



Office of the  
Deputy Prime Minister  

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Creating sustainable communities

*Ex-Post Evaluation of the  
English, Scottish, and Welsh  
Objective 5B Programmes*

Final Report 2004

for  
The Office of the Deputy Prime Minister  
The National Assembly for Wales  
The Scottish Executive  
DEFRA



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Deputy Prime Minister  

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# Ex-Post Evaluation of the English, Scottish, and Welsh Objective 5B Programmes

Final Report 2004

The National Assembly for Wales  
The Scottish Executive  
DEFRA

March 2006

Office of the Deputy Prime Minister: London

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# Executive Summary

## Context

This study was commissioned by The Office of the Deputy Prime Minister (ODPM), The National Assembly for Wales, and The Scottish Executive in July 2004, and provides an ex-post evaluation of the England, Scotland and Wales Objective 5b Programmes (1994-1999).

The Framework Regulation of the Structural Funds for the period 1994-1999 defines the aim of Objective 5b as the 'promotion of rural development by facilitating the development and structural adjustment of rural areas'. This designation was given to rural areas throughout the European Union (EU) with below average levels of economic development; employment dominated by the agricultural sector; and low levels of agricultural incomes. The Objective 5b Programme provided additional funds for a wide variety of activities with the aim of moving these regions towards a range of targets. These included raising income per head, lowering unemployment, increasing the number of jobs and businesses, and boosting wages.

## Method

The study method of the ex-post evaluation was primarily based on desk-research, including the assessment of all relevant Programme documents for each of the eleven Programme regions in the UK, the financial analysis of Programme budgets and expenditure, as well as the assessment of the Programmes' physical performance on the basis of Final Reports. The regional analyses were aggregated at country level (as represented in the Appendixes), which in turn were aggregated at UK-level as presented in the main body of the report.

It has been possible to identify a framework for the alignment of the various priorities and measures under six key themes: Business Development; Tourism; Skills and Training; Environment; Community Development; and Farm-related Development. All Programme measures (finance and physical performance) were allocated against these six key themes, following a code, which had already been applied in the Interim Evaluation of the UK-Objective 5b Programmes.

Consultations with Government representatives were also undertaken, in order to substantiate the findings from the desk-based research and to gather perceptions relating to the Common Evaluation Questions.

A total of 10 projects were reviewed as case studies for the evaluation. The approach of incorporating a case study exercise into the ex-post evaluation was taken in order to seek examples of best practice and to inform the assessment of added value and impact. The evaluators sought to identify a balance of projects from England, Scotland and Wales, representing the three Funds, ideally of a sizeable funding volume, which had been independently evaluated with an economic impact assessment.

Instead of repeatedly referring to the country-based Appendixes (England, Scotland, and Wales), it should be noted that further, regional-based information regarding all sections discussed in all Chapters can be found in the appendixes.

## Chapter 2

Chapter 2 starts with a general overview of the Objective 5b Programmes in the UK and their anticipated and actual investment volumes. Following a brief discussion of the Programme's strategic aims and how the objectives were 'translated' into priority and measure structures, the Chapter explores whether the Programmes managed to fulfil the original strategic aims of the SPD, by assessing their strategic emphasis against the actual expenditure as declared in Final Reports in 2004. Chapter 2 further provides an analysis of the complementarity of the Programmes and highlights some of the areas of cross-programme co-operation.

In 1994, six areas in England, four areas of Scotland and rural Wales were awarded Objective 5b status. The Structural Funds allocation of 828 MECU (£616m) was envisaged as contributing towards an overall investment value of 2,882 MECU (£1,571m) over the eleven Programmes. On average, the Programmes allocated a ratio of 66% ERDF, 17% ESF and 18% EAGGF.

At the UK level, expenditure targets of the original SPDs were met by 96% (£1,489.7m), mainly due to England achieving expenditure levels well over its target. Wales and Scotland achieved lower levels of expenditure, at 80% and 93% of their respective targets.

In terms of actual expenditure, the UK utilised more than half (56%) of its European resources for business support and tourism development activities. Measures targeted at the environment and community-based approaches spent slightly more in proportion to the overall budget than expected, and measures addressing agricultural diversification spent slightly less in England and Scotland.<sup>1</sup>

The Ex-Post Evaluation established that the priority and measure structure of the Programmes related strategically well to the SPDs, which was further confirmed by project activity which also supported well the strategic aims and objectives of the Programmes. Furthermore, the analysis of actual expenditure showed that strategic emphases given to key themes of the Programme were well confirmed.

The SPDs identified a range of complementary opportunities in terms of linkages with other mainstream European Programmes and Community Initiatives such as Leader II, SME, PESCA, Retex II and Konver, as well as with domestic rural and economic development programmes. Although close strategic linkages were established with LEADER II in all regions and Rural Development Programmes in Scotland, at times, it was difficult to manage complementarity between Programmes, and linkages to domestic programmes were seen as not fully developed during this Programming period. Also, few internal linkages between Funds and between sub-regions of large Programme areas were reported.

<sup>1</sup> Note that some of the allocations and spend connected to agricultural diversification might well have been included in tourism measures, particularly in connection with farm tourism.

## Chapter 3

Chapter 3 provides an overview of the Programmes' management structures, including Programme delivery and partnership involvement as presented in the Annual and Final Reports, as well as in the Interim Evaluations. We have further included the findings of consultations with Government representatives. Chapter 3 also looks at the extent to which Technical Assistance budgets were utilised in the support of Programme delivery and management.

The Programmes were managed under the then Scottish Office, Welsh Office, and in England, by the newly created Government Regional Offices (GRO). However, central government departments (MAFF, DfEE and DETR and their successors) maintained separate overall responsibility for each Fund. The separate management systems and the lack of integration between the Funds presented a barrier to the efficient delivery of the Programmes and caused delays in the approval process and payment procedures. While most Secretariats were based within regional government, Dumfries & Galloway established an independent PME, while Wales also created a (short-lived) arms-length company, WEPE, to manage its Structural Funds within this Programming period.

All Programmes established a PMC and Working Groups/Advisory Groups involving the wider Programme partnership, with some regions also developing local delivery bodies. The partnership model was one of the most important benefits of Objective 5b, bringing together organisations that had not worked together before.

The technical assistance measures spent £5.8m, under the anticipated volume but increased slightly in proportion to the overall Programme expenditure. Wales spent higher than anticipated, the majority (88%) being utilized for Programme administration. England and Scotland both spent less than anticipated, partly due to difficulties in generating match-funding for technical assistance initiatives. Many regions found the use of resources to fund facilitators and working groups to promote the programme was worthwhile, while others funded studies to improve delivery.

The closing of the Programme was made difficult by the dissolution of Programme Secretariats in early 2000, thus breaking the continuity of Programme management and potentially prolonging the closure procedures, including monitoring of project outcomes and reporting on overall Programme achievements.

## CHAPTER 4

Chapter 4 presents the financial analysis. It starts with the discussion of the Programmes' overall budget structure, as envisaged and approved in the original SPDs in 1994, and is followed by the analysis of budget changes undertaken in early 1999. The Chapter then proceeds with the assessment of actual Programme expenditure by analysing the overall investment volume, European Structural Fund spend, as well as the achieved national and private sector contributions. The Chapter further presents an assessment of applied intervention rates at a country level.

The Objective 5b Programme in the UK was very successful in attracting private sector resources to match-fund project activity, helping the overall Programme to achieve 96% spend against overall budget targets at UK level (1999), and achieving a total investment volume of £1,489.7m.

Domestic/public sector contributions were also high and met 96% of their anticipated expenditure target.

In terms of European Structural Fund expenditure, the UK spent £511.6m representing 83% of allocated budgets. ERDF achieved 86%, EAGGF 81% and ESF 72% of their respective budget allocations across the UK.

Contrary to expectations, the composition of actual expenditure at UK level was that European funding constituted only one-third (34%) of the Programme's expenditure, public sector funding formed only 46%, and private sector sources made up 20% of overall Programme expenditure (instead of 10% as expected in the original budget structure).

The expenditure profile of the Programme, therefore, suggests that intervention rates of actual expenditure were relatively low with an average of 31% for EAGGF, 34% for ERDF, and 39% for ESF, thereby confirming, the commitment of regions to apply European Structural Fund expenditure as a gap-funding mechanism.

## CHAPTER 5

Chapter 5 presents the strategic aims of the Objective 5b Programmes in the UK according to six key themes. The Common Evaluation Questions<sup>2</sup> are incorporated throughout the themes, as appropriate.

*Business Support:* Business support was the most dominant priority theme in every English, Scottish, and Welsh Objective 5b region, sometimes commanding up to 50% of a region's entire Programme budget. At a UK level, one third of all EU-resources were spent on projects (capital and revenue) targeted at business development. England and Wales were very successful in attracting private sector contributions to business support projects. Most of the performance targets, including 'jobs created' and 'businesses assisted' were exceeded. However, the likelihood that reported performance achievements were over-reported and interpreted in a very flexible manner was high, which reduced the reliability of reported outcomes.

*Farm Diversification:* In comparison to other Programme themes, budget allocations of EAGGF and ERDF resources for agricultural activities were usually small. Popular measure titles included development of agricultural diversification, farm/agri-tourism, agricultural business support, as well as forestry and woodland development. However, EU-expenditure was relatively low, with agriculture being the theme spending the least EU-resources in the UK.

*Tourism:* In the UK, tourism initiatives commanded one-fifth of all EU-resources. In the majority of SPDs, the tourism industry was identified as a platform for further regional development, particularly in connection with ambitions to utilise the environmental beauty and remoteness of rural areas for the economic benefit of its communities. Performance targets with regard to improving tourism information and

<sup>2</sup> A set of questions which the European Commission required to be incorporated in all ex-post evaluations across Europe, in order to facilitate transnational analysis. The individual Common Evaluation Questions are included in the questionnaire used for Government Office consultations and presented in Appendix E.

visitor centres, as well as marketing assistance provided to SME, and jobs created, were exceeded dramatically in England and Scotland, indicating that project achievements might have been over-reported or performance indicators interpreted widely.

*Training:* In most UK regions, training and skills development occupied the third most important investment area of the Objective 5b Programme. Programme structures varied in how they accommodated training measures, either in the form of separate priorities, or through a more integrated manner via measures. 15% of the overall EU-expenditure in the UK was spent on a wide range of training initiatives, including business skills development, tourism training, environmental management training, and agricultural skills. Private sector contributions to training projects exceeded budget expectations. The range and quality of performance data was limited, with ‘number of beneficiaries’ being the only indicator reported by all but one region in the UK.

*Environmental Works:* All UK Objective 5b Programmes addressed the environmental situation and development objectives in their respective SPD. Programme documentation also showed that management procedures, such as project selection criteria and appraisal procedures included the assessment of environmental impact of projects to some degree. Similar to training, environmental activity was partly addressed through vertical priorities and measures, partly through a horizontal approach. Only when addressed in a vertical manner, performance indicators were identified. Funded through ERDF and EAGGF resources, the environment was one of the three lowest funded themes of the Programme throughout the UK.

*Rural Communities:* Rural community-based project activities in the UK spent 10% of all EU-resources in the UK, therefore, rural communities was one of the smallest spending themes. However, most regions spent more EU-resources on community projects than intended in their original budget allocations. The range of performance indicators available was wide, but pre-dominantly activity-oriented in most Programmes. This allowed a reasonable insight into what particular activities the Programmes pursued, but makes aggregation of country and UK-wide results difficult.

## Chapter 6

Chapter 6 presents the analysis of ten case studies, which are appended to this report. Objective 5b was many projects’ first experience of Structural Funds project implementation; many projects cited lessons in project management in terms of forming management groups, setting realistic targets and monitoring activity, and ensuring compliance. There were a number of good examples of successful implementation of European principles such as partnership working, environmental sustainability, project integration and complementarity.

The bottom-up approach taken by many projects, ensuring community involvement in project development, management and ongoing consultation during implementation was encouraging, and ensured buy-in and capacity building which should have enhanced longer-term impacts.

Due to limitations in the information gathered by projects, however, it is not possible to develop a clear picture from the project sample of final outcomes and impacts.

## Chapter 7

Chapter 7 utilises the findings from the analysis of Programme outcomes and presents an assessment of the Programmes' value for money. A benchmarking exercise with the findings of the LEADER II Ex Post Evaluation and the calculation of net impact for England, Scotland and Wales provides further insight into the Programme's actual achievements. Whilst the assessment of gross and net benefits are based solely on performance monitoring data as presented in the Final Reports, Chapter 7 also presents the findings from consultations with Government representatives to further inform the conclusions of this study.

The assessment of Programme efficiency and net impact is made difficult by the low level of sophistication in project monitoring during that period. There were issues with poorly defined or missing indicators, lack of guidance to project managers on measuring performance, and lack of control over reported achievements by Programme management. This resulted in apparent over-reporting or non-reporting of activities and outcomes at Programme level.

The benchmarking exercise with the LEADER II ex-post evaluation was also problematic. Similarly, LEADER II performance indicators were largely based on recording activity as opposed to results and project impacts, and the large variety of activities recorded in LEADER II did not lend itself to aggregation to a national level; furthermore, only half of all English regions reported outcomes, and Scotland was not included in the LEADER II evaluation.

Albeit that the calculations must be read with caution given the above mentioned issues, the estimated net impact of the Objective 5b Programme in the UK was 64,271 jobs (including the creation of 45,317 jobs in England, 10,311 jobs in Scotland, and 8,643 jobs in Wales). Each net job created required a total of £23,178 investment, or £7,960 of European Structural Fund expenditure.

The overall impact of the Programme was considered by consultees to be strong in terms of developing partnerships, management capacities, and awareness of themes such as environmental sustainability. However, Objective 5b had a relatively small and pre-dominantly local impact and in terms of sustainability, Programme impact and changes to the socio-economic situation of eligible regions are probably only detectable at a micro/project level.

## Chapter 8

Chapter 8 presents the overall conclusions of the study, including recommendations and lessons learnt.

In summary the following achievements were made:

- At UK-level the Objective 5b Programme achieved 95% of its overall investment target;
- The Programme achieved high levels of private and public sector contributions, and achieved over 80% of each of its European Structural Fund budget targets at UK-level;

- The Programme applied relatively low intervention rates in each fund;
- There was good strategic consistency of key Programme themes and budget emphases;
- The Programme constituted a major learning experience for implementing European Programmes;
- Sustainable impact was achieved with regard to building regional partnerships with inclusive management structures;
- There was a high commitment to make the Programme work, including the use of technical assistant budgets for facilitation and targeted involvement of stakeholders; and
- The Programme was perceived as successful in making an impact at local level.

A total of eleven recommendations have been outlined as follows:

- 1. It is recommended to equip Programmes with a limited amount of priorities and measures, to allow for more flexibility of measure budgets and a wider range of project activity.**
- 2. It is recommended that European Structural Fund integration is facilitated through a clear and consistent priority and measure structure promoting synergy between funds**
- 3. It is recommended to design separate measures for capital and revenue expenditure, in order to facilitate a clear distinction between two very different types of initiative and to improve budget planning decisions.**
- 4. It is recommended to provide suitable and coherent set of performance indicator at Programme, priority and measure level. This should facilitate the linking and aggregating of performance indicators between the various levels, thereby establishing a logical flow of outcome achievements representing Programme and priority level objectives.**
- 5. It is recommended to design a comprehensive set of performance indicators at measure level, so that project activity, project intermediate results and project impact can be recorded appropriately and in context to each other.**
- 6. It is recommended to maintain Programme Secretariat functions beyond the completion stage of a Programme to continue monitoring, payment and reporting procedures appropriately, and to keep them adequately staffed.**
- 7. It is recommended to provide a comprehensive manual listing a Programme's set of meaningful performance indicators, including detailed definitions and measurement requirements. Associated training events to raise awareness and understanding amongst project managers and Programme Secretariat Staff should also be considered.**

- 8. It is recommended to provide appropriate mechanisms and procedures, whereby complementary Programmes are linked and kept informed of their strategic and project activities.**
- 9. It is recommended to ensure that expenditure assumptions made in project applications are realistic estimates of required expenditure, and that reported delays in spending and/or underspending are to be followed up by project contact and, if required, assistance.**
- 10. It is recommended to provide realistic targets of performance indicators at Programme, priority and measure level as well as at project level. In addition, Programmes should identify the assumptions made in setting targets, in particular net impact targets, including unit costs.**
- 11. It is recommended to commence Ex-Post Evaluations shortly after Programme completion in order to consult with PMC and Programme Secretariat members in a meaningful way and to conduct beneficiary surveys with projects to verify reported project data. Evaluations could then be dormant until Final Reports are produced to conduct a full quantitative assessment of monitoring data.**

# Section 1: Introduction

## 1.1 Background

This study was commissioned by The Office of the Deputy Prime Minister (ODPM), The National Assembly for Wales, The Scottish Executive, and the Department for Environment, Food and Rural Affairs (DEFRA) in England, in July 2004, and provides an ex-post evaluation of the England, Scotland and Wales Objective 5b Programmes (1994-1999) (referred to as the “Programme” throughout). The requirement for the Ex Post Evaluation in the 1994-99 regulations is represented by Article 26 of EU-Regulation 2082/93.

The Framework Regulation of the Structural Funds for the period 1994-1999 defines the aim of Objective 5b as the ‘promotion of rural development by facilitating the development and structural adjustment of rural areas’.

This designation was given to rural areas throughout the European Union (EU) with below average levels of economic development; employment dominated by the agricultural sector; and low levels of agricultural incomes. The Objective 5b Programme provided additional funds for a wide variety of activities with the aim of moving these regions towards a range of targets. These included raising income per head, lowering unemployment, increasing the number of jobs and businesses and boosting wages.

Three Structural Funds operated in tandem within Objective 5b: the European Regional Development Fund (ERDF) supporting infrastructure and business development activities, the European Social Fund (ESF) for employment and training measures, and the European Agricultural Guidance and Guarantee Fund (EAGGF) supporting agricultural modernisation, farm tourism and environmental protection.

## 1.2 Overall study objectives

The aim of the ex-post evaluation was to draw lessons from the implementation of the Programme by accounting for how Funds have been spent and managed, assessing the effectiveness of the Programme in respect of the achievement of targets, and determining the economic, social and other impacts of Programme activity on the eligible areas.

The terms of reference outlined the key objectives of the evaluation as being to assess the:

- Effectiveness of the Programmes as a whole, their priorities and measures, in respect of their objectives and targets, and their value for money in relation to their costs;
- Effectiveness of the management and policy approach to rural economic development;
- Complementarity between the three Structural Funds (ERDF, ESF and EAGGF) and between Objective 5b and other European and domestic rural programmes;

- Accessibility and appropriateness of the processes involved in the implementation of the Programme, and the management and effectiveness of monitoring systems.
- Extent to which the Programme has respected the principles of environmentally sustainable development; and
- Overall net impact, economic and otherwise of the Programmes on their respective regions.

## 1.3 Method

The study was conducted in six stages.

### 1.3.1 Stage 1: Inception

During this stage we:

- Agreed the detail of study approach, method and timescales, especially in light of the guidance available from the EU and ODPM;
- Commenced to gather relevant Programme documents;
- Conducted an initial analysis of Programme performance monitoring data and final reports, as well as the ex-ante appraisals and mid-term evaluations, to identify critical gaps and to inform the detailed design of the later stages of the study;
- Identified appropriate consultees and agreed interview topics and the inclusion of the Common Evaluation Questions for those involved in the strategic management of the Programmes;
- Designed the consultation and case study pro-formas; and
- Prepared the Inception Report.

At the Inception Meeting, it was agreed to apply a key to allocate the wide range of Programme-specific measures to six main Programme themes, in order to manage the aggregation of Programme data to country and UK-level. This key has already been applied by PACEC for a DG VI study regarding the Synthesis of the Intermediate Evaluations of Objective 5b Programmes (in the UK), in 1998. The applied key is attached in Appendix G.

### 1.3.2 Stage 2: Desk Research

This stage involved a number of tasks of desk-based review and analysis of the Programme information collected during Stage 1, including:

- Review of documentation for each Programme with respect to financial and output performance monitoring data, incorporating:
- comparison of final outcomes and reported achievements versus original targets and budgets

- assessment of budgetary dynamics (eg. reasons for virements, delays in spending)
- assessment of value for money in relation to costs;
- Analysis of Mid-term Evaluations' and Final Reports' views on programme implementation processes with regard to their contribution to overall Programme objectives, incorporating the following:
- programme management structures, representation of regional stakeholders and development of partnerships
- appraisal mechanisms, selection criteria and monitoring systems; and
- Review and analysis of strategic coherence at Programme level, and reflections on this at Mid-Term and Final Report stages, including:
  - internal coherence of documents, fit of Priorities and Measures to identified socio-economic issues
  - complementarity between Funds
  - achievement of linkages with other EU and domestic rural/economic development programmes
  - integration of environmental sustainable development principles.

### 1.3.3 Consultation Programme

The consultation programme involved discussions with individuals closely associated with the management of the Objective 5b Programmes in the UK, and with overall strategic responsibilities for each of the three Funds in England, Scotland and Wales, including the following organisations:

- Central Government Departments;
- The five relevant RGOs;
- Scottish Executive; and
- WEFO.

Main study issues experienced at the consultation stage included the difficulty in contacting representatives who have long moved on from Objective 5b, and were, at times, unavailable or not contactable in time for interview. Because of the time lag between Programme implementation and Ex-Post Evaluation, most representatives remembered general features and impacts well, but it was more difficult to ascertain more detailed information, particularly relating to the European Common Evaluation Questions.

### 1.3.4 Interim Report

During Stage 4 an Interim Report was produced, providing feedback on the evaluation's progress, informing the Client on initial findings and providing preliminary thoughts on the conclusions expected for each of the key study outputs.

This was presented to the Evaluation Steering Group on 12 October 2004.

### 1.3.5 Fieldwork

During this stage we used case study analysis to come to a more robust assessment of the Objective 5b Programme's value and impacts. The original intention was to find one representative project per region and to achieve a balance between the three Funds. However, it proved difficult to locate projects of a significant scale that had been independently evaluated.

The final sample comprised 10 projects, six funded by ERDF, three by EAGGF and one by ESF. The analysis was based on evaluation reports and followed up with a telephone interview with the relevant project manager.

### 1.3.6 Synthesis and Reporting

This stage involved bringing together all elements of the study, i.e the findings of the desk-based reviews, the consultations, and the case study work, into a final report with recommendations.

With regard to the overall report structure, it had been agreed with the Client that the evaluators prepare eleven regional evaluation reports, which were then aggregated at country level (England, Scotland, Wales) and appended to the main body of the Ex-Post Evaluation Report, which focuses on the UK-level of the analysis.

### 1.3.7 Study Method Issues

The evaluation encountered a number of study issues, which were primarily related to the late conduct of the Ex-Post Evaluation at the one hand, and the approval issues surrounding many Final Reports.

The assignment incorporated an extensive exercise in accessing relevant programme documentation and data. Although most regional Government Offices responded promptly and co-operated extensively in ascertaining relevant documents, it proved difficult to track a number of essential documents in a number of regions, which contributed to a delay in study completion.

In addition, in most cases Government Office/Programme Secretariat personnel had moved on and were difficult to track for strategic interviews. Similar difficulties occurred with respect to identifying suitable case studies and their respective project manager.

Furthermore, at the time of the evaluation many regions still worked on the completion of their Final Programme Reports document, including queries of financial and performance data. This delayed the evaluation considerably and required, at the end, to include data, which were still unapproved.

At the Inception Meeting, the Steering Group decided to base the financial analysis of the Ex-Post Evaluation on the data as presented in the Final Reports, thereby accepting each region's approach to currency conversion, exchange rate changes over the years, and inflationary adjustments. However, in many Final Reports, certain financial data were presented exclusively in the currency of the euro (SPD, and Final Budget figures), whilst declared expenditure was mostly presented in Pound Sterling without conversion into euro. This situation required the Ex-Post Evaluation to apply an average value for converting certain data as necessary into the one or the other currency, in order to conduct certain aspects of the financial analysis. The application of an average exchange rate varied as, it was based on each region's approach to currency conversion at Final Budget stage (1999). It is for this reason that certain percentage figures in the quantitative analysis of the report vary by around 1% when Pound Sterling tables are compared with tables presented in EURO (Appendix F). Only in the case of ESF in Wales, the variation is slightly higher. Whilst the evaluation team enquired about this aspect with Wales, no solution was found.

In terms of incorporating the European Common Evaluation Questions, regional reports include their discussion and interviews with strategic programme managers incorporated each question individually. However, it often proved difficult to answer the Common Evaluation Questions due to the detailed nature of the questions and missing relevant performance indicators in most programmes. The Common Evaluation Questions are very much impact oriented, requiring performance indicators, which need some sophistication and advanced project management skills to gather and monitor, such as 'Additional income generated', 'Increased investment volume', 'Increase in productivity or efficiency levels within certain industries', or detailed information relating to soil quality, energy efficiency, etc. This level of detail was seldom available in Programmes.

However, the information compiled under each Programme theme (Chapter 5) in this report does provide a reasonable insight into relevant programme activity and can usually demonstrate that the respective programmes and regions have had some degree of impact in areas relating to the Common Evaluation Questions, even if the impact itself was hard to measure and quantify with the information provided through programme documentation and within the defined limits of this evaluation. Beneficiary surveys would have been the main source from which such detailed information could have been obtained. However, beneficiary surveys have not been part of the agreed study method.

## 1.4 Structure of report

The remainder of this report is structured as follows:

- **Chapter 2** introduces the Programmes' strategic objectives, complementarity, as well as priority and measure structures, and assesses to what extent the various strategic emphases have been implemented;
- **Chapter 3** reviews the Programme management structures and delivery mechanisms including partnership involvement and technical assistance budgets;
- **Chapter 4** analyses the financial effectiveness of the Programme, and discusses Programme budgets and expenditure profiles according to funding sources;

- **Chapter 5** considers the financial and physical outcomes of the Objective 5b Programmes against six key strategic themes;
- **Chapter 6** presents the findings from ten case studies;
- **Chapter 7** discusses the value for money, unit costs, benchmarking and net impact of Objective 5b; and
- **Chapter 8** provides the main conclusions and recommendations of the study.

## Section 2: Programme strategies and complementarity

### 2.1 Introduction

Chapter 2 starts with a general overview of the Objective 5b Programmes in the UK and their anticipated and actual investment volumes. Following a brief discussion of the Programme's strategic aims and how the objectives were 'translated' into priority and measure structures, the Chapter explores whether the Programmes managed to fulfil the original strategic aims of the SPD, by assessing their strategic emphasis against the actual expenditure as declared in Final Reports in 2004.

Chapter 2 further provides an analysis of the complementarity of the Programmes and highlights some of the areas of cross-programme co-operation.

Instead of repeatedly referring to the country-based Appendices (England, Scotland, and Wales), it should be noted that further, regional-based information regarding all sections discussed in this Chapter can be found in the appendices.

### 2.2 General programme overview and outcomes

In 1994, six areas in England, four areas of Scotland and rural Wales were awarded Objective 5b status, with Structural Funds support totalling ECU 828 million:

- In England:
  - South West (219 MECUS)
  - The Northern Uplands (108 MECUS)
  - East Anglia (60 MECUS)
  - The Marches (40.56 MECUS)
  - Lincolnshire (53.74 MECUS)
  - The Midlands Uplands (12.2 MECUS);
- In Scotland:
  - Dumfries and Galloway (47.6 MECUS)
  - North and West Grampian (39.54 MECUS)
  - Scottish Borders (30.42 MECUS)
  - Rural Stirling/Upland Tayside (25.35 MECUS); and
- In Wales
  - Rural Wales (184 MECUS).

The Programmes covered an area of 67,596 square kilometres, and a population of some 2.9 million. Eight of the 11 programme areas were new to Objective 5b, while three others continued from the previous programming period, though with significantly amended geographical boundaries.

The Programme closed to new applications on 31 December 1999, with final spending of allocated funds due on 31 December 2001. Due to the impact of foot and mouth disease, which caused restrictions and delays in the implementation of projects, a number of areas were permitted to continue to spend their allocated funds up to 30 June 2002. These were rural Wales, Scottish Borders, Dumfries and Galloway, Northern Uplands, South West, and the Marches.

The Structural Funds allocation of 828 MECU (£616m) was envisaged as contributing towards an overall investment value of 2,882 MECU (£1,545.5m) over the eleven Programmes in the UK. The regions adjusted the ratio of Funds according to their own priorities, however, on average the Funds were divided to a ratio of 66% ERDF, 17% ESF and 18% EAGGF.

**Table UK 2.1** provides an overview of the relative geographic size of the UK Objective 5b countries, total anticipated expenditure (including European, public sector, and private sector budgets), actual total spend and number of projects supported.

**Table UK 2.1: Overall geographic and financial characteristics of the programmes**

Eligible Area	Area (In ha)	Population	Pop. Density (pop/ha)	Anticipated Overall Expenditure in original SPD (In £) (1994/5)	Total Programme Actual Declared Expenditure in 2002 (In £)	% of Spend (2002) against SPD Total Budget (1994/5)	Spend Per Pop. (In £)	No. Of Projects Funded
England	3.1m	1,760,257	0.6	£899.0m	£929.1m	103%	£528	2,940
Scotland	2.2m	463,881	0.2	£293.9m	£234.2m	80%	£505	1,335
Rural Wales	1.4m	634,000	0.5	£352.6m	£326.4m	93%	£515	1,278
<b>UK Total</b>	<b>6.782m</b>	<b>2,858,138</b>	<b>0.4</b>	<b>£1,545.5m</b>	<b>£1,489.7m</b>	<b>96%</b>	<b>£521</b>	<b>5,553</b>

Geographically, England was the largest UK recipient of Objective 5b resources. The eligible area of England incorporated 62% of the total Objective 5b area in the UK and, with the highest population density, it was expected to achieve 58% (£899m) of the overall investment volume by the end of the Programme. As will be shown in more detail in the following sections, England exceeded its overall spending targets (103%) and funded 2,940 projects worth £929m, representing £528 of investment per person.

The share of actual investment volume per country (62% (£929m) England, 22% (£326.4m) Wales, 16% (£234.2m) Scotland) was exactly the same as the distribution of population between the three countries (62% England, 22% Wales, 16% Scotland).

At the UK level, expenditure targets of the original SPDs were met by 96% (£1,489.7m), mainly due to England achieving expenditure levels well over its target. Wales and Scotland achieved lower levels of expenditure, at 80% and 93% against their respective targets.

In total, 5,553 projects were supported through UK-Objective 5b, representing an average expenditure of £521 per person residing in the eligible areas.

## 2.3 Strategic aims and results

Each of the UK Objective 5b regions produced its own Single Programme Document (SPD) outlining strategic aims and objectives, priorities and measures as relevant to the region's circumstances and requirements.

Strategically, most regions addressed the generation of job opportunities, increase of income and economic competitiveness, and the reduction of disparities between their region and other European areas, as the main aims of their Programme. To provide a focus on SME growth and development and the improvement of human, business, and natural resources, was amongst the key interests of the UK regions. The larger Programmes (usually equipped with more extensive vision statements) also addressed specifically their interest in the environment (South West, Wales, Northern Uplands, and East Anglia).

The SPDs incorporated a socio-economic analysis of each region, including the identification of the areas' perceived strengths, weaknesses and opportunities, on which each built its individual Programme structure. However, it has been possible to identify typical priorities and measures focusing on six key themes<sup>3</sup>:

- **Theme 1: Business Development and Diversification**
  - Including Programme measures such as:
    - Developing sites and premises, access, transport services and reclamation;
    - Support for existing and start-up businesses;
    - Encouraging inward investment; and
    - Initiatives to promote awareness and take up.
- **Theme 2: Tourism and Related Activities:**
  - Including Programme measures such as:
    - Development, improvement and marketing of tourism;
    - Improvement of heritage, recreational and cultural attractions; and
    - Development of natural environmental resources.

<sup>3</sup> The six themes were agreed with the Evaluation Steering Group. They are also relating to the PACEC study 'Synthesis of the Intermediate Evaluations of Objective 5b Programmes, 1998.

- **Theme 3: Skill Development and Training:**
  - Including Programme measures such as:
  - Training to meet the needs of SMEs and improve business competitiveness;
  - Skills training and retraining of the local workforce;
  - Training for environmental management;
  - Skills development in tourism and related industries; and
  - Training in farm diversification skills.
- **Theme 4: Environmental Works:**
  - Including Programme measures such as:
  - Environmental improvements;
  - Conservation and protection of the environment;
  - Energy; and
  - Environmental development.
- **Theme 5: Local Communities and Countryside:**
  - Including Programme measures such as:
  - Actions within local communities to assist economic development and viability;
  - Developing the potential of the countryside; and
  - Community Development resources.
- **Theme 6: Farm Related Development:**
  - Including Programme measures such as:
  - Agricultural facilitation; and
  - Farm diversification, development and care of the agricultural environment.

How these themes were represented as priorities or measures did vary considerably. Wales and the Scottish Programmes limited the number of priorities to three, with the number of measures varying between eight and thirteen. The English Programmes were more expansive in identifying between four and five priorities (with the exception of Midlands Uplands with only two priorities) and incorporating up to 30 measures.

In cases, Programmes addressed training and skills development in a vertical and a horizontal manner, whereby a dedicated priority was extended by measures under each of the Programme's 'non-training' priorities. In other Programmes, training and physical development action did not have a priority, but featured as a measure under each priority. This structure represented a positive approach to integrating project activity of the three Funds, to facilitate project linkage and synergy.

Some Programmes designed a large number of measures, in order to increase the focus of their activities, such as East Anglia (30 measures), or originally Lincolnshire (presenting seven priorities), but this often impacted negatively on Programme management and the overall flexibility of Funds, and made the promotion of Programmes difficult, according to the findings of Interim Evaluations and ex-post consultations.

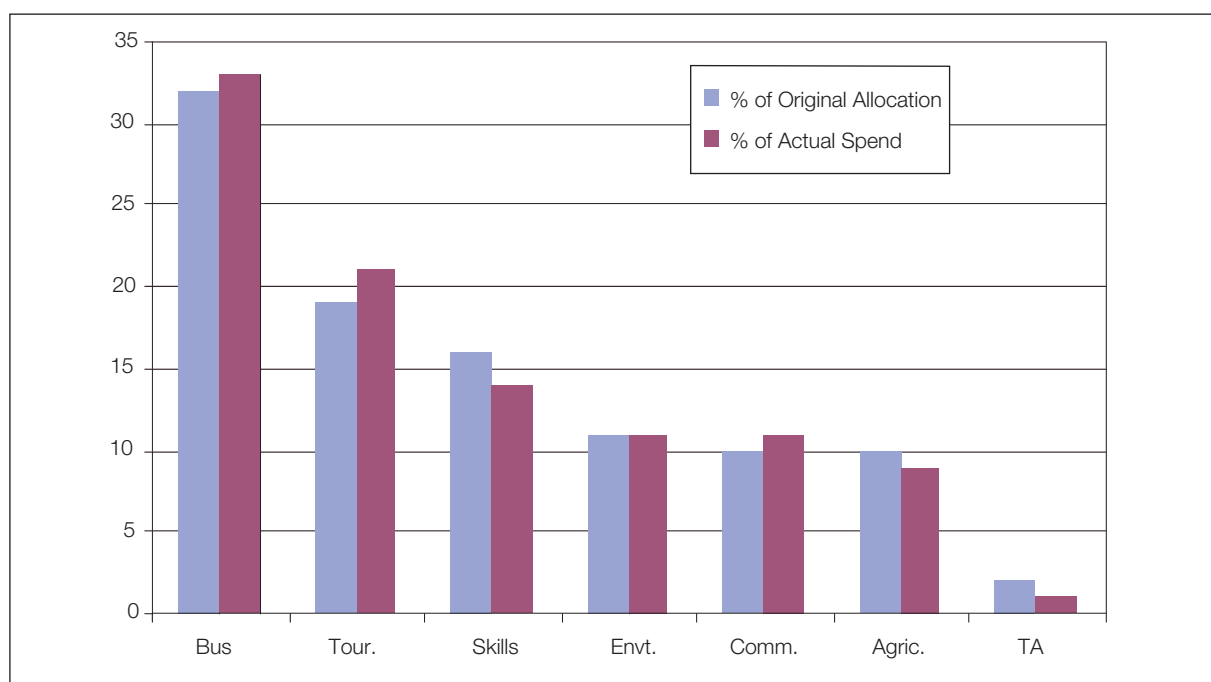
The chosen Programme structure usually reflected the socio-economic needs analysis well and, in many cases, coherence between strategic aims and objectives was established and well argued. The chosen priorities and measures also related well to the identified weaknesses and development opportunities of regions.

**Table UK 2.2** and **Graphs UK2.1a,b and c** show the difference between the proportionate weight of each key theme in terms of its originally allocated and actually spent EU-resources. This helps to assess if and how individual themes have increased or decreased in importance and relevance to a region's needs as expressed in their up-take of Objective 5b resources.

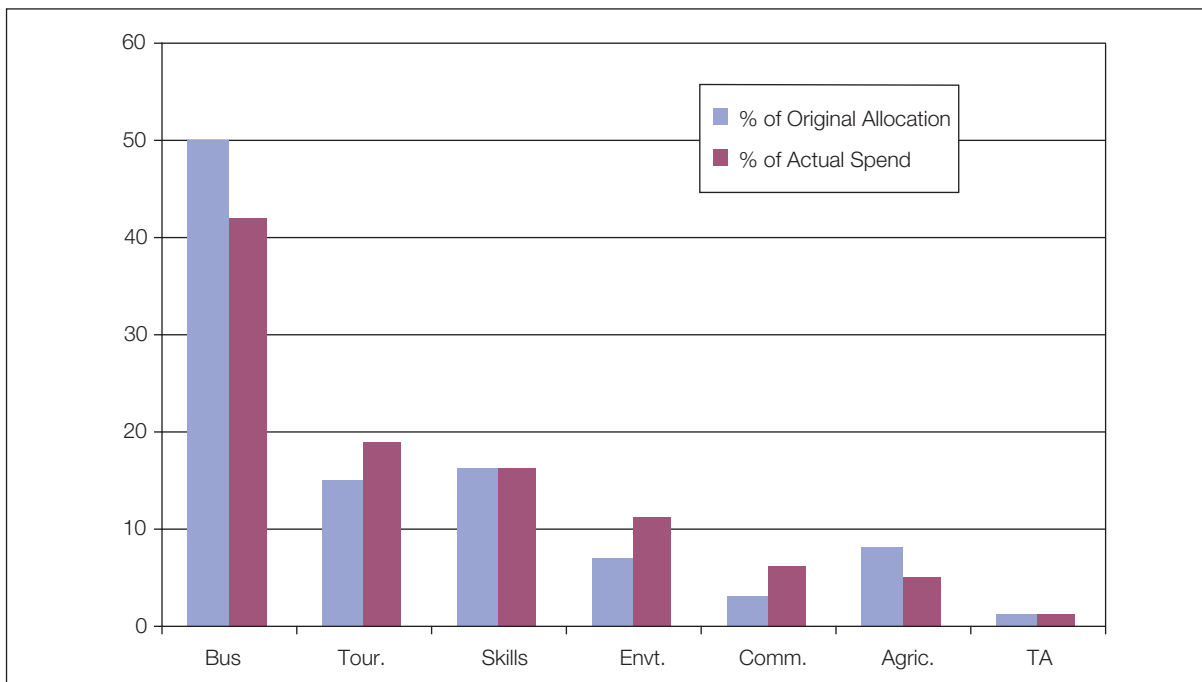
**Table UK 2.2:** Proportionate share of the Original (1995) and Actual (2002) EU Expenditure in each country by Key Objective 5B theme

Key Theme	England		Scotland		Wales		UK	
	1995	2002	1995	2002	1995	2002	1995	2002
Business Support	32%	33%	50%	42%	36%	34%	36%	35%
Tourism	19%	21%	15%	19%	23%	24%	19%	21%
Skills Development	16%	14%	16%	16%	16%	16%	16%	15%
Environment	11%	11%	7%	11%	5%	4%	9%	9%
Rural Communities	10%	11%	3%	6%	8%	9%	9%	10%
Agriculture	10%	9%	8%	5%	11%	12%	10%	9%
Technical Assistance	2%	1%	1%	1%	1%	2%	1%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%

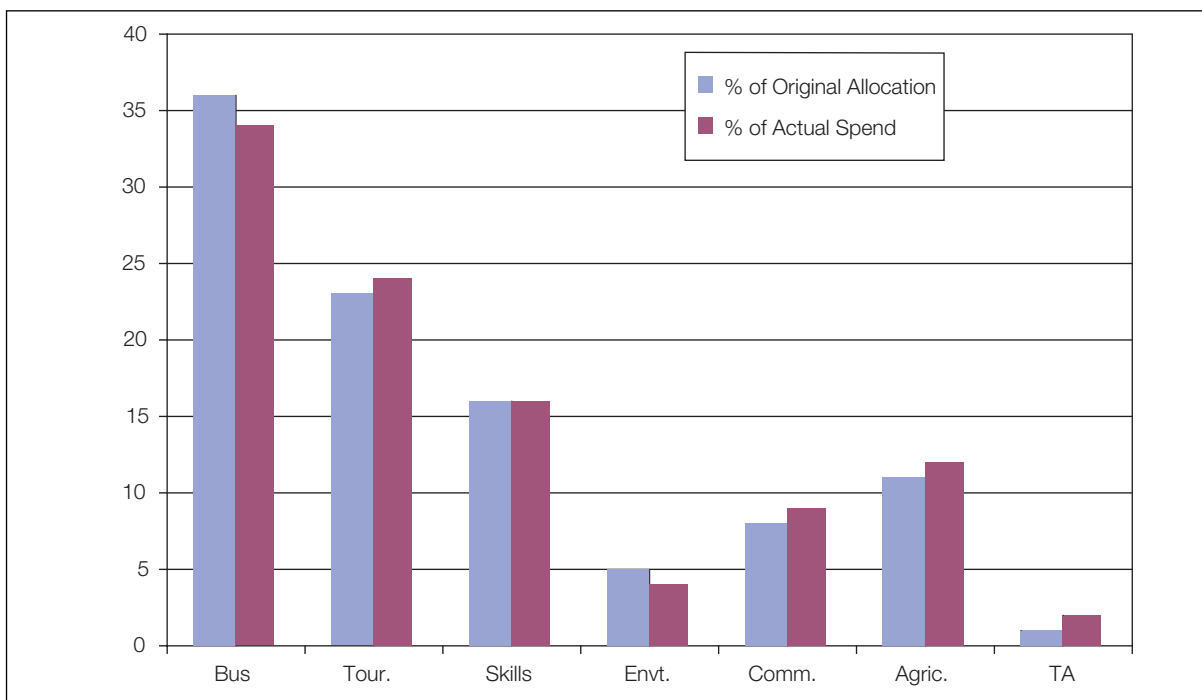
**Graph UK 2.1a:** % of EU Spend by Key Theme in England



**Graph UK 2.1b: % of EU Spend by Key Theme in Scotland**



**Graph UK 2.1c: % of EU Spend by Key Theme in Wales**



**Table UK 2.2** shows that the strategic emphasis of the six key themes (and Technical Assistance) was very similar in all three UK-countries. All placed the main Programme emphasis of their SPDs on business support and tourism, with both themes commanding well over half of each country’s European resources (England 54%, Scotland 61%, and Wales 59%).

Another consistent theme across countries and budgets was ‘skills development and training’, representing 16% of Programme EU-resources at the beginning of Objective 5b and at completion stage (the only exception is England where minor changes reduced its share of spent resources to 14%).

The other three themes, ‘environment’, ‘rural communities’, and ‘agricultural diversification’ shared the remaining third of resources relatively evenly in England, but with slight changes in strategic emphasis in Scotland where environmental measures received a stronger emphasis (11%), and in Wales, which emphasised agricultural diversification more strongly (12%).

In the original SPD budget allocations and at a country-level, it becomes apparent that England distributed its European funding allocations more evenly than Scotland and Wales, with allocations ranging between 10% and 32% of the overall Programme budget between themes. In Scotland, the range is much wider signifying a more targeted approach, ranging from 3% (rural communities) to 50% (business support). However, actual expenditure evened out this disparity, reducing the emphasis on business support to 42% and increasing the relative importance of community-based activities to 6%.

