Heath	3	Med Spend	
	Blackdown Hills and East Devon			
	Central Warwickshire			8
	Coastal Action Zone			
	Forest of Dean			
	Lindsey Action Zone			
	North Nottinghamshire LAG			
	Plain Action			
	Staffordshire			
12	Plains, Vales and Heath	3	Low Spend	
	Chalk and Cheese			5
	Northern Warwickshire			
	Somerset Levels and Moors			
	Sowing SEEDS			
	Wash Fens LAG			
13	Lowland	1+3	High Spend	
	Fieldfare			5
	Isle of Wight			
	Surrey Hills			
	Weald and Rother Rural Partnership			
	West Kent			
14	Lowland	1+3	Med Spend	

	Aylesbury Vale and Rural Milton Keynes			10
	Chilterns			
	Loddon and Eversley			
	South Oxfordshire			
	Sussex Downs and Low Weald			
	The Brecks			
	The Fens Adventurers			
	Three Harbours and a Coastal Plain			
	Kent Downs and Marshes			
	North Wessex Downs			
15	Lowland	1+3	Low Spend	
	Eastern Plateau			5
	Greensand Ridge			
	New Forest			
	Norfolk Coast & Broads			
	Waveney Valley			
16	Lowland	3	High Spend	0
	Empty			
17	Lowland	3	Medium Spend	0
	Empty			
18	Lowland	3	Low Spend	0
	Empty			

Population Data for the sample LAGs

Region	LAG	Population (2011)	Area (xx)	Density	Population Change (2001-2011)
South East	LAG Average (14)	139,868	92,507	1.51	6.20
	Kent Downs & Marshes	179,736	137,246	1.31	12.33
	Surrey Hills	149,587	83,796	1.79	4.16
	West Kent	172,158	84,930	2.03	5.86
North East	LAG Average (4)	74,483	154,866	0.48	2.50
	North Pennines	48,823	199,623	0.24	1.39
East Midlands	LAG Average (7)	122,920	107,595	1.14	7.59
	Coastal Action Zone	72,857	69,595	1.05	2.14
	Lindsey Action Zone	86,930	161,180	0.54	8.38
	Wash Fens	152,907	110,396	1.39	15.70
West Midlands	LAG Average (7)	94,416	111,692	0.85	6.31
	Hereford	124,581	215,744	0.58	3.72
	Shropshire Hills	63,206	145,541	0.43	11.69
	Worcestershire	133,021	134,662	0.99	3.17
North West	LAG Average (6)	179,999	156,304	1.15	1.95
	Cumbria Fells & Dales	128,124	354,217	0.36	0.27
	Solway Borders & Eden	154,426	302,335	0.51	4.88
South West	LAG Average (14)	107,570	107,068	1.00	6.31
	Clay Country	43,475	25,703	2.43	9.18
	East Cornwall	139,789	182,097	2.30	5.54
	West Cornwall	164,619	77,723	2.31	5.76
Yorks & Humber	LAG Average (6)	129,309	159,547	0.81	5.52
	Northern Lincolnshire	128,058	96,037	1.33	7.75

Employment Data for the sample LAGs

Region	LAG	Employees	Full-time employees	Part-time employees	FT%	PT%	Primary %	Utilities %	Construction %	Retail, Accom. & Transport %	Business Services %	Public %	Other %
South East	LAG Average (14)	701022	456829	244166	65.2	34.8	8.9	1.5	6.3	28.7	23.5	25.8	5.2
	Kent Downs & Marshes	48237	32601	15638	67.6	32.4	8.83	3.81	7.64	35.46	16.32	23.97	3.97
	Surrey Hills	55178	36225	18950	65.7	34.3	6.87	0.67	7.34	27.85	26.37	25.35	5.55
	West Kent	67036	44402	22621	66.2	33.7	8.04	0.90	7.36	27.80	23.88	27.15	4.87
North East	LAG Average (4)	80023	52799	27222	66.0	34.0	16.4	3.0	6.7	28.7	13.7	26.1	5.4
	North Pennines	12918	8852	4068	68.5	31.5	21.60	0.57	8.75	26.03	13.14	24.04	5.88
East Midlands	LAG Average (7)	293468	194220	99256	66.2	33.8	16.2	1.4	6.1	30.5	15.3	25.1	5.4
	Coastal Action Zone	20104	12176	7922	60.6	39.4	7.22	1.87	5.02	45.06	8.20	23.82	8.81
	Lindsey Action Zone	27991	17273	10720	61.7	38.3	13.74	0.83	7.96	27.51	15.39	30.23	4.35
	Wash Fens	60509	42011	18486	69.4	30.6	17.90	0.77	4.49	31.01	21.20	21.93	2.72
West Midlands	LAG Average (7)	256655	178951	77708	69.7	30.3	14.8	0.9	6.6	29.9	21.2	21.1	5.4
	Hereford	39564	26851	12716	67.9	32.1	20.22	1.08	8.00	24.81	17.23	23.38	5.27
	Shropshire Hills	18054	11692	6361	64.8	35.2	15.76	1.78	5.98	28.82	15.78	25.10	6.77
	Worcestershire	44405	30219	14191	68.1	32.0	18.15	1.71	5.57	27.87	17.66	21.92	7.11
North West	LAG Average (6)	398145	275723	122421	69.3	30.7	18.2	0.9	5.9	31.4	15.5	24.4	3.6
	Cumbria Fells & Dales	47050	29625	17430	63.0	37.0	10.20	0.62	7.02	45.19	12.29	19.45	5.23
	Solway Borders & Eden	60780	43073	17693	70.9	29.1	26.12	0.46	7.89	27.76	12.98	22.40	2.38
South West	LAG Average (14)	500465	302006	198481	60.3	39.7	12.3	1.0	5.6	33.2	15.0	28.5	4.5
	Clay Country	10452	6950	3497	66.5	33.5	22.66	1.92	6.76	31.27	8.16	20.90	8.32
	East Cornwall	41219	24258	16975	58.9	41.2	12.33	0.75	6.29	40.95	11.32	23.45	4.90
	West Cornwall	53194	30304	22883	57.0	43.0	9.69	0.94	4.90	36.06	14.98	28.61	4.83
Yorks & Humber	LAG Average (6)	225203	151365	73819	67.2	32.8	17.7	1.1	6.8	33.3	13.4	23.1	4.5
	Northern Lincolnshire	46363	32955	13404	71.1	28.9	17.13	2.37	8.28	38.34	11.50	19.62	2.76

Appendix 3. Interviewees and conversation guides

Face to face interviews were conducted with the following individuals and telephone interviews were carried out with at least 5 beneficiaries in each area, listed in the subsequent table. The conversation guides for each category of interview are then set out in the following pages.

In-depth face-to-face interviews were held across LAGs in six geographical areas of England, as set out in the typology above. These areas included;

- **North East** - North Pennine Dales, NULAG
- **Lincolnshire** – CAZ, LAZ, Wash Fens, Northern Lincolnshire
- **Cornwall** - Clay Country, East Cornwall, West Cornwall
- **Kent and Surrey** - West Kent, Kent Downs & Marshes, Surrey Hills
- **Cumbria** – Cumbria Dales and Fells, Solway Borders and Eden, Cumbria Dales & Fells
- **West Midlands** Herefordshire, Worcestershire, Shropshire.

- **Additional Interviews** – CWWW, Waveney, North Devon, Rural Payments Agency.

Further telephone interviews were carried out with at least 5 beneficiaries in each area as set out below.

AREA	PROJECT	MEASURE
North Pennine Dales	Love Food, Teesdale Marketing	3.12
	South Tynedale Linear Park, South Tyne Railway Preservation Society	3.13
	Witham Hall Capacity Building, Witham Charitable Trust	3.31
	The Forge, Allendale Creative Artists CIC	3.12
	Harehope Quarry Site Improvements and Community Initiatives	3.21
Lincolnshire	Skidbrooke Cyder Centre	3.12,
	Lincolnshire Wildlife Trust	3.23 & 3.31
	Rushmoor Country Park	3.13 & 3.12
	Chapel Studios Ecoventure and “The Curve”	3.13
	Sarah Lamballe Copywriting & Lincolnshire Tree Services	Applied but not funded
Cornwall	Leach Pottery	3.12
	St Just in Bloom	3.22
	White Moor Recreational Ground Improvements	3.22
	SW Lakes Trust, Mica Dry Learning Hub	3.22
	Growing Together	3.22
	Community Capacity Building	3.21
West Kent	Groombridge Farm Shop	3.12,
	Winterdale Cheesemakers	1.23 & 3.11
	Kent Lavender Growers	1.21
	Westerham Brewery	3.12
	Chiddingstone Castle	3.13

Cumbria	Lakeland Eggs	1.23
	Stringers Brewery	3.12
	Woodlands Advisory Service	1.11, 1.14 & 1.15
	Age Concern, Village Agents	3.21
	Rural Skills Cumbria, Scottish Agricultural College	1.11
Herefordshire	Borderline Cinema	3.22
	REACH	3.21
	Tudorville	3.22
	Houghton Project	3.21
	Dorestones Front Step	3.22

Key to Measures (A full list of measures and summaries of the rules attached can be found at: http://agriculture.gouv.fr/IMG/pdf/06EN_Guidance_note_E_Measure_Fiches070202_cle4f4aec.pdf)

- 1.11 Vocational training and information actions
- 1.14 Use of advisory services
- 1.15 Setting up of management, relief and advisory services
- 1.21 Modernisation of agricultural holdings
- 1.23 Adding value to agricultural and forestry products
- 3.11 Diversification into non-agricultural activities
- 3.12 Support for the creation and development of micro-enterprises
- 3.13 Encouragement of tourism activities
- 3.21 Basic services for the economy and rural population
- 3.22 Village renewal and development
- 3.23 Conservation and upgrading of the rural heritage
- 3.31 Training and information for economic actors operating in the fields covered by RDPE Axis 3

Defra : Leader Evaluation

Interview schedule for Programme Beneficiaries

LAG Area

Project Title.....