Overall, Objective 5b spending largely confirmed the strategic emphasis which themes received in the SPD and via the original budget allocations in 1995. Only relatively minor changes occurred, yet with great consistency amongst the three UK-regions. These include:

- A reduced emphasis given to business support measures;
- An increased emphasis on tourism measures;
- An increased emphasis on measures relating to rural communities/community-based approaches; and
- A slight reduction in emphasis on measures dealing with agricultural diversification (except in Wales, where there was a slight increase).

In summary, Objective 5b actual expenditure in the UK utilised more than half (56%) of its European resources for business support and tourism development activities. Measures targeted at the environment and community-based approaches spent slightly more in proportion to the overall budget than expected, and measures addressing agricultural diversification spent slightly less in England and Scotland.<sup>4</sup>

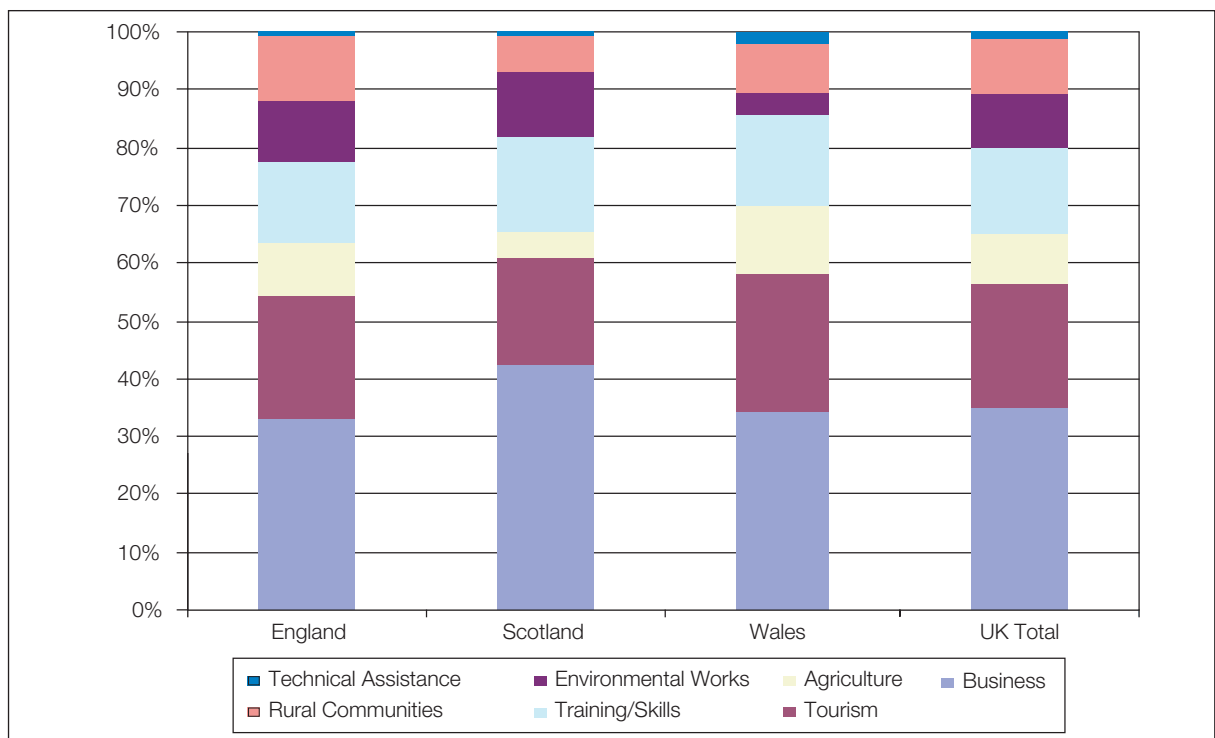
**Table UK 2.3** and **Graph UK2.2** show in more detail the actual expenditure profile of each UK-country by strategic theme in £s and their respective percentages of overall Programme European expenditure.

<sup>4</sup> Note that some of the allocations and spend connected to agricultural diversification might well have been included in tourism measures, particularly in connection with farm tourism.

**Table UK 2.3:** Programme priorities according to key strategic themes, by EU-spend in % of overall EU-programme spend per programme (in £)

	ENGLAND	SCOTLAND	WALES	UK TOTAL
<b>Business Support</b>				
EU-Spend	£101,003,384	£38,443,672	£39,147,724	<b>£178,594,780</b>
EU-Spend in % of EU-Spend in each respective Programme	33%	42%	34%	<b>35%</b>
<b>Tourism</b>				
EU-Spend	£65,030,206	£16,847,776	£26,958,081	<b>£108,836,064</b>
EU-Spend in % of EU-Spend in each respective Programme	21%	19%	24%	<b>21%</b>
<b>Agriculture</b>				
EU-Spend	£28,586,894	£4,148,371	£13,505,387	<b>£46,240,653</b>
EU-Spend in % of EU-Spend in each respective Programme	9%	5%	12%	<b>9%</b>
<b>Training/Skills</b>				
EU-Spend	£42,236,558	£14,947,953	£17,918,900	<b>£75,103,411</b>
EU-Spend in % of EU-Spend in each respective Programme	14%	16%	16%	<b>15%</b>
<b>Environmental Works</b>				
EU-Spend	£33,817,097	£10,252,075	£4,027,093	<b>£48,096,265</b>
EU-Spend in % of EU-Spend in each respective Programme	11%	11%	4%	<b>9%</b>
<b>Rural Communities</b>				
EU-Spend	£33,048,098	£5,710,191	£10,201,308	<b>£48,959,597</b>
EU-Spend in % of EU-Spend in each respective Programme	11%	6%	9%	<b>10%</b>
<b>Technical Assistance</b>				
EU-Spend	£2,978,257	£628,056	£2,170,199	<b>£5,776,512</b>
EU-Spend in % of EU-Spend in each respective Programme	1%	1%	2%	<b>1%</b>
<b>Total</b>				
EU-Spend	£306,700,496	£90,978,094	£113,928,692	<b>£511,607,283</b>
Project Number	2,940	1,335	1,278	<b>5,553</b>
Average Project EU volume	£104,320	£68,148	£89,146	<b>£92,132</b>

**Graph UK 2.2:** Actual EU-Expenditure against Key Themes, UK



## 2.4 Complementarity to other programmes

The SPDs identified a range of complementary opportunities in terms of linkages with other mainstream European Programmes and Community Initiatives such as Leader II, SME, PESCA, Retex II and Konver, as well as with domestic rural and economic development programmes. For example, in England popular linkages were pursued through the Single Regeneration Budget, Rural Development Funds, Business Links and TECs, and SMART and SPUR Programmes.

**Table UK 2.4** details the complementarity of the Objective 5b Programme with other EU Programmes, Community Initiatives and domestic Programmes as it was identified in the various Programme documents, by presenting the number of Programmes, that identified the use of other programmes in their SPDs. For instance, EIB loans were available anywhere in the UK but not all areas mentioned them explicitly in their Programme documentation.

**Table UK 2.4:** Programme complementarity as stated in final reports

	ENGLAND	SCOTLAND	WALES	UK TOTAL
<b>EU-Programmes and Community Initiatives</b>				
ADAPT	1	All	1	6
EMPLOYMENT	1	All	1	6
LEADER II	All	All	1	All
PESCA	5	All	1	10
RETEX	2	All	1	7
SME	5	All	1	10
RECHAR II		1		1
KONVER II	2		1	3
INTERREG II			1	1
EIB	3			3
Objective 2	3			
Objective 3	2		1	
Objective 4	3		1	
Objective 5a	2		1	
Welsh Capital Challenge			1	
<b>UK Programmes</b>				
SMART and SPUR	1	2	1	4
Rural Development Programme (launched in 1995)		All		4
SRB	3			3
Rural Challenge Programme	3			3

SPDs argued that the Community Initiatives, listed above, added value to mainstream structural funds both through process and content, and were found to be a valuable resource of innovative ideas and means for targeting more marginalised groups. All eleven areas used the LEADER II Programme, with ten involved in PESCA and ten in SME. Consultations with Government representatives confirmed that there was evidence of synergy between LEADER II and Objective 5b.

Some management groups (eg. the Technical Group in Rural Wales) combined discussions of Community Initiatives and Objective 5b within meetings, thus ensuring an ongoing overview of project development and progress was achieved.

In Scotland Objective 5b worked closely with the domestic Rural Development/Diversification Programme, which was launched in 1997 and provided match funding for EAGGF projects.

Although the other European Objective 2, 3, 4 and 5a Programmes were extensively available throughout the UK, the use of the Programmes and their complementarity with the Objective 5b Programme was more explicit in the available reports for English regions and for Wales, but was less apparent in the documents for the Scottish regions.

In some regions, such as The Marches, considerable efforts were made to improve the co-ordination between Objective 5b and the Rural Development Areas in the region, to increase the activities and impact of both programmes. This was regarded as a successful approach particularly in light of the need to develop more EAGGF applications.

Although close strategic linkages were established at times, findings of the consultations with GOR representatives highlighted that it was difficult to manage complementarity between Programmes and linkages to domestic programmes were seen as not fully developed at that stage so that they could work together in a strategic manner. As it was already an internal Programme issue with the three Funds being managed by three different Government bodies, particular care was required to avoid project promoters submitting applications to more than just one European Programme. This was, at times, particularly acute in business development where better integration with existing programmes would have been beneficial.

It, therefore, helped to some degree when the main partnership bodies of the various Programmes were chaired by the same organisation, such as in the case of Northern Uplands, The Marches, or in Scotland. In the latter cases, where the Scottish Office/GOR chaired PMCs of European, Community Initiatives, and domestic Programmes such as SME, and when key stakeholders were members of a number of PMCs.

In terms of Programme integration between different geographical areas and between European Structural Funds, SPDs, PMC membership, as well as priorities and measure structures were, theoretically, well equipped to accommodate an integrative approach. However, in practice, few cross-regional projects (within the larger Programme areas, such as Northern Uplands, which incorporated three Government Office regions), or direct project linkages between ERDF, ESF and EAGGF projects were reported.

## 2.5 Summary

In 1994, six areas in England, four areas of Scotland and rural Wales were awarded Objective 5b status. The Structural Funds allocation of 828 MECU (£616m) was envisaged as contributing towards an overall investment value of 2,882 MECU (£1,571m) over the eleven Programmes. On average the Funds were divided to a ratio of 66.5% ERDF, 16.8% ESF and 17.7% EAGGF.

At the UK level, 95% of original expenditure targets were met (£1,490.5m), due mainly to England's over-achievement. Wales and Scotland achieved lower levels, at 78% and 88% against their respective expenditure targets.

It has been possible to identify typical priorities and measures focusing on six key themes: Business Development; Tourism; Skills and Training; Environment; Community Development; and Farm-related Development.

In terms of actual expenditure, the UK utilised more than half (56%) of its European resources for business support and tourism development activities. Measures targeted at the environment and community-based approaches spent slightly more in proportion to the overall budget than expected, and measures addressing agricultural diversification spent slightly less in England and Scotland.<sup>5</sup>

The SPDs identified a range of complementary opportunities in terms of linkages with other mainstream European Programmes and Community Initiatives such as Leader II, SME, PESCA, Retex II and Konver, as well as with domestic rural and economic development programmes. Although close strategic linkages were established at times, it was difficult to manage complementarity between Programmes and linkages to domestic programmes were seen as not fully developed during this Programming period. Also, few internal linkages between Funds and between sub-regions of large Programme areas were reported.

<sup>5</sup> Note that some of the allocations and spend connected to agricultural diversification might well have been included in tourism measures, particularly in connection with farm tourism.

## **Section 3: Programme management and delivery structures**

### **3.1 Introduction**

Chapter 3 provides an overview of the Programmes' management structures, including Programme delivery and partnership involvement as presented in the Final and Annual Reports, and Interim Evaluations of the individual Programmes. We have further included the findings of consultations with Government representatives. Chapter 3 also looks at the extent to which Technical Assistance budgets were utilised in the support of Programme delivery and management.

Instead of repeatedly referring to the country-based Appendices (England, Scotland, and Wales), it should be noted that further, regional-based information regarding all sections discussed in this Chapter can be found in the appendices.

### **3.2 Programme delivery**

The UK Programmes were managed under the authority of the then Scottish Office, Welsh Office, and in England, by the newly created Government Regional Offices (GRO). The GROs were established in 1993 to take responsibility for administering domestic and European regional policies on behalf of central government departments. However, GROs continued to be guided by the relevant HQ with overall responsibility for each Structural Fund: the then Ministry for Agriculture (MAFF) for EAGGF, the then Department for Education (DfEE) for ESF and the then Department for Environment, Transport and the Regions (DETR) for ERDF.

Each Programme established a Programme Monitoring Committee, chaired by the GRO or territorial department, comprising central Government, European Commission, and other representatives such as local authorities, TEC/LECs, environment agencies and the private sector.

Regional Working Groups processed applications and made funding recommendations to the Programme Monitoring Committees (PMC), largely sharing the same members and institutions.

Other local delivery arrangements were made, for example, in East Anglia, Local Area Groups promoted the Programme in their area, developed projects and set up local partnerships. One of the largest Programmes, Northern Uplands, established Local Implementation Plans (LIPs) for the ERDF and ESF components of the Programme to enable the Programme Secretariat and management groups to reflect local needs more effectively.

Dumfries & Galloway was the only Scottish region to establish an independent structure to administer Objective 5b funds in that area (Dumfries and Galloway European Partnership – subsumed into the South of Scotland European Partnership at the end of the 5b programme). The remaining Scottish programmes were managed directly by the Scottish Office and, later, the Scottish Executive.

In Wales, during this programming period, the Secretariat function for all Structural Funds programmes was moved from the Welsh Office to an arms-length company, WEPE Ltd. This caused considerable upheaval in the Programme management, including lengthy delays in approval of Technical Assistance by the Commission, and did not achieve the intended benefit of independent control. The decision was taken to bring the function back into the direct remit of government, with the establishment of the Welsh European Funding Office within the new Welsh Assembly.

In addition, a UK Local Authority 5b Partnership was established to enable the 35 Councils involved to discuss Programme implementation themes, exchange experience and lobby on rural policy issues.

**Table UK 3.1** details those responsible for delivering the Objective 5b Programme across each of the eleven UK areas.

**Table UK3.1:** Programme delivery structure

	ENGLAND	SCOTLAND	WALES	UK TOTAL
<b>Monitoring and Overview of Programme Implementation/Strategic Level</b>				
Programme Monitoring Committee	All	All	All	11
<b>Day-to-Day Management/Operational Level and Approval of Applications</b>				
Programme Secretariat	All	All	All	11
Thematic Advisory Group	1	1	All	3
<b>Appraisal of Project Applications</b>				
Working group	All	–	All	7
Advisory Group	1	3	–	4
Programme Management Executive/WEPE	–	1	(1 – temp)	2
<b>Further Advice/Sounding Boards</b>				
Local Area Groups	1	–	–	1
Private Consultancy	–	–	All	1

All 5b areas operated both a Programme Monitoring Committee (PMC) and a Programme Secretariat. The PMC oversaw Programme implementation and the Secretariat (based at the appropriate Government Office), conducted the day-to-day operation. In Scotland the initial appraisal of projects was the responsibility of an Advisory Group (AG), known as a Working Group in England and Wales. In one Scottish area, Dumfries and Galloway, this role was undertaken by a Programme Management Executive (PME) and in Wales, Programme Secretariat functions were performed by an arms-lengths company ‘WEPE’.

The major difference in Scotland was that the AG/PME covered all the funds (ERDF, ESF and EAGGF) until the Rural Development Programme based at SERAD (Scottish Executive Rural Affairs Department) took over delivery of EAGGF. However, in many English regions ERDF applications were the responsibility of the Secretariat based at the respective GRO, with MAFF being accountable for EAGGF projects. Although the pre-appraisal of ESF applications was also the responsibility of the Secretariat, in most cases, ESF bids needed to be forwarded to the ESF Unit in London for final approval. In Wales, ERDF and ESF applications went to the European Affairs Division for final approval, whilst EAGGF projects were the responsibility of Welsh Office Agricultural Department.

Separate management systems for each Fund and the lack of integration between the Funds presented a barrier to the efficient delivery of the Programmes and caused delays in the approval process and payment procedures. This situation was

commented on by all Interim Evaluations, accompanied with strong recommendations to mainstream the management of the European Structural Funds and to make one body responsible for the approval and payment of all three Funds.

Despite the complexities of Objective 5b Programme management, the greatest challenge was experienced in the closing of the Programme. Programme Secretariats were dissolved early into 2000 and, according to the perceptions of some consultees, the continuity of Programme management was lost. The remaining tasks of monitoring and gathering relevant financial and physical project data were, thereby, made very difficult, particularly as financial control and management information systems were not sophisticated. This was further complicated by the typically small nature of Objective 5b projects. In this context, it did not help that each European Fund was run by separate departments.

In addition, actions such as newsletters and communications regarding Programme achievements were in most regions stopped. If any, reviews of Programme activity were channelled into the preparation of the Objective 2 Programme. However, some regions pursued their commitment longer, such as The Marches Programme, which did 'round-up' with a newsletter communication celebrating the success of the Programme, and West Midlands (Midlands Uplands, Lincolnshire), which commissioned a study in 1999 to look at rural programmes and the lessons learned.

### **3.3 Programme partnership involvement**

In the UK as a whole, there were around 270 representative seats on the PMCs of the eleven Objective 5b areas. Core membership in each of the three countries consisted of:

- The European Commission;
- Central Government;
- Government Offices;
- Regional and Local Authorities;
- Further and Higher Education Sector;
- Economic Development Companies/TECs
- Tourism Board;
- Business Community/Chamber of Commerce;
- Environmental Agencies; and
- Private Sector.

Generally, as **Table UK 3.2** shows, the PMCs in Wales and England were larger than Scotland, averaging 31 and 29 representatives, respectively, compared to an average of 16 in Scotland

What is noticeable is that England had a larger representation on the PMC of the private sector and the business community, with approximately four in each area, compared to two in Scotland and none in Wales.

**Table UK 3.2: Programme partnership involvement (by percentage of all representative seats on programme monitoring and management committees per region)**

Type of organisation	ENGLAND	SCOTLAND	WALES	UK TOTAL
European Commission	14+	4+	3	21+
Central Government	22+		2	24+
Government Office	22+	7+	3	32+
Regional Authority	7	4	8	19
Local Authority	23+	11	–	34+
Environmental Agencies	17+	11	2	30+
Economic Development Company/TECs	13+	10	3	26
Community/Voluntary Organisation	13+	6	1	20+
FE and HE Sector	12	6	2	20
Business Community/Chamber of Commerce	10+	1	–	11+
Private Sector	9+			9+
Tourism Board	3	4	1	8
Farmers/Trade Union	5+		1	6+
Equal Opportunities/Minorities Board			3	3
Rural Development Commission	1		1	2
Employment Agency	1			1
National Park/Landowners	1			1
EIB	1			1
Church Body			1	1
<b>Total Number of Seats</b>	<b>174+</b>	<b>64+</b>	<b>31</b>	<b>269+</b>

Many consultees pointed out that the partnership model promoted by the Programme was one of the most important benefits of Objective 5b. In most regions, the PMC and Advisory Groups brought organisations together that had not worked together before. Hence partnership arrangements enabled a closer co-operation between many partners, both horizontally (i.e. at regional and local levels), and vertically, between Government offices and local authorities and other regional bodies, which often resulted in positive publicity, as reported from Midlands Uplands area.

The mix of partner organisations represented on the PMC and Advisory Groups was usually perceived as reasonably good with a tendency towards local authority representation. Conversely, voluntary/private sector bodies were perceived as having to struggle to find a voice. Programme areas made great efforts to access isolated communities, at times with variable success.

Many consultees identified the Objective 5b partnership model as one of the most sustainable aspects of the entire Programme. Even in regions where partnership development was regarded as less strong, the experience gained under Objective 5b was felt to have been directly benefiting future Programme management structures and processes for Objective 1 and Objective 2 Programmes. In some regions, such as

The Marches, the sub-regional groups developed during the Programme have evolved into a Regeneration Zone Partnership, which is still active.

In Rural Wales, the previous programming period had only Local Authority beneficiaries, whereas the 1994-1999 period heralded a new, more inclusive partnership approach, which built capacity among a wider group of stakeholders. On the other hand, this period saw some intense debate between the Welsh Office and the Commission over the structure of the Programme, Programme Management (with WEPE) and project eligibility (e.g. venture capital fund).

### 3.4 Technical assistance

The technical assistance measures in Objective 5b were originally allocated between 0.5% (Wales) and 1.5% (England) of total Programme EU-resources, intending to spend £7.6m UK-wide. Although spending only £5.8m, actual expenditure increased slightly in proportion to the overall Programme expenditure.

**Table UK 3.3** outlines the allocation and spend of EU monies on technical assistance.

**Table UK 3.3: Technical assistance (in £)**

	ENGLAND	SCOTLAND	WALES	UK TOTAL
EU- Budget in 1994/5	£5,526,171	£1,497,860	£625,000	£7,649,031
EU-Budget in relation to Overall Programme EU-Allocation in 1994/5	1.5%	1.3%	0.5%	1.2%
EU-Budget Spend in 2002	£2,978,257	£628,056	£2,170,199	£5,776,512
EU-spend in relation to Programme EU-spend in 2002	1%	0.7%	1.9%	1.1%
Number of Studies funded by Technical Assistance Budget	7	18	1	26
Extended technical assistance delivered by external organisations	2	2	1	5

It is interesting to note that despite Wales forecasting an expenditure of just 0.5% of its total EU budget on Technical Assistance, the lowest of the three countries, it actually spent the greatest proportion of the final budget (1.9%) (in contrast to England (1%) and Scotland (0.7%)). The vast majority of Technical Assistance expenditure in Wales (88%) was used for Programme administration, and this was higher than anticipated due to the creation of the arms-length company WEPE, which provided Programme Secretariat functions. In England, the actual spend was 46% less than originally anticipated, in Scotland it was 58% lower, but in Wales it was 71% higher.

In England the lower than anticipated expenditure may be explained by the fact that in some areas there were difficulties in generating match-funding for technical assistance projects. This was particularly evident in projects eligible for ESF funds. Some regions, such as The Marches, set up particular working groups, incorporating a wider range of stakeholders than represented on the PMC, to help promote ESF applications after the first years of Objective 5b showed a lack of quality applications. This approach worked well.

In Programmes such as East Anglia and Northern Uplands, good experience was reported in employing regional and district facilitators to address the geographical spread of the region, and to access remote communities. It was felt that this was useful in promoting the Programme, gaining more input from local partners, in improving the quality of applications and in monitoring project implementation, thereby, enhancing the achievement and spending levels of projects.

At times, Technical Assistance monies were also used to employ the voluntary sector in promoting the Programme to a wider range of community-based organisations, and to remote communities. In addition to this targeted support, Rural Wales also funded a programme of activities to ensure that equal opportunities principles were promoted and applied.

Studies funded by Technical Assistance, included a range of subjects including baseline studies (South West), town centre enhancement study (The Marches) visitor research study, survey of training needs (Midlands Uplands); IT feasibility study, and labour market analysis (Lincolnshire), and improving Programme access to the voluntary sector (Rural Wales).

In all areas Technical Assistance was generally used to:

- Provide administrative support;
- Co-finance posts and secondments;
- Publicise the programme (e.g. a Newsletter);
- Undertake local research and development work to improve the delivery and awareness of the Programme and the uptake of funds;
- Undertake feasibility studies; and
- Fund Interim Evaluations.

### 3.5 Summary

The Programmes were managed under the then Scottish Office, Welsh Office, and in England, by the newly created Government Regional Offices (GRO). However, central government departments (MAFF, DfEE and DETR and their successors) maintained separate overall responsibility for each Fund. The separate management systems and the lack of integration between the Funds presented a barrier to the efficient delivery of the Programmes and caused delays in the approval process and payment procedures. While most Secretariats were based within regional government, Dumfries & Galloway established an independent PME, while Wales also created a (short-lived) arms-length company, WEPE, to manage its Structural Funds within this Programming period.

All Programmes established a PMC and Working Groups/Advisory Groups involving the wider Programme partnership, with some regions also developing local delivery bodies. The partnership model was one of the most important benefits of Objective 5b, bringing together organisations that had not worked together before.

The technical assistance measures spent £5.8m, under the anticipated volume but increased slightly in proportion to the overall Programme expenditure. Wales spent higher than anticipated, the majority (88%) being utilized for Programme administration. England and Scotland both spent less than anticipated, partly due to difficulties in generating match-funding. Many regions found the use of resources to fund facilitators and working groups to promote the programme was worthwhile, while others funded studies to improve delivery.

The closing of the Programme was made difficult by the dissolution of Programme Secretariats in early 2000, thus breaking the continuity of Programme management.

## Section 4: Anticipated programme budgets and actual achievements

### 4.1 Introduction

Chapter 4 presents the financial analysis. It starts with the discussion of the Programmes' overall budget structure, as envisaged and approved in the original SPDs in 1994, and is followed by the analysis of budget changes undertaken in early 1999. The Chapter then proceeds with the assessment of actual Programme expenditure by analysing the overall investment volume, European Structural Fund spend, as well as the achieved national and private sector contributions. The Chapter further presents an assessment of applied intervention rates at a country level.

Further discussion of Programme expenditure is also integrated in more detail in Chapter 5, which provides a thematic analysis of Programme performance.

Instead of repeatedly referring to the country-based Appendices (England, Scotland, and Wales), it should be noted that further, regional-based information regarding most sections discussed in this Chapter can be found in the appendices.

### 4.2 Overall budget structure

At the outset of the Programme in 1994/95, England received the largest share (58%, €1,169.7m) of UK's overall Programme indicative budgets, followed by Wales with a quarter (24%, €483.4m) of all resources and Scotland receiving 18% (€365.8m).

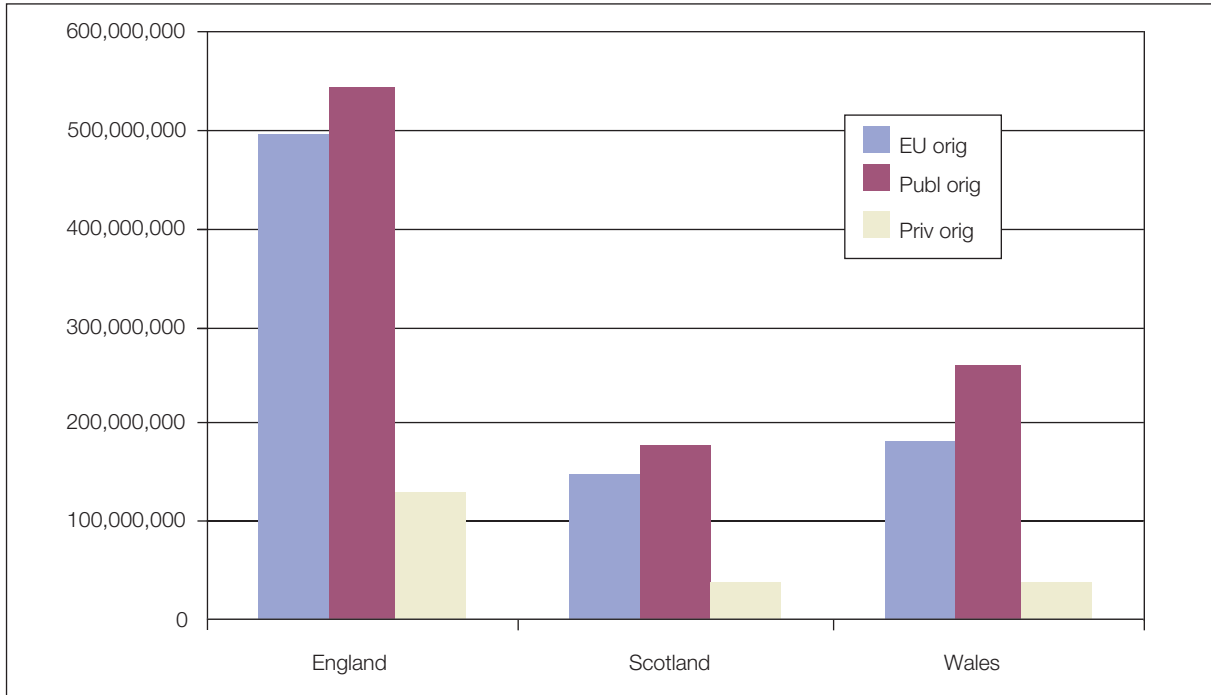
The financial structure of the individual English, Scottish and Welsh Programmes was very similar in terms of the distribution of their expected European, public and private sector investment volumes.

As **Table UK 4.1** and **Graphs UK4.1a and UK4.1b** illustrate, the Programme budgets in Scotland had an average of 39% EU-resources, 49% of public sector, and 10% of private sector contributions, which was similar to the average for the UK as a whole. England achieved slightly higher allocations of European funding (42%) and private sector contributions (11%), but lower public sector spend (45%). In Wales, the proportion of European and private sector allocations was slightly lower than anticipated, but higher public sector contributions were made.

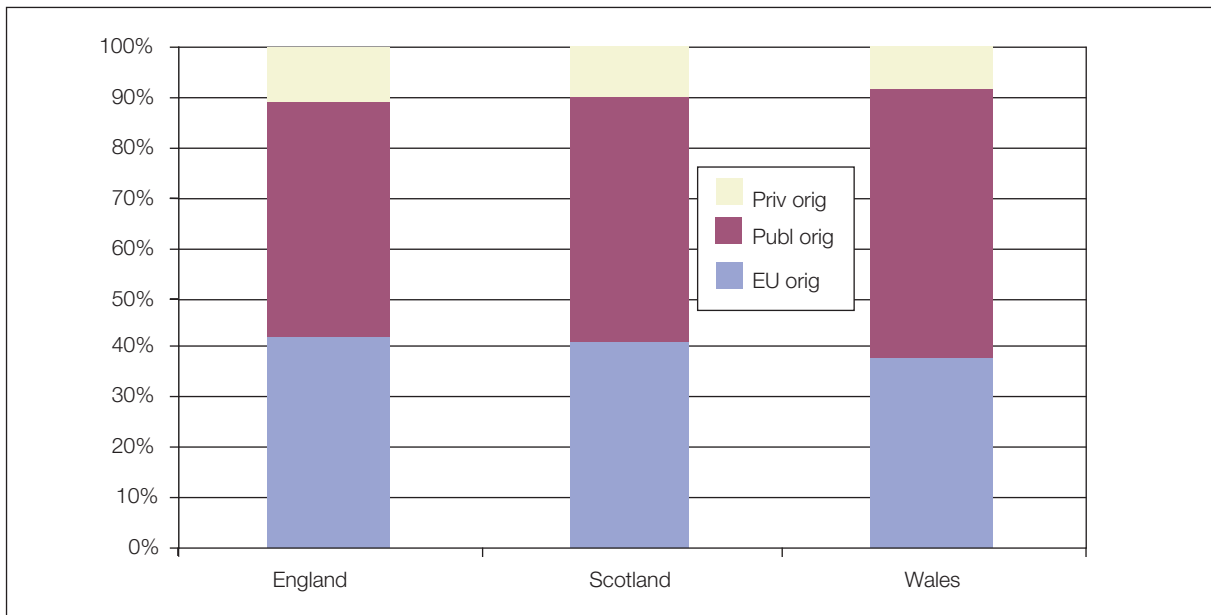
**Table UK 4.1:** Overall financial structure of objective 5B programmes in the UK in 1995 (in meuro)

Regions	European Structural Fund Budget Allocation		Public/Domestic Budget Allocation		Private Sector Budget Allocation		Total Programme meuro
	meuro	% of total Programme	meuro	% of total Programme	meuro	% of total Programme	
England	€494.6	42%	€504.0	45%	€121.1	11%	€1,120.0
Scotland	€141.0	39%	€178.8	49%	€37.4	10%	€357.2
Wales	€184.0	38%	€259.0	54%	€40.4	8%	€483.4
<b>UK Total</b>	<b>€819.6</b>	<b>41%</b>	<b>€941.8</b>	<b>48%</b>	<b>€199.2</b>	<b>10%</b>	<b>€1,960.6</b>

**Graph UK 4.1a: Budget Allocations in 1995 in the UK (euro)**



**Graph UK 4.1b: 1995 Financial Structure of UK Objective 5B Programmes**



Actual spending changed the originally anticipated share of the various funding sources, particularly due to the very successful generation of private sector contributions in England and Wales. This increased private sector expenditure from an anticipated 10% to an actual 20% of all UK-Programme investment and reduced the share of European funding from 41% to 34%, and that of the public sector from 48% to 46% (see **Table 4.2**).

**Table UK 4.2:** Overall actual expenditure structure of funding sources of Objective 5B programmes in the UK in 2002 (in £m)

Regions	European Expenditure		Public/Domestic Spend		Private Sector Spend		Total Programme
	£m	% of total Programme	£m	% of total Programme	£m	% of total Programme	£m
England	£306.7	33%	£415.3	45%	£207.2	22%	£929.1
Scotland	£91.0	39%	£130.2	56%	£13.0	06%	£234.2
Wales	£113.9	35%	£139.3	43%	£73.2	22%	£326.4
<b>UK Total</b>	<b>£511.6</b>	<b>34%</b>	<b>£684.7</b>	<b>46%</b>	<b>£293.4</b>	<b>20%</b>	<b>£1,489.7</b>

### 4.3 Changes in budget allocations

At the beginning of 1999, the originally approved SPD budgets from 1994/5, were revised to allow either for adjustments in regional strategy or to respond to changes in a region's demand for and uptake of Programme resources.

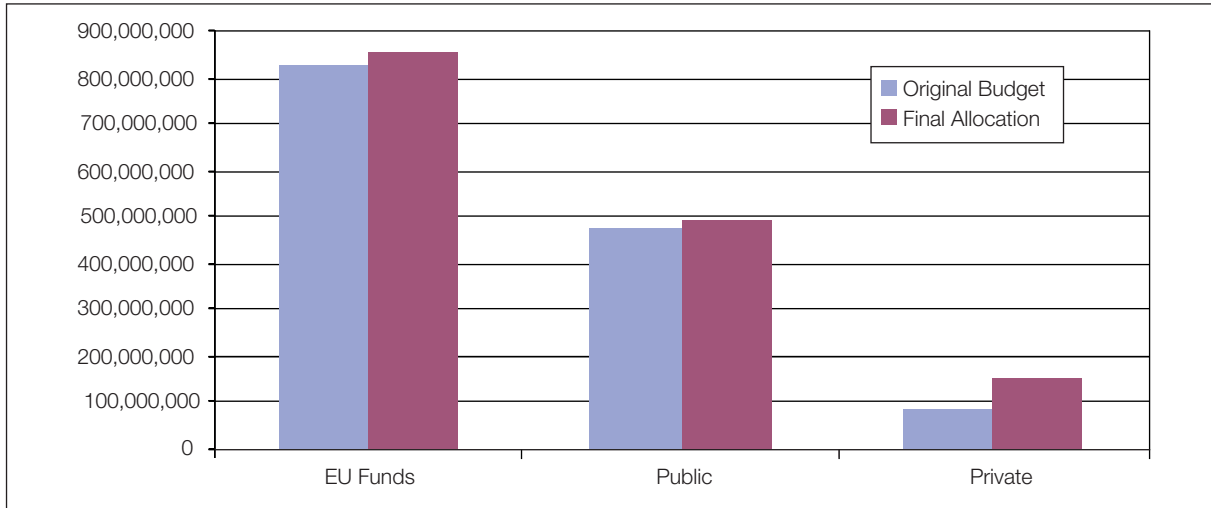
Varying exchange rates effected the value of the Objective 5b Programmes between 1995 and 1999. To avoid changes in the exchange rate obscuring the analysis, the following discussion is based on the European currency, euro, so that changes in allocations can be demonstrated more clearly.

**Table UK 4.3** and **Graph 4.2** demonstrate that the UK-Programme as a whole received a 3.5% increase in its European Funding allocations, adding €29.4m to its original resources. Subsequently and at a country-level, the increase of 3.2% (€16m) in England increased its total European funding budget to €510.6m, whilst Wales and Scotland received an increase of 4.1% expanding their resources to €191.6m (Wales) and €146.8m (Scotland) by 1999.

**Table UK 4.3:** Budget changes in EU funding allocation between 1995 and 1999 in Objective 5B regions in England, Scotland, and Wales (in meuro)

Objective 5b Regions	EU Funds 1995	EU Funds 1999	Percentage Change	Variation In Meuro
England	€494.6	€510.6	3.2%	+€16.0
Scotland	€141.0	€146.8	4.1%	+€5.8
Wales	€184.0	€191.6	4.1%	+€7.6
<b>UK Total</b>	<b>€A819.6</b>	<b>€849.0</b>	<b>3.5%</b>	<b>+€29.4</b>

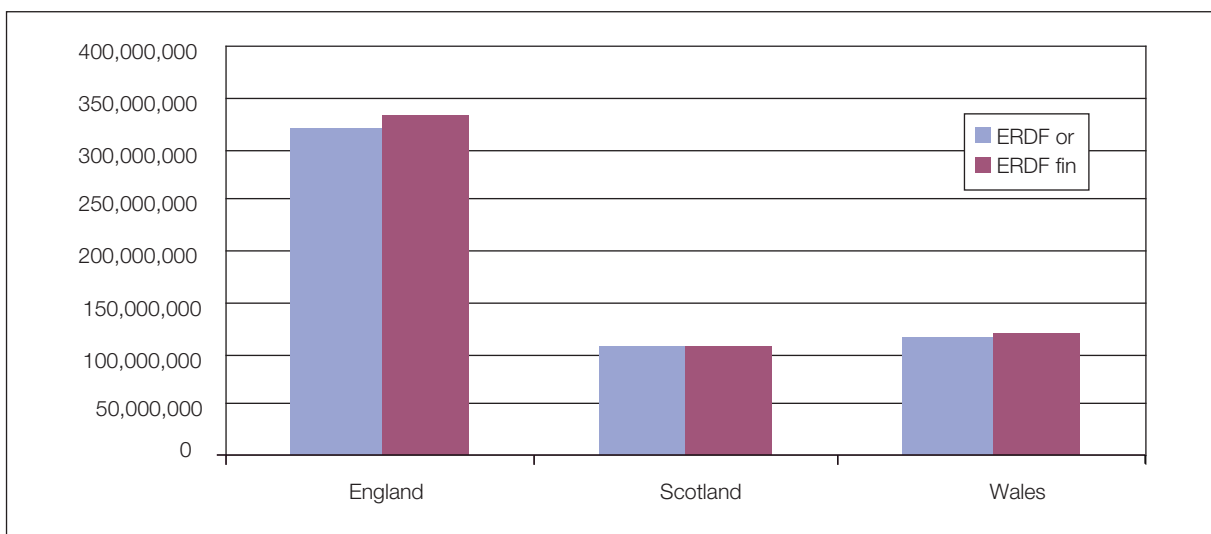
**Graph UK 4.2: Budget Allocations 1995-1999, UK (euro)**



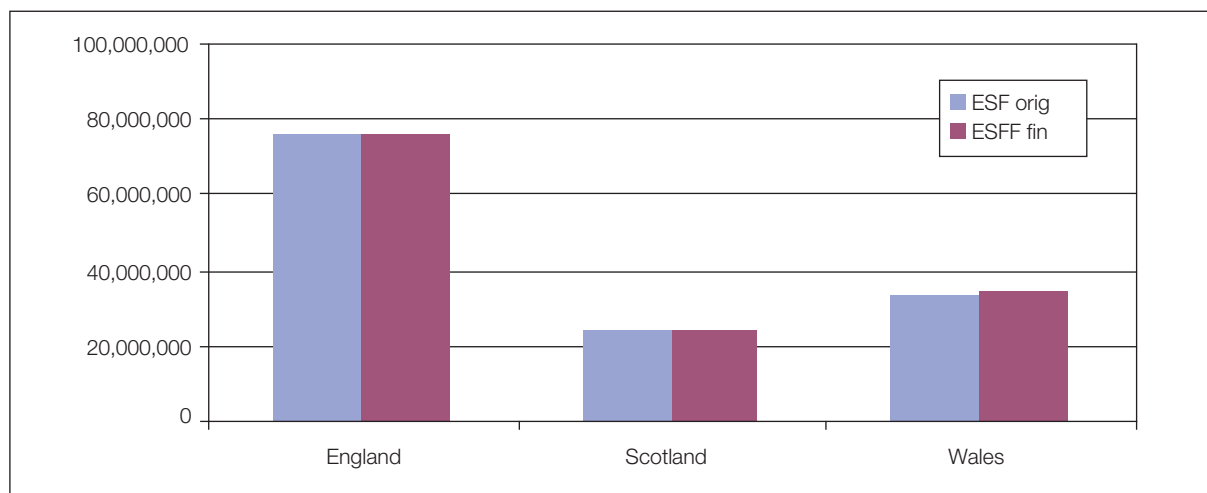
**Graphs UK4.3a, b and c** illustrate the changes in European Structural Fund budget allocations in more detail. It can be observed that Wales received a 4% increase across all of its three Funds, whilst England benefited from a 4% increase in ERDF and 2% increase in EAGGF. Although there was a 2% increase in ERDF, and only a minor increase of 1% in Scotland’s ESF budgets, Scotland received 22% more EAGGF resources.

It should be noted, though, that the original budget allocations were devalued by changes in the exchange rate. For example, the increase of 1% of ESF resources in euro, represented a nominal decrease of 12% of the original budget allocation in 1995 (excluding inflation). The new allocations did, therefore, not increase the spending power of the UK Programme, but helped, to some extent, to reduce the impact of inflation and changes in the €/£.exchange rate

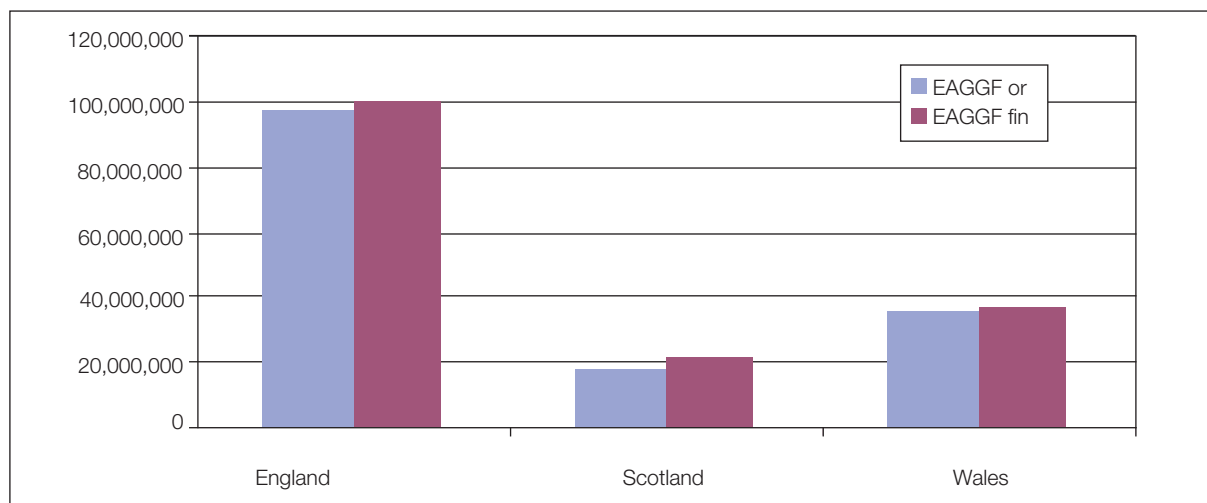
**Graph UK 4.3a: ERDF budget changes 1995-99 in the UK (euro)**



**Graph UK 4.3b:** Graph UK4.3b: ESF budget changes 1995-99 in the UK (euro)



**Graph UK 4.3c:** Graph UK4.3c: EAGGF budget changes 1995-99 in the UK (euro)



The additional allocation of European funding in 1999 was used to adjust Programme budgets internally between measures and priorities. All UK-Programmes made extensive re-allocations and, at times, reduced or increased measure budgets by more than 50%. The extent to which individual Programmes ‘vired’ allocations, was in no relation to the number of priorities and measures of a Programme, i.e. Programmes with just two priorities and seven measures, ‘vired’ proportionately as extensively as Programmes with five priorities and 31 measures. However, the administrative effort needed to address ‘virements’ amongst 31 measures was undoubtedly higher than for Programmes with fewer measures.

In addition to the ‘virement’ of fund allocations between Programme priorities and measures, Scotland was able to re-allocate resources between its four regions. This was made possible due to the exceptional circumstances of the economic downturn in the South of Scotland and the severe impact of the foot and mouth disease in the two southern regions, Scottish Borders and Dumfries & Galloway.

## 4.4 Overall programme expenditure and investment volume

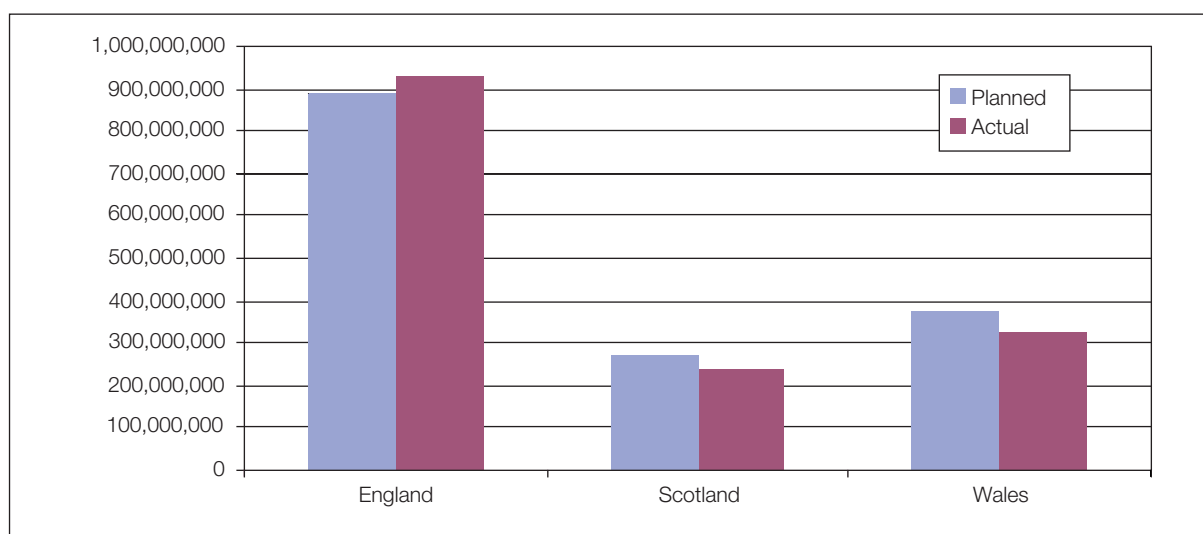
**Table UK 4.4** shows that 97% of the total UK-expenditure target (European, public and private sector) of 1999 was met, which amounted to an overall UK-investment volume of £1,489.7m.<sup>6</sup>

Scotland and Wales achieved their individual budget targets by 87% and 86%, whilst England reported a 105% achievement rate on 1999 spending targets. As demonstrated in the following sections, this high level of expenditure was mainly due to success in attracting private sector funding to project activity.

**Table UK 4.4:** Overall expenditure budgets and spend in England, Scotland and Wales (in £)

Objective 5b Regions	Final Budget in 1999	Spend in 2002	% of Spend in proportion to Final Budget
England	£887,645,108	£929,147,616	105%
Scotland	£270,548,356	£234,189,751	87%
Wales	£379,728,949	£326,354,262	86%
<b>UK Total</b>	<b>£1,537,922,413</b>	<b>£1,489,691,629</b>	<b>97%</b>

**Graph UK 4.4:** Planned (1999) v Actual Overall Programme Expenditure (£)



## 4.5 European structural fund expenditure

ERDF was by far the largest European Structural Fund, representing 66% of all EU-resources in Objective 5b in the UK. Much smaller proportions were provided by EAGGF (18%) and ESF (16%).

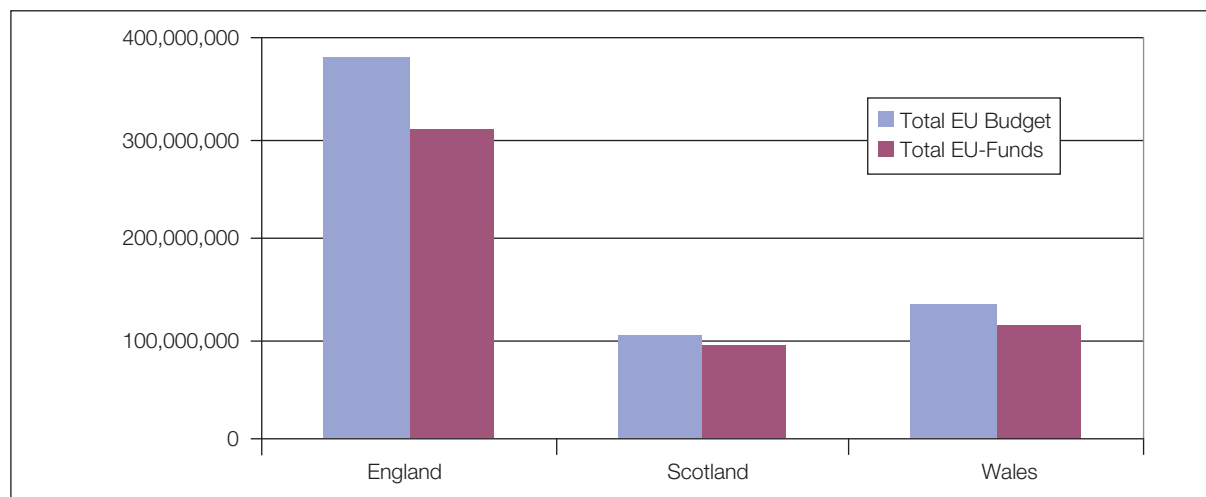
<sup>6</sup> Despite additional EU allocations, the value of the Programme decreased in 1999 to £1,529m, where as the value of the Programme in 1994 was £1,571m. The achievement rate, therefore, varies depending on which year one takes as comparator, against the 1999 budget the Programme's achievement rate was 97%, and against the 1995 budget, it was 95%.

**Table UK 4.5** demonstrates that the overall achievement rate of the UK was 82%, utilising a total of £511.6m EU-funds. England and Wales spent 81% and 82% respectively of its allocated EU-resources, whereas Scotland achieved slightly higher spending levels utilizing 87% of its 1999 budget allocation.

**Table UK 4.5:** EU structural fund final allocation budgets and spend in England, Scotland and Wales (in £)

Objective 5b Regions	Final Budget in 1999	Spend in 2002	% of Spend in proportion to Final Budget
England	£377,337,341	£306,700,496	81%
Scotland	£104,647,691	£90,978,094	87%
Wales	£139,200,000	£113,928,692	82%
<b>UK Total</b>	<b>£621,185,032</b>	<b>£511,607,282</b>	<b>82%</b>

**Graph UK 4.5:** Planned (1999) vs Actual EU Structural Fund Expenditure in the UK



The regional appendices show that in England, the smaller Programmes such as Lincolnshire and Midlands Uplands were more successful in achieving high spending levels (97% and 92% respectively). In Scotland the largest Programme, Dumfries & Galloway, managed to spend the highest amount, at 95% of its EU-budget. The lowest spending levels occurred in the UK's largest Programme, the South West, which utilised 77% of its allocated EU-resources.

**Tables UK 4.6 to 4.8** present the expenditure profiles against budget targets in each country, by individual Fund.

#### 4.5.1 ERDF

Expenditure against final ERDF budget allocations achieved similarly high levels in each of the three UK-countries, at between 85% and 87%. On a UK basis, 86% of ERDF allocations were spent, representing a total of £341.3m.

**Table UK 4.6:** Financial programme dynamics – ERDF (in £)

Name Of Programme	Final Budget (1999)	Actual Declared Expenditure (Spend in 2002)	Spend Against Final Budget In %	Number Of Projects Supported
England	£244,653,163	£207,385,749	85%	1,439
Scotland	£72,035,874	£62,681,956	87%	526
Wales	£82,191,000	£71,225,253	87%	N/a
<b>UK Total</b>	<b>£398,880,037</b>	<b>£341,292,958</b>	<b>86%</b>	

#### 4.5.2 ESF

Although Scotland managed to utilize 90% of its ESF allocations, England and Wales only achieved 68% and 69% respectively of their ESF expenditure against their target budget in 1999. This was mainly due to very low achievement levels amongst the largest England Programmes, such as Northern Uplands (55%), East Anglia (62%) and South West (68%).

The UK spent a total of £76.8m ESF resources, representing 72% of its overall ESF budget allocation.

**Table UK 4.7:** Financial programme dynamics – ESF (in £)

Name Of Programme	Final Budget (1999)	Actual Declared Expenditure (Spend in 2002)	Spend Against Final Budget In %	Number Of Projects Supported
England	£57,671,579	£39,263,158	68%	1,177
Scotland	£17,242,480	£15,564,522	90%	550
Wales	£31,768,000	£21,974,066	69%	N/a
<b>UK Total</b>	<b>£106,682,059</b>	<b>£76,801,746</b>	<b>72%</b>	

#### 4.5.3 EAGGF

EAGGF spend against target was relatively similar in all three UK countries. England spent 80%, Wales 82% and Scotland 83% of their allocated EAGGF budgets. At a regional level, expenditure levels varied greatly. For instance, in Scotland, the two southern regions fully met (Dumfries & Galloway) and exceeded (Scottish Borders) their increased final EAGGF allocations, indicating that the re-allocated resources fulfilled their purpose in the context of foot and mouth disease. Rural Stirling and NW Grampian utilized lower proportions, at 64% and 54% of their final allocation budget, respectively. Similarly in England, where the largest Programme South West utilised 98% of its EAGGF budget, but the second largest Programme, Northern Uplands, achieved only 63%.

In total, £93.5m of EAGGF resources funded project activity in the UK, primarily in the thematic areas of agricultural diversification and environmental works.

**Table UK 4.8:** Financial programme dynamics – EAGGF (in £)

Name Of Programme	Final Budget (1999)	Actual Declared Expenditure (Spend in 2002)	Spend Against Final Budget In %	Number Of Projects Supported
England	£75,012,599	£60,051,589	80%	324
Scotland	£15,369,336	£12,731,616	83%	249
Wales	£25,241,000	£20,729,373	82%	N/a
<b>UK Total</b>	<b>£115,622,935</b>	<b>£93,512,578</b>	<b>81%</b>	

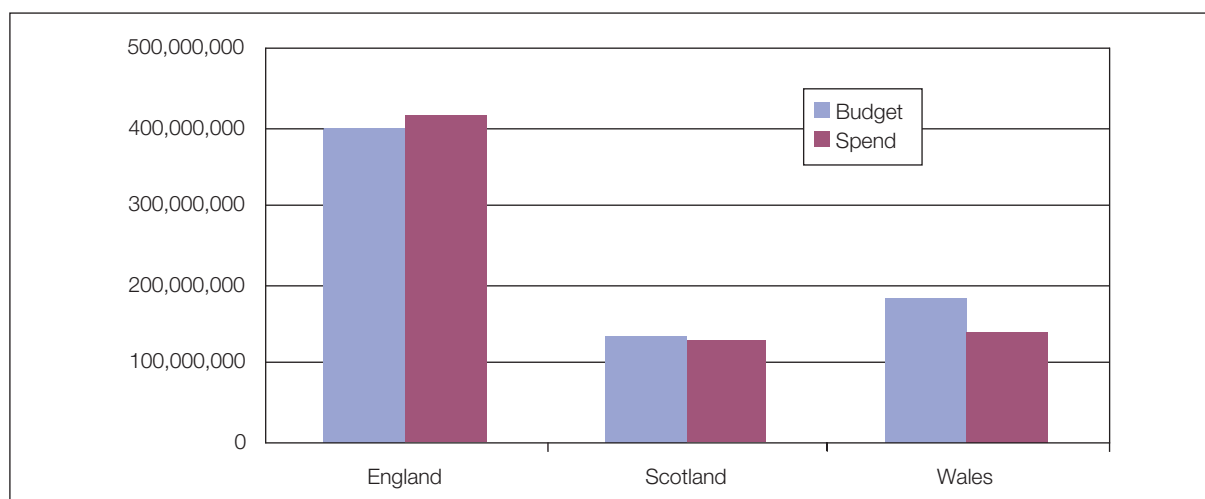
## 4.6 National public sector expenditure

The Final Budget allocations in 1999 reduced the expectations of public sector expenditure profiles in all three countries, between 1% (Wales), 6% (England) and 10% (Scotland). These expectations have been largely confirmed by final spending figures, with the exception of Wales, which spent 23% under target (see **Table UK 4.9**).

**Table UK 4.9:** Public sector final allocation budgets and spend in England, Scotland, and Wales (in £)

Objective 5b Regions	Budget in 1999	Spend in 2002	% of Spend against anticipated Budget
England	£397,630,898	£415,271,107	104%
Scotland	£131,751,922	£130,159,295	99%
Wales	£180,354,889	£139,262,311	77%
<b>UK Total</b>	<b>£709,737,709</b>	<b>£684,692,713</b>	<b>96%</b>

In total, Objective 5b project activity in the UK attracted £684.7m of public sector expenditure, 96% of its Final Allocation budget.

**Graph UK 4.6:** Planned vs Actual National Public Sector Expenditure in the UK (in £)

## 4.7 Private sector expenditure

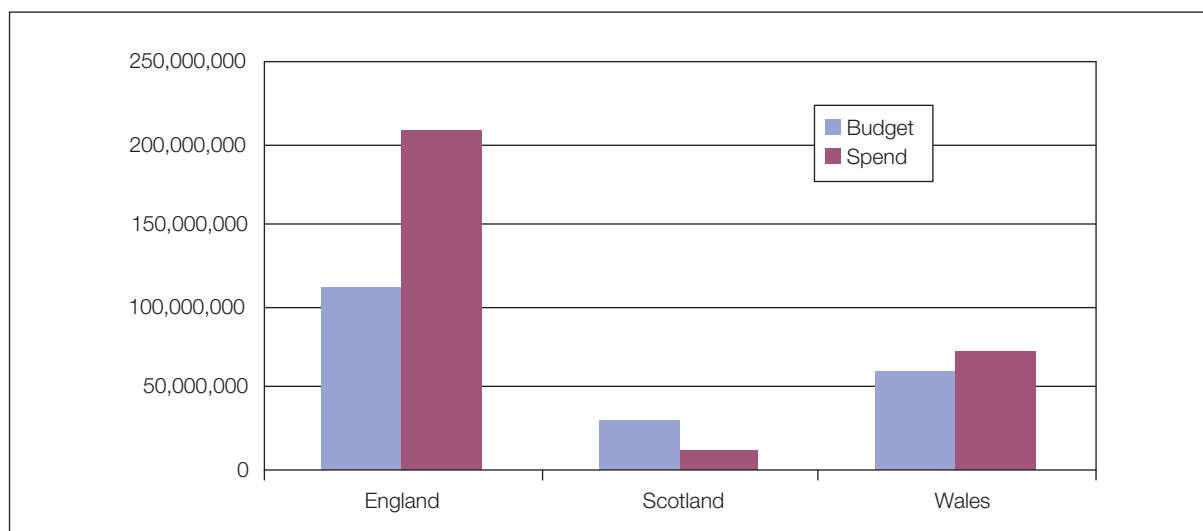
Private sector budget allocations varied between the three UK-countries. Wales and England predicted a higher expenditure profile in their Final Budgets in 1999 than originally anticipated in 1995, and raised their budgets by 41% (Wales) and 10% (England). Subsequently, both countries were successful and even exceeded their targets by generating £207m (England) and £73m (Wales) of private sector expenditure<sup>7</sup>. However, in Scotland the generation of private sector expenditure proved more difficult, with 45% (£13m) of its previously reduced budget target achieved. This, however, might be partly due to underreporting.

In total, Objective 5b project activity generated £293.4m private sector contributions exceeding its UK-target by 145%, see **Table UK 4.10** and **Graph 4.9**.

**Table UK 4.10:** Private sector final allocation budgets and spend in England, Scotland, and Wales (in £)

Objective 5b Regions	Budget in 1999	Spend in 2002	% of Spend against anticipated Budget
England	£112,676,868	£207,176,013	184%
Scotland	£29,018,692	£13,052,362	45%
Wales	£60,174,059	£73,163,258	122%
<b>UK Total</b>	<b>£201,869,619</b>	<b>£293,391,633</b>	<b>145%</b>

**Graph UK 4.6:** Planned vs Actual Private Sector Expenditure in the UK (in £)



Looking at the private sector contributions from a thematic perspective, **Table UK 4.11** shows the unit costs of £1 European funding spent against private sector expenditure by the six key Objective 5b themes.

It shows that projects targeted at agricultural diversifications were the most effective projects at generating private sector expenditure, as for each £1 of European resources spent, £1.41 in private sector monies was generated. Project activity relating to tourism, business development, and the environment commanded a medium position raising, on average, between £0.67 (tourism) and £0.53 (business, environment) per £1 European funding spend. Least effective were projects in the areas of training and community development.

As an overall average, Objective 5b projects in the UK generated £0.58 per £1 EU-funding spent.

**Table UK 4.11: Private sector spend against EU-spend in Key Objective 5B Themes in England, Scotland, and Wales (in £m)**

	Private Sector Expenditure (2002)	EU-spend (excl. Technical Ass.) (2002)	1£ of EU-spend = x £ of private sector expenditure
Business	£95.2	£178.6	£0.53
Tourism	£73.1	£108.8	£0.67
Skills	£24.3	£75.1	£0.32
Environment	£25.3	£48.1	£0.53
Community	£10.2	£49.0	£0.21
Agriculture	£65.1	£46.2	£1.41
<b>Total</b>	<b>£293.3</b>	<b>£505.8</b>	<b>£0.58</b>

## 4.8 Intervention rates

The following section examines the intervention rates, in terms of EU spend as a percentage of total eligible expenditure, by theme and by Fund, for the UK as a whole, and for England, Scotland and Wales.

The overall intervention rate was lowest in England (33%), followed by Wales with 35% and Scotland with 39%, bringing the overall rate for the UK to 34%.

Each of the three countries had lower EU intervention rates than originally envisaged; as noted above in Section 4.2, the original planned EU share of contributions was 42% for England, 41% for Scotland and 38% for Wales.

At a thematic level for the UK as a whole (**Table 4.12**), the lowest intervention rates were in Skills (28%), Tourism (31%) and Business (34%), while higher rates occurred for Agriculture (38%), Community Development (39%) and Environment (40%). This may reflect the availability of domestic match-funding programmes, as well as the ability to attract private sector contributions. Indeed, as noted above, Business and Tourism did achieve the highest levels of private sector contributions.

While the English intervention rates fluctuated most widely, from 23% for skills and training to 41% for environmental activities, they tended to be lower than those for Scotland and Wales. As noted above, England was successful in attracting a large amount of private sector finance, therefore lowering the required share of EU funding contributions.

Scottish intervention rates were fairly constant at around 42-44%, with the exception of Business Development activity, for which EU funds contributed only one-third (34%) of total expenditure. Scotland underachieved on private contributions, but also under-spent its EU allocation, with the balance therefore shifting towards domestic funding.

Wales also had a lower intervention rate, at 29%, for Business Development, and had the lowest intervention rate for Environment (36%).

**Table UK 4.12:** Intervention rates by Key Objective 5B Themes in England, Scotland, and Wales

	England	Scotland	Wales	UK
Business	37%	34%	29%	34%
Tourism	27%	42%	38%	31%
Skills	23%	44%	42%	28%
Environment	41%	43%	36%	40%
Community	38%	43%	44%	39%
Agriculture	35%	43%	44%	38%
<b>Total</b>	<b>33%</b>	<b>39%</b>	<b>35%</b>	<b>34%</b>

On a Fund by Fund basis for the UK overall, the lowest intervention rates were for EAGGF (31%) followed by ERDF (34%) and ESF (39%) (**Table 4.13**). The variance between the three countries was most evident in EAGGF, with England at 28% of Fund, as opposed to Wales at 40% and Scotland at 43%. Again, this is due to English EAGGF projects securing high private sector contributions. England, on the other hand, required the highest rate of ESF to finance projects, at 41%, while Scotland had the highest intervention rates for ERDF (38%).

**Table UK 4.13:** Intervention rates by fund in England, Scotland, and Wales

	England	Scotland	Wales	UK
ERDF	34%	38%	34%	34%
ESF	41%	39%	35%	39%
EAGGF	28%	43%	40%	31%
<b>Total</b>	<b>33%</b>	<b>39%</b>	<b>35%</b>	<b>34%</b>

**Note:**

Bi-funded measures were removed from calculations.

## 4.9 Summary

The Objective 5b Programme in the UK was very successful in attracting private sector resources to match-fund project activity, helping the overall Programme to achieve 97% spend against budget, and achieving an investment volume of £1,489.7m.

Domestic/public sector contributions were also high and met 96% of their anticipated expenditure target.

In terms of European Structural Fund expenditure, the UK spent £511.6m representing 83% of allocated budgets. ERDF achieved 83%, EAGGF 81% and ESF 78% of their respective budget allocations across the UK.

Contrary to expectations, the composition of actual expenditure was that European funding constituted one-third (34%) of the Programme's expenditure, public sector funding formed 46%, and private sector sources made up 20% of overall Programme expenditure.

## Section 5: Performance against programme objectives

### 5.1 Introduction

Chapter 5 presents the strategic aims of the Objective 5b Programmes in the UK according to six key themes. The Common Evaluation Questions<sup>8</sup> are incorporated throughout the themes, as appropriate.

Instead of repeatedly referring to the country-based Appendices (England, Scotland, and Wales), it should be noted that further, regional-based information regarding all sections discussed in this Chapter can be found in the appendices.

### 5.2 Business support

SPDs frequently identified a narrow industrial base, services with poor accessibility, and declining industrial sectors as key weaknesses in the development of their regions. Popular themes of Programme measures, therefore, addressed ‘improving businesses support activities’, ‘provision of premises and infrastructure’, SME’s financial support’, ‘technology transfer and innovation’, and ‘Support for existing and start-up businesses’.

Capital projects, such as servicing of land for industrial use and developing business premises, featured in nearly every Objective 5b region. Larger Programmes such as East Anglia, Northern Uplands and South West of England were able to support larger-scale projects (around £1m – £2m ERDF expenditure) with potentially larger regional impact. Wales, which had planned to support a number of major harbour and airport development projects, succeeded in one major and a number of smaller harbour investment initiatives. However, it did not manage to secure sufficient match-funding for further anticipated large-scale infrastructure investments, and ERDF resources had to be utilised in other business development measures.

Strategically and from an expenditure profile perspective, business support was the most important theme in the Objective 5b Programme in the UK, spending more than one-third (35%) of all EU-resources.

A total of £178.6m including ERDF as well as a share of ESF<sup>9</sup> funding has been invested in a wide range of capital and revenue projects supporting business development, diversification, industrial sites, and new firm creation.

Business support was the most dominant priority theme in every English, Scottish and Welsh Objective 5b region, sometimes commanding 50% of a region’s entire EU-expenditure (Lincolnshire, Dumfries & Galloway). The only exception was Rural Stirling, where tourism and training received higher EU-investments. At a country level, Scotland invested the highest share of its EU-resources (42%) in business support projects, whilst in England and Wales the shares were 33% and 34%, respectively.

<sup>8</sup> A set of questions which the European Commission required to be incorporated in all ex-post evaluations across Europe, in order to facilitate transnational analysis. The individual Common Evaluation Questions are included in the questionnaire used for Government Office consultations and presented in Appendix E.

<sup>9</sup> ESF in business support excludes business training as this is discussed under the ‘training’ theme. ESF measured under business support was for company and business advice schemes.

In terms of budget dynamics, Scotland's original budget allocation for business support measures was reduced by 21% in 1999, whilst Wales and England maintained the original allocations. All three countries managed to spend 83% to 84% of the final budgets.

England and Wales were very successful in attracting private sector contributions to business support projects. Both countries exceeded their budget targets and raised £39.3m and £49.1m, respectively. Scotland was less successful in achieving its private sector targets and recorded 43% (£6.7m) of private sector contributions. In total, the private sector invested £95.2m in business support measures throughout the UK, which indicates that £1 of EU resources raised £0.53 in private sector monies. Wales was the most successful of the three countries, and managed to raise £1.25 per £1 of EU-funding.

As Programme measures in the Objective 5b Programme combined capital and revenue budget lines, the evaluation could not extract the amount of expenditure spent on capital projects. However, according to Programme data, a total 136,231 sqm of premises were provided through ERDF support, which represented 99% of target.

Funding for business support frequently assisted Business Link schemes to become more accessible to a wider business client base and to extend the range of services on offer. Grant schemes and business advice projects were also popular in most Programmes, and aimed to improve the competitiveness of companies, via business growth and diversification initiatives. Telematics and IT infrastructure projects were also popular investments in some regions to help companies become more efficient and to access further market opportunities.

In terms of outcomes, regions reported achievements that greatly exceeded expectations and targets. In the case of new firms created, England and Scotland achieved between 98% and 93% of their targets, but Wales recorded 12 times more new firms created than originally targeted (38,137 against a target of 3,000 – and in terms of the overall business base, apparently over-stated), contributing to a total of 43,305 new firms reported UK-wide. However, Programmes did not monitor the sustainability of newly created firms, and we have, therefore, no information with regard to survival rates.

Similarly, the Objective 5b Programme assisted five times more businesses than anticipated in targets. As there were no clear definitions for performance indicators available to project managers at the time, it is likely that the assistance to businesses was interpreted more widely, and that the mere provision of information to businesses might also have been counted as a form of assistance.

The Programme also exceeded in its job creation targets, but remained closer to its original targets by reporting 36,779 jobs created (against a target of 32,045) and safeguarding 29,397 (against a target of 17,890) throughout the UK.

**Table UK 5.1: Business support performance indicators targets and actuals in the UK**

	Jobs created		Jobs safeguarded		Businesses Assisted		New Firms Created		Sqm Premises Provided	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
England	17,935	25,481	14,450	18,614	7,800	46,102	3,041	2,993	65,500	80,713
Scotland	4,160	5,992	3,440	10,783	4,456	10,432	2,334	2,175	9,740	16,372
Wales	9,950	5,306	–	–	300	1,763	3,000	38,137	63,000	39,146
<b>UK Total</b>	<b>32,045</b>	<b>36,779</b>	<b>17,890</b>	<b>29,397</b>	<b>12,556</b>	<b>58,297</b>	<b>8,375</b>	<b>43,305</b>	<b>138,240</b>	<b>136,231</b>

Business support measures sought to complement existing domestic programmes, such as SMART and SPUR, and in some regions performance indicators and targets were provided to record joint projects. Despite the fact that targets were set at low levels, cross-programme development of projects was infrequent and the respective achievement rate was low. A number of interim evaluations pointed out that complementarity between domestic business support programmes and the Objective 5b Programmes required improved collaboration and monitoring, but this proved to be difficult to accomplish.

### 5.3 Farm diversification

The importance of the agriculture sector was one of the key characteristics mentioned in the SPDs of Objective 5b regions in England, Scotland, and Wales. Identified problems included decreasing farm incomes, seasonality of employment, and poor access to services, constituting a declining sector with a poor future.

In comparison to other key themes, budget allocations of EAGGF and ERDF resources for agricultural activities were usually small. Only in Wales did farm diversification measures command a medium position with respect to their budget volume, and were exclusively funded by EAGGF.

Four English regions had a specific priority for agriculture and farm related development, whilst the majority of UK-regions opted to integrate farm diversification measures into their business support priority. Popular measure titles included development of agricultural diversification, farm/agri-tourism, agricultural business support, agricultural marketing and product development, as well as forestry and woodland development.

Overall EU-expenditure was relatively low (£46.2m) with agriculture being the theme spending the least EU-resources in the UK (9% of the total EU-expenditure). Although England and Wales managed to spend between 83% and 85% of their allocated final budgets, respectively, Scotland only reported a 52% spend of target allocation. Apart from Dumfries & Galloway, other regions in Scotland had a very low expenditure rate, at between 1% and 2% of their EU-resources.

However, in terms of attracting private sector contributions, agricultural projects were the most successful of all themes in the UK, raising a total of £56.1m in private sector monies. This success is mainly due to English regions which greatly exceeded their targets, whilst Wales and Scotland registered only limited success in achieving targets. On a UK-basis, £1 of EU-resources attracted £1.41 of private sector monies, in this context, the most effective use of European funding amongst all Objective 5b themes.

Popular activities funded under agricultural measures, included specialty foods development, agri-food chain, branding of foods and diversification into farm tourism. Some regions also explored more frequently alternative crop production, the development of farm shops, and the refurbishment of redundant farm buildings, as well as projects associated with wildlife and environmental management and care.

Where performance indicators were present, Programmes reported primarily on activity-based indicators. Whilst this allowed for a reasonable insight into how funding was spent in each individual region, indicators varied greatly and could not easily be aggregated to a country-level. In terms of intermediate and impact indicators, availability of indicators was generally low, and only a small number of Programmes included 'raised farm income', which could be used to validate reported job creation figures.

In Scotland, partly due to the low budget profile of agricultural measures, the range of performance indicators was very limited with regions primarily reporting 'number of diversification projects supported'. Although the Welsh Programme offered a range of indicators populated with targets and project results, there were some issues regarding the interpretation of indicators such as 'number of farm businesses advised on off-farm employment' and 'farm businesses advised', as pointed out by the Interim Evaluation. In this regard, the recorded figures are too high. The recorded data suggest that over 100,000 farm businesses received advice, where there were only around 15,300 VAT registered agricultural businesses in Rural Wales in 1995. It is, therefore, likely that the definition of 'advised' included multiple assistances, information provided through leaflets etc. Similarly, the recorded data suggests that the jobs of half of all the employed population in agriculture and fisheries (37,800 in 1995) were safeguarded. In both instances, project outcomes exceeded targets significantly, but it is likely that the reported values are based on much more inclusive definitions of the respective performance indicators. It should be noted that this sort of scenario is apparent in nearly all Objective 5b Programmes, and is primarily due to the fact that there was no guidance material provided to projects, which could have raised the awareness and know-how of how to interpret and implement performance indicators.

All Programmes in Scotland and Wales and two regions (East Anglia and Lincolnshire) in England included specific measures dealing with forestry, woodland development and forest roads to support the forest industry including timber processing, help diversification on farms, and provide woodland advisory services and training schemes. In Scotland, a relatively wide range of performance indicators was available for forestry projects, usually more inclusive than the range available for agricultural schemes. However, in England and Wales, reporting on achievements of forestry related projects was more restricted.

**Table UK 5.2: Farm diversification performance indicators targets and actuals in the UK**

	Jobs created		Jobs safeguarded		Businesses Assisted		Diversification Studies		Diversification Projects	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
England	1,450	4,062.8	28,205	9,025.5	2,974	6,212	404	1,282	170	167
Scotland	1,500	33	–	–	78	15	2	4	440	264
Wales	450	536	1,750	17,961	3,000	103,458	–	–	–	–
<b>UK Total</b>	<b>3,400</b>	<b>4,631.8</b>	<b>29,955</b>	<b>26,986.5</b>	<b>6,052</b>	<b>109,685</b>	<b>406</b>	<b>1,286</b>	<b>610</b>	<b>431</b>

## 5.4 Tourism

In the UK, tourism initiatives commanded one-fifth of all EU-resources (21%), which was in addition to tourism projects funded under themes such as general business support measures and agriculture.

In the majority of SPDs, the tourism industry was identified as a platform for further regional development, particularly in connection with ambitions to utilise the environmental beauty and remoteness of rural areas for the economic benefit of its communities. At the same time, regional strategies frequently pointed out that the seasonality of employment, usually associated with the tourism and agricultural sectors, was a distinct weakness. This conundrum was usually addressed by the intentions to seek diversification into more specialist markets, such as the environment, wildlife appreciation, heritage and culture, and to attract new visitors to the region through improved information and marketing techniques, and to try extending their stay through packaging and developing a wider range of visitor attractions. As mentioned earlier, the environment was often seen as closely connected to tourism development and initiatives (such as the extension of cycling routes, and environmental attractions such as the Eden project, or biogas and Energy Centre in the South West of England), funded under environment measures must be seen as strongly contributing to the tourism potential of the respective regions.

Apart from four regions (three in Scotland and Midlands Uplands in England), Programmes were equipped with dedicated tourism priorities incorporating between two and eight specific measures usually addressing 'business support', 'tourism promotion and marketing', 'farm tourism', 'enhancement of attractions', and 'training and skills development'.

In many regions, a popular investment target was support for tourism information centres and visitor centres. England and Scotland exceeded their targets by four and five times, by improving existing and creating new visitor facilities. UK-wide, a total of 399 visitor centres were improved and newly set up with Objective 5b support, **Table UK 5.3.**

Further capital investment was aimed at the improvement and development of new visitor attractions, including heritage, cultural and historic sites, as well as the improvement and extension of accommodation, in order to encourage visitors to extend their stay.

Marketing initiatives, including grant schemes, and individual business advice and training workshops, were geared to build on the existing and newly created visitor product attracting new visitors and offering extended packages of tourism activities. A substantial number of this type of projects were funded, and regions reported a total of 10,435 businesses, assisted through marketing and other tourism related services. This represented a 10 times over-achievement of targets, primarily based on the South West Programme reporting 6,629 businesses as assisted.

In proportion to its EU-investment volume, tourism was the second most successful theme in attracting private sector contributions. All three countries exceeded their budget targets of 1999, and raised a total of £73.1m (England £59.2m, Scotland £1.9m, and Wales £12.0m), which implies that £1 of EU resources attracted £0.67 of private sector monies.

In terms of job creation, Final Reports recorded a total of 62,500 jobs created and 22,680 jobs safeguarded. Although that evaluation had no means of verifying these results through project manager/beneficiaries surveys, the following observations can be made:

- Although Scotland, with £16.8m EU-resources, had the least investment volume in tourism, job creation targets were set high (10,305), particularly in comparison to the English targets of 3,880 jobs and an investment volume of £65m;
- The high level of reported jobs created in Scotland stems primarily from the region of Dumfries & Galloway, which recorded 44,833 jobs created against a target of 6,200. Having said this, the wording of the performance indicator was ‘jobs in the tourism industry’, and might well have been a regional statistic of existing jobs, although the target of 6,200 referred to a additional jobs. As regional employment in 2002 was 52,762 (ABI-employment census), we adjusted the reported jobs created figure to its target of 6,200; and
- The high level of reported jobs created in England originates predominantly from the South West region, which recorded 11,659 jobs created against a target of 2,365, indicating that either target setting at the outset of the Programme, or counting at the completion stage of projects might have been based on different understanding of the meaning of this particular performance indicator.

It is unlikely that the reported figures for jobs created are valid, and should, therefore, be used with caution.

**Table UK 5.3:** Tourism performance indicators targets and actuals in the UK

	Jobs created		Jobs safeguarded		Businesses Assisted		New improved Attractions		New/Improved Visitor Centres	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
England	3,880	16,216	8,700	22,342	1,150	9,320	173	786	45	215
Scotland	10,305	(45,301) 6,200 <sup>10</sup>	–	–	325	724	53	92	42	172
Wales	2,550	983	250	338	360	391	90	386	30	12
<b>UK Total</b>	<b>16,735</b>	<b>(62,500)</b> <b>23,399</b>	<b>8,950</b>	<b>22,680</b>	<b>1,835</b>	<b>10,435</b>	<b>316</b>	<b>1,264</b>	<b>117</b>	<b>399</b>

## 5.5 Training

In most UK regions, training and skills development occupied the third most important investment area of the Objective 5b Programme. The main exceptions were the two largest Programme areas, Northern Uplands and South West, where training commanded a fifth and fourth position in terms of their proportionate overall EU-expenditure volume.

<sup>10</sup> As the employment in 2002 was 52,762 (ABI-employment census), we reverted the reported jobs created figure to its target of 6,200.

A narrow and low skill base was often identified as one of the major human resource weaknesses of the Objective 5b regions in Scotland, England, and Wales, combined with problems of remoteness of rural communities and associated issues of access to education and training services.

There were two distinct ways, in which Programmes approached training and skills development in the design of their Programme structures: five Programmes dedicated distinct priorities to human resource development, whilst six incorporated training measures within more industry sector oriented priorities (good examples for this more integrated approach are Northern Uplands, The Marches, Rural Stirling, and Wales).

A total of £75.1m (15% of the overall EU-expenditure in the UK) was spent on a wide range of training initiatives, including business skills development, tourism training, environmental management training, and agricultural skills. These were usually targeted at employed as well as unemployed individuals and aimed to developing employment, diversification, marketing, IT and new skills. In Final Reports, many regions (The Marches, Midlands Uplands and Lincolnshire, Northern Uplands) reported on the value and positive impact distant learning packages, training in IT and outreach skill development initiatives had had in addressing problems associated with remoteness and peripherality.

The remoteness of communities and low density population in the eligible regions caused many Programmes problems, particularly the two larger Programmes in Northern Uplands, and South West, regarding the development of feasible training projects. Quality applications were hard to come by during the earlier years of Programme implementation.

Although training budgets, including ESF, ERDF, and EAGGF, proved difficult to spend, most Programmes undertook specific efforts to involve a wider partnership and to promote the development of training projects during the latter years of Objective 5b. This worked particularly well in Scotland and Wales, where 89% of allocated resources were spent. England managed to invest 70% of its approved training and skills development budgets.

Private sector contributions to training projects exceeded budget expectations and raised a total of £24.3m, the equivalent of £0.32 per £1 EU-fund invested. In comparison to the other Programme themes, the private sector performed less effectively in training than for tourism, business support, agriculture and environmental initiatives. However, in Scotland training was the theme that attracted most reported private sector funding.

The range of performance indicators and recorded outcomes varied greatly, with many regions failing to identify targets, some regions offering a very poor selection of indicators, and others failing to report or under-reporting outcomes for available indicators. Number of participants/beneficiaries was the only indicator reported by all but one region in the UK.

**Table UK 4.4** shows that a total of 174,618 persons received training. However, as with 'businesses assisted', there is a suggestion that the three countries interpreted the meaning of 'beneficiary' differently, unless under-reporting had been a major issue in some countries. By putting the number of recorded beneficiaries in context to the amount of EU funding spent on training and skill development projects, **Table UK 4.5**

indicates that the cost per beneficiary varied greatly with the highest unit costs in England (£1,082) and the lowest unit costs in Scotland (£183).

Not all regions measured and reported on the number of beneficiaries achieving NVQ or equivalent qualifications. In Scotland, only Dumfries & Galloway recorded this indicator and in England two of the larger Programmes also failed to provide this information. In addition, the phrasing and meaning of this indicator was, at times, extended and included people gaining credits towards an NVQ. The reported total of 34,581 beneficiaries gaining NVQ or equivalent qualifications in the UK is, therefore, to be used with care. A minority of Programmes specified project results according to NVQ levels I, II, or III.

Although businesses were targeted with training and skill development measures in all three countries, only England regions offered a relevant performance indicator and reported to have trained 2,721 businesses. Project titles from Wales and Scotland confirm that businesses also benefited from Objective 5b training, however, no performance indicator was available to report on achievement.

In terms of jobs, only seven regions (Wales, one Scottish, five English) included this indicator in their range of training/skill development measures, and in total reported 8,256 jobs created and 6,969 jobs safeguarded.

**Table UK 4.4:** Training/skills development performance indicators targets and actuals in the UK

	Jobs created		Jobs safeguarded		Businesses Assisted		No gaining NVQ/equivalent		No of Businesses Trained	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
England	1,587	4,587	6,600	6,969	22,105	39,031	2,575	14,723	3,220	2,721
Scotland	-	193	-	-	3,600	81,357	-	204	-	-
Wales	-	3,476	-	-	-	54,230	-	19,654	-	-
<b>UK Total</b>	<b>1,587</b>	<b>8,256</b>	<b>6,600</b>	<b>6,969</b>	<b>25,705</b>	<b>174,618</b>	<b>2,575</b>	<b>34,581</b>	<b>3,220</b>	<b>2,721</b>

**Table UK 4.5:** Unit costs in training and skill development in the UK

	No Beneficiaries	EU-Spend	EU-spend/beneficiary
England	39,031	£42,236,558	£1,082.13
Scotland	81,357	£14,947,953	£183.73
Wales	54,230	£17,918,900	£330.42
<b>UK Total</b>	<b>174,618</b>	<b>£75,103,411</b>	<b>£430.10</b>

## 5.6 Environmental works

All UK Objective 5b Programmes addressed the environmental situation and development objectives in their respective SPD. Programme documentation also showed that management procedures, such as project selection criteria and appraisal procedures, included environmental assessments of projects to some degree.

Most Scottish Objective 5b regions and two English Programmes, Northern Uplands and South West, included dedicated Environment priorities. Five other regions opted to incorporate one or two environmental measures under their agriculture or tourism

priorities, whilst Midlands Uplands addressed environmental objectives exclusively through a horizontal approach, via project scoring criteria. The Rural Wales Environmental Advice Panel ensured that environmental aspects were considered across all project applications; this was innovative at the time and was considered to be a step towards the current sustainable economic development policy in Wales.

Although for most Programmes the main objective and project appraisal position was to avoid negative environmental impact, some Programmes developed very detailed environmental monitoring frameworks and, at times, commissioned specific studies to prepare for the assessment of environmental impact including performance indicators measuring intermediate and long-term impact. However, in practice, these initial good intentions proved to be difficult to operate at a project level, and remained largely under-reported in Annual and Final Reports. Whilst most Programmes with a particular interest in environmental development provided a wide range of activity-oriented performance indicators, intermediate and impact indicators were rarely used.

Funded through ERDF and EAGGF resources, the environment was one of the three lowest funded Objective 5b themes of the Programme throughout the UK (excluding budgets allocated against Technical Assistance). Final budget allocations in Wales and England were met by 83% and 81% respectively. In Scotland, however, expenditure on environmental projects exceeded expectations, so that original allocations were increased by 12% in 1999. Even then declared expenditure exceeded budget allocations<sup>11</sup>.

Overall, Objective 5b in the UK spent a total of £48m (9% of its overall declared EU-resources) on environmental projects, whereby England and Scotland spent 11% and Wales 4% of their respective EU-resources. There were two regions that focused considerably more on the environment than others: Northern Uplands in England and Scottish Borders in Scotland, both spending 21% of their total EU-resources on environmental measures.

As mentioned before, most Programmes with a particular interest in environmental development, such as Northern Uplands, South West, and the Scottish Programmes, reported against a wide set of activity-based project performance, including number of environmental projects undertaken, km of footpaths and cyclepaths developed, environmental strategies developed, etc. Targets were usually exceeded. Some of the large-scale projects in England included work connected to the Eden Project, and the UK's first centralised biogas plant in Devon.

In terms of performance measurement, Midlands Uplands and Dumfries & Galloway did not include any indicators relating to environmental project achievement. The four performance indicators selected in **Table UK 4.6** show that Objective 5b environmental project activity included the improvement of 12,336 ha of land in England and Scotland. This does not include the improvement of derelict land, which was usually an indicator recorded in the business support measures, and reporting an additional 2,931 ha of land reclaimed and improved (127 ha in Wales, 2,692 ha in England, and 112 ha in Scotland) exceeding most regions' targets.

<sup>11</sup> The figures in the Final Reports of Scottish Objective 5b regions stated that EAGGF could not entirely be confirmed yet, at the time of writing this report. The EAGGF figures used in this report might, therefore, represent commitment rather than declared expenditure.

All three countries reported assistance to 184,063 businesses in improving their environmental management exceeding most regions' targets. However, this level of assistance did, at times (Scottish Borders, Rural Stirling, The Marches, East Anglia), not connect well or underachieved on targets regarding the indicator of 'hectares of land improved'.

Whilst jobs created were reported in most regions (a total of 2,259 jobs primarily based on reported figures in the South West Programme), jobs safeguarded was only targeted and reported by South West and Northern Uplands.

**Table UK 4.6:** Environmental works performance indicators targets and actuals in the UK

	Jobs created		Jobs safeguarded		Businesses Assisted		Ha of Land Improved	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
England	742	2,092	2,020	3,420	89,724	150,001.5	1,055	1,316
Scotland	199	123	–	–	143	287	14,000	11,020
Wales	20	44	–	–	24,000	33,775	–	–
<b>UK Total</b>	<b>961</b>	<b>2,259</b>	<b>2,020</b>	<b>3,420</b>	<b>113,867</b>	<b>184,063.5</b>	<b>15,055</b>	<b>12,336</b>

With regard to generating private sector contributions, environmental projects raised £25.3m private sector resources. In terms of efficiency, environmental projects were as successful as business support projects generating £0.53 in private sector monies for every £1 of EU-funding spent with English regions achieving the highest proportion of private sector funding (£1/£0.69).