Telephone interview (5 per geog area) and needs to be succinct.

1. Project description

- Short explanation and category (typology to be defined)
- Total expenditure, amount of Leader funding and other sources of external finance acquired
- Employment created/safeguarded, training places, visitor numbers, buildings restored/improved or other quantifiable outputs
- Unquantifiable (soft) outputs – community pride/resilience etc
- Reliance on Leader – would project have proceeded without funding or been altered significantly
- Lessons learned on project development and management

2. Application process

- Awareness of Leader programme
- Timescale from project inception through to completion
- Reflections on application process – clarity of forms and guidance, support received, amount of information sought, reporting and accounting requirements
- Main obstacles / constraints encountered – consultations, other consents, contractors, finance etc
- Recommendations for process improvements

- Score out of 5 for the support provided, the clarity of forms and the overall application process

3. Good Practice

- Elements of project that demonstrate good practice, innovation or wider benefits – energy generation, conservation, education, thriving community, local food supply chains etc

Defra ; Leader Evaluation

Interview schedule for Defra Regional Lead & A/C Body

Leader Area / Region

The interview would be preceded by a brief review of the LDS and any other relevant documentation (monitoring & evaluation reports) and websites

1. Contribution of Leader to RDP delivery
 - Relationship of LDS to national RDP and LA/ LEP economic and development strategies
 - Utility of LDS as business plan / guidance for LAG decision making
 - Profile of applications and conformity to LDS priorities
 - Overspend / underspend and reasons
 - Advice offered in relation to above and response
2. Reflections on promotional activity and communication methods
 - What steps were taken to secure ongoing commitment and interest
 - What worked well and less well
 - Support and mentoring provided for potential grant applicants
 - Summary of lessons learned
3. Reflections on operational matters
 - LAG membership and conduct of meetings etc
 - Nature and extent of support and advice supplied to LAG and response
 - Quality of individual applications and adequacy of information supplied to facilitate assessment of projects
 - Adequacy of reporting arrangements to a/c body and Defra
 - LAG approach to management of risk
 - LAG measures to promote innovation
 - Aspirations and activity beyond grant assessment and allocation
 - Recommendations on specific measures for improvement
 - **Do you feel the key principles of Leader (greater innovation through generating bottom-up ideas etc) are met in practice?**
4. Knowledge exchange
 - Participation in Leader Networks
 - Engagement with other LAGs and/or trans-national projects
 - Value / outcomes derived from above
5. Leader post 2014
 - Observations on close 'fit' of Leader with current Government thinking – localism and volunteering (LAG); Pillar 2 not Pillar 1; light on bureaucracy; direct and transparent assistance to rural economy/communities etc
 - Preparations for new programme - extent of current negotiations with partners
 - Geographical integrity of current area(s) or different approach
 - Reflections on (6) new RDP priorities and delivery potential of Leader in each of these
 - Likely future budget requirements
 - Scope for integration with other EU funding streams

Defra : Leader Evaluation

Interview schedule for LAG chair & Project Manager

Name of Leader Area

The interview would be preceded by a brief review of the website, LDS and any other relevant documentation (monitoring & evaluation reports)

1. Introduction and Historical context
 - Main benefits of Leader projects to date
 - Previous Leader programmes
 - Continuity - geographical / governance / personnel variations
2. Current governance structure
 - LAG composition, changes in membership and attendance record
 - Project management personnel
 - Accounting arrangements (pre and post RDA)
 - Meetings schedule and agendas
 - Conduct of meetings
 - Assessment criteria and progress reporting
 - Summary of lessons learned
3. Local Development Strategy
 - Total budget and main themes / priorities (explore reasons)
 - Commentary on preparation process – main partners, consultation results, level of consensus achieved etc
 - Review and amendments – significant budget adjustments
 - Utility as business plan / guidance for LAG decision making
 - Integration with LA / LEP economic & development strategies
4. Reflections on promotional activity and communication methods
 - What steps were taken to secure ongoing commitment and interest
 - What worked well and less well
 - Support and mentoring provided for potential grant applicants
 - Summary of lessons learned
5. Performance against LDS targets
 - Overspend / underspend and reasons
 - Quality of applications
 - Profile of applications and conformity to LDS priorities
 - Main obstacles faced by applicants (match funding, planning regs, complexity etc
6. Reflections on operational matters
 - Internal monitoring arrangements
 - Reporting arrangements with a/c body and Defra – advice received and action taken in response
 - LAG approach to management of risk
 - LAG measures to promote innovation

- Aspirations and activity beyond grant assessment and allocation
- Recommendation of specific measures for improvement
- Do you feel the key principles of Leader (greater innovation through generating bottom-up ideas etc) are met in practice?
- What role do you see the Accountable Bodies playing in influencing decisions on the projects that are funded and how they are managed?

7. Knowledge exchange

- Participation in Leader Networks
- Engagement with other LAGs and/or trans-national projects
- Value / outcomes derived from above

8. Leader post 2014

- Observations on close 'fit' of Leader with current Gov't thinking – localism and volunteering (LAG); Pillar 2 not Pillar 1; light on bureaucracy; direct and transparent assistance to rural economy/communities etc
- Preparations for new programme - extent of current negotiations with partners
- Geographical integrity of area or different approach
- Reflections on (6) new RDP priorities and delivery potential of Leader in each of these
- Scope for integration with other EU funding streams

Thematic Analysis and Workshops

To develop the thematic analysis to draw together the range of research data, the central questions were broken down as shown in Table A3.1. This allowed the preliminary conclusions to be reached which could be triangulated in two workshops.

Table A3.1: Extrapolating the research questions

Main Question	Subsidiary Question
1. Provide updated evidence to improve the business case for the Leader approach.	<p>What does existing evidence tell us about the value for money of the Leader approach?</p> <p>What are stakeholders' perceptions of the value of Leader?</p> <p>What are the returns on investment?</p> <p>What range of economic, social, community and environmental benefits have been achieved through Leader delivery?</p>
2. Make recommendations to further improve programme delivery. For example, identify optimum operational conditions for LAGs e.g. in terms of levels of budget to use and type of support required from Defra.	<p>What are the characteristics of the most effective LAGs?</p> <p>What governance arrangements function best?</p> <p>What type of support is needed from Defra and other agencies?</p> <p>What are the roles and responsibilities of the organisations involved (LAGs, Accountable Bodies, Defra agencies)?</p> <p>How do types of support differ across different regions?</p> <p>Could support work better if it were more standardised?</p> <p>Budgets – what are optimum allocations for LAGs? What are the key drivers of under-spend?</p> <p>What are stakeholders view on the optimum geographical and population coverage?</p> <p>What recommendations can be made on how to improve and standardise data collection in future?</p> <p>What are stakeholders view on the optimum geographical and population coverage?</p> <p>What recommendations can be made on how to improve and standardise data collection in future?</p>
3. Map out the types of projects Leader has been used to delivery under the current programme and what evidence exists on where it has been most effective. This will be used to consider which of the 6 EU draft objectives in the 2014-20 programme Leader is best suited to deliver.	<p>What types of project has leader been more or less successful in delivering?</p> <p>What different approaches to monitoring and evaluation do LAGs adopt?</p> <p>In what ways do LAGs who spend their budget allocations differ to those who under spend?</p> <p>Are there differences in perceptions of risk and different approaches to risk management?</p> <p>What different approaches are taken to the development, management and delivery of Local Development Strategies (LDS)?</p> <p>What are the characteristics of an effective LDS?</p> <p>What different approaches to monitoring and evaluation do LAGs adopt?</p>
4. Share learning from Leader's bottom-up approach to inform development of Community Lead Local Development with other CAP Funds.	

Upon completion of the data collection in each of the selected geographies, two workshops were held as a means of triangulating the emergent findings. The first, in February 2013,

was held with members of the Leader Management Team (LMT) and the second, in March 2013, with a meeting of the Leader Exchange Group (LEG). In each case a very short presentation of emerging themes was given prior to round-table discussions. For the LMT, there was one facilitated discussion, which provided the opportunity to discuss a range of findings in detail and enabled national policy administrators to provide their own insights.

At the LEG meeting, delegates were divided into four tables, each with a researcher to facilitate the discussion. Discussions were based on a sample of questions drawn from the presentation of emergent findings. In the one hour time period available, each table selected 3-4 questions to discuss in detail.

Each of these five discussions from the two meetings was written up to feed into the evidence base for the final analysis. In addition to these workshops, an introductory presentation was made to the LEG meeting held in November 2012. These three consultation events provided the opportunity for LAGs and accountable body representatives not sampled in the typology to engage directly with the research team.

The questions included for discussion in the workshops were as follows:

GROUP 1 – The Future for LEADER

What coverage should LEADER have in the future and how should LEADER territories be defined?