## 5.7 Rural communities

Most English Objective 5b Programmes, Wales and Dumfries & Galloway in Scotland addressed community development through dedicated Programme priorities. However, each Programme in the UK incorporated one or two specific community oriented mixed capital/revenue measures, which usually targeted village development, rural heritage, skills development to meet local labour market needs, improving community facilities and infrastructure, as well as SME development.

Rural community-based project activities in the UK spent 10% (£48.9m) of all EU-resources in the UK. Rural communities was, therefore, one of the smallest spending themes of the Programme. However, in 1999 rural community measures received a considerable boost through additionally allocated resources in Scotland, where the original budget was increased by 77% and was nearly all spent (94%). Although England reduced its community budget lines by 8% in 1999, it exceeded its new budget targets by 107%. In Wales budgets were slightly increased by 5% and spent 88%.

Only in the larger Programmes, such as South West, Northern Uplands, The Marches, and Dumfries & Galloway measures dedicated to the development of rural communities managed to spend above 10% of their total regional EU-expenditure.

The range of performance indicators available was wide, but pre-dominantly activity-oriented in most Programmes. This allowed a reasonable insight into what particular activities individuals Programmes pursued, but makes aggregation of country and UK-wide results difficult. Although Programmes implemented a considerable number of capital projects, outputs were not recorded in measurable terms such as by sqm. However, as **Table UK 4.7** shows, most regions reported the number of their community enhancement projects funded by Objective 5b, and recorded a UK total of 1,634, well above targets. This is mainly due to Northern Uplands reporting the improvement of 1,064 community facilities.

Targets were also exceeded in terms of job creation and safeguarding, with more than half of all community-based jobs created in the UK recorded in the South West Programme (2,412).

Community-based projects generated a total of £10.2m of private sector funding, in comparison to its EU-investment volume of £48.9m, the least effective theme in attracting private sector contributions (£1 of EU-resource generated £0.21 of private sector resources).

**Table UK 4.7:** Rural communities performance indicators targets and actuals in the UK

	Jobs created		Jobs safeguarded		No of Community Enhancement Projects		Number of Businesses Assisted	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
England	1,355	3,759	5,218	2,836	154	1,343	–	–
Scotland	103	245	40	8	39	88	20	266
Wales	270	373	250	3,304	120	203	–	–
<b>UK Total</b>	<b>1,728</b>	<b>4,377</b>	<b>5,508</b>	<b>6,148</b>	<b>313</b>	<b>1,634</b>	<b>20</b>	<b>266</b>

## 5.8 Summary

**TABLE UK 4.8** presents a summary overview of a small set of core indicators representing aggregated achievement levels across the UK.

**Table UK4.8:** Programme performance indicators (core indicators)

CORE PERFORMANCE INDICATOR	ENGLAND	SCOTLAND	WALES	UK TOTAL
Jobs created	56,198	12,786	10,718	<b>79,701</b>
Jobs safeguarded	63,207	10,791	75,446	<b>149,444</b>
New firms created	2,993	2,175	4,582	<b>9,750</b>
Businesses assisted	62,950	10,432	21,950	<b>95,332</b>
Land serviced (ha)	2,692.2	112.08	261.8	<b>3,066</b>
Sqm premises provided	80,713	16,372	131,000	<b>228,085</b>
New/improved attractions	786	92	236	<b>1,114</b>
New/improved visitor info centres	215	172	60	<b>447</b>
Diversification studies	1,282	4	748	<b>2,034</b>
Diversification projects	167	264	190	<b>621</b>
No of beneficiaries	39,031	81,357	28,410	<b>148,798</b>
No. gaining NVQ/equiv.	14,723	204	4,250	<b>19,177</b>
No. businesses trained (ESF)	2,721	–	4,140	<b>6,861</b>
Ha land improved	15,0082.5	11,020	176,728	<b>337,831</b>
No community enhancement projects	1,343	88	223	<b>1,654</b>

## Section 6: Caset study analysis

### 6.1 Introduction

A total of 10 projects were reviewed as case studies for the evaluation. The approach of incorporating a case study exercise into the ex-post evaluation was taken in order to seek examples of best practice and to inform the assessment of added value and impact. The evaluators sought to identify a balance of projects from England, Scotland and Wales, representing the three Funds, ideally of a sizeable funding volume, which had been independently evaluated with an economic impact assessment. The exercise proved challenging, due to the lack of evaluation evidence available on projects supported during this funding period. **Table UK 6.1** shows the final project selection.

**Table UK 6.1: Case study profile**

Case Study No.	Region	Title	Fund	Key Themes	Total eligible expenditure
1	The Marches	Empowering Enterprise in Local Communities	ERDF	Community Development	£200,000
2	Midlands Uplands	Honeycomb Employment Resource Centre	ERDF	Training	£71,000
3	East Anglia	Business Grant and Support Package	ERDF	Business Development	£366,667
4	Stirling/Tayside	Business and Environment	ERDF	Environment	£150,000
5	Midlands Uplands	Bakewell Project	ERDF	Agriculture	£4,385,715
6	Borders	Regeneration/Diversification Programme	ERDF	Business Development	£582,000
7	NW Grampian	Aberdeenshire Access Strategy	EAGGF	Environment	£545,000
8	South West	Westcountry Rivers Project	EAGGF	Environment	£1,064,274
9	NW Grampian	Upper Deeside Access Trust	EAGGF	Environment	£488,350
10	Borders	Borders Training and Employment Project	ESF	Training	£983,840

Full case study descriptions can be found in **Appendix G**.

### 6.2 Project management

Some projects involved a range of funding partners and established formal management structures. Often this was the applicant's first experience of setting up a partnership, to pool resources. In the case of the Suffolk Business Support Package (Case Study 3), for example, this was the first attempt to bring together often competing and duplicative business support activities in the area. Other projects were implemented directly by the applicant with no external input (e.g. Case Study 8).

Some examples of good practice in project management were found:

- Setting up a small project steering group involving partner organisations, able to make decisions quickly and by consensus (Case Studies 5, 9);
- For complex projects involving a wide range of organisations and local communities, a tiered project management structure helped to ensure that all interested parties were able to input to the management process (Case Study 5);

- Responsibilities were divided in order to efficiently utilise expertise, ie. one group monitors technical progress of the project, and another took responsibility for financial and personnel management (Case Study 8);
- Clearly defined aims and objectives set out in a Business Plan, with target outputs, enabled the project to maintain its focus and achieve a manageable set of objectives (Case Study 9).

Working in partnership is not without its challenges, however; it requires strong commitment, co-ordination and communication between implementing partners.

In Case Study 1, concern arose over partnership buy-in – it proved difficult to generate active engagement of partners, even those who had signed up to funding bids, in particular strategic input from senior management. In the course of the project, however, good working protocols were established between the two implementing local authorities, and community representatives were included in the decision-making process to ensure the project's scope was understood, and local priorities were addressed.

### **6.3 Target groups and beneficiaries**

The case studies targeted a mixture of businesses, farmers, residents and disadvantaged groups. Methods of engaging and sustaining the interest of target groups included:

- Involving interest groups and organisations in the consultation process, and actively seeking their input to project design and development (Case Study 1, 2, 7);
- Introduction of an Affiliate Membership scheme to encourage active participation of interest groups in decision-making to prioritise activity according to locally defined needs (Case Study 9);
- Public consultation exercises, followed up with ongoing communications and marketing campaigns;
- Employing local development workers to put a recognisable 'face' to the project and to build relationships within communities (Case Study 1);
- Using existing business advisor knowledge to identify suitable businesses, which were then followed up by specialist advisors (Case Study 4); and
- Use of experienced advisors to engage and follow up with farmers, thus building ongoing relationships (Case Study 8).

Problems experienced with target groups were often due to lack of planning, consultation or communication before project implementation:

- Difficulty identifying and engaging the target group, young disadvantaged people; further research concluded that the people in most need lived outwith the 5b area (Case Study 5);

- Opposition within the community to a building project, which caused delays in planning consents. It was recognised that a fuller consultation process and better project planning could have helped to avoid these problems (Case Study 5);
- Resistance from landowners (Case Study 9) was addressed by ongoing consultation and finally resolved by demonstrating positive results from another area; and
- Unclear communication of rules and objectives of the project led to misunderstandings over eligibility; this was solved by improved marketing and advice (Case Study 10).

## 6.4 Project synergies and integration

Ideally, projects should seek to identify ways to integrate activity with complementary schemes and projects in the area, in order to maximise benefits to target groups and minimise duplication. For example, some of the larger projects formed packages of support, linking physical regeneration with employment and training activities to improve the target area. A few projects did actively seek to link with other projects, for example:

- The Empowering Enterprise in Local Communities project (Case Study 1) specifically set out to channel and complement resources from European and domestic funding sources, such as SRB and local authority community development initiatives, and to ensure a high degree of coordination between funding programmes. The EELC programme also aimed to work in partnership with the LEADER II programme operating within some of the Marches 5b area to encourage people to *'become actively involved within the process of sustainable economic regeneration of their community'*. Within the area, LEADER II specifically aimed to promote a locally-led community-based economic development programme to assist in the acquisition of skills by local people and to promote rural innovation; and
- The Westcountry Rivers Project (Case study 8) was not the only project seeking to improve land management practices in the area. Therefore, the project team liaised regularly with other projects, for example the EnSUS Farming Club, which sought to help groups of farmers to manage resources more efficiently. This ensured that farmers received coordinated support.

## 6.5 Environmental sustainability

In terms of meeting the environmental sustainability objectives of the Objective 5b Programme, projects can be divided into three groups:

- Those which had a specific environmental objective and were often funded under the environmental measures within their respective Objective 5b Programmes (Case Studies 4, 7, 8, 9). Most of these were countryside improvement schemes, with the exception of Case Study 4, which aimed to raise awareness of the environment within the business community;

- Those which incorporated environmental aspects into mainstream economic development and regeneration activity (Case Studies 1, 2, 5); and
- Those which did not address environmental sustainability (Case Studies 3, 6, 10). This group was comprised of business development support programmes.

Strategies to improve environmental sustainability included:

- Actively targeting companies that required to comply with environmental legislation to work through compliance issues; raising awareness of best practice among the business community; assisting businesses to develop environmental products; establishing a forum for the discussion of environmental issues in the business community. This complemented and added value to standard business development support in the area (Case study 4);
- Countryside access strategies to disperse visitors and manage environmentally sensitive countryside areas. Care was taken in the use of materials for pathway development (case study 9); and
- Environmental agency expertise was called upon where necessary to evaluate environmental impact and advise on best practice in developing countryside access (Case Study 7).

Some projects incorporated environmentally sustainable aspects into training or regeneration activities, for example:

- In a project providing training for people with learning difficulties, care was taken to use wood from sustainable woodlands in the manufacture of products (Case Study 2);
- In a wider regeneration project, specific environmental targets relating to land improvement, pollution, traffic management, protection of habitat; targets were set (Case Study 5); and
- A quality of life improvement initiative included waste management and recycling schemes (Case Study 1).

In total, seven out of 10 projects addressed environmental sustainability objectives relatively well. However, although many projects set environmental objectives, often the impacts of activities were not measured or reported against fully.

## 6.6 Project outcomes and impacts

In most cases projects reported that targets had been met or exceeded. However, project evaluations did not always measure progress in terms of Objective 5b targets if this was not the main funding component.

**Table UK 6.2** shows the impact of the projects in terms of jobs created and safeguarded, together with the EU costs per job. The data provided to the evaluation did not allow a comparison of actual unit costs versus planned unit costs for the case study projects, nor were we able to establish total Public Sector costs per job.

The data shows that EAGGF projects had low job impacts, and corresponding high unit costs, in comparison to most ERDF and ESF projects. Perhaps unsurprisingly, those projects targeting business growth and enterprise claimed the most jobs. These reported unit costs demonstrate that projects may have lacked the necessary skills to report accurately.

**Table UK6.2: Job related impacts**

No.	Title	Fund	O5b award	Jobs created	Jobs safeguarded	EU Cost per job created	EU Cost per job safeguarded
1	Empowering Enterprise in Local Communities	ERDF	£189,848	163.2	120	£1,163	£1,582
2	Honeycomb Employment Resource Centre	ERDF	£28,735	7	0	£4,105	–
3	Business Grant and Support Package	ERDF	£197,542	404	165	£489	£1,197
4	Business and Environment	ERDF	£15,016	22.3		£673	
5	Bakewell Project	ERDF	£1,615,259	297	440	£5,439	£3,671
6	Regeneration/Diversification Programme	ERDF	£156,658	303	0	£517	–
7	Aberdeenshire Access Strategy	EAGGF	£253,545	0	0	–	–
8	Westcountry Rivers Project	EAGGF	£403,518	14.3	0	£28,218	–
9	Upper Deeside Access Trust	EAGGF	£262,114	1.5	10	£174,742	£26,211
10	Borders Training and Employment Project	ESF	£519,167	389	0	£1,335	–

Only a few economic impact assessments were undertaken, and these identified further benefits such as growth in business turnover, increased sales, increased numbers of visitors, etc.

Softer impacts such as increased motivation, self-esteem, confidence etc, and capacity building, improved partnerships and better relationships within communities were also identified.

The quality of evaluations varied, however, and a full picture of progress towards targets and net impact was not always provided.

## 6.7 Exit strategies

While some projects ceased on completion of the Objective 5b funding period, often elements of the projects continued in another form (Case Studies 3, 4, 6, 8, 10), carrying forward lessons and recommendations from the initial project. For example, the business into the environment project (Case Study 4) ceased to employ specific staff to advise businesses on environmental matters, but instead incorporated this within the general business development portfolio, ensuring that businesses continued to receive support.

Other projects, for example Case Studies 1, 2, 5 and 9, were able to maintain momentum and further developed the partnerships and funding packages to enable the project to continue. The EELC project (Case Study 1) stated that the requirement for sub-projects to think ahead about exit strategies during the application stage, was

instrumental for the successful continuation of projects after Objective 5b funding had stopped. Case Study 9 (Access Trust) was able to secure commitment from a range of partners for a long term business plan, and used the experience of the first project to develop a larger-scale access strategy for the Eastern Cairngorms.

For a good many projects, therefore, there was a positive picture of continuing partnerships, building on increased capacities and evolving project activity.

## **6.8 Summary**

In summary, this was many projects' first experience of Structural Funds project implementation; many projects cited lessons in project management in terms of forming management groups, setting realistic targets and monitoring activity, and ensuring compliance. There were a number of good examples of successful implementation of European principles such as partnership working, environmental sustainability, project integration and complementarity.

The bottom-up approach taken by many projects, ensuring community involvement in project development, management and ongoing consultation during implementation was encouraging, and ensured buy-in and capacity building which should have enhanced longer-term impacts.

Due to limitations in the information gathered, however, it is not possible to develop a clear picture from the project sample of final outcomes and impacts.

# Section 7: Value for money and net impact of Objective 5B

## 7.1 Introduction

Chapter 7 utilises the findings from the analysis of Programme outcomes and presents an assessment of the Programmes' value for money. A benchmarking exercise with the findings of the LEADER II Ex Post Evaluation and the calculation of net impact for England, Scotland and Wales provides further insight into the Programme's actual achievements. Whilst the assessment of gross and net benefits are based solely on performance monitoring data as presented in the Final Reports, Chapter 7 also presents the findings from consultations with Government representatives to further inform the conclusions of this study.

## 7.2 Performance indicators (core indicators)

The assessment of a Programme's net impacts depends to a large extent on the quality of recorded monitoring information and the robustness of monitoring systems. At the time of the implementation of the Objective 5b Programme, the design and definition of performance indicators, as well as the capability of respective monitoring systems, were not as sophisticated as they are in the subsequent Programme period. Technical assistance in the form of a Programme Complement, which incorporates vital information for project managers regarding the specific definition of individual indicators and the way project outcomes should be measured and monitored, was not available at the time.

Findings from consultations showed that reporting on indicators was largely driven by projects and their individual interpretation of the meaning of performance indicators, and reported project outcomes were seldom checked for validity at a project level. Achievements were, therefore, recorded as reported by projects. Similarly, if projects did not manage to spend as envisaged in their application, Programme Secretariats rarely investigated why this was the case.

While the accuracy of reported financial figures of the Objective 5b Programmes has been confirmed by audit statements (although there are some outstanding issues with regard to EAGGF figures in Scotland as far as their status as declared expenditure or committed expenditure is concerned), the more serious problem arises with the assumed accuracy of reported physical outputs. The evaluation has found a number of obstacles, which challenged the accuracy of reported performance indicators, including the following:

- Most Programmes failed to provide a comprehensive range of performance indicators, whereby project activities (such as farm/business advice) were compared with project results (such as increase in farm/business income), which in turn could have been compared with project impacts (such as jobs created). This situation led to the reporting of 'inexplicable' results, such as a project funding a facilitator, creating over 100 jobs;
- Mostly in thematic areas such as training and environment, but also, at times, in all other Programme themes, targets were not set for 'jobs created';

- If targets were set, some regions reported substantial over-achievement of results, to the extent that the reliability of the reported data was in question;
- A wide range of interpretations of performance indicators and a considerable variation in terminology used (most likely due to the fact that the Programmes did not provide guidance in this respect). This led to the situation that in many instances regions combined the measurement of 'jobs created' and 'jobs safeguarded' into one indicator, yet this was done in a random fashion even within the same Programme, varying across Programme themes; and
- Failing to measure and report 'jobs created'. At thematic and Programme level, in many Scottish and English regions (despite expenditure and project activity), and most likely at project level throughout the UK.

The above difficulties, which often still exist in Structural Fund Programmes, can mainly be explained by the comparatively low priority given to those tasks at that time. Nevertheless, the relatively low quality of monitoring data restricts any assessment of value for money and net impact. This has to be kept in mind throughout the remainder of this Chapter.

### 7.3 Value for money costs

In the following, the actual results of the key performance indicator 'jobs created' are compared with the overall EU-spend incurred by theme and country. Unit costs, aggregated at theme/country level, show how much financial support was required to achieve one unit of a particular performance indicator.

The strength of unit costs is that they are independent of any actual over or underspend of allocated financial resources. Even if a Programme might not have spent all its financial allocation, it might have produced outcomes with the same efficiency and effectiveness as anticipated in the original plan.

However, the calculation of unit costs and their meaningful discussion, depends on the accuracy of reported financial spend as well as recorded output achievements. The effect of difficulties in reporting reliable and accurate project outcomes is that the meaningfulness of unit cost calculations is reduced. This becomes particularly clear in observing the information contained in **Table UK 7.1**. For example, according to the reported jobs created and declared expenditure, the creation of one job in agricultural projects cost £125,708 in Scotland, whereas it cost £8,594 in England.

Similar scenarios are apparent in almost all themes, with the exception of business support. But even the business support theme, however, where results have been reported relatively consistently by all regions, one region mixed created and safeguarded jobs, one region had set no targets, and another reported six times higher outputs than anticipated. However, in business support measures the creation of one job cost £3,964 in England, £6,416 in Scotland and £7,378 in Wales.

**Table UK 7.1: Value for money/unit costs per programme (core indicators)**

UNIT COSTS PER JOB CREATED BY EU SPEND IN EACH OBJECTIVE 5B THEME (2002)	ENGLAND	SCOTLAND	WALES	UK TOTAL
Business Support	£3,964	£6,416	£7,378	£4,856
Tourism	£4,010	£2,717	£27,424	£4,651
Agriculture	£8,594	£125,708	£25,197	£11,871
Skills development/Training	£9,208	£77,451	£5,155	£9,097
Environment	£16,976	£83,350	£91,525	£22,277
Rural Communities	£8,706	£23,307	£27,349	£11,092
Total Programme	£5,536	£7,115	£10,630	£6,419

## 7.4 Findings of benchmarking exercise

At the outset of the evaluation, it was intended to compare the findings of the Objective 5b ex-post evaluation regarding performance, unit costs and net impact with the findings of the LEADER II Ex-post evaluation. The Evaluation Steering Group selected LEADER II as the best choice for this exercise as the two Programmes were implemented simultaneously covering the same geographical areas.

Regarding the range of performance indicators presented in the Programmes, the findings of the Objective 5b evaluation are similar to the findings of the LEADER II ex-post evaluation, as performance indicators were largely based on recording activity as opposed to results and project impacts. As in Objective 5b, the large variety of activities recorded in LEADER II did not lend itself to aggregation to a national level. (see page 49 of Ex Post Final Report). In addition, and different from Objective 5b findings, the LEADER II ex post evaluation could not access performance data for The Marches, reported Lincolnshire as a % figure and did not report on East Anglia. The Final Report concludes that: *'the material produced is of limited value where the ex-post evaluation is concerned'*.

Other findings of the LEADERII ex-post evaluation revealed that *'project managers felt that job creation was not a major objective and was either small or too difficult to estimate accurately at the application stage. This appears to be reflected in the findings on impact'*.

As the difficulties and obstacles in reporting and measuring project performance were similar between the two Programmes, yet slightly more favourable in Objective 5b as a comprehensive set of data was available for each region, the benchmarking exercise might have still provided some insight, yet limited, as only half of all English regions reported outcomes, and Scotland was not included in the LEADER II evaluation.

**Table UK7.2** provides an overview of unit costs calculated with data obtained from the LEADER II ex-post evaluation:

**Table UK 7.2: Leader II (1994-1999) unit costs per job created**

Leader II region	European Structural Funds paid	Number of jobs created	Unit Costs per Job
Wales	£8,066,049	5,656 <sup>12</sup>	£1,426
England (Midlands Uplands, Northern Uplands, South West only)	£13,847,013	546	£25,407
Total	£21,913,062	6,202	£3,533

Data source: Ex-Post Evaluation of the LEADERII Community Initiative 1994-99 in England and Wales, Sep. 2003; calculation of totals and unit costs by EKOS Limited.

The above table shows that the unit costs range considerably between Wales (£1,426) and England (£25,407) incorporating problems such as the joint measurement of created and safeguarded jobs. These figures are, therefore, unlikely to be a valid reflection of actual outcomes.

## 7.5 Gross and net impact

### 7.5.1 General Perceptions of Programme Impact

Consultations with Government Office representatives explored the perceptions held regarding the various aspects of Programme impact as presented in the Common Evaluation Questions.

The most often expressed view was that the Programme had a positive and sustainable impact on partnership development and networking in all eligible regions. There was consensus that the partnership experiences gained during Objective 5b benefited follow-on Programmes such as Objective 1 and Objective 2 and, therefore, impacted positively on the capacities of decision-makers and stakeholders. But also in its own right, the Programme's partnership approach was instrumental in bringing about regional partnerships and greater co-operation between various levels of governance. Furthermore, partnership development was highlighted as the most sustainable legacy of the Programme.

The majority of consultees believed that, due to the relatively limited investment volume of the Programme and its emphasis on small-sized projects, Objective 5b had a relatively small and pre-dominantly local impact compared to larger programmes with higher-profile and larger-scale projects. It was, therefore, believed that in terms of sustainability, Programme impact and changes to the socio-economic situation of eligible regions are probably only detectable at a micro/project level.

It was also felt that the Programme reduced its potential for greater economic impact by excluding many main towns and rural service centres as non-eligible areas.

<sup>12</sup> This includes a mixed reporting of jobs created and safeguarded.

The distinct benefit, additionality and the legacy of the Programme would, therefore, largely be found in relatively small rural areas.

In Scotland, the Programme is seen as having impacted positively on economic areas such as tourism, as a considerable amount of Programme resources was invested in infrastructure and marketing, which clearly left an imprint on subsequent industry action. The Programme also provided considerable release in addressing the textile sector's demise in Southern Scotland through substantial SME sector support. In addition, the Programme had a notable impact on the regeneration of derelict land.

Consultees were asked to assess the impact of the Programme on a scale from 1 to 10 (1 signifying low impact, 10 representing very high impact) against a number of economic development areas, as represented by the Common Evaluation Questions. By adding the individual scores, the following areas have been prioritised in order of their highest, perceived impact:

Areas with relatively high impact:

1. Impact on crafts, commerce and tourism;
2. Help overcoming remoteness and isolation;
3. Creation of jobs;

Areas with relatively low impact:

4. Creation of new activities;
5. Helped increase competitiveness of SMEs;
6. Increased standard of living;
7. Encouraged forestry developments;
8. Improved income of agricultural holdings; and

Areas with very low or mostly unknown impact:

9. Positive impact on the environment.

With regard to environmental measures, the Programme was mostly regarded as a forerunner of implementing environmental sustainability, by establishing and facilitating links between woodland management, tourism, environmental attractions, and rural development. Although impact was considered low, or largely unmeasured, this experience benefited directly the preparation and implementation of Objective 2 projects.

The attribution of changes in the regional socio-economic situation to Programme performance was difficult to establish. Consultees highlighted that it was difficult to separate individual, rather small-scale economic developments from wider economic trends and influences. It was, however, true to say that dependencies on tourism, seasonality of employment, and difficulties of declining industrial sectors were still

existing by the end of the Programme and that more funding was required to change the economies for the long-term in the majority of Objective 5b regions. Most consultees believed that the main problems of rural areas in the UK still remained after the completion of Objective 5b.

## 7.5.2 Net Impact Assessment

Previous sections have already discussed the questionable validity of the reported monitoring data (multiple interpretations of performance indicators; disproportionate results; and joint reporting of jobs created and safeguarded) and the extent to which this affected unit costs per job. The same limitations apply in the calculation of the Programme's net impact.

In addition, the calculation of net impact is always best undertaken at a project level and through beneficiary surveys, research methods outwith the remit of this ex-post evaluation. Any impact assessment, which is undertaken on the basis of aggregated data above project level is most likely to distort the value of net impact to some extent. When net impact assessments are applied at a Programme level, different values of deadweight, displacement and multiplier effects are generally used to represent different types of activities, such as land development, community-based SME development, construction, and SME services and developments, marketing activities, etc. However, in the case of Objective 5b, we cannot differentiate, because capital and revenue expenditure was mixed and reported jointly at a measure level. In order to assess the net impact of the Programme, we can, therefore, only rely on the most basic job creation figures reported.

In the following and for illustrative purposes only, we assume the reported number of jobs in the Objective 5b Programme is an accurate reflection of project activity<sup>13</sup>, and if we apply an average value for deadweight, displacement and multiplier effects, the following net impact can be presumed on the basis of guidelines developed for the Objective 2 Programme in Western Scotland. However, it has to be kept in mind that under the circumstances provided regarding the detail and quality of Programme monitoring data, this calculation can only have extremely limited value.

Assumed impact values for business development projects<sup>14</sup>:

Gross Job Impact:

- Deadweight: 20%
- Displacement: 30%
- Supply Chain Multiplier: 20%
- + Income Multiplier: 20%

= Net Job Impact

<sup>13</sup> We did, however, reduce the reported 44,833 jobs created in tourism in Dumfries and Galloway due to a clear error in reporting (total employment in Dumfries in 2002 was 52,762). Instead, we assumed that the region achieved its target of creating 6,200 jobs.

<sup>14</sup> Assumed values for net impact calculations are taken from Western Scotland Objective 2 Programme 2000-2006.

**Table UK 7.3:** Net impact calculation of jobs created in England, Scotland, and Wales

	England	Scotland	Wales	UK- Objective 5b
Gross Jobs Created	56,197	12,786	10,718	79,701
– Deadweight (20%)	11,239	2,557	2,144	15,940
– Displacement (30%)	13,487	3,069	2,572	19,128
+ Supply Chain Multiplier (20%)	6,294	1,432	1,200	8,927
+ Income Multiplier (20%)	7,553	1,718	1,440	10,712
Net Job Impact	45,317	10,311	8,643	64,271

By applying a set of average impact assumptions for deadweight, displacement and multiplier effects, **Table UK 7.3** indicates that the net impact of the Objective 5b Programme in the UK was 64,271 jobs (including the creation of 45,317 jobs in England, 10,311 jobs in Scotland, and 8,643 jobs in Wales).

Put in context of the overall Programme expenditure, **Table UK 7.4** shows that at the UK-level each net job created required a total of £23,178 investment, or £7,960 of European Structural Fund expenditure.

**Table UK 7.4:** Net jobs against total programme expenditure in England, Scotland, and Wales

	Net Jobs created	Total Programme Expenditure		EU-Expenditure	
		Total Actual Expenditure (in £)	£ per net job created	EU expenditure (in £)	£ of EU expenditure per net job created
England	45,317	£929,147,616	£20,503	£306,700,496	£6,768
Scotland	10,311	£234,189,751	£22,713	£90,978,094	£8,823
Wales	8,643	£326,354,261	£37,759	£113,928,692	£13,182
UK	64,271	£1,489,691,628	£23,178	£511,607,283	£7,960

## 7.6 Summary

The assessment of Programme efficiency and net impact is made difficult by the low level of sophistication in project monitoring during that period. There were issues with poorly defined or missing indicators, lack of guidance to project managers on measuring performance, and lack of control over reported achievements by Programme management. This resulted in apparent over-reporting or non-reporting of activities and outcomes at Programme level.

The benchmarking exercise with the LEADER II ex-post evaluation was also problematic. Similarly, LEADER II performance indicators were largely based on recording activity as opposed to results and project impacts, and the large variety of activities recorded in LEADER II did not lend itself to aggregation to a national level; furthermore, only half of all English regions reported outcomes, and Scotland was not included in the LEADER II evaluation.

Albeit that the calculations must be read with caution given the above mentioned issues, the estimated net impact of the Objective 5b Programme in the UK was 64,271 jobs (including the creation of 45,317 jobs in England, 10,311 jobs in Scotland, and 8,643 jobs in Wales). Each net job created required a total of £23,178 investment, or £7,960 of European Structural Fund expenditure.

The overall impact of the Programme was considered by consultees to be strong in terms of developing partnerships, management capacities, and awareness of themes such as environmental sustainability. However, Objective 5b had a relatively small and pre-dominantly local impact and in terms of sustainability, Programme impact and changes to the socio-economic situation of eligible regions are probably only detectable at a micro/project level.

## Section 8: Conclusions and recommendations

### 8.1 Introduction

Chapter 8 presents the overall conclusions of the study, including recommendations and lessons learnt.

### 8.2 Overall programme achievements

#### Financial Achievements

The Objective 5b Programme in the UK involved eleven regions of which eight had no previous experience in operating mainstream European Structural Fund Programmes. In addition, Programme management structures depended on a complicated system of project approval, whereby each Structural Fund was administered by a different Government body. It is within this context that the overall UK-Programme expenditure achievement of 96% (£1,489.7m) can be regarded as an excellent result.

The financial analysis of Programme expenditure demonstrated that the high investment volume benefited from the English and Welsh regions' success in attracting private sector expenditure.

National public sector expenditure was high, achieving 96% of its UK-budget target.

With the exception of ESF in England and Wales, Structural Funds allocations in the three UK-countries were all met above 80% of their target. Most successful areas of European expenditure occurred with ESF in Scotland, achieving 90 of budget targets.

The expenditure profile of the Programme, therefore, suggests that intervention rates were relatively low with an average of 31% for EAGGF, 34% for ERDF, and 39% for ESF. The analysis of actual expenditure profiles further showed that projects targeted at the environment, rural community and (in the case of Scotland and Wales) agricultural diversification had generally higher intervention rates than projects targeted at business support, tourism, and skills development. The ambition to use European Structural Funds sparingly and as a gap funding mechanisms has also been confirmed in Final Reports.

#### Strategic Consistency

The strategic consistency and internal coherence of Single Programming Documents has been established through the analysis of each Objective 5b region. The analysis found that the socio-economic strengths and weaknesses of the eligible regions and their 'translation' into Programme aims, priority and measure structures has been managed well.

The ex-post evaluation has further shown that the strategic aims and objectives of the UK-Programmes were confirmed by actual Programme expenditure, which substantiated the Programmes' strong emphasis on business support and tourism

activities. Together, these themes accommodated more than half (56%) of UK's actual European Structural Fund expenditure.

The assessment of regional Programmes, Annual Reports and lists of approved project titles also supported the view that approved projects fitted well with the strategic aims of the Programmes. This was confirmed by findings of the consultations with Government representatives, who indicated that major regional problems described in the SPDs, such as remoteness, lack of access to business advice services, and job creation were generally addressed successfully.

Although environmental impact was considered low, Objective 5b was seen as a preparatory Programme and, therefore, a good learning experience for the horizontal approach of environmental objectives currently implemented in European Programmes. Objective 5b presented a relatively mixed approach to environmental objectives, at times through vertical measures, at other times via the integration of environmental project selection criteria. Performance, however, was mainly reported under vertical measures, and initial attempts to mainstreaming environmental objectives in a more horizontal manner usually failed to materialise. However, case study research has produced some evidence that project activity integrated aspects of community-based development and environmental aspects very well.

### **Programme Management and Partnership**

Whilst the Programme has performed as strategically intended, the most sustainable and significant impact was identified by the Programme's achievement in creating new and lasting partnerships between regional stakeholders and Government levels, paving the way for subsequent European Programme implementation. Positive partnership and capacity building effects were not only reported at Programme level, but also confirmed at project level as the analysis of case studies has shown.

The involvement of stakeholders in Programme management bodies, such as the PMC and Project Appraisal Groups, was generally considered inclusive, with English regions involving more private sector organisations than their counterparts in Scotland and Wales (which might have contributed to the success in attracting private sector contributions in England).

The majority of regions established further management groups, local implementation groups, and involved regional partnership bodies in the promotion of the Programme.

After the Interim stage of the Programme, a number of regions reported specific efforts to enlarge their partnership arrangements at working group level, in order to address certain underspends in ESF and EAGGF budgets. These efforts were usually funded by Technical Assistance budgets and succeeded well in promoting the Programme in a more targeted approach, in improving the quantity and quality of project applications and, thereby, increasing the expenditure levels.

In terms of Programme delivery, good experiences were also found regarding the employment of facilitators particularly with regard to including remote communities and geographical areas of some of the larger Programmes, and the involvement of the voluntary sector in opening up the Programme to communities. These pro-active approaches to partnership pursued by the majority of UK Programmes signified high

commitment levels and a genuine interest in making the Programme work for their respective region.

## Additionality and Programme Impact

Whilst Programme impact was difficult to establish, Final Reports of Programmes usually reported that Objective 5b project activity had been of distinct benefit to the rural communities. This view was supported by consultations held with Government Office representatives, highlighting the fact that the overall investment volume of the Programme was considered relatively small, mainly impacting on the local level in small rural areas.

The main impact was seen in the fact that the Programme supported a considerable number of service infrastructure projects, such as industrial sites and business premises (136,231 sqm), access roads, visitor attractions (1,264) and tourist centres (399), which provided a good platform for further business development projects in subsequent Funding Programmes. Without these interventions, follow on Programmes would not have performed as well.

The main additionality was, therefore, seen in the ability of Objective 5b to prepare not only operational Programme management and partnership structures, but also in the preparation of business support infrastructure for future investment, and tourism marketing.

More over, in the context of being largely unable to assess project impact, the successful involvement of the private sector, particularly in areas such as business support (in England and Wales), tourism (England, Scotland, and Wales), environment and agricultural diversification (England), can be regarded as a reasonable indicator that project activity must have had a considerable level of legitimacy regarding content and output focus.

## 8.3 Key lessons learnt and recommendations

### Programme Priority and Measure Structure

The priority and measure structure of Objective 5b Programmes varied considerably between the eleven UK regions. Programmes with vast amounts of measures were based on highly focused approaches to disseminate Programme budgets for specific development purposes. Whilst this approach might work well in a shorter timespan, it proved less practical in the five-year span of Objective 5b and considerable administrative efforts were required to adjust budgets in 1999.

#### **Recommendation 1**

*It is recommended to equip Programmes with a limited amount of priorities and measures, to allow for more flexibility of measure budgets and a wider range of project activity.*

Even in Programmes with a smaller number of measures, the extent of virements between measure and priority budgets was high, indicating that the planning of Programme budget volumes was difficult. However, the administrative effort to manage virements in Programmes with fewer measures was less demanding than in Programmes incorporating 30 measures.

The integration of European Structural Funds and the ambition to create complementarity and synergies between them was a less visible objective and was seldom addressed in Programmes' Final Reports. However, the evaluation found that certain Programmes applied a clear and thematically consistent approach through their design of priorities and measures, whereby integration was well facilitated. For example, in measures such as ESF training, or capital-based infrastructure, support was consistently integrated under each priority, thereby relating these measures directly with the respective thematic priority. This is not only of benefit for project integration, but also facilitates the promotion of Programmes and overall clarity of approach and purpose.

### **Recommendation 2**

*It is recommended that European Structural Fund integration is facilitated through a clear and consistent priority and measure structure promoting synergy between funds.*

The evaluation found that most measure budgets did not distinguish between capital and revenue expenditure and applied a mixed approach, whereby capital as well as revenue based projects were funded from the same measure. Due to the different size and type of capital projects, this approach was less suitable in respect of the selection of relevant performance indicators, and the assessment of possible employment impacts. It is also likely that this mixed capital/revenue approach might also have caused difficulties in budget planning respect.

### **Recommendation 3**

*It is recommended to design separate measures for capital and revenue expenditure, in order to facilitate a clear distinction between two very different types of initiative and to improve budget-planning decisions.*

## **Internal Strategic Coherence**

Programmes generally related well to the identified strength and weaknesses of a region, and their strategic development aims were usually well represented by their priority and measure structure. However, most Programmes were less well equipped in specifying their output objectives and defining their quantitative targets at Programme and priority level, which could have provided a framework for aggregating project outcomes and achievements.

**Recommendation 4**

*It is recommended to provide suitable and coherent set of performance indicator at Programme, priority and measure level. This should facilitate the linking and aggregating of performance indicators between the various levels, thereby establishing a logical flow of outcome achievements representing Programme and priority level objectives.*

At measure level, most Programmes provided a relatively substantive set of performance indicators, which represented well the sort of project activity supported by individual measures. While the available set of indicators related well to project activity, many Programmes missed out on a comprehensive set of indicators, including result-oriented and impact-oriented performance measurement. Only a few Programmes attempted to measure raised income levels in SME or on farm holdings, which would have helped to put recorded numbers of jobs created in context.

**Recommendation 5**

*It is recommended to design a comprehensive set of performance indicators at measure level, so that project activity, project intermediate results and project impact can be recorded appropriately and in context to each other.*

**Programme Management**

In each region, the Objective 5b Programme was managed by three separate Government bodies, which constituted different approval, payment and monitoring systems for each Fund. This complex managerial structure of the Programme led to administrative difficulties such as delays in approval and payments of grants. This also affected the integration between the Funds negatively and presented a barrier to the efficient delivery of the Programmes. It was criticised by each Interim Evaluation, which strongly recommended to mainstream the management of the European Structural Funds and to make one body responsible for the approval and payment of all three Funds. As this improvement has already been addressed in the new Programming period, we refrain from formulating a recommendation in this respect.

Despite the complexities of Objective 5b Programme management, the greatest challenge was experienced in the closing of the Programme. Programme Secretariats were dissolved in early 2000 and, according to the perceptions of some consultees, the continuity of Programme management was lost. The remaining tasks of monitoring and gathering relevant financial and physical project data were, thereby, made very difficult, particularly as financial control and management information systems were not sophisticated.

**Recommendation 6**

*It is recommended to maintain Programme Secretariat functions beyond the completion stage of a Programme to continue monitoring, payment and reporting procedures appropriately, and to keep them adequately staffed.*

The analysis of physical monitoring data has shown that reported project outcomes were often overstated, and consultations with Government representatives confirmed that project reports and performance data were seldom verified or checked by Programme Secretariats. Recorded outcomes were, therefore, principally determined by project managers and their understanding and interpretation of the meaning of performance indicators. This was a particularly vulnerable area, as the Objective 5b Programme did not provide a Programme Complement or any other information about performance indicators, which could have informed project managers about the correct interpretations and definitions.

### **Recommendation 7**

*It is recommended to provide a comprehensive manual listing a Programme's set of meaningful performance indicators, including detailed definitions and measurement requirements. Associated training events to raise awareness and understanding amongst project managers and Programme Secretariat Staff should also be considered.*

## **Complementarity**

Although a number of well established Programme linkages have been reported in Final Reports, such as regarding LEADER II, SME and the Rural Development Programmes in Scotland, overall, the extent of co-operation and information exchange between Programmes was perceived as small. A number of Programmes reported good experience in appointing joint members to a number of European Programme committees, and other sub-committee structures, whereby Programme linkages were enhanced and awareness levels raised.

### **Recommendation 8**

*It is recommended to provide appropriate mechanisms and procedures, whereby complementary Programmes are linked and kept informed of their strategic and project activities.*

## **Programme Expenditure**

In comparison to public sector and private sector spend (96% and 145% respectively), European expenditure was considerably lower against final budget targets (82%). This can partly be explained by the findings that Programmes applied lower than the maximum intervention rates, thereby largely replacing European funding by private sector resources (if reported private sector expenditure was exclusively relating to contributions rather than private sector leverage, a distinction which may have been misinterpreted at project level).

However, most Final Reports of Programmes stated that by the time of Programme completion in December 1999, commitment rates were considerably higher than actual declared expenditure. The question why commitment could not be fully achieved, was, at times, explained by the fact that many projects were pre-maturely completed due to reasons associated with the foot and mouth disease, or due to other project planning issues.

In addition, at the time of Objective 5b, contact with projects post-approval stage was infrequent, and project spend reported in quarterly claim reports was seldom questioned, with regard to taking steps to prevent underspend occurring.

### **Recommendation 9**

*It is recommended to ensure that expenditure assumptions made in project applications are realistic estimates of required expenditure, and that reported delays in spending and/or underspending are to be followed up by project contact and, if required, assistance.*

There were also areas of significant underspend due to a lack of commitment, particularly concerning ESF expenditure in the larger English Programmes,. In this context, remoteness of communities and lack of critical mass due to low density of population was often quoted as the main reason for low numbers of applications. In addition, the fact that market towns were often classified as non-eligible geographic regions had a negative effect on the regions' ability to generate a sufficient number of projects.

A number of Programmes applied a targeted approach to address certain areas of Programme underspend by involving wider partnerships and stakeholders, in areas such as training, agriculture, and community projects, which was often successful. Other areas, such as most of the Scottish Programmes, established close strategic linkages with other Programmes, such as in the case of agricultural diversification.

## **Measuring Programme Performance**

Whilst it can be acknowledged that Programmes and projects made good efforts in providing data and populating monitoring systems with project records, the relatively poor quality of Objective 5b performance data, including the high likelihood of projects misinterpreting performance indicators and over/under reporting on essential project outcomes, as well as poor target setting at Programme/measure level, made the quantitative assessment of the effectiveness of the Programme very difficult. Recommendations 4, 5, 6, 7 are relevant in this context.

### **Recommendation 10**

*It is recommended to provide realistic targets of performance indicators at Programme, priority and measure level as well as at project level. In addition, Programmes should identify the assumptions made in setting targets, in particular net impact targets, including unit costs.*

## 8.4 Technical comments and recommendations

The ex-post evaluation was undertaken five years after the Programme's completion date in December 1999. This caused a number of problems, particularly with regard to consulting with representatives who were involved in Programme implementation. As most Programme Secretariat personnel and PMC members had moved on since then, it was difficult to track individuals and, once successful, tap their memories on detailed information relating to specific Programme themes and evidence of regional impact. In addition, surveys with Programme beneficiaries and project managers, which would have provided verification and insight into project impacts at local level, were impracticable (and for this reason not included in the remit of the evaluation).

### **Recommendation 11**

*It is recommended to commence Ex-Post Evaluations shortly after Programme completion in order to consult with PMC and Programme Secretariat members in a meaningful way and to conduct beneficiary surveys with projects to verify reported project data. Evaluations could then be dormant until Final Reports are produced to conduct a full quantitative assessment of monitoring data.*

## Appendix A

### Analysis of Objective 5b Regions in England

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## Section 1: Objective 5B programmes in England

### 1.1 Financial programme overview

#### 1.1.1 General Characteristics of Programmes and Overview

The Objective 5b Programme in England was implemented by six individual regions, involving five regional Government Offices with the management of the Programme<sup>1</sup>. The English Programme regions covered an area of 31,340 sqkm and a population of 1.8m in the following areas:

- East Anglia;
- South West;
- Northern Uplands;
- The Marches;
- Lincolnshire; and
- Midlands Uplands.

In terms of population density, the English regions varied considerably between the South West with an average population density of 105 and Northern Uplands with the lowest population density of 26.

In 1994, the European Commission allocated, on average, €280 of European Structural Fund resources per person, ranging between ?260 in East Anglia and €291 in the smallest of the six regions, Midlands Uplands.

The distribution of allocated European, private and public sector resources at the beginning of the Programme period and the actual expenditure at completion stage in 2001 remained largely the same, with the South West Programme attracting almost half (49%) and spending 46% (£424.3m) of all European Objective 5b resources in England. The largest geographical area, Northern Uplands, attracted and consumed 22% (£207.9m) of all expenditure, followed by East Anglia, which spent 12% (£104.6m). The remaining three regions shared an allocation of 18%, but managed to spend 21% of all Programme resources in England. Midlands Uplands was the smallest Programme with 2% of the overall allocation and expenditure.

In total, England spent £929.1m of European, private and public sector resources with most regions exceeding their original SPD expenditure target. Although the South West Programme performed well, it missed its original SPD target by 3% (£12m).

<sup>1</sup> In the case of Northern Uplands, the main responsibility of programme management was with Government Office North East, although Government Office for the North West and GO Yorkshire and Humber executed management duties as well as the Programme area incorporated significant parts of their regions. In contrast, the Lincolnshire and Midlands Uplands Programmes were managed by only one, the Government Office East Midlands.

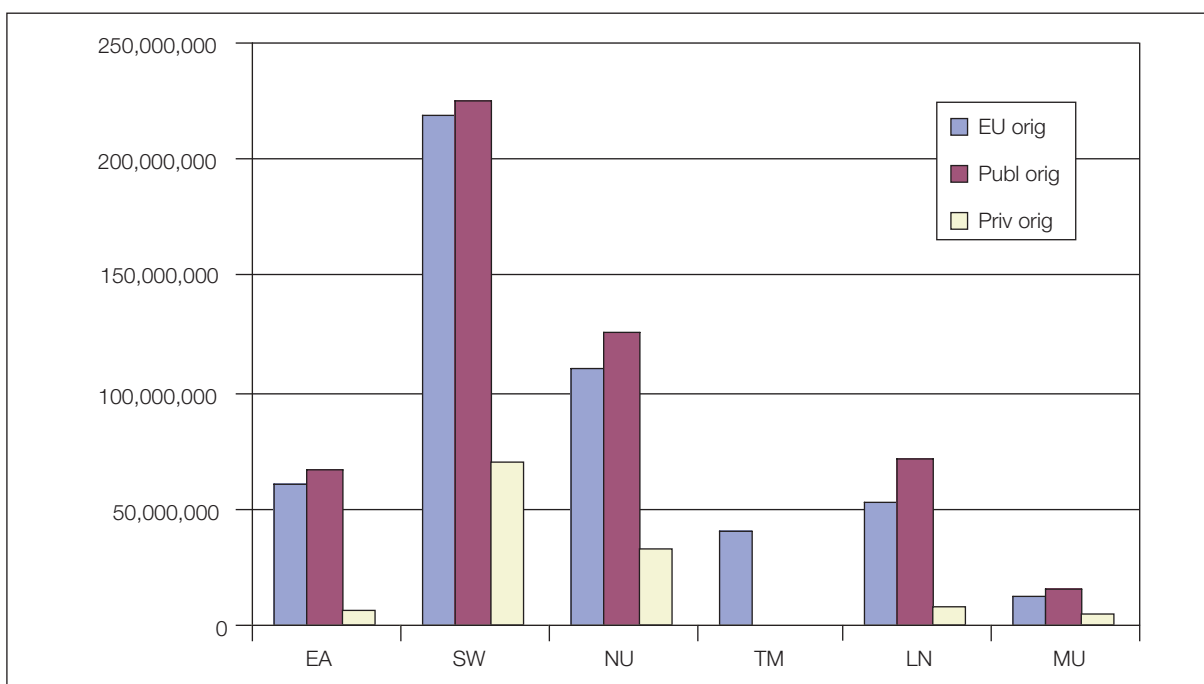
**Table E1.1:** Overall geographic and financial characteristics of the programmes

Eligible Area	Area (In sqkm)	Population	Pop. Density (pop/sqkm)	Anticipated Total Expenditure as in original SPD (In £)	Total Prog. Declared Expenditure in 2001 (In £)	Spend Per Pop. (In £)	Number of Projects Funded
East Anglia	2,410	230,770	96	£103,479,582	£104,578,136	453	413
South West	7,350	775,304	105	£436,227,658	£424,337,531	547	645
Northern Uplands	14,286	374,000	26	194,120,000	207,913,031	556	1,098
The Marches	3,200	148,000	46	61,261,283	72,216,226	488	416
Lincolnshire	3,094	190,878	62	81,893,500	98,370,692	515	260
Midland Uplands	1,000	41,305	41	21,976,000	21,732,000	526	108
<b>ENGLAND Total</b>	<b>31,340</b>	<b>1,760,257</b>	<b>56</b>	<b>898,958,023</b>	<b>929,147,616</b>	<b>528</b>	<b>2,940</b>

By implementing 2,940 projects, the Objective 5b Programme in England spent £528 per head of population (largely based on 1991 census population data). The amount of projects implemented in each region corresponds, in most cases, to the overall expenditure profile amongst regions, i.e. the regions with the largest allocations implemented most projects, with the exception of Northern Uplands which spent 22% of all resources, but implemented 41% of all English projects, whereas the South West with the largest Programme budget (49%) implemented 645, less than a quarter of all projects, therefore implementing larger scale projects than Northern Uplands.

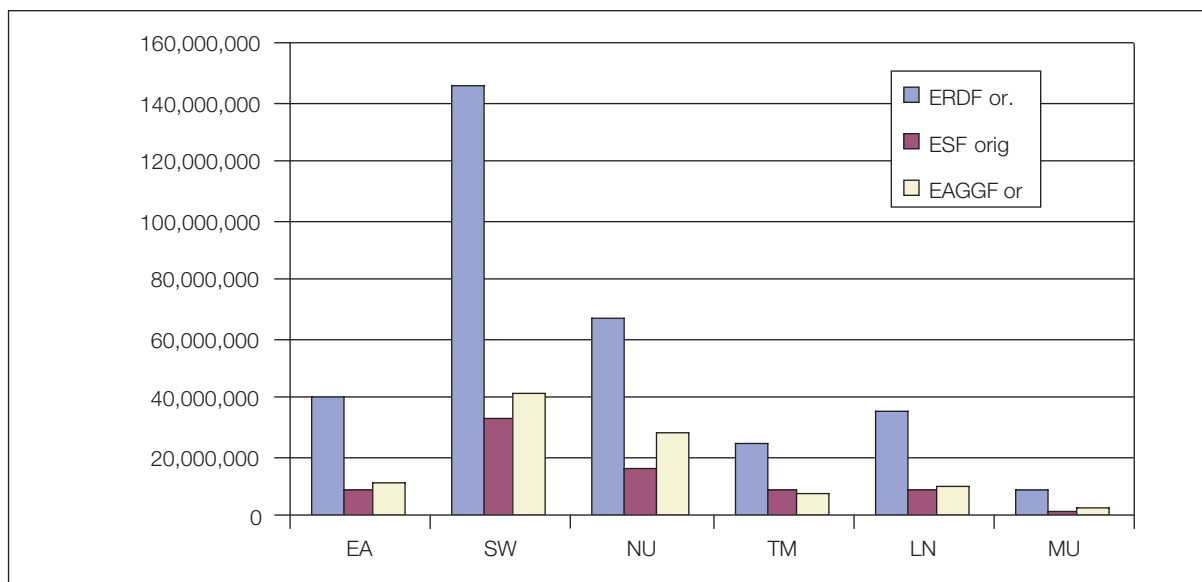
### 1.1.2 Overall Financial Structure

The overall financial structure of the English Programmes is shown in **Graph E1.1**.

**Graph E1.1:** Budget Allocations in 1995 English Regions (euro)

As **Graph E1.2** indicates, ERDF was the most dominant of the European Structural Funds in all English regions and constituted 65% of the overall European Funding budget allocated in approved SPDs. In most regions EAGGF comprised just under 20%, with the exception of Northern Uplands where it represented a quarter of all available European resources. In terms of ESF, there was no proportional variation between regions; in each regional EU-budget 15% was allocated to ESF measures.

**Graph E1.2:** Distribution of European Funds, English Regions, 1995 (euro)



### 1.1.3 Changes in Budget Allocations

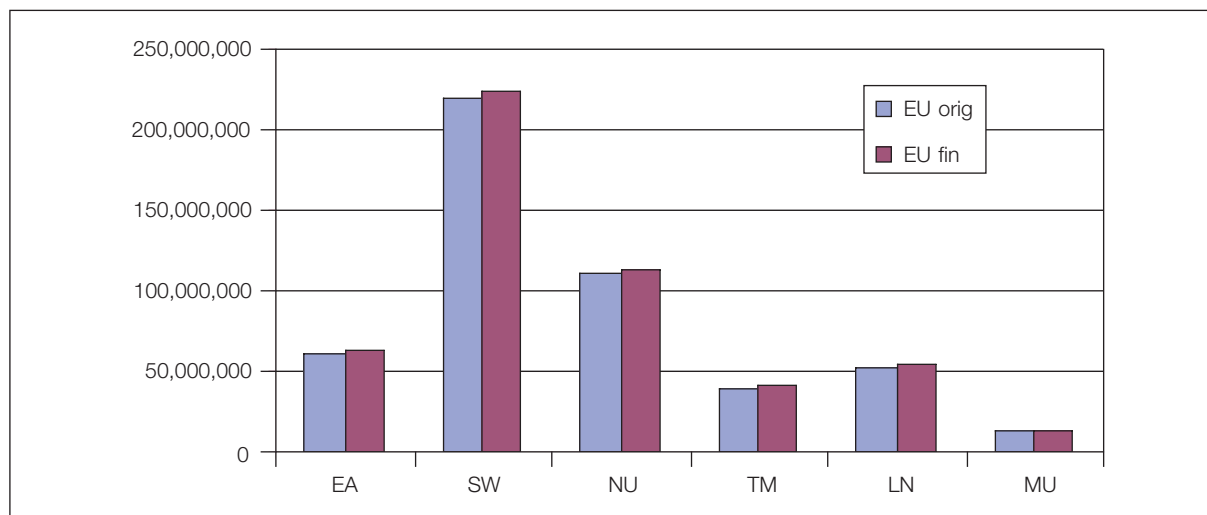
The originally approved SPD budgets in 1995, including their fund and measure specific allocations were revised at the beginning of 1999 to allow either for adjustments in strategy or to respond to changes in the region’s demand and up-take.

To demonstrate these budget changes more clearly, the following analysis is based on the European currency, euro because changes in the exchange rates between 1995 and 1999 and their effect on the reduced exchange value of the euro obscure the changes when observed in Pound Sterling.

In 1999, an additional €16m of European Funding was made available to England, which raised its total EU budget by 3% to €510.6m. On a regional basis, the additional allocations represented between 2% and 4% of a region’s original SPD budget, whereby the South West region received the highest nominal value of additional resources (€6m, 3% of its SPD budget), and Midlands Uplands received the highest proportionate value with an additional 16% (€1.9m) of its original EU-budget. **Table E1.2** and **Graph E1.3** illustrate the EU-fund allocations of 1995 and 1999 in all English Objective 5b regions.

**Table E1.2:** Budget changes in EU Funding allocation between 1995 and 1999 in English Objective 5B Regions (in meuro)

Objective 5b Regions	EU Funds 1995	EU funds 1999	VARIATION in cm
East Anglia	€60.0	€62.5	+2.5
South West	€219.0	€225.0	+6.0
Northern Uplands	€110.6	€112.4	+1.8
The Marches	€40.0	€41.6	+1.6
Lincolnshire	€53.0	€55.2	+2.2
Midland Uplands	€12.0	€13.9	+1.9
<b>ENGLAND Total</b>	<b>€494.6</b>	<b>€510.6</b>	<b>+16.0</b>

**Graph E1.3:** Overall EU budget changes in the six English Regions (euro)

The following tables and graphs demonstrate in more detail to what extent the various European Structural Funds were changed between 1995 and 1999.

**Table E1.3** shows that all English regions benefited from an additional allocation of ERDF resources. Whilst most regions received between 2% and 6% of their original ERDF budget allocations, the smallest region, Midlands Uplands, received 22% more ERDF resources (€1.7m) in 1999.

In total, an additional €13.7m of ERDF was allocated to England increasing the overall Objective 5b budget to €334m.

**Table E1.3:** Budget changes in ERDF allocation between 1995 and 1999 in English Objective 5B Regions (in Euro)

Objective 5b Regions	EU Funds 1995	EU funds 1999	1999 allocation in proportion to 1995 budget
East Anglia	€40,500,000	€42,964,367	1.06
South West	€145,088,000	€149,628,837	1.03
Northern Uplands	€67,000,000	€68,590,000	1.02
The Marches	€23,900,000	€25,316,000	1.06
Lincolnshire	€35,720,000	€37,658,982	1.05
Midland Uplands	€8,100,000	€9,864,782	1.22
<b>ENGLAND Total</b>	<b>€320,308,000</b>	<b>€334,022,968</b>	<b>1.04</b>

Regarding ESF resources, no significant additional allocations or reductions were undertaken on an England-wide basis. **Table E1.4** illustrates that small virements of funds between regions took place affecting overall ESF budgets only slightly. The biggest changes occurred in the South West Programme, which saw its ESF budget reduced by €234,835 and The Marches Programme, whose ESF funds were increased by €124,000. However, these changes only represented 1% of each region's original budget allocation.

**Table E1.4:** Budget changes in ERDF allocation between 1995 and 1999 in English Objective 5B Regions (in euro)

Objective 5b Regions	EU Funds 1995	EU funds 1999	1999 allocation in proportion to 1995 budget
East Anglia	€9,000,000	€9,000,000	1.00
South West	€32,850,000	€32,615,165	0.99
Northern Uplands	€16,200,000	€16,110,000	0.99
The Marches	€8,800,000	€8,924,000	1.01
Lincolnshire	€7,910,000	€8,021,616	1.01
Midland Uplands	€1,800,000	€1,875,034	1.04
<b>ENGLAND Total</b>	<b>€76,560,000</b>	<b>€76,545,815</b>	<b>1.00</b>

Apart from the East Anglia Programme where no changes in EAGGF allocations were undertaken, all English regions benefited from an additional EAGGF allocation, which varied between 1% and 4% of the region's original SPD budget. The largest allocation (€1.7m) was made to the South West, the largest Objective 5b Programme in England, and the smallest additional EAGGF resources went to the smallest Programme, Midlands Uplands. Both allocations represented 4% of each region's original SPD budget. Other regions were only affected by a 1% change.

The final EAGGF allocation available to England was €99,995,396.

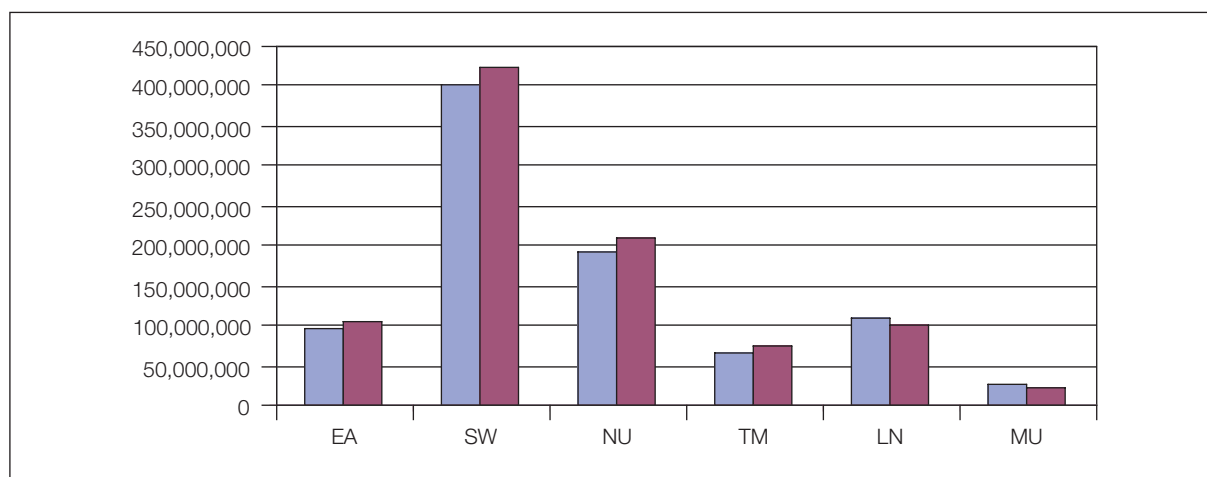
**Table E1.5:** Budget changes in ESF funding allocation between 1995 and 1999 in English Objective 5B Regions (in euro)

Objective 5b Regions	EU Funds 1995	EU funds 1999	1999 allocation in proportion to 1995 budget
East Anglia	€10,500,000	€10,500,000	1.00
South West	€41,063,000	€42,747,083	1.04
Northern Uplands	€27,390,000	€27,660,000	1.01
The Marches	€7,300,000	€7,402,000	1.01
Lincolnshire	€9,370,000	€9,501,569	1.01
Midland Uplands	€2,100,000	€2,184,744	1.04
<b>ENGLAND Total</b>	<b>€97,723,000</b>	<b>€99,995,396</b>	<b>1.02</b>

#### 1.1.4 Overall Programme Expenditure

**Table E1.6** and **Graph E1.4** show the final overall budgets and spend in the six English regions (in Pound Sterling).

**Graph E1.7:** Distribution of European Funds, English Regions, 1995 (euro)



**Table E1.6:** Overall expenditure budgets and spend in the six English regions (in £)

Objective 5b Regions	Budget in 1995	Spend in 2001	% of Spend against anticipated Budget
East Anglia	£94,471,896	£104,578,136	111%
South West	£400,596,458	£424,337,531	106%
Northern Uplands	£192,964,000	£207,913,031	108%
The Marches	£64,721,628	£72,216,226	112%
Lincolnshire	£110,399,839	£98,370,692	89%
Midland Uplands	£24,491,287	£21,732,000	89%
<b>ENGLAND Total</b>	<b>£887,645,108</b>	<b>£929,147,616</b>	<b>105%</b>

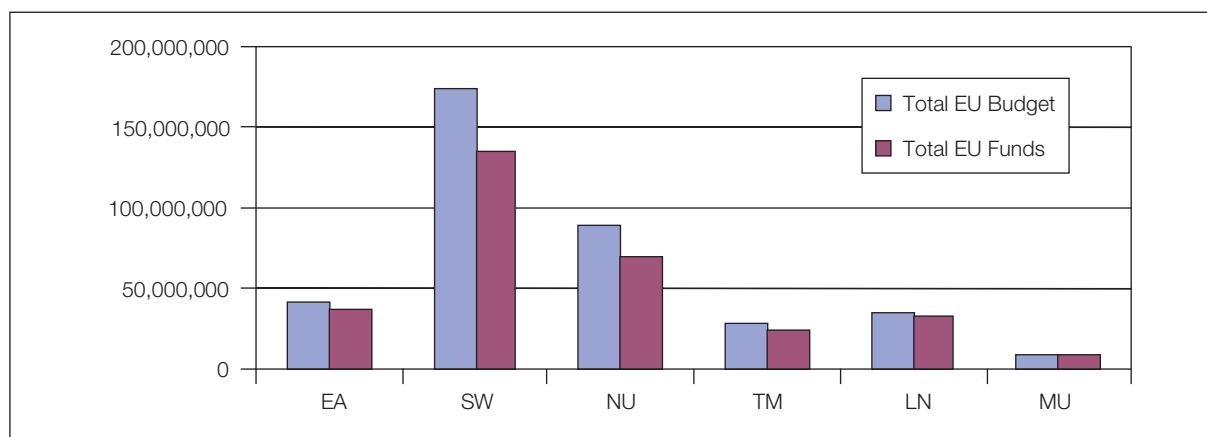
### 1.1.5 European Structural Fund Expenditure

In 1999, a total of £377m of European Structural Funds resources were available for England's six Objective 5b regions. By the completion of the Programme, in 2001, 81% (£306.7m) of this final allocation of resources was spent through the implementation of 1,325 projects.

**Table E1.7** shows that the smaller regions, such as Lincolnshire and Midlands Uplands were most successful in utilising their allocated EU-resources with spending 97% and 92% of their EU-budgets respectively. Whereby the two largest regions, South West and Northern Uplands only achieved 77% and 78% of their anticipated EU-expenditure levels. However, in nominal and proportional terms, expenditure levels remained the same as intended in 1999, with the South West spending 44% (£135m) of all available EU-resources in England, followed by Northern Uplands which spend 23% (£69m) and East Anglia utilising 12% of all European funding allocated to English regions. The remaining 21% (£66.4m) was shared between The Marches, Lincolnshire and Midlands Uplands Programmes.

**Table E1.7:** EU structural fund final allocation budgets and spend in the six English regions (in £)

Objective 5b Regions	Budget in 1995	Spend in 2001	% of Spend against anticipated Budget
East Anglia	£42,270,963	£36,166,014	86%
South West	£174,522,033	£135,043,291	77%
Northern Uplands	£88,393,000	£69,075,904	78%
The Marches	£28,660,796	£24,821,110	87%
Lincolnshire	£34,162,512	£33,034,177	97%
Midland Uplands	£9,328,037	£8,560,000	92%
<b>ENGLAND Total</b>	<b>£377,337,341</b>	<b>£306,700,496</b>	<b>81%</b>

**Graph E1.5:** Planned vs Actual EU Structural Fund Expenditure in English Regions

In the following, expenditure profiles of the individual European Structural Funds are presented in more detail.

As discussed earlier, ERDF represented the largest part of all EU Structural Fund allocations, whereby England received a total of £244.6m, of which 85% (£207.4m) was spent on 1,439 projects by the end of the Programme.

From a regional perspective spending levels were generally high in most regions, Lincolnshire even exceeded its Final Budget Allocation of ERDF by 3%. The majority of Programmes achieved high spending levels between 87% and 96%, mostly confirming their need for an increased ERDF budget in 1999. However, the fact that the largest Programme, South West, was unable to achieve similarly high expenditure levels and could only spend 75% of its allocated resources, reduced the overall expenditure rate for England.

**Table E1.8:** Financial programme dynamics – ERDF (in £)

Name of Programme	Final Budget	Actual Declared Expenditure (Spend)	Spend Against Final Budget In %	No. of Projects Supported*
East Anglia	£28,700,417	£26,907,581	94%	208
South West	£124,680,697	£93,066,109	75%	377
Northern Uplands	£44,533,000	£42,762,607	96%	533
The Marches	£17,307,438	£14,995,087	87%	147
Lincolnshire	£22,823,625	£23,549,365	103%	126
Midland Uplands	£6,607,986	£6,105,000	92%	48
<b>ENGLAND Total</b>	<b>£244,653,163</b>	<b>£207,385,749</b>	<b>85%</b>	<b>1,439</b>

\* Number of projects exclude projects funded from technical assistance budgets

ESF constituted the smallest allocation (15%) of the three European Structural Funds in England, whereby a total of £57.7m, of ESF was available to all English regions in 1999. As shown in **Table E1.9**, many English Objective 5b regions were less successful in spending allocated ESF, which resulted in a relatively low England-wide utilisation rate of 68% of available ESF resources. A total of £39.3m funded 1,177 projects in England.

Smaller Programmes, such as The Marches, Lincolnshire, and Midlands Uplands were more successful in achieving higher ESF spending rates (between 87% and 99%), than their larger counterparts in East Anglia, South West, and Northern Uplands, which spent 62%, 68% and 55% of their allocated ESF budgets respectively.

According to consultations, the problem with ESF in Northern Uplands was that there were few areas with sufficient population to make viable projects. Northern Uplands had the lowest population density of all English regions; distant learning initiatives were therefore vital aspects in Programme delivery.

Many Programmes reported a slow start with attracting ESF project applications and, in many cases, special working groups were set up to help the promotion and the development of appropriate projects.

**Table E1.9:** Financial programme dynamics – ESF (in £)

Name Of Programme	Final Budget	Actual Declared Expenditure (Spend)	Spend Against Final Budget In %	Number Of Supported Projects*
East Anglia	£6,102,552	£3,762,833	62%	154
South West	£22,799,912	£15,453,833	68%	253
Northern Uplands	£16,200,000	£8,953,054	55%	419
The Marches	£6,104,000	£5,308,653	87%	214
Lincolnshire	£5,208,842	£4,538,785	87%	90
Midland Uplands	£1,256,273	£1,246,000	99%	47
<b>ENGLAND Total</b>	<b>£57,671,579</b>	<b>£39,263,158</b>	<b>68%</b>	<b>1,177</b>

\* Number of projects exclude projects funded from technical assistance budgets

A total of £75m of EAGGF resources was available in England in 1999, of which 80% (£60m) was reported as declared expenditure. Regions varied in their ability to spend their respective EAGGF allocation and expenditure levels ranged from 63% (Northern Uplands) to 98% (South West). Both extremes of expenditure levels occurred in the two largest Programmes. EAGGF constituted 19% of all European resources in the South West Programme and 25% in Northern Uplands (the largest share within any English Objective 5b Programme), however, both Programmes had significant allocations of £27m/£28m of resources to spend in 1999. Whilst the South West was able to spend nearly all of its EAGGF (98%) allocation by supporting a very small number of projects (15), Northern Uplands supported 146 projects, but could only spent 63% of its large EAGGF allocation.

An England-wide expenditure of £60m supported a recorded 324 EAGGF projects.

**Table E1.10:** Financial programme dynamics – EAGGF (in £)

Name Of Programme	Final Budget	Actual Declared Expenditure (Spend)	Spend Against Final Budget In %	Number Of Supported Projects
East Anglia	£7,467,994	£5,495,600	74%	51
South West	£27,041,424	£26,523,349	98%	15
Northern Uplands	£27,660,000	£17,360,243	63%	146
The Marches	£5,249,358	£4,517,370	86%	55
Lincolnshire	£6,130,045	£4,946,027	81%	44
Midland Uplands	£1,463,778	£1,209,000	83%	13
<b>ENGLAND Total</b>	<b>£75,012,599</b>	<b>£60,051,589</b>	<b>80%</b>	<b>324</b>

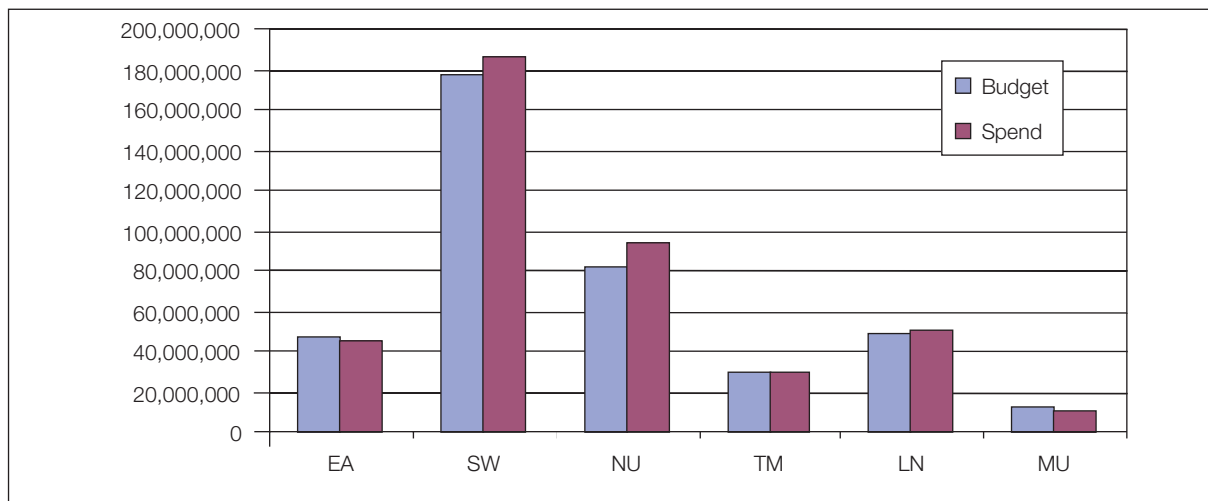
### 1.1.6 National Public Sector Expenditure

The Objective 5b Programme received more financial support from domestic public sector resources than anticipated in 1999 and managed to attract £415.3m, 4% more than expected. All regions were able to achieve high spending rates (between 94% and 113%) against their national expenditure targets and the majority of regions attracted more than expected domestic support. Northern Uplands exceeded its domestic budget target by 13%.

**Table E1.11:** Public sector final allocation budgets and spend in the six English regions (in £)

Objective 5b Regions	Budget in 1995	Spend in 2001	% of Spend against anticipated Budget
East Anglia	£47,552,284	£44,906,236	94%
South West	£177,549,276	£185,622,865	105%
Northern Uplands	£82,589,000	£93,525,127	113%
The Marches	£29,184,589	£29,854,835	102%
Lincolnshire	£49,147,135	£50,362,044	102%
Midland Uplands	£11,608,614	£11,000,000	95%
<b>ENGLAND Total</b>	<b>£397,630,898</b>	<b>£415,271,107</b>	<b>104%</b>

**Graph E1.6:** Planned vs Actual National Public Sector Expenditure in English Regions (£)



### 1.1.7 Private Sector Expenditure

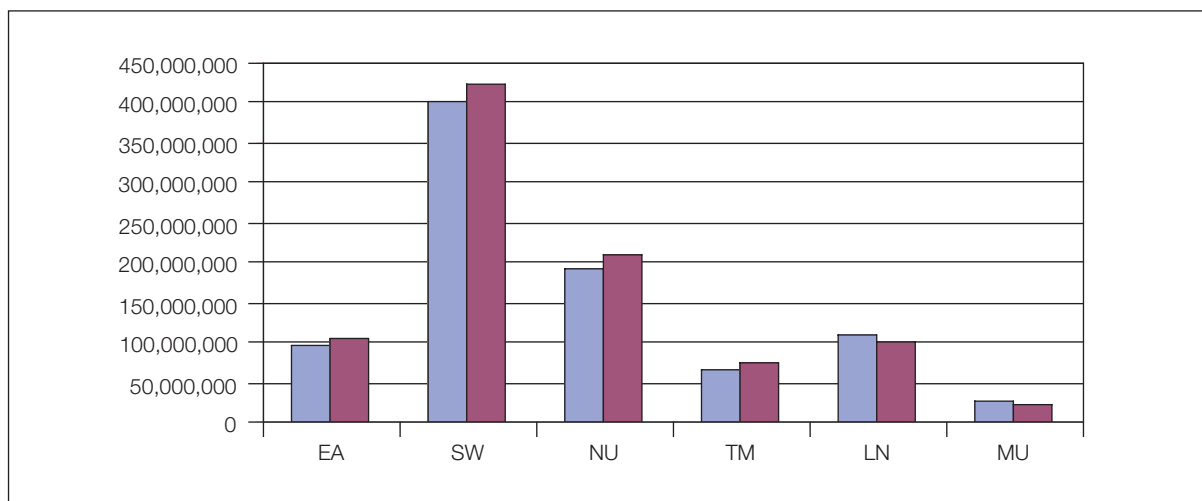
Apart from two of the smallest Programmes, Lincolnshire and Midlands Uplands, English Objective 5b regions were extremely successful in attracting private sector finance to their projects. **Table E1.12** shows that East Anglia, which had a very small target in comparison to its overall size and in relation to other Programmes, exceeded its target by 506%. Other Programmes, such as South West, Northern Uplands, and The Marches all exceeded their private sector targets by more than 200%, suggesting that targets had been set very cautiously. Indeed in 1999, private sector targets were reduced or only slightly increased in those Programmes. In most cases, private sector targets were most significantly exceeded in measures relating to tourism development.

Regarding the two Programmes that have significantly under-performed against their private sector expenditure targets, it is interesting to note that Lincolnshire's budget target for the private sector was drastically increased in 1999 representing 25% of its overall Programme expenditure profile. Its new target of attracting £27m (previously £4.9m) was higher than that of the significantly larger Programme of Northern Uplands. Expectations in 1999 were that Lincolnshire would be particularly successful in attracting private sector contributions from projects relating to business support in agriculture. Although the Programme managed to exceed its original SPD targets by 300% (confirming that it was set too low), it failed to achieve its over-optimistic targets of 1999 by 45%.

Overall, however, the Objective 5b Programme in England attracted £207.2m of private sector resources to rural development projects, exceeding its final target by 84%.

**Table E1.12:** Private sector final allocation budgets and spend in the six English regions (in £)

Objective 5b Regions	Budget in 1999	Spend in 2001	% of Spend against anticipated Budget
East Anglia	£4,648,649	£23,505,886	506%
South West	£48,525,149	£103,671,375	214%
Northern Uplands	£21,982,000	£45,312,000	206%
The Marches	£6,876,243	£17,540,281	255%
Lincolnshire	£27,090,192	£14,974,471	55%
Midland Uplands	£3,554,635	£2,172,000	61%
<b>ENGLAND Total</b>	<b>£112,676,868</b>	<b>£207,176,013</b>	<b>184%</b>

**Graph E1.7: Planned vs Actual Private Sector Expenditure in English Regions (£)**

## 1.2 Strategic aims and programme linkage

### 1.2.1 Key Strategic Aims of English Programme

The vision statements of the six English Objective 5b Programmes included the following:

- “To strengthen the local economy for the 5b area in order to generate job opportunities and increase incomes for local residents in the 5b area whilst sustaining the environmental quality of the area.” (East Anglia);
- “Reduce disparities between the 5b area and the European Union as a whole, by the achievement of above average employment and income growth, through an economic development strategy focusing on the region’s SMEs by promoting industrial competitiveness and assisting diversification within declining industries, while conserving the environmental quality of the region as a key resource.” (South West);
- “The vision for the Northern Uplands at the turn of the century is for a stronger, sustainable and more diversified economy and environment and for improvements to the economic and social infrastructure that will enable the area’s communities to better adapt to problems associated with population sparseness and remoteness and take up of appropriate opportunities” (Northern Uplands);
- “To strengthen the Marches economy and to help develop the local communities” (The Marches);
- “To assist the development and adjustment of the Lincolnshire 5b economy”. (Lincolnshire); and
- “To assist the development and adjustment of the Midlands Uplands economy by protecting and promoting gradual change in the rural economy” (Midlands Uplands).

All vision statements from the English Objective 5b regions addressed the strengthening and adjustment of their economy through job creation and income growth via the diversification of their declining economies and improvements to their infrastructure. Northern Uplands, the region with the lowest population density of all English Objective 5b regions, emphasised in particular the objective to overcome problems relating to remoteness and population sparseness. The more extensive vision statements pursued by the larger Objective 5b Programmes specifically addressed environmental improvements as well.

The analysis of the individual Single Programming Documents (SPD) confirmed that the English regions based their strategic Programme aims and objectives well on the identified weaknesses and opportunities in their area, and this was also reflected in their priority and measure structures. This internal coherence between identified needs and areas of Programme activity ensured that projects addressed and contributed to relevant economic development issues of each region. The majority of regions pointed out that their main interest in the Programme was to build on the strengths already existing in their region and to help overcome the identified weaknesses. In this context, a particular strength was often seen in the further development of business development services and infrastructure, as well as the development of the tourism sector. The aims for the improvement of the environment and the diversification of the agricultural sector were usually closely associated with the aim to develop tourism.

The English regions applied a range of different approaches regarding the Programme's priority and measure structures. On the one hand, we find Programmes with an extensive number of priorities and measures, whereby each measure addressed and focused on a particular issue in the region's economy, such as in East Anglia where the Programme incorporated 31 measures. On the other hand, Programmes such as Midlands Uplands designed their priority and measure structure in a wider fashion formulating a small number of measure titles in a way that a number of economic development areas and aspects could be accommodated. Other Programmes, such as Northern Uplands, South West, and The Marches, designed their priority and measure structure with a clear internal strategic approach, whereby each priority had a physical infrastructure, service orientated, and training measure.

In terms of necessary 'virements' in 1999, where original budget allocations could be altered and refined according to regional requirements, all Programmes made extensive use of internal 'virements' sometimes extending to half a measure's budget being 'vired' in or out. Apart from the amount of actual 'virements' undertaken, the amount of priorities and measures in a Programme made no difference to the extent 'virements' were used to adjust original budget allocations, i.e. even the Programmes with more inclusive measure titles had incidents where large 'virements' were necessary. However, the larger the number of priorities and measures, the more difficulties arose in terms of administering and managing budgets as well as in promoting the Programme to the stakeholders.

**Table E1.13: Priority and measure structure of the six English Objective 5B programmes**

East Anglia	Lincolnshire
<p><b>1 Business development</b></p> <ul style="list-style-type: none"> <li>1.1 support for businesses</li> <li>1.2 training support for businesses</li> <li>1.3 developing businesses</li> <li>1.4 provision of premises./infrastructure</li> <li>1.5 trade and port bus dev</li> <li>1.6 encourage inward investment</li> <li>1.7 Promote awareness and takeup</li> </ul> <p><b>2 Agriculture and fisheries</b></p> <ul style="list-style-type: none"> <li>2.1 On farm diversification assessment</li> <li>2.2 Productive use of physical assets</li> <li>2.3 Marketing</li> <li>2.4 Farm tourism</li> <li>2.5 Crop and product diversification</li> <li>2.6 Skills for farm business and fisherman</li> <li>2.7 Woodland projects</li> <li>2.8 Environmental projects</li> <li>2.9 Fisheries diversification</li> </ul> <p>2.1 Programme facilitator</p> <p><b>3 Human resource development</b></p> <ul style="list-style-type: none"> <li>3.1 skill training and retraining</li> <li>3.2 retraining &amp; guidance</li> <li>3.3 development of training delivery mechanisms</li> <li>3.4 community development resources</li> </ul> <p><b>4 Tourism and cultural development</b></p> <ul style="list-style-type: none"> <li>4.1 Heritage, recreational and cultural attractions</li> <li>4.2 settlement renewal</li> <li>4.3 natural environment attractions</li> <li>4.4 rail and inland waterway development</li> <li>4.5 Advice to tourism businesses</li> <li>4.6 Training</li> <li>4.7 Tourism marketing and information</li> <li>4.8 Tourist accommodation</li> </ul> <p><b>5 Research and Development</b></p> <p><b>6 Technical Assistance</b></p>	<p><b>1 Agricultural Diversification and Development</b></p> <ul style="list-style-type: none"> <li>1.1 Agricultural business support measures</li> <li>1.2 Agricultural marketing and product development</li> <li>1.3 Business, leadership and diversification skills</li> <li>1.4 Environmental management</li> <li>1.5 Agricultural, forestry and associated communities</li> </ul> <p><b>2 Tourism</b></p> <ul style="list-style-type: none"> <li>2.1 Developing and marketing the tourism industry</li> <li>2.2 Farm tourism</li> <li>2.3 Building a flexible competent tourism workforce</li> </ul> <p><b>3 Business Development</b></p> <ul style="list-style-type: none"> <li>3.1 Development of on-farm workspace</li> <li>3.2 Sites and premises</li> <li>3.3 Increasing investor confidence</li> <li>3.4 Improving communications</li> <li>3.5 Improving business support activities</li> <li>3.6 Innovation, R&amp;D and technology transfer</li> <li>3.7 Building a flexible competent workforce</li> </ul> <p><b>4 Human Resources and Communities</b></p> <ul style="list-style-type: none"> <li>4.1 Developing the community workforce</li> <li>4.2 Improving training and guidance facilities</li> <li>4.3 Renewal and renovation schemes</li> </ul> <p><b>5 Technical Assistance</b></p>

Northern Uplands	Southwest
<p><b>1 Economic Development and Diversification</b></p> <p>1.1 Business Advice and Assistance 1.2 Productive and Support Infrastructure 1.3 Development of Agricultural Diversification 1.4 Training for Business Development 1.5 SME's Financial Support to Existing Businesses</p> <p><b>2 Tourism</b></p> <p>2.1 Development of New and Improved Tourism Infrastructure 2.2 Tourism Promotion and Marketing 2.3 Development of Agri-Tourism 2.4 Vocational Training for Employees of the Tourism Industry</p> <p><b>3 Community Development</b></p> <p>3.1 Community Services and Infrastructure 3.2 Promotion of Local Initiatives for Rural and Coastal Communities 3.3 Vocational Training within Rural &amp; Coast Communities</p> <p><b>4 Environmental Enhancement and Conservation</b></p> <p>4.1 Environmental Improvements 4.2 Protection/Conservation of the Environment 4.3 Training to Provide Skills regarding Natural &amp; Built Environment</p> <p><b>5 Technical Assistance</b></p>	<p><b>1 SME /Business Development</b></p> <p>1.1 Facs and infra or business 1.2 Business support/development 1.3 Training 1.4 Recruitment, retention &amp; enterprise</p> <p><b>2 Tourism</b></p> <p>2.1 Facs and infra 2.2 Tourism support and dev 2.3 Farm tourism 2.4 Tourism training</p> <p><b>3 Agriculture</b></p> <p>3.1 Development and diversification 3.2 Training in agric/horticultural skills</p> <p><b>4 Community Regeneration</b></p> <p>4.1 Town/village regen/enhancement 4.2 Isles of Scilly 4.3 Training in Rural Communities</p> <p><b>5 Environment</b></p> <p>5.1 Protection / enhancement of envt 5.2 Energy 5.3 Restoration of envt 5.4 Training for envt management</p> <p><b>6 Technical Assistance</b></p>
The Marches	Midlands Uplands
<p><b>1 Business Development and Diversification</b></p> <p>1.1 Development to assist the creation of employment 1.2 Support for existing and start-up businesses 1.3 Training to meet the needs of SMEs</p> <p><b>2 Local Communities and Countryside</b></p> <p>2.1 Actions within local communities to assist development 2.2 Training to support employment/SME development 2.3 Developing the potential in the countryside</p> <p><b>3 Tourism and Related Activity</b></p> <p>3.1 Development, improvement and management of tourism 3.2 Skill development in tourism and related industries</p> <p><b>4 Farm Related Development</b></p> <p>4.1 Agricultural facilitation 4.2 Farm diversification/care for the agricultural environment 4.3 Training in farm diversification skills</p> <p><b>5 Technical Assistance</b></p>	<p><b>1 Develop/Diversify Rural Economy</b></p> <p>1.1 Agricultural Development and Diversification 1.2 Developing the Tourism Industry 1.3 Develop Econ. Infrastructure&amp;Access to Opportunities 1.4 Improving Business Support Services incl.Innovation 1.5 Building a Flexible Competent Workforce</p> <p><b>2 Enhancing Role of Community in Econ. Dev.</b></p> <p>2.1 Improving Facilities available to Rural Communities 2.2 Developing the Community Workforce</p> <p><b>3 Technical Assistance</b></p>

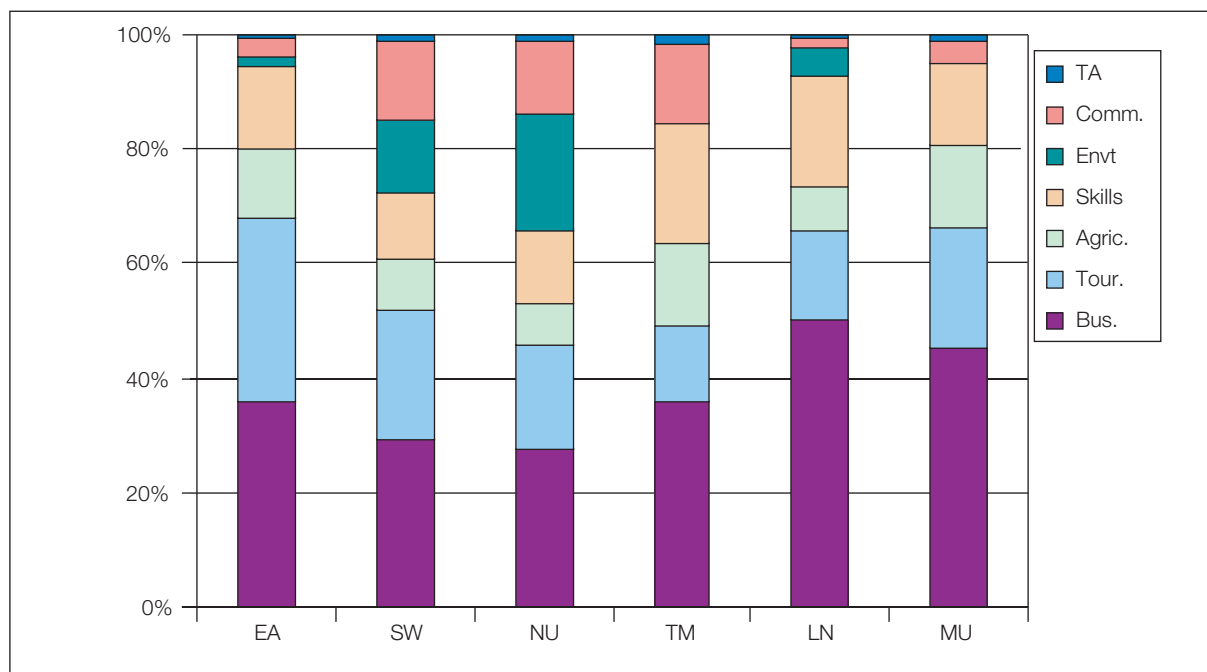
The different priority and measure structures in the English Programmes cause a difficulty in undertaking an England-wide analysis and comparison of Programme achievements. The evaluation, therefore, applied a thematic key to re-allocate measures to common themes. The evaluation identified six key themes on which basis the strategic emphasis and physical achievement levels are assessed. **Table E1.14** and **Graph E1.8** provide an overview of how the six English Objective 5b Programmes used European Structural Funds and to what extent certain key themes have been implemented.