Which priorities should LEADER be used to deliver?

Who should write the next LDS's?

How can LEADER deliver more innovation?

How can LEADER engage more people at a local level?

Who should be the key accountable bodies?

Can LEADER be linked into the CSF or should it be preserved as a rural policy?

What can be done with transition funding to secure continuity and build upon the capacity and experience of the existing network of LAGs?

GROUP 2 – Lessons from the current LEADER programme

What have been the best features of the governance arrangements adopted by LAGs

What sort of projects and outcomes has LEADER been most effective at delivering?

What sort of projects and outcomes has LEADER been least effective at delivering?

What practical suggestions can be offered for streamlining the application, technical assessment and accounting processes?

What have been the causes of some LAGs struggling to spend their budgets?

How have LAGs identified and mentored projects – do we have examples of best practice?

How has Value for Money been assessed? Has LEADER delivered VFM?

What examples are there of LAGs benefitting from collaboration and networking activities?

APPENDIX 4: Detailed Findings from the Rapid Evidence Assessment

Main Question	Evidence
<p>1. Provide updated evidence to improve the business case for the Leader approach.</p>	<p><i>What does existing evidence tell us about the value for money of the Leader approach? (1)</i> ** UK **</p> <ul style="list-style-type: none"> ▪ Although the effect of LEADER interventions on GVA are small, the impacts at the local level are more significant – e.g. start-up support to a local shop is unlikely to change GVA but may revitalise an area and make a difference to a local community (Ekosgen, 2010b) ▪ It is not clear at the mid term how much ‘added value’ is realised through the Leader approach for allocation of small grants to businesses (Hyder and ADAS, 2010) ▪ Leader projects do not demonstrate in detail how they contribute added value. Most comments about added value on application forms are vague and unsubstantiated (Williams, 2011) ▪ LEADER impacts are more likely to be sustainable if activity involves private sector partners, and if they build on the financial viability of existing businesses rather than supporting them through grants (Ekosgen, 2010b) ▪ LEADER funding is stretched by strong levels of volunteer time, and is a key benefit of strong local involvement (Ekosgen, 2011) ▪ <i>“LEADER’s real value was in the capacity building across a broad spectrum of areas, and piloting new approaches which could be sustained by local actors if they were successful”</i> (Ekosgen, 2010b) ▪ <i>“LEADER’s strength is in building capacity and networking among local actors, which is anticipated to lead to economic impacts over time”</i> (Ekosgen, 2010b) ▪ <i>“The ultimate added value of LEADER II may be in its triggering of a mind shift”</i> (Rural Development Company, Fraser Associates and University of Gloucester, 2005) <p><i>What are the returns on investment? (1)</i></p> <ul style="list-style-type: none"> ▪ The cost per gross additional job through LEADER in the North East of England, at £47,769, is high compared with other evaluation benchmarks. Though this is thought to be partly because LEADER is outcome as well as output focused (Genecon, 2010) ▪ Return for business support projects funded through LEADER in England is 1:2.77 compared to 1:11.8 for all business interventions across the RDA network which suggests that LEADER represents lower Value for Money in delivery of business support (Ekosgen, 2010a) ▪ For the community services projects funded through Leader in England, the return on investment averaged 1: 2.19. This is higher than the return of projects promoting local image, events and tourism (1:1.6) but lower than a return on hybrid interventions covering business, people and place (1:2.5). (Ekosgen, 2010a) ▪ Deadweight across all LEADER activities is low, at 15-20% compared with BIS benchmarks of 50% - so few LEADER-supported activities could have been achieved without support from LEADER (Ekosgen, 2011) ▪ The increase in employment attributable to LEADER is modest in absolute terms, at an average of 3.5 FTE per business, although this is

significant employment at a local level (Ekosgen, 2011)

- Returns on investment for business support and tourism projects are lower than for projects supporting agriculture (Ekosgen, 2011)
- Returns on investment through LEADER projects are highest for businesses diversifying from the agriculture and forestry sector (Ekosgen, 2011)

What range of economic, social, community and environmental benefits have been achieved through Leader delivery? (1)

- Conservation, Tourism and Heritage projects account for the highest level of LEADER expenditure in England (£4.54m to date) and the highest number of projects. (Ekosgen, 2010a)
- Expenditure in business support (£4.35m), which although spread across fewer projects, has increased considerably under the current LEADER approach. (Ekosgen, 2010a)
- Expenditure through LEADER on skills and training has reduced since LEADER II in England from 23% to 7% (Ekosgen, 2010a)
- From LEADER II onwards, spend on tourism and rural heritage has represented the greatest proportion of total spend in England – *“LEADER appears to lend itself well to the support and development of local tourism and heritage related interventions, often with strong involvement from local authorities”* (Ekosgen, 2010a)
- Spend on community facilities has also increased significantly since LEADER+, from 7% to 14% (Ekosgen, 2010a)
- Spend on business support through LEADER is higher than at any previous time, at 25% of all spend (Ekosgen, 2010a)
- Employment impacts of LEADER are greatest in more remote areas (Ekosgen, 2011)
- Expenditure on farm diversification under LEADER has increased from 2% to 8% of spend since LEADER+, which may reflect the mainstreaming of LEADER into the RDPE (Ekosgen, 2010a)
- LEADER has supported projects in the UK that promote farm diversification and help the viability of farms (Carnegie Trust, 2010a)
- LAGs in the UK have previously been criticised for failing to engage effectively with farmers (Carnegie Trust, 2010a)
- There is a strong rate of non-participation in rural development by farmers in Northern Ireland, which is thought to be because many farmers see rural development initiatives as competing with the farming industry (Shortall, 2008).
- *“Farmers have a ‘me and I attitude’ and it has been difficult to get them to work as a group – there is a view that their neighbours are their competitors ... LEADER has to go to take what we [farmers] do and help us to do it better”* – view of a farming representative participating in LEADER II in Northern Ireland (Scott, 2004)
- In areas where farms are struggling to be financially viable, LEADER provides a means for supporting rural land as ‘public good’ – an asset which is appreciated by society even if it has little value for agriculture (Carnegie Trust, 2010a)
- It is anticipated that the LEADER approach has contributed less to environmental than economic and community objectives at the mid term stage (Hyder and ADAS, 2010)

**** Europe ****

- *“Environmental Cooperatives in Holland have a clear record of delivering benefits and the clear support of the Dutch Ministry of Agriculture. These are evidence that working landscapes whole rather than piecemeal has improved policy design and enhanced its delivery.”* (Franks and McGloin, 2007)
- There is little evidence of the effectiveness of LEADER throughout Europe in achieving added value (European Court of Auditors, 2010)
- LEADER is considered to be the cornerstone of rural tourism in Greece and, despite its low budget, is regarded as more ambitious than traditional programmes – such as the IPRD because of its focus on economic development, democratic learning and widening the “local” (endogenous) governance aspect of the initiative (Papadopoulou *et al.*, 2011).
- It is not possible to confirm any influence of LEADER+ on out migration and increasing age dependency in rural areas (Metis, AEIDL & CEU, 2010)
- The LEADER approach deserves attention as a seedbed of emerging value chains. However, in order to expand these into economic clusters, larger scale interventions are needed (such as from RDAs). Inflation of LEADER activity alone does not in itself guarantee success on a larger scale. (Metis, AEIDL & CEU, 2010)
- *“Rural tourism seems to be acting as the ‘motor’ of rural development ... rural tourism activities have acted as a linkage between different sectors of the rural economy – agriculture, forestry, the food-chain”* (Sareceno, 2007)
- Social groups are differently resourced, differently skilled, and have different cultural identities and occupational preferences leading to different social groups engaging to different extents with contemporary governance and rural development initiatives. E.g. Farmers are relatively marginalised from initiatives such as the EU LEADER programme (Macken-Walsh, 2011)
- Across Europe, enhanced agricultural competitiveness was not a significant output of LEADER+. LAGS were more successful in promoting diversification of agriculture and encouraging sustainability of agriculture, manufacturing and services in rural areas (Metis, AEIDL & CEU, 2010)
- Fostering multifaceted activity, from agritourism to nature protection and infrastructure development, is significantly achieved in LEADER projects in Greece (Papadopoulou *et al.*, 2011).
- *“there should be links between LAGs and like-minded development partnerships in urban and coastal areas and matters such as climate change, mobility, food chains, landscape functionality, public goods and other aspects of quality of life”* (Metis, AEIDL & CEU, 2010)
- Farmers in Apine regions did not feel that they were properly represented by local political institutions which focused too much on the tourist sector. The “them and us” problem is a barrier to integration (Magnani & Struffi, 2009).
- LEADER+ has promoted a more sustainable use of endogenous resources, but direct links to solutions at a global level (e.g. climate change) cannot be made, due to the small scale of LEADER interventions (Metis, AEIDL & CEU, 2010)