**Table E1.14:** Programme priorities according to key strategic themes, by EU-spend in % of overall EU-programme spend per programme (in £m)

	East Anglia	South West	Northern Uplands	The Marches	Lincolnshire	Midland Uplands	England Total
<b>Business Support</b>							
EU-Spend	12.9	39.5	19.1	8.8	16.6	3.9	<b>101.0</b>
EU-Spend in % of Programme							
EU-Spend	0.36	0.29	0.28	0.36	0.50	0.46	<b>0.33</b>
<b>Tourism</b>							
EU-Spend	11.6	30.6	12.7	3.3	5.2	1.8	<b>65.0</b>
EU-Spend in % of Programme							
EU-Spend	0.32	0.23	0.18	0.13	0.16	0.21	<b>0.21</b>
<b>Agriculture</b>							
EU-Spend	4.5	12.0	4.7	3.6	2.5	1.2	<b>28.6</b>
EU-Spend in % of Programme							
EU-Spend	0.13	0.09	0.07	0.15	0.08	0.14	<b>0.09</b>
<b>Training/Skills</b>							
EU-Spend	5.1	15.4	8.8	5.2	6.4	1.2	<b>42.2</b>
EU-Spend in % of Programme							
EU-Spend	0.14	0.11	0.13	0.21	0.19	0.14	<b>0.14</b>
<b>Environmental Works</b>							
EU-Spend	0.7 <sup>2</sup>	17.3	14.2	0.8	1.6	0	<b>33.8</b>
EU-Spend in % of Programme							
EU-Spend	0.02	0.13	0.21	0.00	0.05	0.00	<b>0.11</b>
<b>Rural Communities</b>							
EU-Spend	1.1	18.7	8.8	2.6	0.7	0.3	<b>32.2</b>
EU-Spend in % of Programme							
EU-Spend	0.03	0.14	0.13	0.14	0.02	0.04	<b>0.11</b>
<b>Technical Assistance</b>							
EU-Spend	0.3	1.4	0.7	0.4	0.1	0.08	<b>3.0</b>
EU-Spend in % of Programme							
EU-Spend	0.01	0.01	0.01	0.01	0.003	0.01	<b>0.01</b>
<b>Total</b>							
<b>EU Spend (in £m)</b>	<b>£36.2</b>	<b>£135.0</b>	<b>£69.1</b>	<b>£24.8</b>	<b>£33.0</b>	<b>£8.6</b>	<b>£306.7</b>
Project Number	413	645	1,098	416	260	108	2,940
Average Project Size (in £)	87,651	209,302	62,933	59,615	126,923	79,630	104,320

<sup>2</sup> The East Anglia Programme included a measure called 'enhancement of environmental attractions' which the applied key attributed to the tourism theme. A total of £1.5m was spent under this measure, and might be equally be allocated to the environment theme.

**Graph E1.8: Actual Programme EU-expenditure against Key Programme Themes in England**



**Table E1.14** and **Graph E1.8** illustrate that on an England-wide basis the investment positions of strategic themes did not vary greatly. The three themes of business support, tourism, and agriculture received proportionately more EU-resources than originally anticipated in the SPD budget allocations. The highest proportionate increase in expenditure was reported in tourism, which spent 2% more EU-resources than anticipated, whilst areas such as the environment experienced a 2% decrease in expenditure.

In more detail, the overall theme of 'business support' received 33% (£101m) of all EU resources. Smaller Programmes, such as Lincolnshire and Midlands Uplands even focused more strongly on business development and spent half (Lincolnshire) or nearly half (46%, Midlands Uplands) of their EU resources on this theme. 'Tourism' was the next most popular spending area in England, with a total of £65m of EU expenditure invested (21% of Objective 5b EU funding in England). Each region spend between 16% (Lincolnshire) and 32% (East Anglia) of their European declared expenditure on projects supporting tourism development. The dominance of 'business support' and 'tourism' as Objective 5b favourites is unsurprising, as these themes are not only the areas carrying most weight in strategic terms as identified by the various SPDs, but they are also the themes under which most capital expenditure has taken place.

The smallest share of EU expenditure (9% of total England Programmes) has taken place in agriculture, where a total of £28.6m of EU funds have been spent. Apart from Technical Assistance this was the smallest area of spend in the larger Programmes such as South West and Northern Uplands, whilst smaller Programmes including The Marches and Midlands Uplands managed to achieve higher spending rates of 15% and 14% respectively (however, this might be explained by the fact that these Programmes addressed some of their environmental topics under the wider thematic of agriculture).

Training and skills development was a fairly evenly utilised theme, with all six English regions spending between 11% and 21% of their EU-expenditure on training projects, whereby the medium to smaller sized Programmes had the tendency to spend proportionately more than their larger counterparts. In England, a total of £42.2m was spent on training and skills development projects.

Environmental development was clearly the area where larger sized Programmes were more successful in addressing and implementing relevant initiatives. The Northern Uplands and South West Programmes spent most (91%) of the total expenditure occurring in England (£33.8m).

Similarly, in the development of rural communities larger-scale Programmes tended to allocate and spend more European resources in proportion to their overall EU-expenditure profile, than the smaller programmes. A total of £32.2m was spent on community development representing 11% of all EU resources spent in England.

In terms of technical assistance, the majority of Programmes spent 1% of their EU-expenditure, with Lincolnshire only spending 0.3% of its Programme expenditure.

In total, the Objective 5b Programme spent £306.7m of EU resources and supported 2,940 projects, with an average project size of £104,320.

On an England wide basis and in order of strategic priority, European Structural Funds were spent and distributed in the following way:

**Table E1.15:** Distribution of European structural funds across 6 themes in England (%)

Theme	Original Emphasis (%)	Actual Share of Spend (%)
Business	32%	33%
Tourism	19%	21%
Training and Skills	16%	14%
Environment	11%	11%
Communities	10%	11%
Agriculture	10%	9%
Technical Assistance	1.5%	1%

### 1.2.2 Complementarity to other Programmes

**Table E1.16** details the complementarity of the Objective 5b programme with other EU Programmes, Community Initiatives and UK Programmes. These complementary opportunities were taken up to varying degrees across and within each of the 5b areas. As with many of the programmes the administration and operation of the Community Initiatives and European Programmes were by staff co-located at the same

government offices as the Objective 5b Programme, encouraging a co-ordinated partnership approach. However, in Midlands Uplands there were no formal linkages with additional European Structural Funds, despite them operating in the area.

The ticks represent the use of other programmes, not the availability of the programme in a specific 5b area. For instance, EIB loans were available anywhere in the UK but not all areas made use of it.

**Table E1.16:** Programme complementary as stated in final reports

	East Anglia	South West	Northern Uplands	The Marches	Lincolnshire	Midland Uplands
<b>EU-Programmes and Community Initiatives</b>						
ADAPT				✓		
EMPLOYMENT				✓		
LEADER II	✓	✓	✓	✓	✓	✓
PESCA (fishing)	✓	✓	✓		✓	
RETEX II (textile)			✓			✓
SME	✓	✓	✓	✓		✓
RECHAR II						
KONVER II (defence)		✓	✓			
EIB	✓	✓		✓		
Objective 2		✓	✓			
Objective 3		✓	✓	✓		
Objective 4			✓	✓		
Objective 5a			✓	✓		
<b>UK Programmes</b>						
SMART and SPUR	✓					
SRB	✓	✓				✓
Rural Challenge Programme		✓	✓			✓

Firstly, some programmes were only used by one or two Objective 5b areas. For instance, the several ADAPT projects, which aimed to improve guidance and training systems, operated in The Marches 5b area but there were none in any of the remaining five English 5b areas. This was also true for the EMPLOYMENT programme which targeted groups that faced specific difficulties in the labour market and was funded through ESF. KONVER II, a nationwide initiative in operation between 1995-1999, was only utilised in South West and Northern Uplands.

On the other hand LEADER II and the SME programmes were utilised by most areas. The South West region received the largest allocation of funds for England under the LEADER II rural development Community Initiative, and there was strong

evidence of synergy between LEADER II and Objective 5b. The national SME Initiative was operational between 1997 and 1999 and focused on encouraging SMEs to adapt to the Single European Market.

Grants were available through Objective 3, 4 and 5a and EIB loans. However, it must be said that the use of these programmes was not widely reported in formal documents.

Complementarity with the 'Objective' Programmes was demonstrated through common systems and processes employed for all programmes.

Finally, the use of UK programmes (SRB, SMART, Rural Challenge Find) was not comprehensively reported in formal documents.

## 1.3 PROGRAMME DELIVERY

### 1.3.1 Programme Delivery Structure

**Table E1.17** details those responsible for delivering the Objective 5b Programme across each of the six English areas.

**Table E1.17:** Programme delivery structure

	East Anglia	South West	Northern Uplands	The Marches	Lincolnshire	Midland Uplands
<b>Monitoring and Overview of Programme Implementation/Strategic Level</b>						
Programme Monitoring Committee	✓	✓	✓	✓	✓	✓
<b>Day-to-Day Management/Operational Level and Approval of Applications</b>						
Programme Secretariat (based at GO-EM, GO-SW, GO-WM, GO-EA)	✓	✓	✓	✓	✓	✓
MAFF	✓	✓			✓	✓
ESF Headquarter Unit at DfEE	✓	✓		✓	✓	✓
Advisory Group		✓				
Thematic Advisory Group				✓		
<b>Appraisal of Project Applications</b>						
Working Group	✓	✓	✓	✓	✓	✓
<b>Further Advice/Sounding Boards</b>						
Local Area Groups	✓					

All 5b areas in England adopted a three-tier management system consisting of a Programme Monitoring Committee, a Programme Secretariat, and a Working Group. In the South West, Midlands Uplands and Lincolnshire, ERDF and ESF applications were the responsibility of the secretariat based at the main government office and with MAFF accountable for EAGGF projects. This was similar for The Marches, except the Secretariat selected and scored bids for one of the two measures under EAGGF funding. In most cases, ESF bids needed to be forwarded to the ESF Unit in London for final approval.

In many cases the Working Group considered projects below a particular value. In Midlands Uplands the Working Group considered all projects of less than 3 MECU (which turned out to be all projects), while in East Anglia, the South West and Lincolnshire the Working Group considered all applications of less than 5 MECU.

It was generally raised that separate management systems for each fund and the lack of integration between funds presented a major barrier to efficient delivery of the programmes. Delays were caused regarding approval of applications and payments of claims. A common improvement suggested by the Interim Evaluations was improved integration between the administration of the three different funds. However, East Anglia adopted a common procedure for assessing ERDF, ESF and EAGGF funded projects, albeit that EAGGF and ESF applications still needed to be forwarded to MAFF and ESF Headquarter Unit, respectively, for appraisal and eligibility checks.

Unique to the South West and The Marches areas was the presence of advisory/thematic groups. In the South West there were five advisory groups which met to discuss specific themes (tourism, agriculture, skill and enterprise, private sector and community regeneration). The Marches had five thematic groups (one for each of the four priorities and one for ESF applications).

### 1.3.2 Programme Partnership Involvement

The PMCs in each area met between seven and ten times. The representative organisations are detailed in the table below.

**Table E1.18:** Programme partnership involvement (by percentage of all representative seats on programme monitoring and management committees per region)

	East Anglia	South West	Northern Uplands	The Marches	Lincolnshire	Midland Uplands
<b>Type of organisation</b>						
European Commission	3	3	3	3	✓	✓
Central Government	5	6	9		✓	✓
Government Office	2	7	1	10	✓	✓
Regional Authority	1	3		3		
Local Authority	1	13	6	1	✓	✓
Economic Development Company	1	2				
FE and HE Sector	1	2	7	2		
Tourism Board		1	1	1		
Business Community/Chamber of Commerce	1	3	3	2		✓
Community/Voluntary Organisation/Council	2	2	3	4	✓	✓
Environmental Agencies (Countryside Commission/Countryside Agency/English Nature)	2	5	7	1	✓	✓
Training & Enterprise Councils	1	2	3	2	✓	✓
Rural Development Commission	1					
Farmers/Trade Union	1	1		2		✓
Private Sector	3		3	1	✓	✓
Employment Agency		1				
National Park/Landowners		1				
EIB					✓	
Total Number of Seats	25	52	46	32		

For both Lincolnshire and Midlands Uplands the actual number of seats allocated to the various organisations represented were not detailed in any of the Programme Reports or indeed the SPD. This prevented a thorough examination into the level of representation by each organisation and analysis on any changes in the size of the PMC.

The size of the South West PMC seems rather excessive, however that is not to say that 52 representatives were present at each meeting. There was a core membership of between 20-25 for each of the areas consisting of:

- The European Commission;
- Central Government;
- Government Offices;
- Regional Authorities;
- Local Authorities;
- Economic Development Company;
- FE and HE Sector;
- Tourism Board;
- Business Community/Chamber of Commerce;
- Environmental Agencies;
- TECs; and
- Private Sector.

### 1.3.3 Technical Assistance

The table below reveals the allocation and spend of EU monies on technical assistance.

**Table E1.19: Technical assistance (in £)**

	East Anglia	South West	Northern Uplands	The Marches	Lincolnshire	Midland Uplands
Original EU- Budget over Programme Period (total)	£390,141	£1,825,833	£2,080,000	£410,397	£659,000	£160,800
EU-Budget in relation to overall programme EU-Allocation	0.9%	1%	2.6%	1.5%	2%	2%
Total EU-Budget Spend	£277,802	£1,427,353	£723,509	£365,814	£104,779	£79,000
– ERDF	£254,698	£1,369,655	£593,633	£252,032	£80,813	£64,000
– ESF	£23,104	0	£121,471	£113,782	£23,966	£11,000
– EAGGF	0	£57,698	£8,405	No allocation	No allocation	£4,000
EU-spend in relation to overall Programme EU-spend	1%	1%	1%	1%	0.3%	1%

The amount of money set aside for Technical Assistance varied from £2.08m in the Northern Uplands to £160,800 in Midland Uplands, with actual spend ranging from £1.4m in the South West to only £11,000 in Midland Uplands. That said, actual spend for five of the six areas was as envisaged at approximately 1% of total EU spend (Lincolnshire only spent 0.3% of the total on technical assistance). Only Lincolnshire and The Marches did not allocate any EAGGF budget to technical assistance. In all areas ERDF funded the greatest proportion of Technical Assistance.

Common uses for technical assistance were to:

- provide administrative support;
- co-finance posts and secondments;
- publicise the programme (e.g. a Newsletter);
- undertake local research and development work to improve the delivery of the Programme and the uptake of funds;
- undertake feasibility studies;
- fund Interim Evaluations.

All areas except the South West used some allocated ESF funds for technical assistance. This may be due to the fact that in the South West there were difficulties in generating technical assistance projects due to lack of match funding. Despite the development of a new technical assistance programme there was no ESF technical assistance spend.

Unlike any other area, the Midlands Uplands used technical assistance to research and define the opportunities to promote links between the Objective 5b Programme and the LEADER II programme, particularly in promoting local community development initiatives.

In The Marches, there were some changes made to the allocation of ESF budget set aside in the Marches for Technical Assistance. The Final Report states that at the time of the Interim Evaluation, around 70% of the ERDF Technical Assistance budget had been committed, at the same time however, only a quarter of the ESF allocation was committed. As a result, ESF grants had been made available to the Community Councils of Shropshire and Hereford & Worcester, and also to the Southern Marches Partnership and the Northern Marches to support community-based ESF development and facilitation.

## 1.4 PROGRAMME PERFORMANCE

### 1.4.1 Performance Indicators (Core Indicators)

Most of the English Programmes identified a set of core performance indicators, either at Programme or priority level. The range of core indicators selected varied considerably, with the smaller Programmes such as Lincolnshire and Midlands Uplands providing summary targets of project and activity-based indicators, and the larger Programmes introducing additional impact indicators such as income generation, GDP increases, productivity gains, and value added by employment. Although baseline indicators were frequently identified in SPDs, only a small range were equipped with actual baseline figures and Programme targets. Similarly, relatively sophisticated impact targets identified by some of the larger-scale Programmes were dependent on project-level economic impact assessments, however, neither Annual Reports nor Final Reports reported on any results relating to these indicators and targets.

As described earlier, the financial and output performance data of the English Objective 5b Programmes have been aggregated under six key themes of the Programme, in order to analyse spend and achievement occurring across the six Programmes. Furthermore, in order to focus the analysis on a small number of core performance indicators, we have selected up to four relevant indicators under each key theme. In this context, it is worthwhile to note that all English 5b Programmes identified core performance indicators in their SPD.

The assessment of the quality and accuracy of reported values against the selected range of performance indicators has to be treated with care. At a number of occasions, consultations with programme managers in various Government Offices revealed that reported project outputs were seldom verified and it depended very much on individual project managers how performance indicators were interpreted as no guidance or definition was available to project managers. It is with this background that the following data should be treated with care.

At a regional level, the availability and quality of performance indicators varied. In most Programmes, one can find incidents of imprecision and lack of clarity of a number of indicators (for example, 'temp during life', or 'other units supported', 'minor works Lowestoft/Wisbech' whose full meaning is only apparent to the insider). Particularly, the way in which 'new jobs created' was expressed varied greatly between Programmes, often described as 'Number of jobs created', 'Number of jobs created and safeguarded', 'Number of jobs to be created', 'Jobs created directly', 'Number of jobs in tourism' etc.

Whilst some Programmes were predominantly activity-oriented regarding their type of performance indicators, other Programmes such as Northern Uplands, South West, and The Marches presented quite a comprehensive range of indicators incorporating activity, result and impact indicators, including 'additional income generated', 'NVQ II and III levels achieved', and 'private sector leverage'.

In a small number of Programmes, the reported performance indicators were primarily project driven, which was evident through the extreme detailed focus and high number of indicators (for example, 'specialist high kerbing', 'Number of pedestrian traffic lights').

Other peculiarities included the practice of a small number of Programmes to approve multi-measure projects, where attribution of outcomes was very difficult.

A number of comments are also to be made regarding the measurement of indicators. There were slight inconsistencies of measurement to be detected in all Programmes, incidences where the results of connected indicators did not make sense, such as '0' reported 'Additional visitors to farm accommodation', but '7,620' reported 'Number of additional visitor nights'. Other inconsistencies relate to performance targets expressed in a % figure and reported in nominal figures, or % targets and % outcomes but without any baseline figure to relate to those outcomes.

Achievement rates, particularly in the area of 'jobs created' often seemed overstated, particularly when connected indicators failed to record any or very little achievement and when set targets were vastly over-achieved, which is an indication that the meaning of certain performance indicators (predominantly 'businesses assisted', and 'jobs created') were interpreted differently at target setting stage and project measuring stage.

Despite these problems in presenting, defining, and measuring performance indicators, which are mostly symptomatic of this particular programming period where performance measurement started to become more relevant to programme management, most Objective 5b Programmes appeared to have made an effort in recording project data, many attempting to measure difficult aspects of economic intermediate and long-term impact, but still relying heavily on the individual experience and understanding of project deliverers without the provision of general guidance and interpretation of a standard set of Programme performance indicators.

In this context, **Table E1.20** provides an overview of the individual and combined performance of a selected range of performance indicators in the six Programme regions in England, based on Final Report statements in each region. As shown, all Programmes recorded jobs created and jobs safeguarded (although in different ways and forms, as described earlier), the number of businesses assisted, Number of beneficiaries of ESF courses, and Number of community enhancement projects. Apart from these five indicators, other areas of Programme performance were less commonly reported, or reported in different ways. For example, whilst the largest Programme South West invested extensively in the creation of business premises, it did not record the sqm of new premises created, however, it reported 'Number of new/improved workshop units' and 'Number of centres providing business facilities'. These variations between regions occur throughout the Programme and present significant barriers to the amalgamation of results and England-wide reporting of Programme achievements.

**Table E1.20: Programme performance indicators (core indicators)**

Core performance indicator	East Anglia	South West	Northern Uplands	The Marches	Lincolnshire	Midland Uplands	England Total
Jobs created	1,929.5	26,573	12,931	1,102	11,832	1,830	<b>56,198</b>
Jobs safeguarded	480	40,157	18,463	1,231	647	2,229	<b>63,207</b>
New firms created	176	1,859	17	177	764	–	<b>2,993</b>
Businesses assisted	19,054	27,680	4,200	7,103	2,190	2,723	<b>62,950</b>
Land serviced (ha)	35.93	2,568	–	33	44.9	10.37	<b>2,692</b>
Sqm premises provided	–	–	27,469	13,139	34,046	6059	<b>80,713</b>
New/improved attractions	19	269	468	–	19	11	<b>786</b>
New/improved visitor info centres	2	109	–	104	–	–	<b>215</b>
Diversification studies	4	926	–	22	330	–	<b>1,282</b>
Diversification projects	–	138	–	29	–	–	<b>167</b>
No of beneficiaries	11,321	15,500	4,098	4,212	2,857	1,043	<b>39,031</b>
No. gaining NVQ/equiv.	–	11,625	–	132	1,017	1,949	<b>14,723</b>
No. businesses trained (ESF)	64	1,509	–	281	669	198	<b>2,721</b>
Ha land improved	47.8	12,289	130,998	1,500	393	–	<b>145,227.8</b>
No community enhancement projects	13	209	1,064	10	40	7	<b>1,343</b>

## 1.5 Overall programme achievements against key themes

### 1.5.1 Business Support

As reported earlier, the six English Programmes spent £101m of EU-resources in measures relating to the provision of business support, including capital investment schemes. The provision of business support was strategically the most important area of Objective 5b investment in all regions, spending between 28% and 50% of their total EU Programme expenditure.

All Programme regions addressed a range of business support areas, usually incorporating the development and improvement of business link activities, the provision of business grant schemes and integrated business support packages, as well as the provision of rural small business advisors. Technology transfer, innovation, and R&D support were also popular schemes aimed to diversify existing businesses and to increase their competitiveness in a sustainable fashion.

The majority of Programmes also aimed for the creation of new businesses, which was an area of ERDF investment with strong linkages to respective ESF training.

A number of Programmes sought to link their business support measures with national schemes such as SMART, SPUR and TCS (Teaching Company Scheme) and included relevant modest targets, yet reported achievement rates were low, indicating that linkages to other domestic programmes were difficult to establish.

In terms of physical business support infrastructure, the Programmes targeted the reclaiming and servicing of land as well as the provision of new premises in the form of business parks and industrial sites with the aim to attract inward investment and to keep existing businesses in the area. In both areas, targets were exceeded, particularly with respect to land serviced where Programmes reported a total of 2,692 ha as reclaimed and serviced.

Based on the information provided in the Final Reports, the Objective 5b resources assisted approximately 46,000 businesses and created 80,713 sqm of new business premises, through which the Programme helped to create 2,993 new firms, 25,481 jobs and 18,614 safeguarded jobs throughout England. For business development, the Programme attracted £39m of private sector contributions (44% more than targeted).

As shown in **Table E1.21**, most Programmes exceeded their targets, with the exception of 'new firms created'. However, these figures have to be read with care as Programmes interpreted 'jobs created', and 'businesses assisted' widely and, in many cases, exceeded targets to such an extent that either the target setting or the measurement of results must be questioned.

**Table E1.21: Business support performance indicators targets and actuals of English regions**

	Jobs created		Jobs safeguarded		Businesses assisted		New firms created		Sqm Premises provided	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	East Anglia	–	1,465	–	480	–	17,574	1,000	176	–
South West	1,000	6,173	9,000	8,531	2,000	18,013	500	1,859	–	–
Northern Uplands	3,900	5,550	2,600	6,234	3,300	1,762	41	17	27,500	27,469
The Marches	750	266	2,000	1,230	500	5,100	500	177	20,000	13,139
Lincolnshire	12,017	11,529	–	–	–	1,780	1,000	764	3,500	34,046
Midland Uplands	268	498	850	2,139	2,000	1,873	–	–	14,500	6,059
<b>ENGLAND Total</b>	<b>17,935</b>	<b>25,481</b>	<b>14,450</b>	<b>18,614</b>	<b>7,800</b>	<b>46,102</b>	<b>3,041</b>	<b>2,993</b>	<b>65,500</b>	<b>80,713</b>

### 1.5.2 Farm Diversification

Although agriculture was the Objective 5b theme experiencing the lowest volume of declared expenditure (9% of all EU-expenditure), all English regions included agriculture and farm diversification measures in their Programme structure (four Programmes addressed this theme via a designated priority). EU-budget allocations ranged between 7% and 17% of individual Programme EU-expenditure profiles, usually spending slightly less than anticipated.

Priority and measure titles usually addressed aspects of agri-tourism, farm related development and diversification, training in farm diversification, and agricultural marketing and product development. Many Programmes also created a close linkage to environmental measures and targets. Despite the limited budget and spending volume, Programmes, such as Midlands Uplands, East Anglia, and Lincolnshire addressed the theme of farm diversification extensively.

In England, a total of £28.6m of EAGGF and ERDF resources were spent on agriculture and diversification projects, excluding projects relating to training and the environment. Although representing the smallest area of EU-resource expenditure, agriculture attracted the highest levels of private sector funding of all themes with Programmes recording a total of £62m private sector resources contributing to project activity.

The range of performance indicators representing agricultural diversification in the various English Programmes provides, in most cases, a relative good insight into what type of activities the Programme supported, indicators representing results and impacts were less often present. Whilst business guidance, SME and co-op development, and non-tourism farm shop development was the focus of some Programmes, others focused more on farm diversification into woodland management, or alternative crops. In addition most Programmes supported projects in farm tourism, although some Programmes included this aspect into their overall tourism development measures. Farms and farm businesses were also supported through projects undertaking diversification appraisals, training needs assessments and market appraisals. Specialty food projects, novelty crop development and schemes targeted at the agri-food-chain and associated marketing initiatives seeking to develop niche markets were important projects in East Anglia, South West, The Marches, and Midlands Uplands.

Although mostly reporting activity-based indicators, all Programmes reported ‘jobs created’ with most regions either significantly under-achieving, or significantly exceeding their targets. As **Table E1.22** shows, on an England-wide basis the Programmes reported in excess of 4,000 new jobs created. However, in cases, the recorded amount of jobs created, or safeguarded could not be easily attributed to project activity, as most Programmes did not measure ‘additional farm income’ justifying how these additional jobs were created. The measurement of increases in income is, however, often regarded as a difficult area, and in the rare cases where Programmes, such as Midlands Uplands, attempted to report against ‘net average productivity increase’, targets were not met, whilst ‘job creation’ was exceeded by 200%.

In terms of number of businesses/farms assisted, apart from the South West, which reported a dramatic over-achievement in the number of businesses assisted, most Programmes exceeded their targets comfortably, reporting a total of 6,212 farm businesses that received Objective 5b assistance.

**Table E1.22:** Farm diversification performance indicators targets and actuals of English regions

	Jobs created		Jobs safeguarded		Businesses assisted		Diversification Studies		Diversification Projects	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
East Anglia	30	0.6	–	–	200	166	10	4	–	–
South West	200	2,036.5	27,760	7,269.5	600	3,038	50	926	150	138
Northern Uplands	50	467	250	1,525	1,250	1,720	–	–	–	–
The Marches	750	736.5	–	–	120	194	24	22	20	29
Lincolnshire	20	7.2	80	141	204	244	320	330	–	–
Midland Uplands	400	815	115	90	600	850	–	–	–	–
<b>ENGLAND Total</b>	<b>1,450</b>	<b>4,062.8</b>	<b>28,205</b>	<b>9,025.5</b>	<b>2,974</b>	<b>6,212</b>	<b>404</b>	<b>1,282</b>	<b>170</b>	<b>167</b>

### 1.5.3 Tourism

Representing the second largest area of EU-expenditure in England, tourism projects utilised £65m of EU-resources (21% of total EU-expenditure in England) with three regions exceeding their original spending allocations in this area. Also in private sector terms, tourism projects attracted significantly more funding than expected in indicative budgets and a total of £59m was attracted from private sources.

Apart from Midlands Uplands, all Programmes incorporated a designated priority for tourism development including a number of measures addressing aspects such as development of tourism infrastructure, tourism promotion and marketing, farm tourism and skill development in tourism.

As tourism is an important industry to most of the Objective 5b regions, European funding was primarily used to improve marketing and the management of visitors, to seek new markets and products, to develop existing and new attractions, thereby enhancing the quality of the tourism product in each region.

Popular projects in most regions included large-scale marketing initiatives and the establishment of marketing groups and new promotional material to attract a wider and new range of visitors. Projects offering grants to improve accommodation and visitor facilities were also often funded by Programmes seeking to increase the number of visitors and extend the length of their stay in the region. Most Programmes attempted to measure indicators relating to number of visitors, visitor expenditure and bed-nights, with varying success and consistency.

A number of projects targeted the development of niche markets including the creation of heritage centres, wildlife tourism, environmental tourism development, training in cultural and heritage tourism, the re-opening of a disused railway and the creation of national park visitor centres.

As **Table E1.23** demonstrates, the reporting of essential performance indicators was less consistent between the six Programme regions than in themes previously discussed. Again, primarily due to the dramatically exceeded job creation targets in the South West, tourism projects reported a total of 16,216 jobs created and 22,342 jobs safeguarded. These results have to be questioned as there is such a distinct difference in their target and actual values, it is likely that programme makers and project managers interpreted the performance indicators in significantly different ways.

Furthermore, Programmes reported the support of 786 new/improved attractions and 215 new/improved visitor centres with Northern Uplands, the South West and The Marches significantly exceeding their targets.

**Table E1.23:** Tourism performance indicators targets and actuals of English regions

	Jobs created		Jobs safeguarded		Businesses assisted		New improved Attractions		New/Improved Visitor Centres	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
East Anglia	-	316.9	-	-	700	736	90	19	10	2
South West	2,365	11,619.5	7,500	16,185.5	8	6,629	20	269	20	109
Northern Uplands	1,400	3,978	1,200	6,157	-	-	33	468	-	-
The Marches	-	-	-	-	300	1,809	-	-	15	104
Lincolnshire	40	90	-	-	142	146	10	19	-	-
Midland Uplands	75	212	-	-	-	-	20	11	-	-
<b>ENGLAND Total</b>	<b>3,880</b>	<b>16,216.4</b>	<b>8,700</b>	<b>22,342.5</b>	<b>1,150</b>	<b>9,320</b>	<b>173</b>	<b>786</b>	<b>45</b>	<b>215</b>

### 1.5.4 Training

With £42.2m of ESF, ERDF and EAGGF expenditure, the third largest spending area of the six Objective 5b themes, the area of training and skills development maintained its strategic position in relation to other Programme themes as anticipated in the original SPDs.

The investment in training benefited a reported 39,031 people (employed and unemployed) in England in a wide range of areas including business training,

environment, tourism skills, agriculture diversification, and employment advice and counselling. In addition, Programmes, such as The Marches, Lincolnshire and Midlands Uplands reported good success in implementing community-based training initiatives and in providing flexible/outreach learning packages and telecottages. This was also a key area for the Northern Uplands Programme, which specifically aimed to reduce remoteness for its communities and which used distance learning as one important means to help overcome this problem.

Whilst most Programmes reported difficulties in receiving high quality training project applications during the first years of Programme implementation, many regions started to focus more on the promotion and involvement of more stakeholders and partners, which often succeeded in improving Programme performance. This was particularly the case in The Marches, which managed to spend a relatively high 87% of its allocated ESF budget. Similarly successful were the small Programmes of Lincolnshire and Midlands Uplands, whilst the larger-sized Programmes only managed to spend between 55% and 68% of their ESF budgets.

In terms of available performance indicators, training measures were often poorly equipped, usually recording a small range of indicators including number of beneficiaries and number of businesses trained, but seldom indicators which could have provided information on the number of NVQ qualifications obtained. The Marches and South West were the only regions reporting on numbers of distinct NVQ levels (I, II and III) achieved, the South West, however, applying a standard 75% achievement rate throughout its various training measures. Lincolnshire widened the meaning of the indicator, also counting achieved credits leading to NVQ ('Number of people achieving NVQ or equivalent qualifications or credits towards them'), and in the case of Midlands Uplands the actual number of people gaining NVQ is higher than the number of beneficiaries receiving training (to be fair, this is partly due to the fact that some training measures only counted beneficiaries, and other measures only reported on NVQ gained).

Not many regions reported on the full spectrum of activity, results and impact indicators, with South West, Lincolnshire and Midlands Uplands providing the most comprehensive range.

England-wide, the Programme trained 2,721 businesses and reported that through training activities 4,587 jobs were created and 6,969 jobs safeguarded.

**Table E1.24:** Training/skills development performance indicators, targets and actuals of English regions

	Jobs created		Jobs safeguarded		No of Beneficiaries		No. of NVQ/ equivalent		No. of Businesses Trained	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	East Anglia	–	96	–	–	3,800	11,321	–	–	800
South West	1,350	4,332	6,100	6,669	12,000	15,500	900	11,625	1,500	1,509
Northern Uplands	–	–	–	–	2,230	4,098	–	–	–	–
The Marches	–	–	–	–	2,250	4,212	350	132	310	281
Lincolnshire	207	99	500	300	1,375	2,857	575	1,017	460	669
Midland Uplands	30	60	–	–	450	1,043	750	1,949	150	198
<b>ENGLAND Total</b>	<b>1,587</b>	<b>4,587</b>	<b>6,600</b>	<b>6,969</b>	<b>22,105</b>	<b>39,031</b>	<b>2,575</b>	<b>14,723</b>	<b>3,220</b>	<b>2,721</b>

### 1.5.5 Environmental Works

Two English Objective 5b Programmes, Northern Uplands and South West, dedicated a specific Programme priority to environmental improvements. The remaining Programmes incorporated one or two environmental measures. The smallest Programme, Midlands Uplands, approached this theme in an exclusively indirect and horizontal manner through project selection criteria, but with no specific measure, and only two performance indicators.

Amongst English Programmes, Northern Uplands placed the highest strategic emphasis on environmental projects, spending more than a fifth (21%, or £14.2m) of its entire EU-expenditure on this theme. The South West was another region, which emphasised the environment spending £173m representing 13% of its total EU-expenditure. All remaining medium and smaller sized Programmes spent 5% (Lincolnshire) or less and, in most cases, the environment was the theme with the lowest expenditure profile. Throughout England, £33.8m of European resources supported projects targeted at the improvement, protection, and conservation of the environment.

Through four dedicated environmental measures, including the protection, restoration of the environment, energy, and the training for environmental management the South West Programme invested in 105 projects exceeding many of its targets. In addition, projects of other priorities were scored on environmental impact and were required to take steps in this regard, thereby ensuring a more horizontal application of environmental sustainability objectives. Large-scale projects included a visitor facilities at the Eden Project, a Cornwall Renewable Energy Education Demonstration Centre, and the UK's first centralised biogas plant at Holsworthy, Devon.

Overall, **Table E1.25** shows that 20,171 businesses were assisted in environmental management and skills development, leading to the improvement of 145,227 hectares of land (including land under environmental management) and the creation of 2,029 jobs.

In some interim evaluations, the precise meaning of the indicator ‘Hectares of land improved’ was put into question, as large amounts of land were counted against relatively small sums of project investment. It is unclear how this indicator was interpreted, as no definitions were available at the time.

**Table E1.25: Environmental works performance indicators targets and actuals of English regions**

	Jobs created		Jobs safeguarded		Businesses assisted		Ha of Land Improved	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
East Anglia	–	17	–	–	500	578	600	47.8
South West	–	–	80	314	3,520	18,573	3,020	12,289
Northern Uplands	662	1,943	1,900	3,105	540	718	85,600	130,998
The Marches	60	37	40	–	–	–	4000	1500
Lincolnshire	20	32	v	–	200	302	400	393
Midland Uplands	–	–	–	–	–	–	–	–
<b>ENGLAND Total</b>	<b>742</b>	<b>2,029</b>	<b>2,020</b>	<b>3,419</b>	<b>4,760</b>	<b>20,171</b>	<b>93,620</b>	<b>145,227.8</b>

### 1.5.6 Rural Communities

The majority of English Programmes addressed the development of rural communities through a specific Programme priority, which usually included capital and revenue expenditure lines. Capital investments were targeted at village centre renewal, community centre development and community infrastructure, including public transport. Revenue measures sought to provide community training, guidance and facilitation, and the development of the community workforce and strengthening of local SMEs.

In total, £32.2m of EU-resources were utilised to support rural communities, representing 11% of the total England EU-expenditure. Larger Programmes, such as South West, Northern Uplands, and The Marches spent proportionately much more of their EU-resources on community-based initiatives than East Anglia, Midlands Uplands, and Lincolnshire, whereby the former spent around 14%, and the latter around 3% of their EU-expenditure. Although all Programmes supported capital projects, the larger Programmes supported significantly more expensive schemes, which explains to some extent the difference in spending levels between the various regions. In addition, smaller Programmes had the tendency to address rural community development as a more generic theme of the Programme.

The range of performance indicators available to record project achievements was good and comprehensive in most Programmes, however, each region designed their own indicators, so that a summary of achieved results is difficult to undertake on an England-wide basis. Although capital projects were equipped with indicators in most regions, achievements were usually not measured regarding their scale, i.e. in sqm of community space created. All Programmes had a measurement such as ‘Number of community enhancement projects’, which recorded 1,343 projects undertaken with the

South West and Northern Uplands Programmes exceeding their targets significantly. Community-based projects reported the creation of 3,759 jobs, which excludes results from The Marches Programme as it did not provide this performance indicator.

**Table E1.26:** Rural communities performance indicators targets and actuals of English regions

	Jobs created		Jobs safeguarded		Businesses assisted		Ha of Land Improved	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
East Anglia	-	34	-	-	50	13	-	-
South West	664	2,412	4,500	1,188	35	209	-	-
Northern Uplands	600	993	420	1,442	45	1,064	-	-
The Marches	-	-	-	-	15	10	-	-
Lincolnshire	77	75	298	206	6	40	-	-
Midland Uplands	14	245	-	-	3	7	-	-
<b>ENGLAND Total</b>	<b>1,355</b>	<b>3,759</b>	<b>5,218</b>	<b>2,836</b>	<b>154</b>	<b>1,343</b>	<b>-</b>	<b>-</b>

## **Appendix B**

### **Analysis of Objective 5b Regions in Scotland**

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# Section 1: Objective 5B Programmes in Scotland

## 1.1 Financial programme overview

### 1.1.1 General Characteristics of Programmes and Overview

There were four designated Objective 5b regions in Scotland, none of which had been eligible for European Programme funding before. The regions were:

- Dumfries & Galloway;
- Scottish Borders;
- Rural Stirling and Upland Tayside; and
- North and West Grampian.

With an average population density of 21 persons per sqkm (ranging between 10 in Rural Stirling and 34 in NW Grampian), the Objective 5b Programme served an overall area of 2.2m hectares and a population of 463,881 (see Table S1.1 for further detail).

In the Single Programming Documents (SPD) of the four regions, the overall socio-economic conditions were usually described as follows:

- Low population density;
- Poor or underdeveloped infrastructure;
- Low earnings;
- High dependency on a limited number of economic sectors;
- Heavy reliance on declining agricultural and textile sectors; and
- High unemployment.

It was expected that the Objective 5b Programme would address the areas' weaknesses by building on existing development opportunities, which provided the basis for the strategic objectives of the Programme. At the time that the SPD was approved, it was anticipated that the Programme would establish a platform for investment totalling £301m of public, private and European monies.

Submitted in 1994, all Objective 5b SPDs in Scotland were approved in April 1995 and Programme Monitoring Committees met in April/May for the approval of first projects. Projects submitted during this first round were allowed retrospectivity until January 1994.

Eligible Area	Area (In sqkm)	Population	Pop. Density (pop/sqkm)	Anticipated Total	Total Prog. Declared	Spend Per Pop. (In £)	Number of Projects Funded
				Expenditure as in original SPD (In £)	Expenditure in 2001 (In £)		
Dumfries & Galloway	6,400	148,000	23	108,827,760	85,678,890 (79%)	579	519
Scottish Borders	4,714	103,881	22	62,177,650	49,105,425 (79%)	473	240
Rural Stirling/Tayside	6,900	71,000	10	51,974,919	36,032,953 (69%)	508	246
North/West Grampian	4,192	141,000	34	78,094,470	63,372,483 (81%)	449	340
<b>SCOTLAND Total</b>	<b>22,206</b>	<b>463,881</b>	<b>21</b>	<b>301,074,799</b>	<b>234,189,751 (78%)</b>	<b>505</b>	<b>1,335</b>

**Table S1.1** illustrates that the Scottish Programmes managed to invest a total of £234m public, private and European expenditure by implementing 1,335 projects, thereby investing an average of £505 per person. The investment volume was lower than expected, achieving 78% of the investment volume anticipated in 1995<sup>1</sup>. At Programme level, this ranged from 81% in NW Grampian, the region with the highest population density, to 69% in Rural Stirling, the region with the lowest population density. This might indicate that ‘critical mass’ of project beneficiaries was an issue in project development and finance.

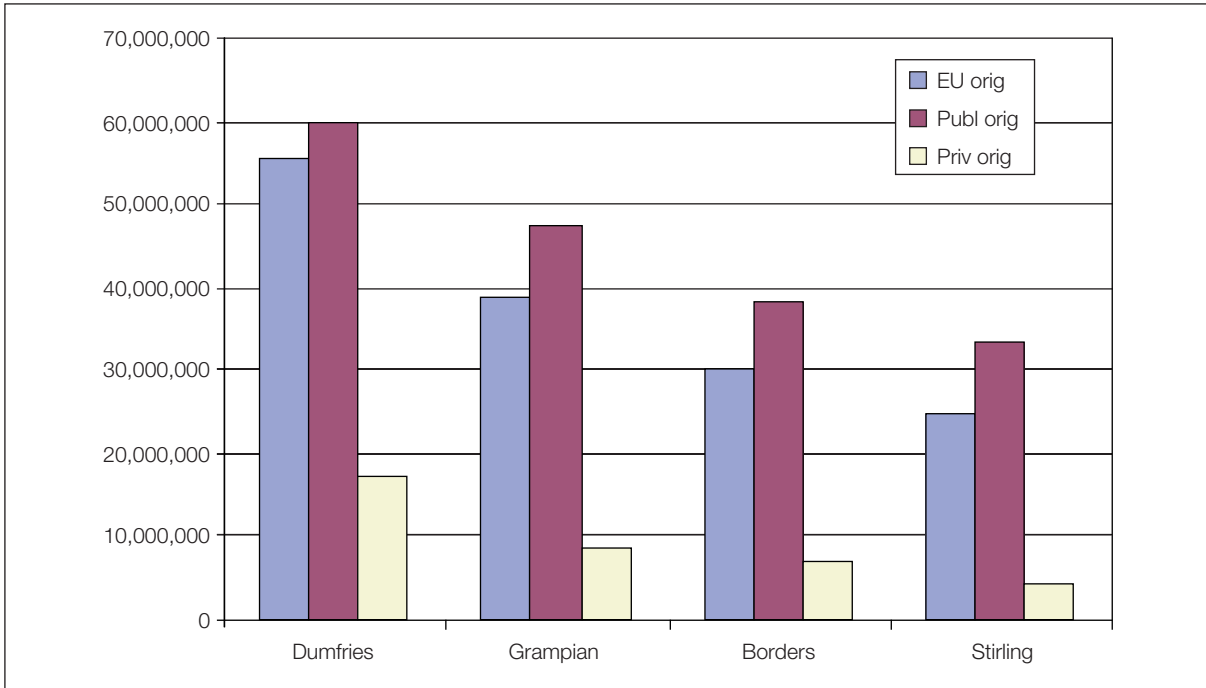
### 1.1.2 Overall Financial Structure

The overall financial structure of the four Scottish Objective 5b Programmes was very similar, with between 40% and 42% of the budget constituted by EU-funds, between 45% and 53% by national public expenditure, and between 7% and 13% earmarked for private expenditure.

Comparing the four Scottish regions with regard to their expected total budget allocations in 1995, **Graph S1.1** shows that Dumfries & Galloway was in charge of the biggest budget (£109m), followed by Grampian (£78m), Borders (£62m) and Rural Stirling (£52m).

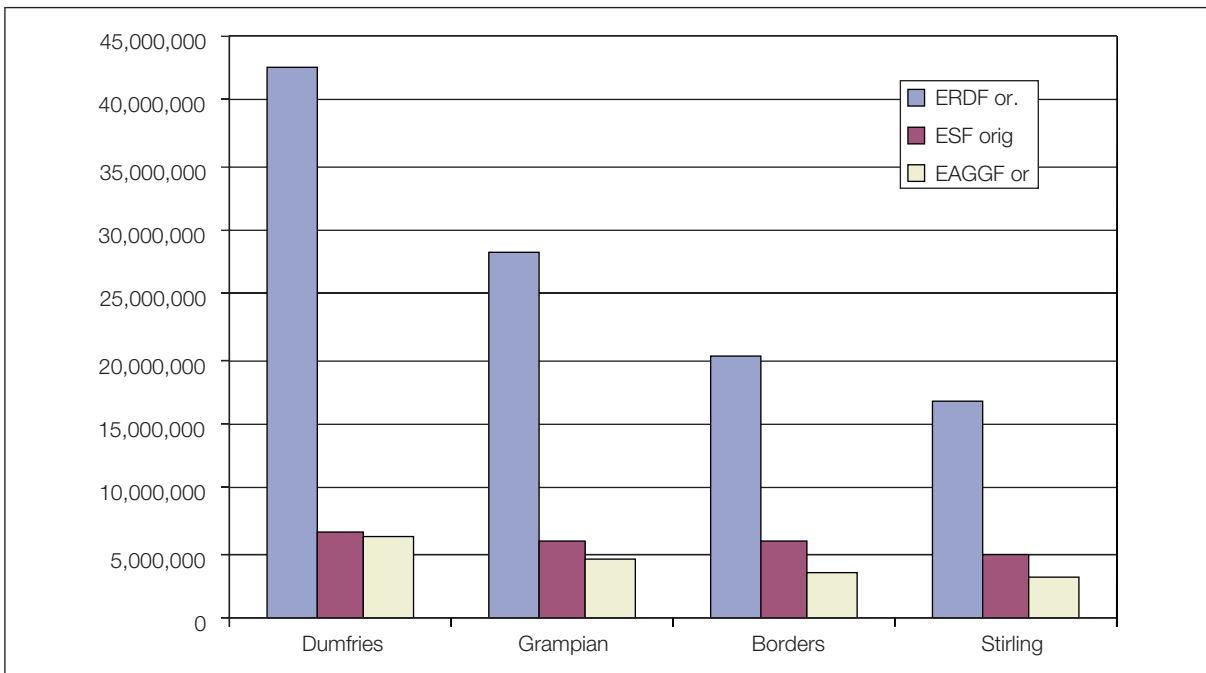
<sup>1</sup> This calculation excludes the effects of exchange rate variations.

**Graph S1.1: Budget Allocations in 1995 Scottish Regions (euro)**



ERDF was by far the most important of the three European Funds, constituting 72% of all EU resources allocated to Scotland. ESF and EAGGF represented 16% and 12% of the overall EU funding respectively. **Graph S1.2** provides an overview of European Structural Fund allocations across the four Scottish regions.

**Graph S1.2: Distribution of European Funds, Scottish Regions, 1995 (euro)**



### 1.1.3 Changes in Budget Allocations

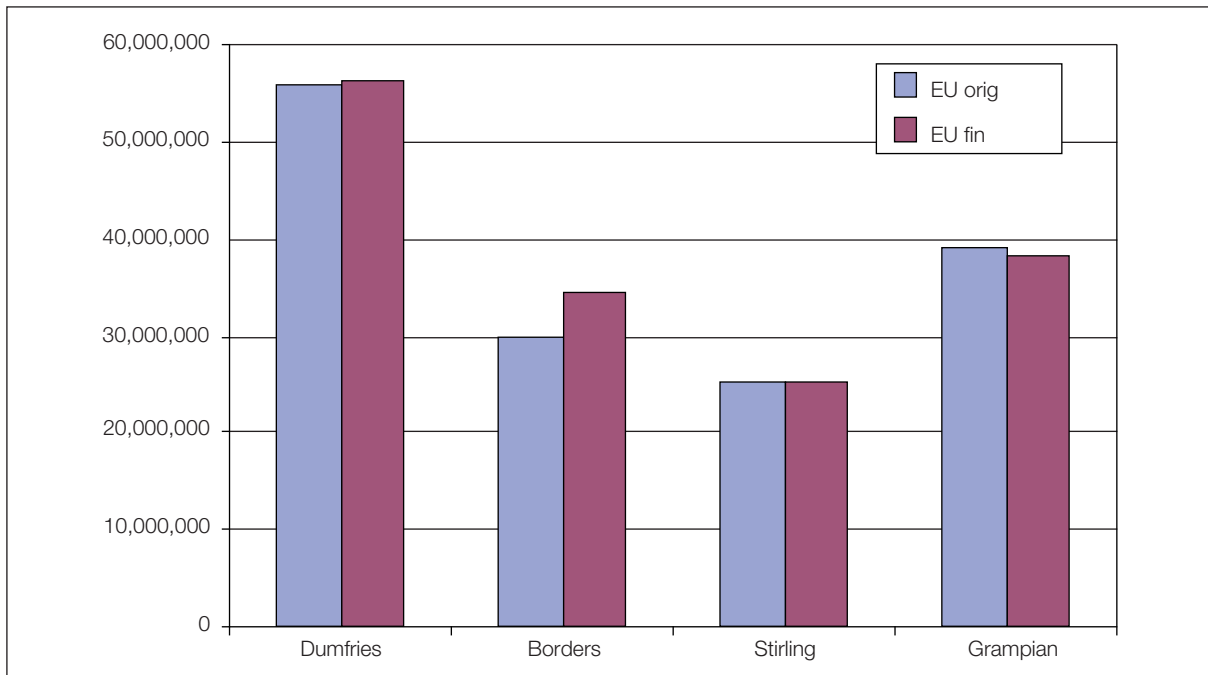
The originally approved SPD budgets in 1995, including their Fund and measure specific allocations, were revised at the beginning of 1999 to allow either for adjustments in strategy or to respond to changes in a region's demand and up-take. Although coming at a relative late stage of the Programme cycle, this flexibility was much appreciated and utilized by the Scottish regions. In addition to the virement of fund allocations between Programme priorities and measures, Scotland was able to re-allocate resources between its four regions. This was made possible due to the exceptional circumstances of the economic downturn in South of Scotland and the severe impact of the foot and mouth disease in the southern regions.

To demonstrate these budget changes more clearly, the following analysis is based on the European currency, euro, because changes in the exchange rates between 1995 and 1999 obscure the changes when observed in Pound Sterling.

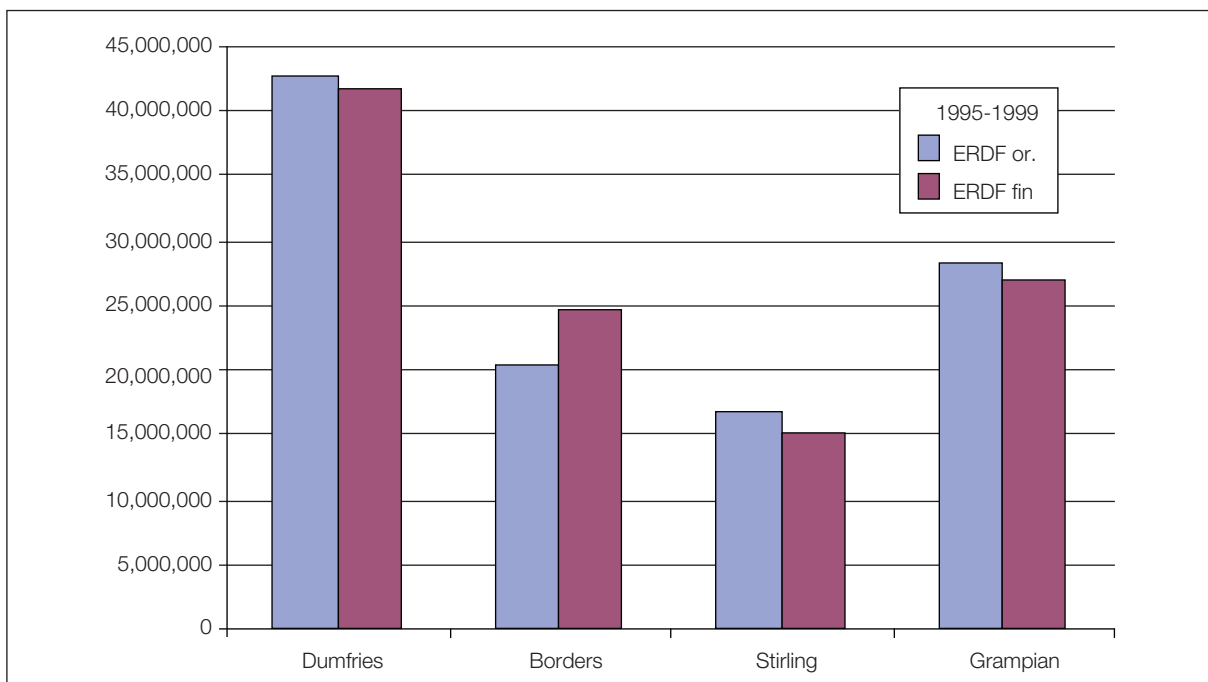
In total, Scotland received an additional €4.288m of European funding by 1999, bringing its total allocation of EU resources to A154m. Geographical variations are shown in **Table S1.2** and **Graph S1.3**, which demonstrate that Scottish Borders and, to a much smaller extent, Dumfries & Galloway, have been the beneficiaries of the additional European funding as well as of the virements of monies from Rural Stirling and NW Grampian.

**Table S1.2:** Budget changes in EU Funding allocation between 1995 and 1999 in Scottish Objective 5B Regions (in meuro)

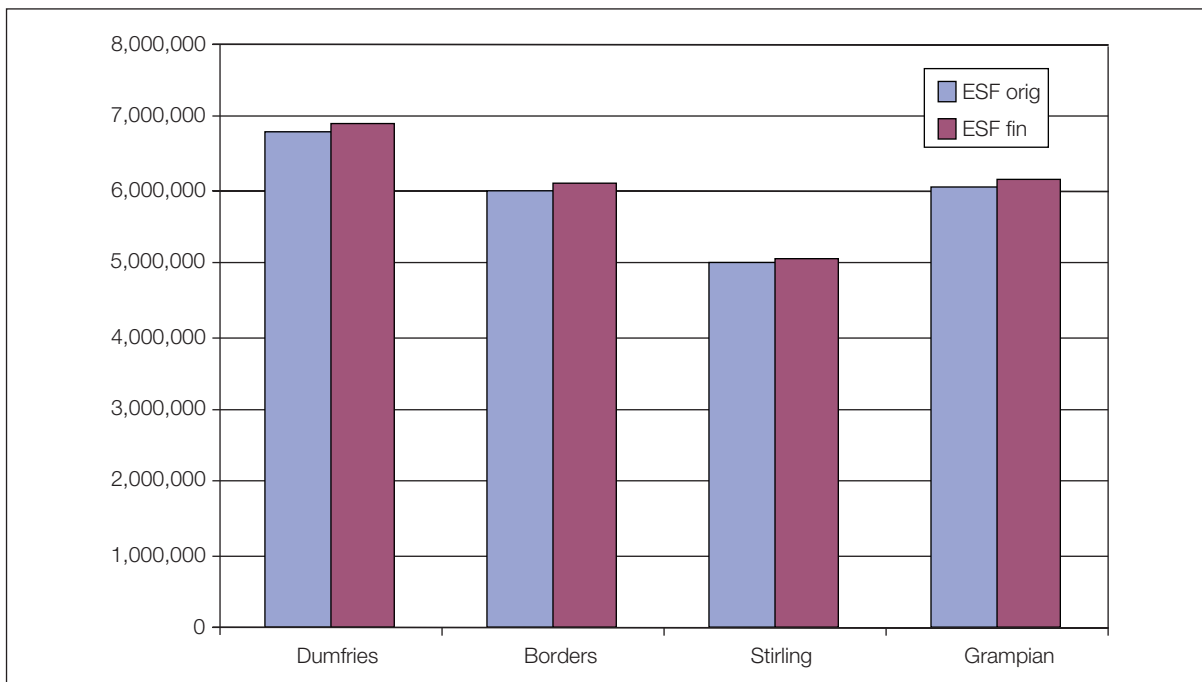
Objective 5b Regions	EU Funds 1995	EU funds 1999	VARIATION
Dumfries	€55.700	€56.126	+0.426
Borders	€30.000	€34.554	+4.554
Rural Stirling	€25.000	€24.970	-0.030
NW Grampian	€39.000	€38.337	-0.663
<b>Scotland</b>	<b>€149.700</b>	<b>e153.988</b>	<b>+4.288</b>

**Graph S1.3: Overall EU budget changes in the four Scottish Regions (euro)**

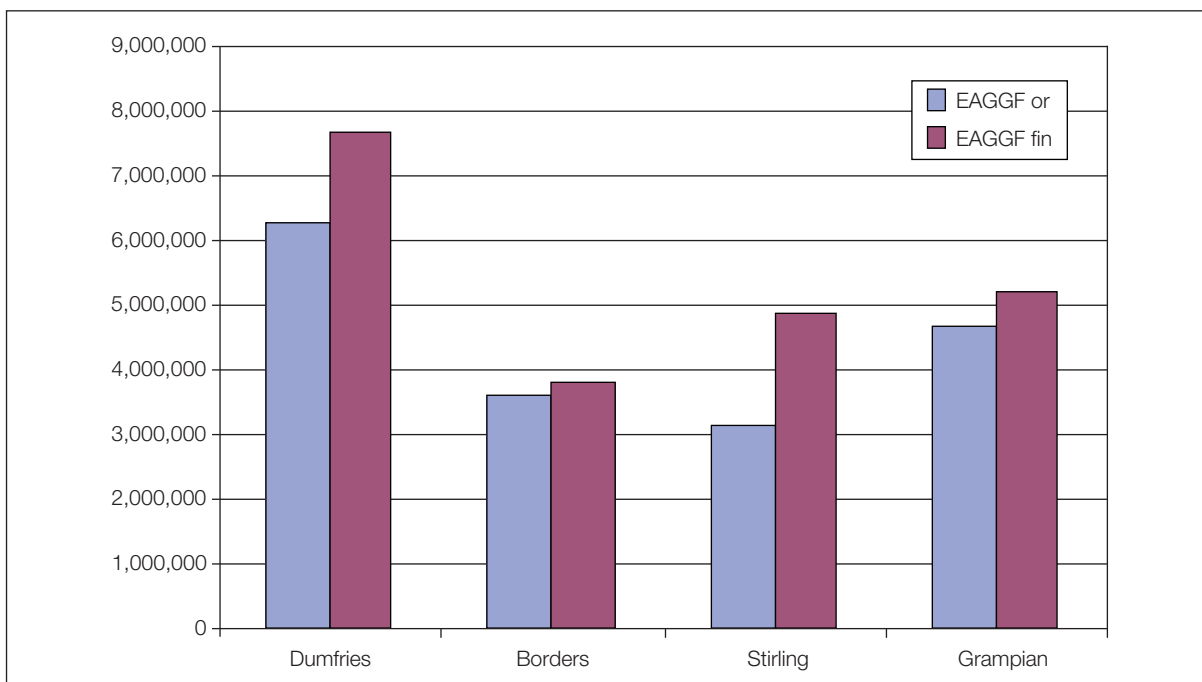
The additional EU funding allocation to Scotland primarily concerned EAGGF with €3.834m, with each of the Scottish regions benefiting from an additional allocation, as can be seen in **Graph S1.6** below. ERDF and ESF were increased to a lesser extent by €0.117m and €0.336m, respectively. In terms of ERDF, Borders was the single beneficiary of the additional funding and also benefited from a virement from each of the other regions' ERDF resources, see **Graph S1.4**. Meanwhile, the additional ESF resources were evenly distributed among all four regions, see **Graph S1.5**.

**Graph S1.4: ERDF budget changes 1995-1999 in Scotland**

**Graph S1.5: ESF budget changes 1995-99 in Scotland (euro)**



**Graph S1.6: EAGGF budget changes between 1995 and 1999 in Scotland**



### 1.1.4 Overall Programme Expenditure

For the analysis of Programme expenditure, we return to Pound Sterling. For this purpose, Final Budget Allocations of the Objective 5b Programme are converted to

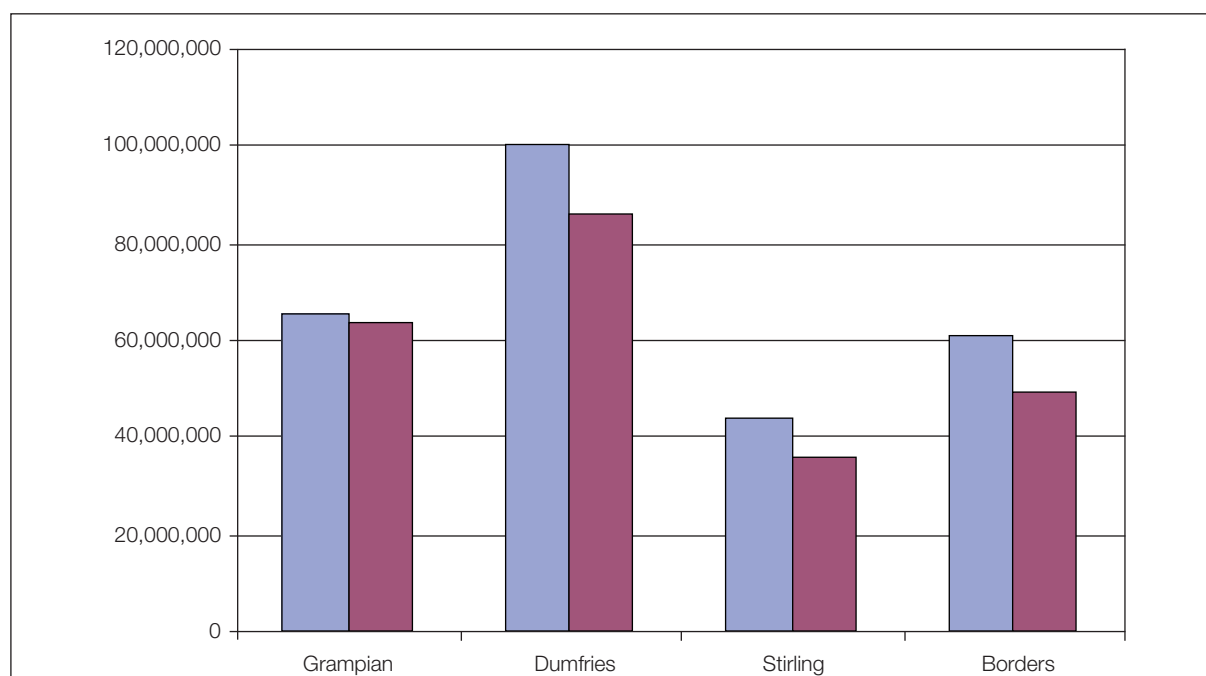
<sup>2</sup> This calculation is based on an average exchange rate between 1995 and 2001. It should be noted that despite an additional allocation of €4.288m EU funds to Scotland, the converted budget in Pound Sterling was less in value than its preceding 1995 budget.

Pound Sterling using an average exchange rate of €1 = £0.7129 (average of rate between 1995 and 2001 on the basis of reported payments made).

The Scottish Objective 5b Programmes achieved an overall expenditure (public, private and European) of £234,189,751, which was 87% of the anticipated level of expenditure in 1999<sup>2</sup>.

**Graph S1.7** shows the actual achievement levels of overall expenditure between the four Scottish regions. Scottish Borders achieved 80% of its planned expenditure target, Rural Stirling 83%, Dumfries & Galloway 85%, and the most successful of the Scottish Objective 5b regions, NW Grampian, achieved 97% of its Final Allocation Budget. The high achievement rates of the Grampian and Dumfries & Galloway regions is also due to their success in exceeding their national public sector expenditure targets (see Graph 9).

**Graph S1.7: Planned vs Actual Overall Programme Expenditure in Scottish Regions**



**Table S1.3: Overall expenditure budgets and spend in the four Scottish English regions (in £)**

Objective 5b Regions	Budget in 1999	Spend in 2001	Variation
Grampian	£65,221,583	£63,372,483	0.97
Dumfries	£100,501,192	£85,678,890	0.85
Stirling	£43,591,113	£36,032,953	0.83
Borders	£61,234,469	£49,105,425	0.80
<b>Scotland</b>	<b>£270,548,356</b>	<b>£234,189,751</b>	<b>0.87</b>

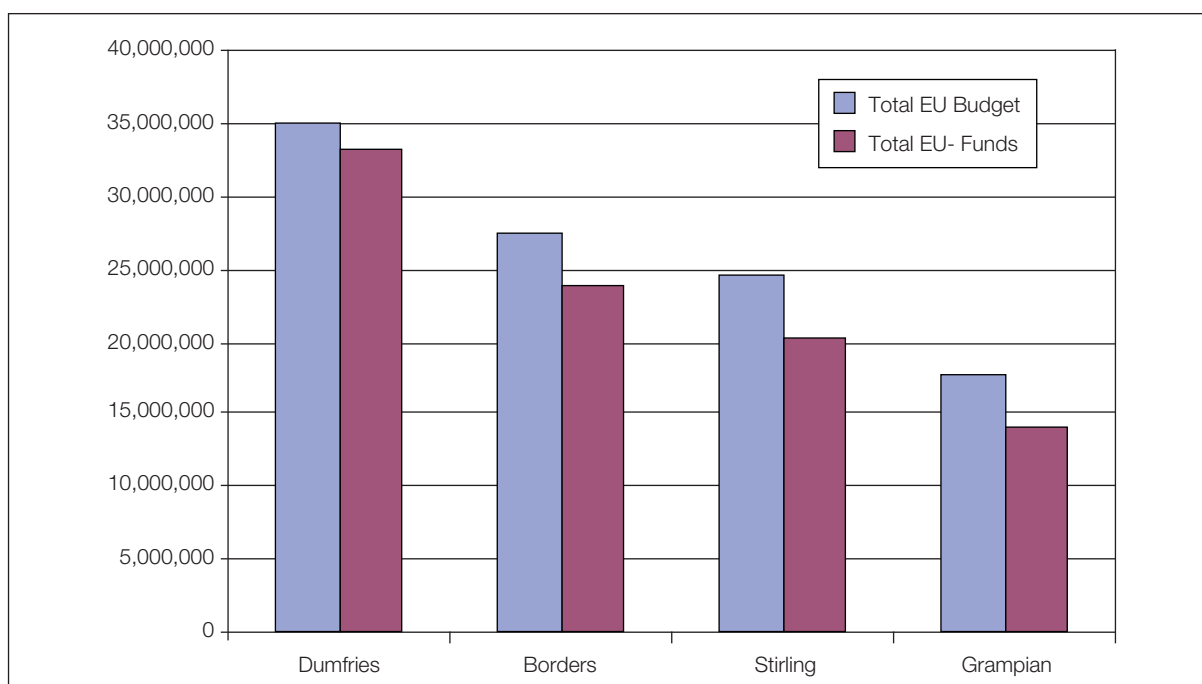
### 1.1.5 European Structural Fund Expenditure

At the time when Final Budget Allocations were approved in 1999, Scotland had approximately a total of £104,647,691 in European Structural Funds available. By 2001, 87% (£91m) of these resources were spent. On a regional basis, expenditure rates against planned budgets varied, with Dumfries & Galloway achieving 95% of its planned EU-expenditure, Grampian 87%, Borders 82% and Rural Stirling 78%, see **Table S1.4** and **Graph S1.8**.

**Table S1.4:** EU structural fund final allocation budgets and spend in the four Scottish regions (in £)

Objective 5b Regions	Budget in 1999	Spend in 2001	Variation
Dumfries	£34,882,564	£32,992,847	0.95
Borders	£27,330,378	£23,819,530	0.87
Rural Stirling	£24,633,733	£20,197,788	0.82
NW Grampian	£17,801,015	£13,967,929	0.78
<b>Scotland</b>	<b>£104,647,691</b>	<b>£90,978,094</b>	<b>0.87</b>

**Graph S1.8:** Planned vs Actual EU Structural Fund Expenditure in Scottish Regions



Interestingly, the larger the volume of available funding, the higher the achievement ratios of spending.

In the following, spending under the three European Structural Funds is observed in more detail. Starting with ERDF, Table S1.5 shows that 87% (£62.6m) of available resources in Scotland (£72m) were spent, supporting a total of 526 projects. NW Grampian and Dumfries & Galloway were particularly successful, spending between 90% and 94% of their final ERDF budget.

**Table S1.5** also indicates that overall commitment levels at December 1999 were generally slightly higher than the declared expenditure at Programme completion. The exception was ERDF commitments in NW Grampian, where actual declared expenditure was £120,000 higher than commitment. In the four regions, however, neither actual expenditure nor commitment reached the final budget, and the overall ERDF expenditure target for Scotland was undercut by approximately £10m.

Although Scottish Borders spent the lowest proportion of ERDF (79%), it supported a relatively high number of projects (135).

**Table S1.5:** Financial programme dynamics – ERDF (in £)

Name of Programme	Final Budget	Overall Commitment	Actual Declared Expenditure (Spend)	Spend Against Final Budget %	No. of Projects Supported*
Dumfries & Galloway	£24,507,973	£23,427,886	£22,121,285	90%	204
Scottish Borders	£17,590,168	£14,613,493	£13,808,875	79%	135
Rural Stirling and Tayside	£10,698,398	£9,952,582	£8,653,896	81%	81
North & West Grampian	£19,239,335	£17,968,498	£18,097,900	94%	106
<b>SCOTLAND Total</b>	<b>£72,035,874</b>	<b>£65,962,459</b>	<b>£62,681,956</b>	<b>87%</b>	<b>526</b>

In terms of ESF, the Scottish budget of £17.2m was spent by 90% (£15.5m), supporting a total of 550 projects. Dumfries & Galloway was particularly successful, exceeding its budget by 110%, thereby lifting the Scottish average. The other three regions managed to spend between 77% (Scottish Borders) and 85% (Rural Stirling and NW Grampian) of their final budgets. **Table S1.6** further points out that ESF commitment levels always equalled actual declared expenditure levels. In this context, it should be noted that the Final Reports of all Scottish Objective 5b Programmes stated that:

*'the figures listed in this table for EAGGF and ESF reflect the level of spend predicted in the SPD and the annual level of commitments only. The figures do not fully reflect the EAGGF declarations made to the Commission'.*

**Table S1.6:** Financial programme dynamics – ESF (in £)

Name of Programme	Final Budget	Overall Commitment	Actual Declared Expenditure (Spend)	Spend Against Final Budget %	No. of Projects Supported*
Dumfries & Galloway	£4,916,200	£5,400,433	£5,400,433	110%	142
Scottish Borders	£4,337,694	£3,357,082	£3,357,082	77%	83
Rural Stirling and Tayside	£3,614,745	£3,082,985	£3,082,985	85%	132
North & West Grampian	£4,373,841	£3,724,022	£3,724,022	85%	193
<b>SCOTLAND Total</b>	<b>£17,242,480</b>	<b>£15,564,522</b>	<b>£15,564,522</b>	<b>90%</b>	<b>550</b>

In Scotland, many EAGGF Programme measures were co-financed by Rural Development Plans, which constituted, in many instances, sub-programmes of the Objective 5b Programme. The reporting of number of projects, commitment and actual expenditure varied with regard to the measures which were subject to the RDP sub-programmes.

In this context, and as already mentioned for ESF, it should be noted that the Final Reports of all Scottish Objective 5b Programmes stated that:

*‘the figures listed in this table for EAGGF and ESF reflect the level of spend predicted in the SPD and the annual level of commitments only. The figures do not fully reflect the EAGGF declarations made to the Commission’.*

At the time of the Ex-Post Evaluation, information provided in **Table S1.7** indicates that Scotland had utilised 83% (£12.7m) of its EAGGF budget of £15.4m, supporting a total of 249 projects. It is, however, thought that the Programme supported a larger number of projects through some of its RDP-sub-programmes.

**Table S1.7:** Financial programme dynamics – EAGGF (in £)

Name of Programme	Final Budget	Overall Commitment	Actual Declared Expenditure (Spend)	Spend Against Final Budget %	No. of Projects Supported*
Dumfries & Galloway	£5,458,391	£1,696,005	£5,471,129	100%	163
Scottish Borders	£2,705,871	£3,922,197	£3,031,831	112%	22
Rural Stirling and Tayside	£3,487,872	£2,507,338	£2,231,048	64%	33
North & West Grampian	£3717202	£2,198,966	£1,997,608	54%	31
<b>SCOTLAND Total</b>	<b>£15,369,336</b>	<b>£10,324,506</b>	<b>£12,731,616</b>	<b>83%</b>	<b>249</b>

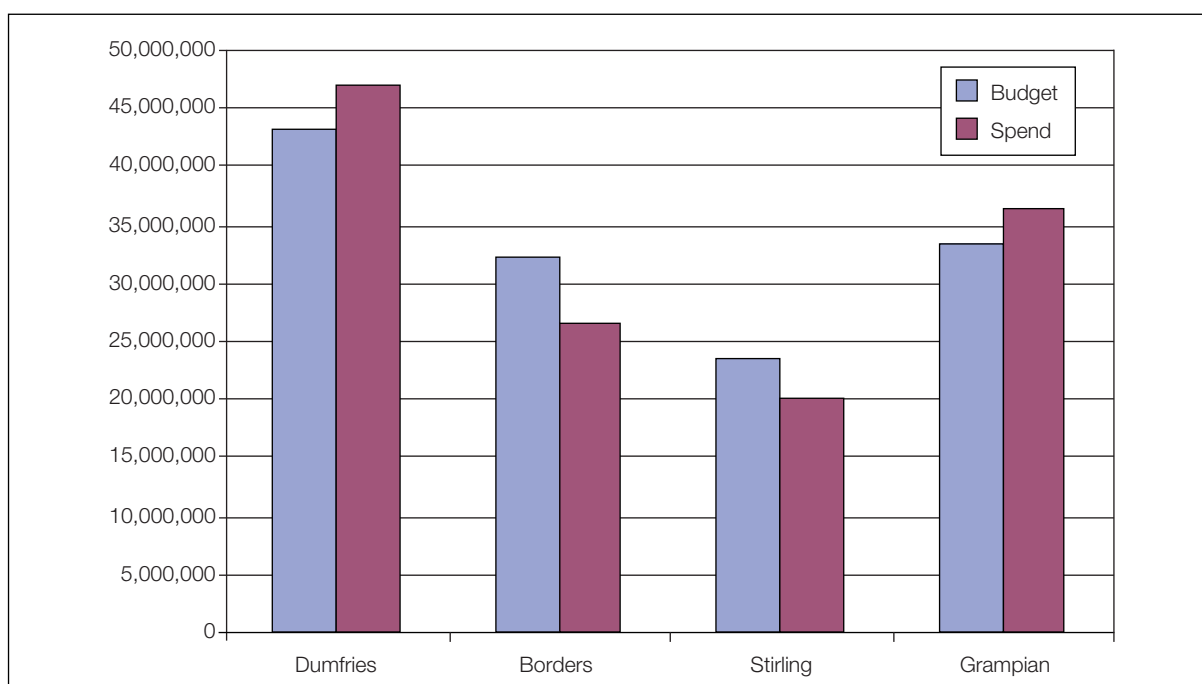
### 1.1.6 National Public Sector Expenditure

Constituting between 45% and 53% of regions' overall Programme budgets, national public sector expenditure was almost fully achieved in 2001, meeting 99% of its target. **Table S1.8** shows that £130m of public sector expenditure were invested in Objective 5b projects.

The two largest Programmes, Dumfries & Galloway and NW Grampian, exceeded their national public sector expenditure targets, whilst the two smaller regions achieved between 83% (Scottish Borders) and 86% (Rural Stirling and Upper Tayside) of targets.

**Table S1.8:** Public sector final allocation budgets and spend in the four Scottish regions (in £)

Objective 5b Regions	Budget in 1999	Spend in 2001	Variation
Dumfries	£43,040,729	£47,102,659	1.09
Borders	£32,171,038	£26,645,679	0.83
Rural Stirling	£23,295,929	£19,967,661	0.86
NW Grampian	£33,244,227	£36,443,296	1.10
<b>Scotland</b>	<b>£131,751,922</b>	<b>£130,159,295</b>	<b>0.99</b>

**Graph S1.9: Planned vs Actual National Public Sector Expenditure in Scottish Regions (£)**

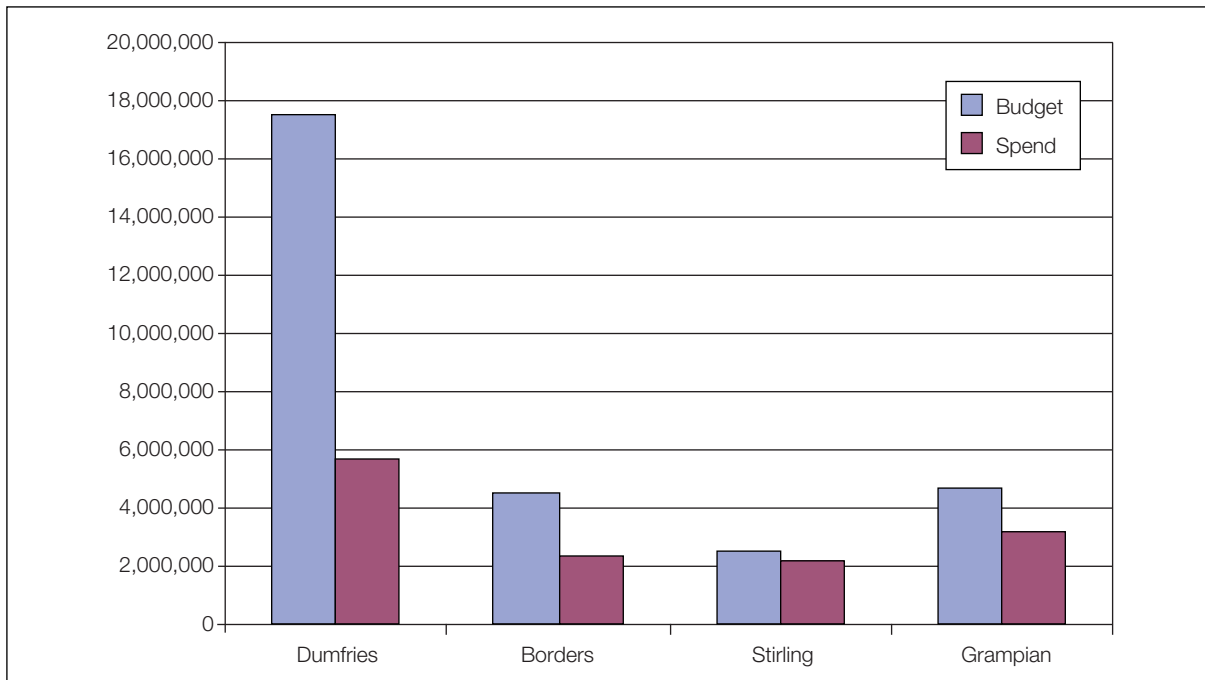
### 1.1.7 Private Sector Expenditure

Regarding private sector expenditure, the Objective 5b Programmes in Scotland planned to attract in excess of £29m. According to figures presented in **Table S1.9** and **Graph S1.10**, only 45% of this target was achieved, with £13m private sector investment in supported projects.

Although the largest contributor in real terms (£5.6m), Dumfries & Galloway was least effective in attracting private sector monies, at 32% of its anticipated budget. Having said this, Dumfries & Galloway had the most ambitious private sector budget target, constituting 13% of its overall expenditure budget. On the other hand, Rural Stirling had the least ambitious private sector target of 7% of its overall expenditure budget, which it achieved by 84%.

**Table S1.9: Public sector final allocation budgets and spend in the four Scottish regions (in £)**

Objective 5b Regions	Budget in 1999	Spend in 2001	Variation
Dumfries	£17,447,848	£5,583,384	0.32
Borders	£4,429,697	£2,261,958	0.51
Rural Stirling	£2,494,169	£2,097,363	0.84
NW Grampian	£4,646,978	£3,109,657	0.67
<b>Scotland</b>	<b>£29,018,692</b>	<b>£13,052,362</b>	<b>0.45</b>

**Graph S1.10: Planned vs Actual Private Sector Expenditure in Scottish Regions (£)**

It should be noted that actual private sector expenditure was difficult to monitor, as Project Claim Forms did not request this information per se. Reported figures are, therefore, based on information voluntarily provided on Projects' Completion Reports. It can, therefore, be assumed that overall private sector expenditure might have been higher than reported figures state.

## 1.2 Strategic aims and programme linkage

### 1.2.1 Key Strategic Aims of Programmes

- The vision statements of the Scottish Objective 5b Programmes, included the following:
- 'To assist in reducing the disparities between the region and the wider UK and European economies' (NW Grampian);
- 'To facilitate the strengthening of the area's economy through improved utilisation and management of its existing human, business and natural resources and to identify and capitalise upon new opportunities which will help overcome economic and community fragility and offer improved incomes and quality of life in Rural Stirling and Upland Tayside;
- 'To increase the Region's wealth and range of job opportunities, whilst maintaining a high quality sustainable environment' (Scottish Borders); and
- 'To achieve convergence of the Dumfries & Galloway economy with the Union average by increasing economic competitiveness through actions undertaken by partners in cooperation'.

Each of the areas, therefore, had separate and distinct visions of achieving economic development, with Dumfries & Galloway for example emphasising partnership approach, while Borders specifically mentioned the environment, and Stirling/Tayside brought in community development and quality of life goals.

The final layout of Programme priorities in Scotland followed a relatively similar pattern with three thematic priorities and an average number of three measures per priority with the exception of Dumfries & Galloway which had a slightly wider range of measures.

Thematically, priorities and measures varied to some extent throughout Scotland. Although business support/development was always identified as a separate and prominent priority, Programmes varied in identifying other key priorities, such as tourism, environment, skills, and integrative rural initiatives, clearly relating to the different strategic development opportunities in their regions.

In 1999, each Programme was subject to a wide range of changes to their priority and measure budget allocations. Each Programme partnership felt the need to adjust measure budgets considerably ranging from reducing a measure budget by 69% to increasing another by 141% (it should be noted, however, that these are the extreme values of change). Apart from one occasion, the adjustments were largely justified by final spending figures.

In addition to Programme internal virements, regional virements of ERDF affected all four regions, with Rural Stirling and NW Grampian reducing their respective budgets for the benefit of Scottish Borders, and to lesser extent Dumfries & Galloway. Strategically, this virement between Scottish regions was an important feature, to allow Scotland to react appropriately to socio-economic changes occurring in the South of Scotland.

**Table S1.10:** Priority and measure structure of the four Scottish Objective 5B programmes

<b>RURAL STIRLING</b>	<b>SCOTTISH BORDERS</b>
<p><b>Business Support</b></p> <ul style="list-style-type: none"> <li>Business development</li> <li>Agriculture and forestry</li> <li>Training &amp; reskilling &amp; enterprise sustainat</li> </ul> <p><b>Tourism development</b></p> <ul style="list-style-type: none"> <li>Enhancement of attractions</li> <li>Business Support</li> <li>Training/skill dev in tourism</li> </ul> <p><b>Environment stewardship &amp; rural dev</b></p> <ul style="list-style-type: none"> <li>Conservation/enhancement of environmer</li> <li>Community development</li> <li>Training</li> </ul> <p><b>Technical Assistance</b></p>	<p><b>Investing in Business</b></p> <ul style="list-style-type: none"> <li>Business development</li> <li>Business infrastructure</li> <li>Tourism development</li> </ul> <p><b>Investing in integrated rural initiatives</b></p> <ul style="list-style-type: none"> <li>Agric, forestry and associated communities</li> <li>Coastal development</li> <li>River Tweed and environs</li> </ul> <p><b>Investing in people</b></p> <ul style="list-style-type: none"> <li>Investing in people</li> <li>Creation and sustainability of empl and self e</li> </ul> <p><b>Technical assistance</b></p>
<b>NW GRAMPIAN</b>	<b>DUMFRIES &amp; GALLOWAY</b>
<p><b>Business Support</b></p> <ul style="list-style-type: none"> <li>Business Development</li> <li>Telecoms and tech transfer</li> <li>Tourism</li> <li>Agriculture and forestry sectors</li> </ul> <p><b>Skills</b></p> <ul style="list-style-type: none"> <li>Training/skill enhancement</li> <li>Self employment/business growth</li> <li>Dev training/conselling infra</li> </ul> <p><b>Environment/heritage</b></p> <ul style="list-style-type: none"> <li>Enviro management/improvement</li> <li>Heritage/community development</li> </ul> <p><b>Technical Assistance</b></p>	<p><b>Business Development</b></p> <ul style="list-style-type: none"> <li>Assistance for business</li> <li>Provision of sites and premises</li> <li>Development of tourism</li> <li>Rural diversification programme</li> <li>Forest roads</li> </ul> <p><b>People, enviro and community affairs</b></p> <ul style="list-style-type: none"> <li>Skill dev to meet local labor market need</li> <li>Development of training infra</li> <li>New ventures and SME dev</li> <li>Environmental Development</li> <li>Village dev and rural heritage</li> </ul> <p><b>Communications</b></p> <ul style="list-style-type: none"> <li>Improvement of transport network</li> <li>Improvement of port/harbour facilities</li> <li>Improve and wider use of telecoms</li> </ul> <p><b>Technical Assistance</b></p>

Whilst the Scottish Programmes incorporated very similar development themes, these were expressed in different ways through priorities and measures, which are difficult to add up to a Scottish level. In order to undertake a Scotland-wide analysis and comparison of Programme achievements, the evaluation applied a thematic key to re-allocate measures to common themes. The evaluation identified six key themes on which basis the strategic emphasis and physical achievement levels are assessed.

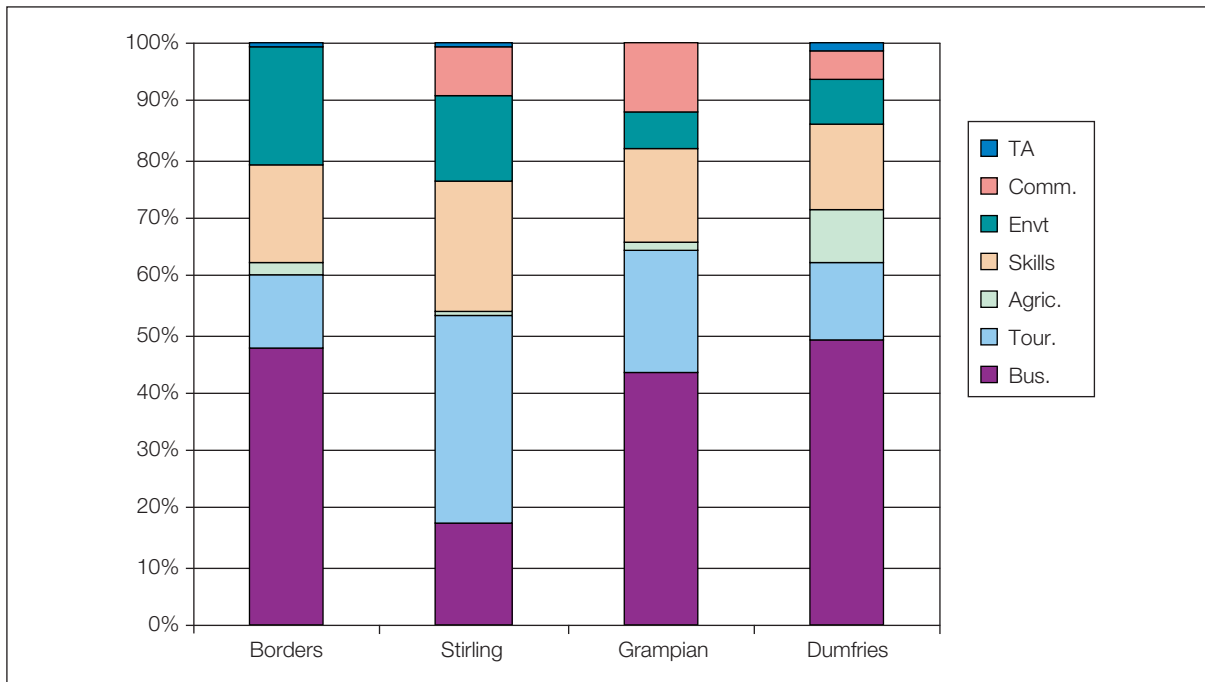
**Table S1.11** and **Graph S1.11** provide an overview of how the four Scottish Objective 5b Programmes used European Structural Funds and to what extent certain key themes were implemented.