<p>2. Make recommendations to further improve programme delivery. For example, identify optimum operational conditions for LAGs e.g. in terms of levels of budget to use and type of support required from Defra.</p>	<p>What are the characteristics of the most effective LAGs? (2) What governance arrangements function best? (2)</p> <p style="text-align: center;">** UK **</p> <ul style="list-style-type: none"> ▪ A history of partnership working helps to strengthen the LAG and improve its effectiveness (Rural Development Company, Fraser Associates and University of Gloucester, 2005). ▪ The development of LAGs is influenced by the individuals that are involved as co-ordinators and LAG members (Genecon, 2010). ▪ The most effective LAGS are those with a strong and mature partnership with a balance between community and local private interests and public sector authorities/agencies (RSN, 2012; Ekosgen, 2011) ▪ The time commitment for participation in the LAG Board can be offputting to private sector representatives (RSN, 2012) ▪ Few LAGs in England have benefited from continuity between LEADER programmes – the majority “<i>had no permanent governance structure [and] existed merely to deal with funding while it was there</i>” (Carnegie, 2010a, p 23) ▪ In Scotland and Northern Ireland, many LEADER groups were able to move effectively from one LEADER programme to another due to interim support provided by local authorities. (Carnegie, 2010a) ▪ Many LAGs have made slow progress in setting up, particularly those not able to build on previous local or countrywide delivery structures (Hyder and ADAS,2010). ▪ The capacity and learning from previous LEADER programmes has to some extent been lost due to changes in learning from previous LEADER programmes and new terms of engagement (Hyder and ADAS, 2010) ▪ Northumberland Coast and Lowlands LAG and North Pennines Dales LAG have both been constrained in their growth, and this is thought to be related to the legacy of the former LEADER+ programme (Genecon, 2010). ▪ Transaction costs associated with delivery of LEADER in England can be 25p in the £1. The resulting low level of grant available can result in some LAGs only approving small grants to make the money go further. (Carnegie Trust, 2010b) ▪ Matched funding is likely to become more difficult for LEADER projects to obtain in England, due to public sector budget cuts. The obverse of this is that LEADER funding may become more central to publicly funded rural development as local authorities seek to mitigate the effect of the cuts (Carnegie Trust, 2010b) ▪ In large rural areas, geographic sub-division of the LAG may help to get closer to people in isolated communities, e.g. North Pennines LAG had three sub-LAGs under Leader+, which fed their decisions to the full LAG. (Carnegie Trust, 2010b) ▪ Commitment is essential to LAG achievement, and to the good work that goes the extra mile to keep a programme or project on course (Williams, 2011) ▪ LAGs where board meetings are held in Council chambers tend to adopt a format more suited to councillors and council officers – inexperienced community members can find it hard to express their views (Scott, 2004) ▪ Capacity building and skills development for LAG board members would enable participation in the partnership process, particularly confidence-building for less experienced members (Scott, 2004) ▪ Where LAG partnership staff are based in a local authority, councillors have better access to information and are more easily able to
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- influence partnership staff than the community and private sector, which can create a sense of unfairness (Scott, 2004)
- There can be tensions between the roles of the local authorities who are both partners and administrative and financial lead organisations and can also employ the manager and chair the partnership (Rural Development Company, Fraser Associates and University of Gloucester, 2005)
 - LAGs may become complacent and operate in a LEADER programme comfort zone. LAG concerns appear to focus on the continuity of funding for the initiative and LAG rather than developing their strategic focus (Rural Development Company, Fraser Associates and University of Gloucester, 2005)
 - During the implementation of Leader in Ireland, LAGs felt that the Department for Agriculture and Rural Development was being too directive with insufficient flexibility given to allow each one to respond to local problems and opportunities. A Managers Forum was established to address these operational issues and it has worked effectively, especially to facilitate communication between the two bodies (Murtagh, 2006).

**** Europe ****

- Autonomous LAGS (with greater decision making power) show better results in developing local skills and potential, strategic thinking and monitoring the development of their area in a structured way (Metis, AEIDL & CEU, 2010)
- Low autonomy of LAGs reduces local learning and can risk local partnerships being dependent on funding programmes rather than developing as endogenous institutions. Low autonomy should be only be an option for beginner LAGs (Metis, AEIDL & CEU, 2010)
- Policy entrepreneurs are key to connecting different bodies and facilitating action. Their ability to access funding enables them to stimulate greater cooperation locally, but they cannot do this without an appropriate supporting framework. One question not addressed by Böcher though is how representative a “policy entrepreneur” is of the local population. (Bocher, 2011)

What type of support is needed from Defra and other agencies? (2) What are the roles and responsibilities of the organisations involved (LAGs, Accountable Bodies, Defra agencies)? (2)

- LAGs benefit from (i) the presence of a development officer for support in applications and monitoring and (ii) the presence of a local accountable body (e.g. local authority) to perform administrative functions (Ekosgen, 2011; RSN, 2012)
- Policy integration of LEADER within RDPE is thought to hinder performance of LAGs during 2007-13, due to increased bureaucracy compared with LEADER+ which was a discrete programme. (Hyder and ADAS, 2010)
- Many LAGs have experienced delays due to difficulties interpreting specific measures (e.g. Measure 421); LAGs have experienced difficulties in obtaining clarifications from RDAs, and RDAs from DEFRA (Hyder and ADAS, 2010)
- Delays at the start of Leader affecting spend and progress during the first year (RSN, 2012)
- Guidance at the outset of Leader was not sufficiently clear, leading to confusion about what could and couldn't be funded (RSN, 2012)
- LEADER delivery processes and the chain of referrals (via Business Link) are bureaucratic (Carnegie Trust, 2010a)
- Checking processes are over-zealous and mean that (i) the application and payment process are long winded; (ii) project management

absorbs too much of LAG staff time; (iii) some potentially good projects are put off applying; (iv) successful projects are slowed and there are knock-on effects on spend (RSN, 2012)

- The number of levels within the decision-making hierarchy is felt to be unhelpful - local areas would like to see greater trust placed in local decisions (RSN, 2012)
- *“During the set up of LAG groups, there was a lack of clarity about the roles and responsibilities of group members. It is suggested that they are recruited against a job description. There was also limited training offered to them. It is felt that in future Defra may wish to consider paying LAG group chairs something for their time.”* (RSN, 2012)
- The need to obtain (at least) three quotes can be problematic for certain types of project. In sparse rural areas it can be harder to find a list of potential contractors or suppliers. Training providers hoping to put on a training programme want to apply for grant funding in their own right (not to find three other providers). Some projects have wanted to undertake works required for projects themselves (e.g. with farm labour) rather than seeking quotes from external suppliers. (RSN, 2012)
- The degree of local control is limited to a set of goals and elements contained within the programme (Convery *et al.*, 2007). This raises questions over what is the starting point for activity – local need or the list of possible things that can be funded?
- LAGs rely on technical expertise from the County Council which reinforces the lack of true empowerment (Convery *et al.*, 2007, p377).
- The requirements of the Leader’s administrative and financial systems are felt to be way beyond those expected of other funding regimes (Williams, 2011)
- Voluntary organisations and community gatherings need time and space to organise themselves. Leader is not their day jobs and they will take longer than professionals to get together plans of action and suitable projects (Williams, 2011)
- Micro-management appears to be caused by a genuine fear by policy makers of EU and Government Audit regimes which can require proof of spend long after the event (Williams, 2011)

How do types of support differ across different regions? (2) Could support work better if it were more standardised? (2)

- The devolved governments of Scotland, NI and Wales take a ‘hands off’ approach to engaging with LAGs, with little attempt by governments to influence LAG priorities, which is seen as beneficial (Ekosgen, 2010b)
- LAGs covered by Yorkshire Forward did not allow any funding to go to private businesses or social enterprises (Carnegie Trust, 2010b)
- Management of LEADER through RDAs was inconsistent, with some (e.g. Yorkshire Forward) restricting eligibility of projects to Axis 3. By contrast, North West Development Agency promoted projects across the Axes. (Carnegie Trust, 2010b; RSN, 2012)
- Some accountable bodies (e.g. Shetland Charitable Trust and Somerset County Council) have developed bridging loans/revolving funds to finance smaller projects upfront (Carnegie Trust, 2010a)
- LEADER project delivery is inefficient in England compared with other EU countries, due to *“poor spatial coverage, very varied implementation, complex administration and low budgets”*. (Carnegie Trust, 2010b, p12)
- In Mourne National Park, LEADER approaches were restrained by an ongoing review of policy at a higher geographical level so while in theory the LAG had local control, it had to subordinate to other organisations (McAreavey & McDonagh, 2010)

Budgets – what are optimum allocations for LAGs? What are the key drivers of under-spend? (2)

- Many UK LAGs identify that the level of financial reporting required is excessive (Hyder and ADAS, 2010)
- The use of arrears payments prevents engagement of smaller organisations as they do not have the capacity to implement actions in advance of payments (Hyder and ADAS, 2010; Ekosgen, 2011; Waller, 2012)
- Small businesses struggle to obtain match funding for adding value projects. More would apply if minimum £12,500 project spend was reduced. (Waller, 2012)
- Application and selection procedures are more suited to larger businesses; businesses applying for a £10,000 grant should not require the same level of paperwork as a £200,000 grant (RSN, 2012)
- Getting a business plan developed is costly/timely, and not justifiable when only applying for small grant values (Waller, 2012)
- In Cumbria, upland farmers are the least likely sector to apply for grant funding because of lack of capital and because of the type of equipment that is grant fundable. Many hill farms need only basic handling systems (which are not eligible) rather than more advanced technology (Waller, 2012)
- *“Because the majority of Axis 1 funds aimed at farmers have been distributed through either regional or national schemes, the Cumbria Local Action Groups had too much money in Axis 1 to allocate”* (Waller, 2012, p25).
- *“Consideration should be given to lobbying DEFRA for grants more suited to upland farmers in advance of the next round of RDP funding and Cumbria could act as a pilot area”* (Waller, 2012, p26)
- In Bolsover, measure 311 (diversification into non-agricultural activities) has been subject to under-spend which is thought to be due to other funding streams such as the Single Farm payment, and funding via Natural England and the Common Agricultural Policy (Bolsover North East Derbyshire LAG, 2012)
- Bureaucracy associated with technical appraisal of projects and issue of offer letters is thought to have slowed the implementation of LEADER in the North East (Genecon, 2010)

What are stakeholders view on the optimum geographical and population coverage? (2)

- Commonality of issues and identity should carry more weight than area size / population in determining LAG coverage. Some LAG areas with many more than 100,000 people are identified as ‘contrived’ and not sharing a common issue. (Hyder and ADAS, 2010)
- The area based approach is not universally successful – tensions can arise in defining the population base and coherence of an area, e.g. through the exclusion of a market town (Rural Development Company, Fraser Associates and University of Gloucester, 2005)
- It is felt by RSN members that if the LAG areas were made larger they would not reflect rural needs as well and distinctive issues may be subsumed under wider area characteristics (RSN, 2012)
- The exclusion of market towns from many LAG areas to keep below the population threshold is felt to be unhelpful, particularly where they serve as a service centre for the rest of the area (RSN, 2012)

3. Map out the types of projects Leader has been used to deliver under the current programme and what evidence exists on where it has been most effective. This will be used to consider which of the 6 EU draft objectives in the 2014-20 programme Leader is best suited to deliver.

What types of project has leader been more or less successful in delivering? (3)

- It is too simplistic to say LEADER is better at delivering some types of projects more than others - impact is dependent on the context of an area, the capacity of the project to deliver, the level of economic disadvantage, and synergy with other projects (Ekosgen, 2010b)
- Hyder and ADAS (2010) question the suitability of Leader for delivering 'private-sector' Measures (e.g. Axis 1 and Axis 3 Measures 311, 312 and 313) as not efficient as other delivery approaches. In comparison, the rural community measures tend to be community led, suited to the LEADER approach, and often aim to achieve a range of wider non-economic benefits.
- In Central Warwickshire Villages LAG, LDS objectives for the land-based sector were not met in 2010/11. This is thought to be because community-based projects were quicker to come forward, and easier to implement (Williams, 2011)
- Projects that require collaboration between businesses can be hard to deliver, particularly where businesses are competitors and would risk losing competitive advantage (RSN, 2012)

****UK****

- The slow start for many LAGs has meant that recent evaluation studies (e.g. Hyder and ADAS, Ekosgen) have been unable to effectively measure the long term effects of LEADER projects at the mid-term stage.
- There is a perception that LEADER places too much emphasis on monitoring 'hard' indicators, with little attempt to capture softer outcomes around networking and community capacity building which can themselves contribute to economic impacts in the long term (Ekosgen, 2010b)
- LAGs include many small organisations with limited capacity to record, store and pass on data in a consistent way. They therefore may require additional support to ensure that Axis 1, 3 and 4 can be monitored and fully evaluated (Hyder and ADAS, 2009)
- Outcomes and targets can be offputting to prospective applicants. Job creation can be difficult to commit to during recession, and creation of self-employed jobs are not counted. (RSN, 2012)
- There is a bias towards evaluation of economic rather than social and environmental outcomes (RSN, 2012)
- The evaluation of LEADER requires a focus on outcomes (not outputs, because these become too heterogeneous between different local areas, and processes (because delivery processes became an important element influencing the quality of the programmes and their impacts) (Dwyer *et al.*, 2008)
- In the UK, there has been little opportunity to learn from EU-directed evaluation processes applied to the 2000-2006 period in preparation for the 2007-2013 period. Instead the process has been influenced more by domestic policy and audit reviews (Dwyer *et al.*, 2008)
- There is a clear value in moving towards evaluation systems that are less instrument-focused and more holistic, in the future (Dwyer *et al.*, 2008)

**** Europe ****

- During LEADER+, there was limited success in fostering evaluation capacity and local ownership of the monitoring and evaluation process (Metis, AEIDL & CEU, 2010)

- In Spain the evaluation process focused primarily on the information required by the responsible authority to respond to the EU and only secondly to the priorities of people actually involved in LEADER partnerships (Diaz-Puente *et al.*, 2008)
- *“Precisely because there has been a decentralization of decision making in favour of the local level, it is legitimate that providers of funding would want to know what has been achieved by each group aggregating evaluation information at regional, national or European levels”* (EC, 2002, cited in High and Nemes, 2007)
- Furmankiewicz & Janc (2011) note that effective bottom-up processes require self-evaluation for localised learning which contradicts the EU need for standardised evaluation to compare success.

To inform improvements in processes for future delivery;

In what ways do LAGs who spend their budget allocations differ to those who under spend? (3)

Are there differences in perceptions of risk and different approaches to risk management? (3)

- *“Given the flexibility provided through the LEADER approach, LAGs should be supported to develop more ‘innovative’ projects and feel able to take risks”* (Genecon, 2010, p 41)
- *“Although the Leader approach should be about innovation and risks, the fear of disallowance and the need for rigorous application of the rules is impeding that intention.”* - view of an RDA representative, reported in Hyder and ADAS, 2010
- Evidence of innovation is more limited in the current LEADER phase, compared with LEADER+ where innovation was encouraged through transnational cooperation between LAGs (Ekosgen, 2010a)
- LEADER has facilitated sector innovations in land-based businesses and agricultural diversification has provided an opportunity to trial new approaches, e.g. wood fuels renewables (Ekosgen, 2011)
- Innovation is favoured by: (i) degree of latitude afforded to LAGs to take their own decisions; (ii) the strength of community involvement; (iii) the quantity and quality of project officer support; (iv) participation of innovative individuals in LAGS, associated agencies, local communities and businesses (Rural Development Company, Fraser Associates and University of Gloucester, 2005)
- Innovation is variously regarded as *“a burden, a barrier and an opportunity”* by LAGs (Rural Development Company, Fraser Associates and University of Gloucester, 2005)
- Innovation appears to be inwardly focused, and there is a strong level of risk aversion due to the fear that innovative projects will not secure funding (Rural Development Company, Fraser Associates and University of Gloucester, 2005)
- Across Europe, innovation did not attract the priority attention of the LAGs during LEADER+ - interpretation of what it means varied from one region to another (Metis, AEIDL & CEU, 2010)
- LAGs should keep the debate going among local actors about the concept of innovation regarding their territory and the circumstances people live in, and how this concept could be translated into a pilot strategy which really makes a difference (Metis, AEIDL & CEU, 2010)

	<p><i>What different approaches are taken to the development, management and delivery of Local Development Strategies (LDS)? (3)</i></p> <ul style="list-style-type: none"> ▪ In some LAG areas, LEADER supported projects have focused on Axis 3 measures related to basic services and community based activities, partly because of programme delays and legacy of previous LEADER+ programmes (Genecon, 2010). ▪ Across Europe, the thematic scope of local development plans are kept as wide as possible to encourage local potential, but the downside of this is that some LAGs lack strategic focus (Metis, AEIDL & CEU, 2010) ▪ During LEADER+, because of the need to include local development strategies with the LAG proposals, they tended to become like bid proposals which were ignored once they were accepted (Metis, AEIDL & CEU, 2010) ▪ Perez (2000) cautioned against “the fragmentation of LAGs into narrow interest lobbies, each trying to use LEADER as an instrument of power” (cited in Convery <i>et al.</i> 2007, p373)
<p>4. Share learning from Leader’s bottom-up approach to inform development of Community Lead Local Development with other CAP Funds.</p>	<p><i>Bottom-up approach, involvement of the community in leader, and development of social capital</i> ** UK **</p> <ul style="list-style-type: none"> ▪ A key element of Leader’s success is it enables decisions to be delegated to rural community members and organisations which enables decisions to reflect local needs and an area’s wishes for development (RSN, 2012) ▪ LAGs benefit from a strong local voluntary and community sector (Ekosgen, 2011) ▪ Some LAGs have used the private sector (e.g. financial and technical advice, on a pro bono basis) to boost capacity (Ekosgen, 2011). ▪ There can be self-selecting disparities in LAG participation, e.g. there is an under-representation of the protestant community, women and farmers in rural development initiatives in Northern Ireland (Shortall, 2008) ▪ Due to the delays in implementing LEADER, the impact of the LEADER approach at mid-term in improving governance and mobilising endogenous development potential of rural areas is modest (Hyder and ADAS, 2010) ▪ A focus on local economic development within LAGs [during LEADER II in Northern Ireland] often led to a focus on economic outputs rather than the process of capacity building, animation, and community participation (Scott, 2004) ▪ LAGs identify that while there are commonly a number of representatives of community groups involved with LAGs, it is much more difficult to get ‘real grassroots people’ involved (Rural Development Company, Fraser Associates and University of Gloucester, 2005) ▪ Projects to get young people involved in rural development include ‘Skills in the Hills’ in the Yorkshire Dales, which encourages young people to engage with the skills and employment opportunities available in rural areas. (Syers, 2012) ▪ Some LAGs appear not to see themselves as part of the bottom-up approach, rather they are acting as intermediaries (Rural Development Company, Fraser Associates and University of Gloucester, 2005) ▪ Bottom-up is ideal and important, but cannot happen in a vacuum. Capacity building is seen as central to the establishment, operation and sustainability of the bottom-up approach in LEADER (Rural Development Company, Fraser Associates and University of Gloucester, 2005)

**** Europe ****

- Throughout Europe, all LAGs obtained a degree of local community involvement but some LAGs gave most of the LEADER+ grants to their own member organisations (European Court of Auditors, 2010)
- Participation of young people in LAGs during LEADER+ was a major challenge – this is seen as a weakness of the LEADER approach (Metis, AEIDL & CEU, 2010)
- *“Local development strategies should clearly focus on the local social capital. This cannot be done by focusing on THE one and unchanging local identity ... A closer and undistorted look into the local reality reveals ‘the elusiveness of the obvious’, the multiplicity of facets and features, the diversity of people, potential and stories of life”* (Metis, AEIDL & CEU, 2010, p 174)
- The capacity of LEADER to enhance social capital is central but there are still steps to be taken to adopt reliable methodologies to assess its success (Metis, AEIDL & CEU, 2010)
- Nardone *et al.* (2009) recognise the value of social capital but note that if people are drawn together around a contentious issue with divergent views, the lack of common ground may preclude community-bridging social capital formulation and simply result in entrenching opposing views.
- Bridging ties are most valuable for “getting ahead” while bonding ties are more about “getting by” (Teilmann, 2012)
- Networks build around key issues locally and key people. Extending these into multi-national collaborations can enhance the scope of LEADER activities but should not be rushed in a way that overlooks local needs (Vidal *et al.*, 2009).
- Lopolito *et al.* (2011) found that a larger board with members from a wider range of categories was more effective at sustaining valuable information flows and developing a higher density of “affinity relations”, those where members of the network can reach a shared vision of problems and consequently a shared development strategy. By contrast, the smaller, less diverse, LAG board saw strong trust relations (bonding social capital) but was less effective at delivering a range of outcomes due its lack of representativeness
- Lessons learned in the Czech Republic include: *“it is easier to learn the LEADER method through cooperation projects than from reading instructions”*, both active and passive means of raising awareness are essential for the constructive development of LAGs and *“multiple-source financing is key for sustainability of LAGs”*. (CSD, 2008)
- In Poland, projects in which local residents could become engaged were most successful, including training and the promotion of local and cultural events. Those projects involving more technical expertise had less direct impact on local inhabitants. (Furmankiewicz & Janc 2011)
- The Upper Austrian Lag successfully engaged young people through cross-municipality workshops where groups went away and designed spaces for young people in each area (The LAG Handbook, 2007).

Knowledge Transfer and Sharing Best Practice

****UK****

- European Union rules that limit 'out of county' travel restrict inter-regional and international networking, which limits exchange of best practice at a national and EU level. (Carnegie Trust, 2010a)
- LAGs have experienced difficulty in developing intra and inter-regional links, and lack guidance on inter-LAG networking (Hyder and ADAS, 2010)
- The vast majority of LAGs involved in transnational cooperation in LEADER II did not progress beyond exchange of experience of exploratory talks – “*considerable collective effort was deployed for relatively little tangible benefit to the local economies and communities*” (Rural Development Company, Fraser Associates and University of Gloucester, 2005)
- Transnational cooperation with other LAGs is considered of little importance (regarded as ‘*a bit of a jolly*’), but local networking in particular is considered very useful (Rural Development Company, Fraser Associates and University of Gloucester, 2005)

**** Europe ****

- Across Europe, there is little evidence of innovation or interaction between sectors in LEADER strategies and projects (European Court of Auditors, 2010)
- Not all LAGs have participated in networking and cooperation projects (European Court of Auditors, 2010)
- During LEADER+, LAGs identified that territorial cooperation was time consuming, and required dedicated staff and resources (Metis, AEIDL & CEU, 2010)
- It was identified that cooperation within a country helped improve management, reinforce local identities and creating lasting rural networks. Trans-national cooperation was thought to be less important (Metis, AEIDL & CEU, 2010)
- In order to be used for policymaking, LAGs need to be able to have access to more codified information about best practice examples (Sareceno, 2007)
- Existing best practice could be better utilised if coded by types of rural context, sector, and theme (Sareceno, 2007)
- In South Ostrobothnia (Finland), 4 LAGs came together working on 4 separate projects but through a collective local identity, they were able to cooperate to extend the impact as well as create economies of scale with a shared information officer to increase local communication and engagement (The LAG handbook, 2007, LEADER+ Observatory).

Appendix 5: Digest of responses to the Call for Evidence

The Call for Evidence invited stakeholder views and evidence on the current Leader programme as a means of assisting in understanding what had worked and what was required to make it happen. Views were gathered from community groups, rural businesses, farmers and foresters in receipt of Leader funding; members of Leader teams or Local Action Groups (LAGs); and people living in rural areas with views on the benefits that Leader has delivered (or not delivered). The Call asked respondents for information about:

- Their level of awareness of Leader and any involvement they have had;
- Their views on the operation of the existing Leader programme and what was required to make it happen; and
- Their views on Leader in the future (post 2014).

In this way, the Call was intended to both address any gaps highlighted during the search element of the REA (e.g. areas emerging from the starting question and non impact questions) and also offer practical insights into the operation of the programme. The Call was therefore intended to complement and not duplicate the SWOT and 'Call for Evidence' of LEADER groups previously undertaken by Defra and the parallel commission considering the economic impact of Axis 1 and Axis 3 carried out by the Countryside and Community Research Institute (CCRI).

A snowball sampling technique was used to develop the research sample. This is a non-probability method that uses existing subjects to recruit other subjects via their contacts and connections. The aim is to start with one or two units, with the sample built up by these initial units referring it on to other subjects. The Call was disseminated through two units: (1) the Rural Services Network (RSN), a national body comprising 100 local authorities and 250 organisations that work across the complete range of rural services; and (2) through the RDPE Network. The Call reached 10,000+ rural practitioners and stakeholders on these mailing lists (e.g. Parish councillors, community members, service providers, businesses). Referrals from members of the RSN and RDPE Network were also made to: RuSource (a mailing list of 1,103 rural professionals including clergy, consultants, land agents, accountants and farmers); the Country Land & Business Association (CLA) and by Local Action Groups (e.g. Central Warwickshire, Yorkshire Dales, Shropshire Hills, Northern Lincolnshire).

The Call opened on 21 November and closed on 21 December, however it was kept 'live' for the duration of the project, with responses accepted until 22 February 2013.

This appendix sets out the findings of the Call for Evidence.

Findings

From the Rural Service Network (RSN)

549 responses were received to the Call.

Awareness of Leader

The majority of respondents (76.9%) described being 'very aware' of the Leader programme:

How aware are you of the LEADER programme?		
	Response %	Response Count
Very aware	76.9%	417
Aware	16.1%	87
Some Awareness	4.4%	24
No Awareness	2.6%	14

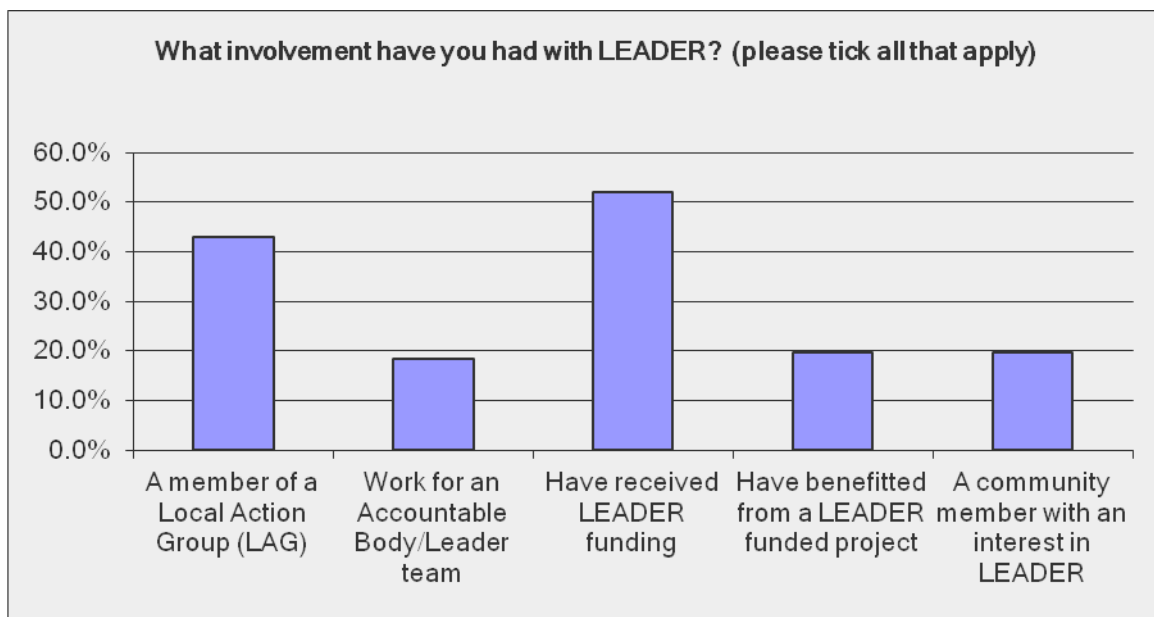


Involvement in Leader

52.1% of respondents had been in receipt of Leader funding, 42.9% were members of a Local Action Group, 19.7% had benefitted from a Leader funded project, 19.7% had an interest in Leader and 18.3% worked for an accountable body/Leader team.

The proportion of respondents from LAGs and in receipt of funding demonstrates both experience of Leader in general terms and/or familiarity with the Programmes systems and processes.

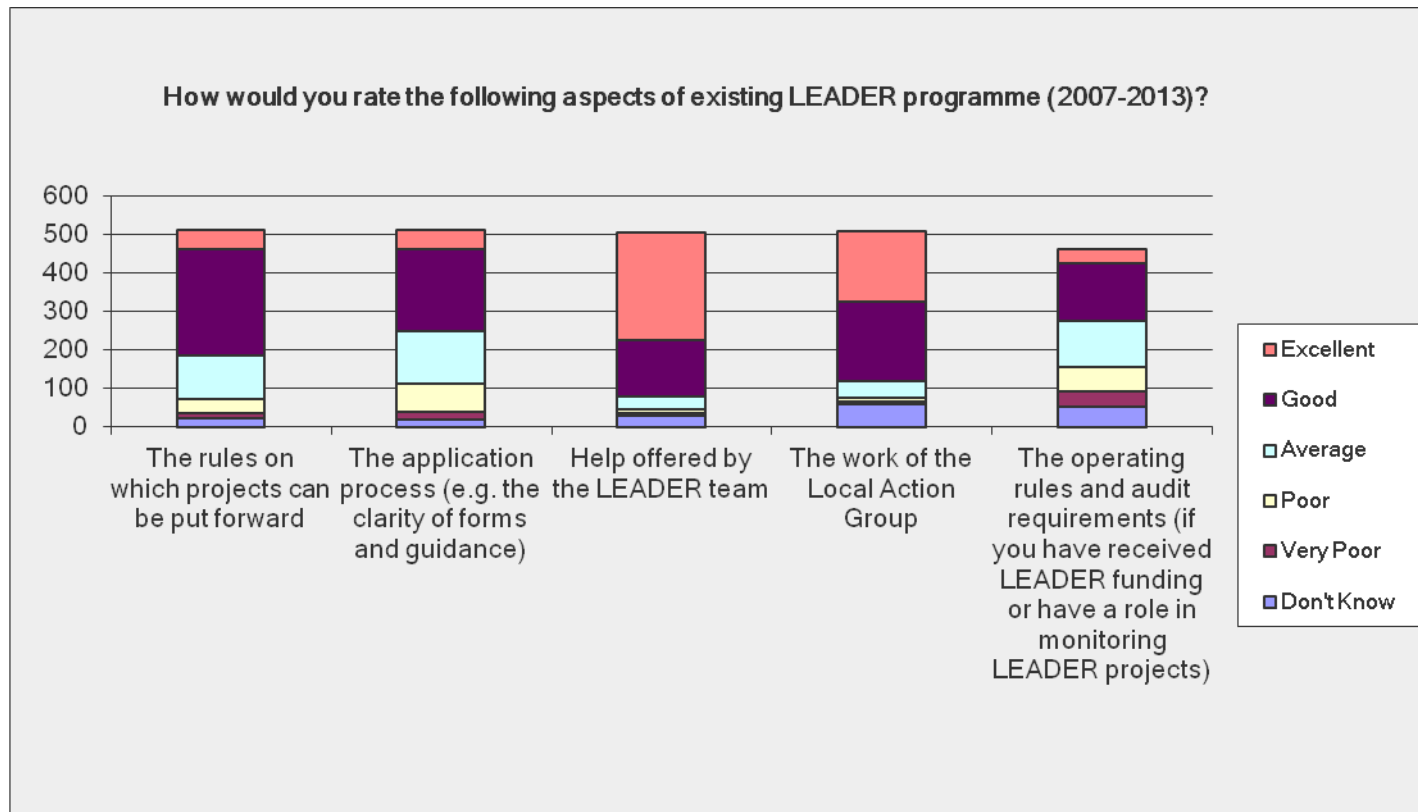
What involvement have you had with LEADER? (please tick all that apply)		
	Response %	Response Count
A member of a Local Action Group (LAG)	42.9%	213
Work for an Accountable Body/Leader team	18.3%	91
Have received LEADER funding	52.1%	259
Have benefitted from a LEADER funded project	19.7%	98
A community member with an interest in LEADER	19.7%	98
Other (please specify)		70



Administration of Leader

Respondents were asked about the administrative processes underpinning the Programme – with each aspect rated from ‘excellent’ to ‘very poor’:

How would you rate the following aspects of existing LEADER programme (2007-2013)?							
	Excellent	Good	Average	Poor	Very Poor	Don't Know	Response Count
The rules on which projects can be put forward	50	273	114	36	15	21	509
The application process (e.g. the clarity of forms and guidance)	48	214	135	74	19	19	509
Help offered by the LEADER team	279	145	35	10	6	28	503
The work of the Local Action Group	183	205	45	9	6	59	507
The operating rules and audit requirements (if you have received LEADER funding or have a role in monitoring LEADER projects)	38	149	120	64	41	50	462



The rules on which projects could be put forward, the application process itself and operating/audit requirements were rated as ‘good’ or ‘average’ by the majority of respondents; with some recording excellent and poor scores. The help offered by the Leader team and work of the LAG generated the most positive ratings – with the majority of respondents allocating these aspects ‘excellent’ and ‘good’ scores.

Overall, responses to different aspects of administration are on a continuum from excellent to average, with few poor and very poor ratings recorded. However, a distinction can be drawn between the experience of individuals in the build up to the programme (which these questions encompass) and their experience of its operating rules with 105 respondents (19% of the total sample) rating their experience as poor or very poor.

What has worked well and less well?

Respondents were positive about the 'locality' of the programme, including its contributions to helping make the area it covers a better place (227 respondents strongly agreed), taking a bottom-up approach (211 respondents strongly agreed), supporting innovation (184 respondents strongly agreed) and providing enough money to make a difference locally (144 respondents strongly agreed).

WHAT HAS LEADER DONE WELL? Please indicate how much you agree or disagree with the following statements:						
	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Response Count
Taking a "bottom-up" approach to rural development	211	203	57	22	10	503
Helping make the area it covers a better place	227	230	35	7	7	506
Supporting innovation - by funding new and exciting ideas and projects	184	226	58	28	10	506
Encouraging businesses and local public bodies such as councils to work better together ('Local Action Groups')	132	215	115	28	14	504
Promoting networking and the sharing of best practice	114	235	114	30	10	503
Providing enough money to make a difference to local needs	144	243	69	35	14	505
Other (please specify)						87

Respondents were less positive around the bureaucracy and processes that had to be followed (with 171 respondents strongly agreeing and 204 agreeing) and that audit requirements could stifle innovation (with 143 respondents strongly agreeing and 155 agreeing). Leader was seen as providing opportunities to bring new project forward and not a programme that was being used to backfill reductions in public sector expenditure.

WHAT HAS WORKED LESS WELL? Please indicate how much you agree or disagree with the following statements						
	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Response Count
It can be difficult for new people and projects to become part of some Local Action Groups (LAGs)	23	117	196	136	29	501

LEADER funding has been used to backfill cuts in local budgets	8	86	148	181	75	498
LEADER funding has been used to fund projects that would have happened anyway	9	37	97	276	83	502
LEADER has layers of bureaucracy and processes to follow	171	204	69	44	14	502
LEADER rules and audit requirements can stifle innovation	143	155	111	82	11	502
Other (please specify)						106

Leader post 2014

Respondents ranked promoting social inclusion, poverty reduction and economic development as the most important priority – with 358 responses rating to be ‘very important’ and 125 respondents ‘important’. This was followed by promoting resource efficiency and the shift towards a low carbon economy – with 454 respondents rating this to be very important or important. Enhancing the competitiveness of all types of agriculture was rated as less importance:

How important should the following European priorities be in the new LEADER Programme from 2014?				
	Very important	Important	Not important	Response Count
Fostering knowledge transfer and innovation in agriculture, forestry and rural areas	212	244	28	484
Enhancing the competitiveness of all types of agriculture and enhancing farm viability	188	228	67	483
Promoting better integration of food chain and supporting farm risk management	157	266	55	478
Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry	183	249	49	481
Promoting resource efficiency and the shift towards low carbon, climate resilient economy	214	240	34	488
Promoting social inclusion, poverty reduction and economic development	358	125	8	491

Respondents strongly agreed that the new Leader programme should start promptly so as to avoid any negative impact on local capacity and expertise (407 respondents), support localism and the big society (326 respondents strongly agreed) and be flexible enough to allow a package of funding to be put together drawing upon other funding pots (236 respondents strongly agreed):

To what extent do you agree or disagree that the new LEADER programme should:						
	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Response Count
Be flexible enough to form part of a package of funding including other European funding pots where that approach can make a difference overall	236	208	43	6	2	495
Provide opportunities for joining up with local authorities and Local Enterprise Partnership development strategies	156	216	92	22	10	496
Provide for localism and big society activities by supporting local people and communities to develop new projects	326	128	31	10	1	496
Have simpler rules and audit requirements	309	121	51	13	2	496
Start as quickly as possible so that any unfunded transition period at the end of 2013 does not have a negative impact on local capacity and expertise	407	74	14	2	1	498

Additional comments

At the end of the Call, respondents were provided with an opportunity to share any suggestions about the future of the Programme. 178 respondents inserted a comment. On the one hand, some of these comments were specific in setting out the types of projects that should or should not be covered under Leader and how the new Programme should think about its relationships with Local Enterprise Partnerships (LEPs) and local authorities. On the other hand, overarching comments were made about the administrative processes underpinning the Programme and arrangements for the transition to a new programme.

At the apex is a recognition of the importance of Leader in providing support for locally generated projects and the economic, social and environmental benefits that this can bring. At the same time, there is a concern amongst some respondents that the new Programme may lose focus, become over-complicated and link to other initiatives and funding streams (i.e., Local Enterprise Partnerships) that have a different focus or remit.

A selection of comments is set out below:

Comments on the administration of the Programme:

The main thing I can see is reducing the bureaucracy that causes waiting for outcomes.

The rules on procurement should be simpler and brought into line with Defra's own schemes (i.e. 3 quotes rather than tendering).

There seems to be a different interpretation of the LEADER rules across the regions, with some concentrating more on community projects while others are happier to fund enterprise.

It is important to design a system that does allow for local issues as one size does not fit all.

Avoid a reliance on supposedly 'quantifiable' outputs which tend to distort the reality of actual economic 'effects'. Have the courage to develop 'soft' indicators which reflect the qualitative realities of people's lives.

I am concerned that feedback is not designed into the system. We should have a virtuous cycle of "Plan, Do, Study, Act" built into the new LEADER as its absence is a major weakness in the current LEADER programme. There should be a requirement for continuous monitoring and evaluation by LAGs of a project, with perhaps a percentage of projects monitored each year. Such an evaluation might suggest that a LAG should combine economic/financial with social/environmental analysis on the grounds that different projects may require different types of monitoring and evaluation.

Comments on how Leader relates to voluntary sector organisations, businesses, Local Enterprise Partnerships (LEPs) and Councils:

It is essential to continue to have funds which are earmarked specifically for rural projects, rather than have them always competing with city areas, where it is much easier to evidence "point-earning" deprivation issues.

A more flexible application and audit procedures for Voluntary organisations?

Involve businesses creatively, not just the ones with time to attend a lot of meetings.

Local control is vital and Leader should not be subservient to LEPs or it will lose its value to smaller communities.

The LAGs should be given freedom to develop the strategy which is right for their area. If this fits with local authorities and LEPs then great, but if it differs then they should still be allowed to progress with what is the right strategy for them. This is vital to ownership and success of the Programme.

It is not clear what our local LEP priorities for rural areas are at the moment. There should be interconnection between areas which could relate to larger more strategic initiatives and encourage the public sector to become more involved in their development - need to ensure that strategic thinking is supported and not lost when the bids are brought forward.

LAGs, LEPs and LAs must work together without political intervention.

Local development strategies and action plans need to be developed and delivered at a local level, but will need to take into consideration the strategies and priorities of Local Authorities, County Councils and Local Enterprise Partnerships to ensure impact and added value, but it is very important to ensure that Leader remains at grass routes level. It is very important that any future local action programme continues to operate at a local level and not through the Local Enterprise Partnerships.

The LEP's have a role to play however budgets should be devolved to local representatives at a grass roots level, best practice LAG's should be used to develop guidelines for future LAG structures.

Comments on using Leader as part of a package of funding:

Leader should be kept at a low level, bottom-up, with a low threshold, funding facility not to be mixed too much with other (large) programs within the EU.

The rural uniqueness of LEADER is at risk if combined with bigger pots mostly run through urban regeneration /bizz dev bodies.

Access to a wider range of funds is a sensible way forward however a robust training system and clear guidelines will need to be implemented to ensure all areas are working from the same baseline.

Comments around the transition between the current Programme and the new Programme:

Transition funding is needed to keep Leader Officers in post and ensure effective development of LDS for the next round.

Continuity will be very important. Using local volunteers with a strong commitment to their community who have a strong consensus opinion will give a fairer distribution than decisions by a body appointed and paid by a local or central government body which will have political undertones.

We need a smooth transition that has the opportunity to retain the key people who have the knowledge. The new programme should also have a stronger emphasis on Transnational Cooperation.

To let Leader stop and then start is ridiculous. Our group has excellent staffing, a board with a wide field of experience and, unfashionably, it has a number of us with 40 to 50 years experience of the legislation that has brought us to where we are today.

It should not be automatically assumed that staff from the existing programme should be transferred to a new programme. Whilst expertise should be retained to a certain extent an automatic transfer results in lack of innovation and new ways of thinking.

Local Action Groups will suffer badly should they be 'mothballed' due to an extended unfunded transition period.

The funding gap during transition will have a detrimental effect on the recording of sustainability and legacy of this programme round. It will cause unnecessary delays and expenditure in starting the new programme from scratch (recruitment of staff, training, building up of new networks etc). There will be a great loss of experience, expertise and contacts from many LAG areas.

Transition funding will be essential, not just to maintain existing LAGs as they are, but to support existing LAGs to use their experience and capacity to develop new Local Development Strategies and engage with potential new LAG members to ensure that new programmes can respond to the current economic picture of a local area.

Comments on the inclusion or exclusion of themes and projects in the next Programme:

I would like to see specific encouragement to supporting Community Supported Agriculture (CSA) as these have the potential to do many things: involve local communities in food growing; provide training and lifelong learning opportunities; offer new entrants opportunities for growing food; and increase local resilience in food production. There are a growing number of CSA projects. It would be very useful to have a discussion with the RDPE team about the CSA movement and how best it could be supported via RDPE England.

The heavy emphasis on agricultural development should not major in rural development to the detriment of small isolated rural communities.

Don't lose the focus on the arts projects as contributors to social cohesion in rural communities. Don't let the sole focus be on economic growth and agriculture.

The new LEADER Programme should definitely include the arts which can deliver strongly against LEADER agendas. It would be a pity to lose the momentum that's been built up by arts projects.

Promoting and supporting the rural economy, whilst protecting the natural environment would be key priorities for us. Sustainability - particularly "green" tourism - is still significant, as well as developing community involvement to provide ownership of local development and resources.

I feel there should be a leaning towards working with children and young people to help disseminate the messages above. Our younger generations are prepared to be advocates and ambassadors for the causes they are passionate about and we should bear this in mind in designing the LEADER programmes.

From the RDPE Network

The Call for Evidence was sent to members of the Network who may already have been contacted and completed a pro-forma on the issues that could be addressed for Defra. Although this latest Call was intended for a wider stakeholder group, RDPE Network members were invited to offer further experiences and reflections. Details of any research reports or evaluation of the impacts Leader programmes that they had undertaken were also requested (particularly assessments of the current programme). In addition to RDPE Network members who responded to the Call online; the following documents were sent directly to the project team:

Evaluation and Assessment Reports:

- **Bolsover North East Derbyshire Leader Mid-Term Programme Review (June 2012):** this was found to have performed well against the targets and aims of the LDS. The current structure works effectively and consideration should be given to maintaining this for the delivery of any future funding through the RDPE. The measures that have been the most successful in terms of the number of projects and grant funding are 312, Support and Creation of Micro-Enterprise and 313, Encouragement of Tourism. The measure that has been least successful is 311, Diversification in Non Agricultural Activities. The overall reaction of both successful and unsuccessful applicants was that the LEADER application process, although bureaucratic, is quite straightforward. The majority of applicants who had sought help in completing the process, found the LEADER team to be of great help.

Project Reports and LAG feedback:

- **2 project documents submitted by the Northumberland Uplands Local Action Group: (i) Humshaugh Village Shop** – residents have transformed the shop into a successful community venue staffed entirely by more than 50 volunteers; and **(ii) Railway Coaches (Bellingham Heritage Centre)** – the renovation of two train carriages to provide workspace for a young person to start their own business and a classroom for learning in local heritage and culture. **Both reports set out the ‘un-seen’ or ‘hidden’ benefits** coming from rural community development activities. In further correspondence with the project team from the Leader Coordinator, these benefits were viewed as crucial for the following reasons: (a) it strengthens local projects because receiving the results of participatory evaluations is an excellent way for the project themselves to receive feedback on what they are doing; (b) it strengthens the LAG as local decision-makers, increasing their knowledge and capacity to make effective decisions; (c) it makes for better planning by embracing the concept of a project cycle and ensures that findings are built upon in the next round of development activities in rural communities; (d) it is not about just simply spending money – which the present claim system indicates – it is about lasting change; and (e) findings give a completely different meaning to ‘value for money’ (e.g. Well-being, increased confidence, creativity and so on are captured).
- **Skills in the Hills End of Project Report (December 2011):** a project led by Craven College that encouraged 260 young people to become involved in traditional skills that are intrinsic to Dales rural communities through: (i) activity days at Settle College, Upper Wharfedale School, Long Preston Primary School, Brownies, Guides, Youth Clubs, Feel Rescue Outdoor Club in North Craven and Skipton Auction Mart; and (ii) a summer school held at Eshton Grange Playaway Centre.

Other documents:

- **3 documents forwarded by Rural Network East Midlands:** (1) Common Strategic Funds in England 2014-2020; (2) CSF Funds (including EC thinking for the UK's CSF); and (3) a PowerPoint setting out initial Government proposals. All circulated by RNEM prior to a European CSF Roadshow. These materials will be updated and available on the BIS website after the final Roadshow has taken place on 17 December.