**Table S1.11:** Programme priorities according to key strategic themes, by EU-spend in % of overall EU-programme spend per programme (in £m)

	<b>Scottish Borders</b>	<b>Rural Stirling and Tayside</b>	<b>North &amp; West Grampian</b>	<b>Dumfries &amp; Galloway</b>	<b>Scotland Total</b>
<b>Business Support</b>					
EU-Spend	9,599,939	2,423,788	10,353,978	16,065,967	<b>38,443,672</b>
EU-Spend in % of Programme EU-Spend	0.48	0.17	0.43	0.49	<b>0.42</b>
<b>Tourism</b>					
EU-Spend	2,492,463	4,973,153	4,937,937	4,444,223	<b>16,847,776</b>
EU-Spend in % of Programme EU-Spend	0.12	0.36	0.21	0.13	<b>0.19</b>
<b>Agriculture</b>					
EU-Spend	504,535	168,939	446,002	3,028,895	<b>4,148,371</b>
EU-Spend in % of Programme EU-Spend	0.02	0.01	0.02	0.09	<b>0.05</b>
<b>Training/Skills</b>					
EU-Spend	3,314,516	3,055,822	3,687,164	4,890,451	<b>14,947,953</b>
EU-Spend in % of Programme EU-Spend	0.16	0.22	0.15	0.15	<b>0.16</b>
<b>Environmental Works</b>					
EU-Spend	4,196,126	2,062,109	1,551,606	2,442,234	<b>10,252,075</b>
EU-Spend in % of Programme EU-Spend	0.21	0.15	0.07	0.07	<b>0.11</b>
<b>Rural Communities</b>					
EU-Spend	0	1,208,050	2,794,310	1,707,831	<b>5,710,191</b>
EU-Spend in % of Programme EU-Spend	0.00	0.09	0.12	0.05	<b>0.06</b>
<b>Technical Assistance</b>					
EU-Spend	90,209	76,068	48,533	413,246	<b>628,056</b>
EU-Spend in % of Programme EU-Spend	0.00	0.01	0.00	0.01	<b>0.01</b>
<b>Total</b>					
<b>Project Number</b>	<b>240</b>	<b>246</b>	<b>340</b>	<b>519</b>	<b>1,335</b>
<b>EU-Spend</b>	<b>20,197,788</b>	<b>13,967,929</b>	<b>23,819,530</b>	<b>32,992,847</b>	<b>90,978,094</b>
<b>Average Project Size</b>	<b>84,157</b>	<b>56,780</b>	<b>70,057</b>	<b>63,570</b>	<b>68,148</b>

3 Final reports of all Scottish Objective 5b Programmes stated that final declared expenditure figures for EAGGF were not available yet, one could therefore assume that Programmes had a larger EAGGF spend than currently reported.

4 Final reports of all Scottish Objective 5b Programmes stated that final declared expenditure figures for ESF were not available yet and current figures were the equivalent of the committed ESF expenditure profile.

**Graph S1.11: Actual expenditure – Key Themes, Scotland**

**Graph S1.11** illustrates that business support featured most strongly in most Scottish Programmes. Some 42% of the entire Scottish EU-Fund expenditure (£38.4m) was used to support business development projects. The two southern Scottish regions, Scottish Borders and Dumfries & Galloway utilized almost half of their entire EU-Programme expenditure (48% and 49% respectively) for business development.

Interestingly, Rural Stirling and Upland Tayside only applied 17% to business measures, but emphasised tourism particularly strongly, where it spent 36% (£4.9m) of its EU-monies, proportionately a much stronger strategic emphasis than in any other region.

In terms of agriculture, the four Scottish regions spent just 5% of their EU-expenditure on agricultural diversification projects, ranging from 1% (Rural Stirling) to 9% in Dumfries & Galloway<sup>3</sup>. Of course, this has to be put in context to the overall fund allocations of the Scottish Objective 5b Programmes as EAGGF resources constituted only 12% of all EU-Structural Fund allocations.

However, ESF resources were spent more in line with the overall ESF allocation, constituting 16% of the overall EU-budget in Scotland. Scottish Programmes were successful in spending between 15% and 22% of their overall EU-expenditure on training and skill development projects.<sup>4</sup>

Environmental improvement and development projects spent a total of 11% of the Scottish Structural Fund expenditure, incorporating diverse strategic emphases, from only 7% in Dumfries & Galloway (£2.4m), to a significant 21% in Scottish Borders (£4.1m).

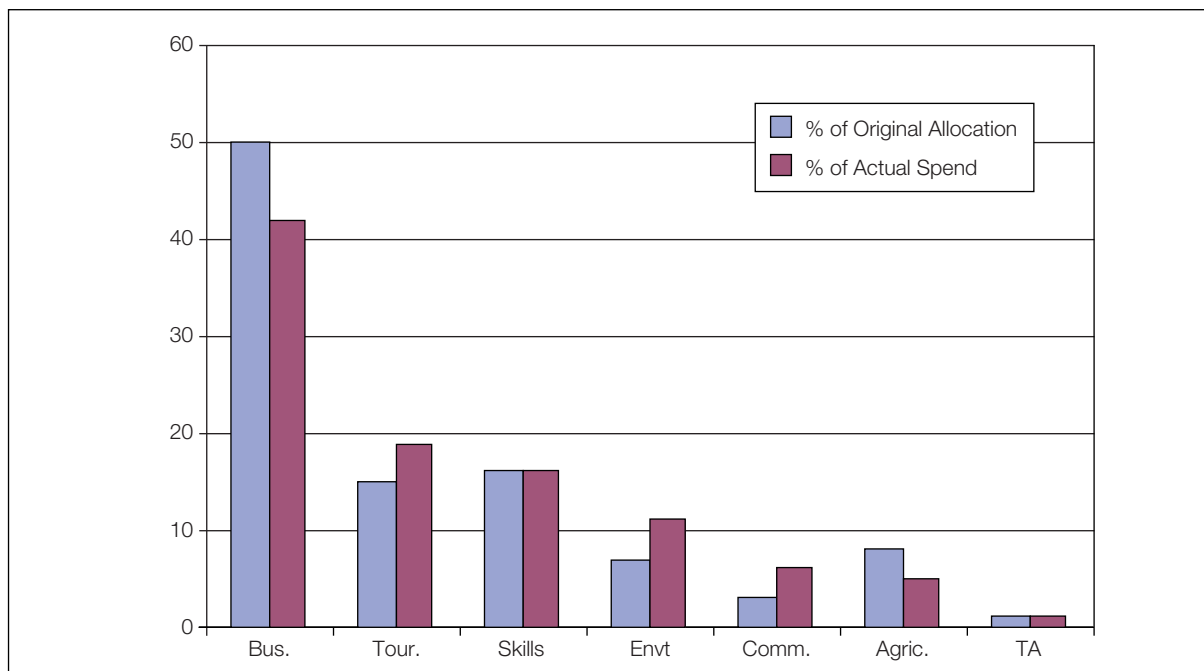
Similarly diverse was the utilisation of EU-funds for rural community projects, with Scottish Borders designating no priorities or measures to rural community development, but North West Grampian spending 12% (£2.8m) of its EU-fund expenditure on rural community initiatives.

Technical Assistance spend was usually around 1% of the region’s overall EU-expenditure.

On a Scotland wide basis, and in order of strategic priority, Structural Funds were spent and distributed in the following ways:

- Business Support (42%);
- Tourism (19%);
- Training and Skills Development (16%);
- Environment (11%);
- Rural Communities (6%);
- Agriculture (5%); and
- Technical Assistance (1%).

**Graph S1.12:**



**Graph S1.12** shows in more detail how the actual expenditure compares with the final anticipated budget of EU-resources. It shows that the general budget emphases of the various themes have remained as envisaged in the Final Budget Allocations in 1999. Themes such as Tourism and Environment have experienced a proportionately higher emphasis in project expenditure than previously anticipated, which confirmed their strategic importance and the commitment to sustainability in Scotland. Themes such as Skills Development and Rural Communities spent exactly the same proportions as foreseen in the final budget. The only thematic areas with less than anticipated EU-spend were Business Development and Agriculture, with Agriculture even falling behind the original strategic spending position of Rural Communities

(note that there are still outstanding issues with regard to the actual declared expenditure profile of EAGGF which currently used commitment figures as the basis of this evaluation). Business Development was, with 42% of all EU-spend, still by far the most important theme.

### 1.2.2 Complementarity to other Programmes

**Table S1.12** details the complementarity of the Objective 5b Programmes with others. All of the areas were eligible to receive assistance from the following Programmes:

- ADAPT (adaptation of workforce to industrial change);
- EMPLOYMENT (targets groups facing specific difficulties in the employment market);
- LEADER II (links between actions for the development of the Rural Economy);
- PESCA (assists fisheries-dependent areas to overcome structural difficulties and diversify);
- RETEX (assists economic diversification in regions heavily dependent on the textile and clothing industries);
- SME (assists SMEs in adapting to the single market and becoming competitive in international markets).

It was generally concluded that these Community Initiatives added value to the mainstreaming of Structural Funds both through process and content and were found to be a valuable resource of innovative ideas and means for targeting more marginalised groups.

All of Scotland was eligible for Community Loans (EIB), however, there is no record of take up in any of the Scottish Programme areas.

The only area to be involved in the RECHAR II Programme was Dumfries & Galloway. The strategic aims of this Programme was to assist the economic conversion of coal mining areas and help develop conditions for sustainable development with the creation of new job opportunities in those areas. Also, only two Programmes made use of SMART and SPUR – Dumfries & Galloway and Rural Stirling Upland Tayside.

All Programmes were involved with the Rural Development Programme (RDP). In Dumfries & Galloway, contributions from RDP were made to fund the Environment and Agriculture Programme Manager post. The RDP introduced two new measures – alternative agriculture and the conversion of redundant farm buildings for residential lettings and an RDP Project Assessment Committee was set up with responsibility for establishing the selection procedures and scoring systems for appraising projects received for the new RDP Measures of the Programme.

In the Scottish Borders, the RDP was the only external partnership used by the Programme to deliver funds. These were administered by the SOAEFD and assisted 86

agricultural diversification projects. Although it was approved late (due to reduced staffing levels within SOAEFD) and excluded alternative crops and livestock, the RDP successfully committed all of its allocation.

In Rural Stirling Upland Tayside the RDP was launched in April 1997 and a total of £1,003,206 was paid out to 57 projects under the Agriculture and Forestry Measure. As with the Scottish Borders, the RDP were successful in administering all funds.

Finally, in NW Grampian, the RDP was also launched in April 1997. The principal percentage of the funding under the Third Party Agriculture Farming Measure was awarded through the RDP. A total of 121 projects (£450,212) were approved by the RDP totalling £2,244,832, with grants awarded ranging from just over £4,000 to a maximum of £25,000.

**Table S1.12:** Programme complementarity as stated in final reports

	Dumfries & Galloway	Scottish Borders	Rural Stirling and Tayside	North & West Grampian
<b>EU-Programmes and Community Initiatives</b>				
Adapt	✓	✓	✓	✓
Employment	✓	✓	✓	✓
Leader II	✓	✓	✓	✓
PESCA	✓	✓	✓	✓
RETEX	✓	✓	✓	✓
SME	✓	✓	✓	✓
RECHAR II	✓			
EIB (Community Loans)		✓	✓	✓
<b>UK Programmes</b>				
SMART and SPUR	✓		✓	
RDP (Rural Development Programme/Rural Diversification Programme)	✓	✓	✓	✓

## 1.3 Programme delivery

### 1.3.1 Programme Delivery Structure

Both the Rural Stirling/Upland Tayside and NW Grampian areas implemented the Programme in three tiers: the Programme Monitoring Committee (PMC), which oversaw Programme implementation; the Programme Secretariat (The Scottish Office), which conducted the day to day operations; and an Advisory Group (AG) covering all the funds, which assisted the PMC in project appraisal tasks. Details are given in **Table S1.13**. Although the Scottish Borders operated a similar three-tier structure, it also created an Assessment Committee, run by the Scottish Office Agriculture, Fisheries and Environment Department (SOAEFD) to assess project applications for the RDP. The delivery structure of the Dumfries & Galloway area was unique in Scotland, in that management of the Programme was the responsibility of a

Programme Management Executive (PME). In addition, there were three Thematic Advisory Groups corresponding to the three Programme priorities. This enabled relevant interests and specialisms to be brought into the Programme management process. Further, a separate Project Assessment Committee was established for the assessment of projects under the Agricultural Diversification measure.

There was no mention in Programme Reports of any Working Groups for the four Scottish areas, nor any specific promotional bodies. The partner organisations in the PMC were equally responsible for promotion and publicity of the Programme for all areas, except Dumfries & Galloway, where the responsibility lay with the PME. As noted for the Scottish Borders area, this lack of leadership and ownership of promotion may have caused problems in that not all partners promoted the Programme within their organisations in such a way that the best and most relevant projects were generated. Finally, the Scottish Council of Voluntary Organisations (SCVO) played a very active role across Scotland in promoting awareness amongst the voluntary sector organisation of 5b funding.

**Table S1.13:** Programme delivery structure

	Dumfries & Galloway	Scottish Borders	Rural Stirling and Tayside	North & West Grampian
<b>Monitoring and Overview of Programme Implementation/Strategic Level</b>				
Programme Monitoring Committee	✓(13)	✓(17)	✓(17)	✓(14)
<b>Day-to-Day Management/ Operational Level and Approval of Applications</b>				
Programme Secretariat at Scottish Office/Scottish Executive level		✓	✓	✓
Programme Management Executive	✓			
Rural Development Programme		✓		✓
<b>Appraisal of Project Applications</b>				
Advisory Group		✓	✓	✓
Thematic Advisory Group	✓(3)			
Assessment Committee (appraisal of Rural Diversification Programme RDP/O5b)		✓		
Project Assessment Committee	✓			

### 1.3.2 Programme Partnership Involvement

According to interviews with Government Officials and Programme Representatives, the Objective 5b Programme was most effective in facilitating and developing a comprehensive partnership approach to rural development in Scotland. The Programme's ability to bring together regional stakeholders from all relevant sectors was seen as one of the strongest and most sustainable aspects of the Programme. In this sense, the Programme was not only successful in creating a regional dialogue between partners, but was also instrumental in improving communication and exchange between the local, regional and national (Scottish Office/Executive) levels

of governance. At Scottish level, this was regarded as one of the most important legacies of the Objective 5b Programme.

**Table S1.14** summarises the main organisations represented on the PMC.

**TABLE S1.14:** Programme partnership involvement (by representative seats on programme monitoring and management committees per region)

	Dumfries & Galloway	Scottish Borders	Rural Stirling and Tayside	North & West Grampian
European Commission	1	1+	1	1+
Government Office	1	2+	2	2+
Regional Authority	1	1	2	0
Local Authority	2	4	3	2
Economic Development Company	2	2	3	3
FHE/College	1	2	2	1
Tourism Board	1	1	1	1
Business Community/Chamber of Commerce	1	0	0	0
Community Organisation	0	1	1	1
National Bodies (Scottish Natural Heritage, Historic Scotland, Forestry Authority, Scottish Wildlife Trust)	2	4	2	3
Voluntary Sector	1	1	0	1
Total Number of Seats	13	19+	17	15+

**NOTE:** each organisation except the European Commission, the Scottish Office and the DTI are restricted to one seat, while these three organisations can have more than one if and when it is deemed appropriate.

It is noticeable that the PMC for the Scottish Borders seems rather large compared to the other areas, however, as the Programme developed, some organisations ceased participation in the PMC and others joined. The nineteen is the total number of organisation involved over the lifetime of the Programme. For instance, to address the low capacity of local environmental groups to develop projects, the Forestry Authority and the Scottish Wildlife Trust were invited to join the PMC.

It is interesting to note the lack of business community representation in all areas except Dumfries and Galloway, although tourism businesses would have been represented through the Tourist Board.

The lack of social partners is also noticeable from the list above (this was highlighted by the European Commission at the first Dumfries & Galloway PMC meeting). However, the decision was taken within the UK that only organisations directly involved in promoting economic development should be represented, with social partners kept advised of progress at the national level.

### 1.3.3 Technical Assistance

The proportion of EU spend on technical assistance in relation to total Programme EU spend was always less than the proportional allocation, suggesting that each area over-estimated the spend required for technical assistance.

NW Grampian allocated the lowest amount of its budget to Technical Assistance and also spent the lowest amount. The spend was just £48,533 compared to over eight times more in Dumfries & Galloway (£413,246).

The Scottish Borders used technical assistance to fund seven projects, followed by six in Rural Stirling/Upland Tayside and five in NW Grampian. For Dumfries & Galloway there was no reference to particular projects, however, the bulk of funding contributed to the cost of the PME, recruitment of additional support for voluntary sector awareness raising, and an Environment and Agriculture manager.

**Table S1.15:** Technical assistance (in £)

	Dumfries & Galloway	Scottish Borders	Rural Stirling and Tayside	North & West Grampian
EU- Budget over Programme Period	£592,560	£411,500	£246,900	£246,900
EU-Budget in relation to Overall Programme EU-Allocation	1.5%	1.6%	1.2%	0.8%
EU-Budget Spend	£413,246	£90,209	£76,068	£48,533
EU-spend in relation to Programme EU-spend	1.3%	0.5%	0.5%	0.2%
No. of Studies funded	–	7	6	5
Extended technical assistance delivered by external organisations	–	1	1	0

## 1.4 Programme performance

### 1.4.1 Performance Indicators (Core Indicators)

As described earlier, the financial and output performance data of the Scottish Objective 5b Programmes were aggregated under six key themes of the Programme, in order to count relevant spend and achievement occurring in various measures and priorities across the four Programmes. Furthermore, in order to focus the analysis on a small number of core performance indicators, we have selected up to four relevant indicators under each key theme.

In this context, it should be noted that all Scottish 5b Programmes identified core performance indicators in their SPD. Although in many cases the Programmes included core indicators such as ‘increase in GDP per head’, ‘increase in income’, ‘increase in export volume’, ‘stock in VAT registrations’, and ‘business survival rate’,

these proved difficult to measure and/or attribute at project level and were, therefore, 'lost' over the period of Programme implementation. In all cases, however, 'jobs created', 'businesses assisted', and an indicator reflecting training activity were identified as essential performance data.

On the basis of documentation available to the evaluation, we are unsure if and how performance indicators were defined at the time of the Programme and if project implementers and Programme managers adhered to certain ground rules of definition in measuring and reporting project performance. For instance, the understanding and measurement of 'businesses assisted' is still a problematic feature today despite all available definitions and technical assistance. It is, however, certain that the Scottish Programmes used significantly different terminology and definitions of one of the core performance indicators: 'jobs created'. At times, and that could vary even within a Programme, the indicator 'jobs created' included jobs safeguarded, or was loosely described as 'employment' or 'number of jobs in tourism'. This was particularly the case in themes such as Tourism and Community Development. The indicator 'number of jobs in tourism' is particularly problematic as it suggests that the number of existing jobs in this industry sector was reported, rather than any additional jobs created through Programme activity, despite the fact that the Programme (Dumfries & Galloway) had identified a target for this indicator (6,200) and that 'number of jobs in tourism' was not selected as a core indicator in the SPD and no baseline statistics had been provided neither.

At other times, a clear distinction was made between 'new jobs created' and 'jobs safeguarded'. In the interpretation of the following tables, we have pointed out the cases in which caution has to be exercised in the reported value of those indicators.

**Table S1.16** provides an overview of the range and reported results of core performance indicators selected for each Programme representing each of the key Programme themes.

**Table S1.16:** Programme performance indicators (core indicators)

	North & West Grampian	Scottish Borders	Rural Stirling and Tayside	Dumfries & Galloway	Scotland Total
Jobs created	1,133	1,926	861	3,134 (47,967)	<b>7,054</b> <b>(51,887)</b> min 6,714, max. 13,254
Jobs safeguarded	1,601	0	627	8,563	<b>10,791</b>
New firms created	105	0	362	1,708	<b>2,175</b>
Businesses assisted	991	2,456	2,984	4,001	<b>10,432</b>
Land serviced (ha)	0	0	8.9	103.18	<b>112.08</b>
Sqm premises provided	8,090	2,868	4,859	555	<b>16,372</b>
New/improved attractions	8	23	4	57	<b>92</b>
New/improved visitor info centres	11	151	0	10	<b>172</b>
Diversification studies	3	0	1	0	<b>4</b>
Diversification projects	121	86	57	0	<b>264</b>
No of beneficiaries	0	47,347	22,335	11,675	<b>81,357</b>
No. gaining NVQ/equiv.	204	0	0	0	<b>204</b>
No. businesses trained (ESF)	0	0	0	0	<b>0</b>
Ha land improved	3,329	0	7,691	0	<b>11,020</b>
No community enhancement projects	46	0	21	21	<b>88</b>

**Table S1.16** indicates that the Objective 5b Programme has created a total of 7,054 jobs in Scotland (this value excludes the 44,833 jobs in tourism reported in Dumfries & Galloway. It can be assumed, however, that a certain number of jobs (target was 6,200) will have been created in tourism in Dumfries & Galloway, which are not included in the 7,054 figure). An additional 340 jobs reported above as 'jobs created' include an unspecified amount of safeguarded jobs (33 employment in forestry (Dumfries & Galloway); 222 jobs created and safeguarded in tourism (Rural Stirling); and 85 jobs created and safeguarded in community (NW Grampian). Consequently, the Objective 5b Programme created between 6,714 and 13,254 jobs.

A total of 10,791 jobs were reported as safeguarded, with Scottish Borders not addressing 'jobs safeguarded' at all in their range of performance indicators.

All Programmes reported on the number of businesses assisted and, usually, achieved more than double the amount of businesses than anticipated in their targets. As mentioned earlier, there was no indication in Programme documentation of how this indicator was defined. In total, 10,432 businesses were reported as assisted through Programme activity.

SME development was also supported through the provision of premises. Through Objective 5b funding a total of 112 ha of land was serviced for further industrial development and some 16,372sqm of premises were created.

In terms of training initiatives, the majority of Scottish Programmes (with the exception of NW Grampian) included the number of beneficiaries in their range of performance indicators representing ESF investment and according to Programme data, a total of 81,357 individuals benefited from ESF funding. Although NW Grampian did not report on beneficiaries, it was the only Scottish regions reporting on NVQ equivalent achievements and stated 204 individuals achieving a qualification. No Scottish region reported on how many businesses received training through ESF funding.

The core performance indicator representing environmental activity was ‘hectares of land improved’, although many of the Programmes incorporated further environmental indicators such as ‘footpaths created’, ‘number of businesses participating in environmental training programmes’, which are discussed in more detail below. Although all Programmes addressed environmental improvement in one way or another, only two Programmes selected ‘hectares of land improved’ as representing their activity. In Grampian and Rural Stirling a total of 11,020 ha have been improved, which represented 79% of their original target of 14,000 ha.

## 1.5 Overall programme achievements against key themes

### 1.5.1 Business Support

In Scotland, 42% of all EU-resources (£38.4m) of Objective 5b were spent on business support initiatives. Business support and development had been identified as the most important and relevant theme by the majority of the Scottish Objective 5b regions, with the exception of Rural Stirling and Upland Tayside, which prioritised tourism and skills development over business development.

The overwhelming amount of funding for business development was resourced from ERDF resources (96%), with a small amount (£1.7m) funded by ESF measure in Dumfries & Galloway, which supported ‘New ventures and SME development’.

In terms of private sector contributions, business support projects raised a reported total of £6.8m private sector monies, representing 43% of the Final Allocation target. Although the private sector target had been increased significantly from an original £11.3m to £15.9m in the Final Allocation Budget in 1999, reported outcomes were low, maybe indicating difficulties in reporting private sector spend in claim forms.

Although less resources were spent during the Programme period, business development projects in all four Scottish regions exceeded their overall job creation target and reported 5,992 jobs as newly created (as Borders had a relatively high target and actual number of jobs created, yet did not monitor nor report any jobs safeguarded, there might be reason to believe that a certain amount of safeguarded jobs are included in the overall count of jobs created for this region).

Scottish regions generally exceeded their performance targets in the selected core indicators dramatically, such as jobs safeguarded (a target of 3,440 and actual reported outcome of 10,783) and number of businesses assisted (with a target of 4,456 and actual outcome of 10,432). In each case, Dumfries & Galloway reported the most significant overachievements, which might point to some issues regarding definition

and understanding of some performance indicators or significantly under-estimating project performance in the first place.

The Programme created 2,175 new firms, which represented a slight underachievement of targets, particularly in the two largest regions NW Grampian and Dumfries & Galloway. Scottish Borders did not target the creation of new firms at all.

NW Grampian was particularly successful in the provision of SME premises and, therefore, contributed to exceeding the Scottish target significantly. 16,372 sqm of new SME premises were created through Objective 5b funding. Apart from Dumfries & Galloway, all Scottish regions exceeded their targets.

**Table S1.17: Business support performance indicators targets and actuals of Scottish regions**

	Jobs created		Jobs safeguarded		Businesses assisted		New Firms Created		Sqm Premises Provided	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Borders	1,050	1,842	0	0	1,980	2,417	0	0	2,640	2,868
Stirling	450	559	600	619	1,000	2,159	150	362	4,000	4,859
Grampian	410	642	840	1,601	580	829	218	105	1,000	8,090
D&G	2,250	2,949	2,000	8,563	350	4,001	1,966	1,708	2,100	555
<b>Scotland</b>	<b>4,160</b>	<b>5,992</b>	<b>3,440</b>	<b>10,783</b>	<b>4,456</b>	<b>10,432</b>	<b>2,334</b>	<b>2,175</b>	<b>9,740</b>	<b>16,372</b>

## 1.5.2 Farm Diversification

Agriculture and farm diversification projects spent 5% (£4.1m) of all EU-resources in Scotland's Objective 5b Programmes. Most of this funding was resourced by EAGGF with a small percentage (2.5%, £104,521 in Scottish Borders) constituted by ERDF.

Most EAGGF resources in Scotland were spent under environmental measures with only a third (32%) of reported EAGGF expenditure supporting farm diversification projects.

In terms of strategic importance, farm diversification featured low in most Scottish SPDs (8% of all anticipated expenditure was allocated to agriculture), but even lower (5%) in actual expenditure. Individual regional expenditure profiles were around 1% and 2% of overall EU expenditure in agriculture. The only exception was Dumfries & Galloway where the theme of farm diversification occupied a medium position of its Programme expenditure, spending £3m on respective projects (73% of all farm diversification expenditure in Scotland) and achieving 85% of its expenditure targets set in 1999. This is relatively high in comparison to the other regions which could only achieve 34% (Borders), 21% (NW Grampian), and 18% (Stirling & Tayside) of their EU-targets for farm diversification.

Expectations for public sector expenditure were met by just under 60% in most Scottish Programmes, indicating that public sector match funding, which primarily was resourced from Rural Development Programmes, funded projects to a much larger extent than anticipated.

Although private sector funding targets were significantly reduced in 1999, the final targets were only met by 5%, reporting a total of just under £0.5m of private sector resources raised.

In the majority of Programmes, project performance was primarily reported via activity based performance indicators, such as 'Number of Diversification Studies' and 'Number of Diversification Projects', which do not provide sufficient insight to allow for commenting on results or impacts created on agricultural holdings or improvement of living conditions in the rural area. Impact indicators such as 'Jobs created' and 'Jobs safeguarded' did not feature at all in measures relating to farm diversification (the data provided in **Table S1.18** relate to jobs created in forestry projects only). At times, SPDs stated that 'increase in farm income' or 'increase in population' should provide a basis for measuring project impact, but this intention was generally not followed through the reporting procedures. The range of performance indicators identified in the SPD and made available to projects seemed to have been very limited.

As **Table S1.18** presents, the only indicator which was measured by all Scottish regions is 'Number of Diversification Projects', however, the reported data (264 diversification projects) do not match, and actually exceed the number of EAGGF projects supported in all regions except in Dumfries & Galloway. This could have a number of reasons, including the fact that most regions supported sub-programmes via the Rural Development Programme through which a wide range of small projects and/or grant schemes were funded, which could have easily increased the number of projects by counting individual grant allocations instead of only one grant scheme as submitted and reported through financial reporting procedures.

All Scottish Programmes included measures relating to forestry development. Projects included primarily access and road improvement schemes, but also initiatives relating to timber processing, woodland advisory services, and forestry diversification. Often, the range of performance indicators representing forestry projects was larger than that provided for agriculture projects. Having said this, forest road improvement was measured in a relatively straightforward manner, by km of road improved. In Dumfries & Galloway, the forestry measure included the performance indicator 'jobs created' and reported limited progress (33 jobs created) in achieving an ambitious target of creating 1,500 jobs.

**Table S1.18: Farm diversification performance indicators targets and actuals of Scottish regions**

	Jobs created		Jobs safeguarded		Businesses assisted		Diversification Studies		Diversification Projects	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Borders	0	0	0	0	78	15	0	0	96	86
Stirling	0	0	0	0	0	0	1	1	104	57
Grampian	0	0	0	0	0	0	1	3	240	121
D&G	1,500	33	0	0	0	0	0	0	96	86
<b>Scotland</b>	<b>1,500</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>15</b>	<b>2</b>	<b>4</b>	<b>440</b>	<b>264</b>

### 1.5.3 Tourism

Following business development, tourism was the second most important theme according to actual Programme expenditure in Scotland. A total of £16.8m were spent on tourism related activities representing 19% of all EU-resources of Objective 5b. In the individual Programme regions, tourism varied in importance ranging from the most important spending position in Rural Stirling with 36% of all EU resources spent, to 12% in Scottish Borders.

On a Scotland-wide basis, EU-expenditure targets were met by 93% of their Final Allocation targets, which were slightly increased in 1999.

Tourism projects were also very successful in attracting private sector resources and the final allocation target was exceeded by 40%, raising £1.9m of private sector funding, instead of the expected £1.4m. Public sector finance achieved its targets by 99%.

**Table S1.19** only presents a limited number of core performance indicators. The full range of performance indicators available in the Scottish Programmes to measure tourism activities was, however, relatively comprehensive including activity, results and impact indicators, although, at times, certain indicators, such as 'Number of day trips undertaken', 'Increase in tourism expenditure' proved difficult to measure and their reported values seem, in some cases, unrealistic. In other cases, the definition of a number of indicators such as 'Number of directional improvements' are unclear and can, therefore, not be commented on.

Also in relation to the core performance indicators selected in **Table S1.19**, Programmes experienced some difficulties in measuring a coherent set of data. For instance in the case of Dumfries & Galloway, reported outcomes against the core indicator 'jobs created' were more akin to 'existing number of jobs in the tourism industry', which without baseline data does not inform about any additional jobs created through project activity. Further difficulties with the interpretation of Programme outcomes arise by combining two indicators into one, as in the case of Rural Stirling, which included 'safeguarded jobs' in its reported 'jobs created' figure. Scottish Borders achieved very poorly (54 jobs) against a rather ambitious target of creating 3,740 jobs, which again raises questions over this indicator's appropriate definition and understanding at Programme and project level. Because of these difficulties, the reported total of 45,301 jobs created in tourism should be interpreted with care, and it is more likely that a figure around 7,000 jobs might be more representative.

As **Table S1.19** further illustrates, other important performance indicators such as 'jobs safeguarded' were seldom equipped with targets and never reported against. Similarly and despite a heavy Programme emphasis on working with SMEs to improve marketing, only two regions targeted and recorded the number of businesses assisted. In both cases, targets were significantly exceeded and Programmes reported assisting 724 businesses throughout the Programme period.

Scottish Programmes also funded the improvement and creation of tourism attractions and visitor information points, which was represented by two performance indicators and reported against in all four Scottish regions. Achievement rates were usually high, exceeding targets in most regions, and in total the Programme invested in the creation or improvement of 92 visitor attractions. Apart from Rural Stirling, regions also created

and/or improved visitor centres, whereby NW Grampian and Dumfries & Galloway achieved their targets slightly over and under. Scottish Borders, however, reported a substantial overachievement (a target of 20 was met by 151 reported improved or newly established visitor centres), which might be based on some variation in the interpretation and understanding of the indicator's meaning.

**Table S1.19: TOURISM PERFORMANCE INDICATORS TARGETS AND ACTUALS OF SCOTTISH REGIONS**

	Jobs created		Jobs safeguarded		Businesses assisted		New improved Attractions		New/Improved Visitor Centres	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Borders	3,740	54	0	0	0	0	10	23	20	151
Stirling	225	222	0	0	300	618	4	4	0	0
Grampian	140	192	500	0	25	106	3	8	10	11
D&G	6,200	44,833	0	0	0	0	36	57	12	10
<b>Scotland</b>	<b>10,305</b>	<b>45,301</b>	<b>0</b>	<b>0</b>	<b>325</b>	<b>724</b>	<b>53</b>	<b>92</b>	<b>42</b>	<b>172</b>

### 1.5.4 Training

In Scotland, £14.9m of EU resources were utilised for training individuals, representing 16% of all EU resources spent in Objective 5b in Scotland. Strategically, this share of EU resources is equivalent to expectations of budget allocations in 1999. Each region spent between 15% (NW Grampian, Dumfries & Galloway), 16% (Borders) and 22% (Stirling) of their EU-resources on training. In terms of its importance and strategic priority, training of individuals, therefore, ranked third after the themes of business development and tourism.

Similarly to the utilization of EU-funds under the theme of agriculture, most regions exclusively used ESF monies for training. Only in the case of Dumfries & Galloway, a small amount of ERDF was used in addition to ESF for skill development initiatives, representing around 8% (£1.2m) of all EU expenditure that funded training of individuals. ESF invested £13.7m (90% of its overall allocation under training and skill development in Scotland) to support 550 training and skills development projects. ESF also funded skill development under the theme of business development discussed earlier.

Expectations regarding private sector contributions had been drastically reduced in the Final Allocation Budget in 1999 (a reduction by 78% from its original budget in 1994 from £6.5m to £1.4m), however, reported actual private sector expenditure in 2001 exceeded this budget target and managed to attract £1.6m private sector monies to training projects.

The reporting of key performance indicators, as shown in Table S1.20 has been poor throughout Scotland. There has been only one instance, in Dumfries & Galloway, where beneficiary targets were reported in Programme documents. Although NW Grampian did not report on 'Number of beneficiaries', other regions recorded a total of 81,357 individuals, which have benefited from Objective 5b training.

The only region reporting project impact in terms of 'Numbers gaining NVQ/ equivalent' and 'Jobs created' is NW Grampian, whereby the reported 193 created jobs might relate to the number of projects funded by ESF (193) and might, therefore, represent the number of trainers involved.

**Table S1.20:** Training/skills development performance indicators targets and actuals of Scottish regions

	Jobs created		Jobs safeguarded		Businesses assisted		No. of gaining NVQ/equivalent		No. of Businesses Trained	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Borders	0	0	0	0	0	47,347	0	0	0	0
Stirling	0	0	0	0	0	22,335	0	0	0	0
Grampian	0	193	0	0	0	0	0	204	0	0
D&G	0	0	0	0	3,600	11,675	0	0	0	0
<b>Scotland</b>	<b>0</b>	<b>193</b>	<b>0</b>	<b>0</b>	<b>3,600</b>	<b>81,357</b>	<b>0</b>	<b>204</b>	<b>0</b>	<b>0</b>

Putting the recorded number of beneficiaries in relation to the number of projects funded by ESF, **Table S1.21** shows that the average number of beneficiaries per training course varied significantly from 82 in Dumfries & Galloway to 570 in Scottish Borders. An average number of 570, or even 169 beneficiaries per individual training course seems unrealistic and we must, therefore, suggest that these figures are not reliable.

**Table S1.21:** Number of ESF projects by number of recorded ESF beneficiaries by Scottish region

Region	Number of Beneficiaries	Number of Projects	Average Number of Beneficiaries per Project
Borders	47,347	83	570
Stirling	22,335	132	169
Grampian	0	193	N/a
D&G	11,675	142	82

### 1.5.5 Environmental Works

By exceeding expectations made in the 1999 budget, Objective 5b in Scotland spent 11% (instead of an anticipated 9%) of all EU-resources on environmental projects (£10.2m), thereby confirming its strategic position in relation to other economic development themes identified in the regions' SPDs.

All SPDs emphasised the importance of environmental improvements as a basis for economic development, tourism, and inward investment as well as in retaining population by creating a more attractive environment in towns and countryside. Most Programmes prepared detailed baseline and monitoring frameworks to oversee progress in implementing their environmental objectives. However, it proved difficult to maintain the momentum to operate monitoring frameworks and Final Reports did, usually, not reflect on any specific results.

In addition to confirming its strategic position relative to overall EU-expenditure across key development themes, the environment was the only theme that managed to exceed its anticipated budget allocation. The original budget allocation of £7.9m was increased in 1999 to £8.9m, with final expenditure reaching £10.2m of EU-resources.

Although most Scottish regions resourced environmental projects exclusively from EAGGF, Scottish Borders, which prioritised environmental improvement to the largest extent (21% of its EU-resources went on the environment) also used ERDF (£1.6m).

In the Scottish Objective 5b Programmes, EAGGF invested more in environmental initiatives than in farm diversification projects, with 60% of all EAGGF supporting environmental actions.

Environmental projects in Scotland were also very successful in attracting private sector funding. Although its target budget had been reduced in 1999 to £289,183, the private sector dramatically exceeded expectations and attracted a reported £1.7m of funding.

In addition to the limited range of selected core performance indicators presented in **Table S1.22**, Scottish regions monitored environmental project activity in more detail, including the number of farm conservation plans supported, the number of environmental management projects and plans funded, environmental strategies and studies undertaken, as well as the length of countryside ways, footpaths, and cycleways improved and created. The range of environmental activity supported by Objective 5b in Scotland was, therefore, wide and targets were mostly met and exceeded.

With regard to the selected core performance indicators in **Table S1.22**, with the exception of Dumfries & Galloway, most Scottish regions targeted and recorded 'jobs created' (but not 'jobs safeguarded') creating 123 jobs and therefore achieving the Scotland wide target by 62%.

In terms of the indicator 'Number of businesses assisted', targets were mostly met and overachieved, particularly in the case of Rural Stirling, resulting in a Scotland wide value of 287 businesses.

Despite the fact that all regions supported project activity aimed at the improved management of land, and with most regions exceeding their targets in supporting management plans and projects, only two regions targeted and reported on the actual hectares of land improved and, in these cases, did not achieve their targets fully. A total of 11,020 hectares of land was reported as improved (79% of its target).

In summary, whilst the regions were successful in achieving targets of more specific, activity based performance indicators, result and impact indicators remained under-reported and largely under-achieved despite a full and successful project activity and spending profile.

**Table S1.22:** Environmental works performance indicators targets and actuals of Scottish regions

	Jobs created		Jobs safeguarded		Businesses Assisted		Ha of Land Improved	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Borders	38	30	0	0	45	24	0	0
Stirling	150	72	0	0	50	207	10,000	7,691
Grampian	11	21	0	0	48	56	4,000	3,329
D&G	0	0	0	0	0	0	0	0
Scotland	199	123	0	0	143	287	14,000	11,020

### 1.5.6 Rural Communities

Equipped with the smallest share of budget allocations (6% of EU-resources) in 1999, the theme of Rural Communities confirmed its strategic position and spent £5.7m (6% of the available EU-resources) of the Objective 5b Programme.

The aim to develop and strengthen rural life of communities, including rural heritage and culture was highlighted explicitly in SPDs of NW-Grampian, Rural Stirling and Dumfries & Galloway.

With the exception of Scottish Borders, which did not target rural community development through any specific priority or Programme measure, community development was entirely funded by ERDF. Measures aimed at rural community development received a substantial increase in EU-funding in 1999, where their original budget of £3.4m was increased by 77% to £6m. This final target was achieved by 94%. The theme of rural communities was particularly important in NW Grampian where 12% of all EU-Programme resources were spent on respective projects.

Final budget targets for private sector contributions were met by 72% attracting £0.484m to community-based projects.

Most performance indicators used in community-based measures reported on activity-oriented performance, such as 'Number of community action plans and appraisals', and 'Number of cultural initiatives supported'. We have summarised village renewal initiatives, physical infrastructure projects and community development initiatives in Table S1.23 as 'Number of Community Enhancement Projects', where most regions were successful in exceeding their targets and supported a total of 88 projects. Only Dumfries & Galloway targeted and reported the number of community businesses supported, which was significantly overachieved. Compared to its modest target of 20, a total of 266 of businesses were reported as assisted. In addition, the creation of new community businesses was recorded by NW Grampian and Dumfries & Galloway and both regions created 84 new businesses. However, we have no indication of the viability of these businesses in terms of their survival rate.

All regions engaging specifically with rural community development targeted and recorded 'Jobs created' and targets were usually exceeded. In total, 245 jobs were created.

**Table S1.23:** Rural communities performance indicators targets and actuals of Scottish regions

	Jobs created		Jobs safeguarded		No of Community Enhancement Projects		Number of Businesses Assisted	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Borders	0	0	0	0	0	0	0	0
Stirling	20	8	40	8	30	21	0	0
Grampian	23	85	0	0	3	46	2	8
D&G	60	152	0	0	6	21	20 (new bus.)	266 (new bus.)
							36 (new bus.)	74 (new bus.)
<b>Scotland</b>	<b>103</b>	<b>245</b>	<b>40</b>	<b>8</b>	<b>39</b>	<b>88</b>	<b>20</b>	<b>266</b>

## Appendix C

### Analysis of Objective 5b Regions in Rural Wales

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# 1. Objective 5B programmes in Rural Wales

## 1.1 Introduction

The Rural Wales Single Programming Document (SPD) was submitted to the European Commission in April 1994, and received approval nine months later. Following a call for proposals in February 1995, the first tranche of projects were formally approved in March (ESF) and July (ERDF and EAGGF) 1995, although retrospectivity to 1 January 1994 was permitted.

The region was able to build on previous experience of Structural Funds; parts of Rural Wales had benefited from Objective 5b assistance during 1989-1993, although this was confined to ERDF and ESF assistance.

Due to the impact of the Foot and Mouth Disease, the period for payments to projects under the Programme was extended to 30 June 2002.

Key dates are summarised in Table W1.1.

**Table W1.1: OBJECTIVE 5B PROGRAMME – RURAL WALES PROGRAMME DATES**

Submission of SPD	22 April 1994
Approval of SPD	6 January 1995
Start of Programme	First projects approved: EAGGF and ERDF July 1995; ESF March 1995;
Mid-Term Evaluation	Completed July 1997
Completion Date	30 June 2002
Approved Final Closure Statement	Outstanding

## 1.2 General characteristics of programme

The Objective 5b area covered 14,270sqm, just over two-thirds of the total land area of Wales, an area which consists of large areas of upland farming, seaside resorts and small towns and villages. Although sparsely populated, the region had been experiencing population increases over the past 20 years, bringing the population to around 634,000 during the Programme period.

The second largest Programme in the UK with a total overall budgeted expenditure of over £352m, the Rural Wales Objective 5b Programme funded 1,278 projects and finally paid out just over £326m by the time of closure in March 2003.

**Table W1.2:** Overall geographic and financial characteristics of the programme

			Anticipated Overall Objective 5b Expenditure (In £)	Actual Programme Spend Total (In £)	Spend Per Population (In £)	Number Of Projects Funded
	Area (In ha)	Population (1991)				
Rural Wales	1,427,112	634,000	£352.587m	£326.354m	515	1,278

## 1.3 Strategic aims and programme linkage

### 1.3.1 Socio-Economic Background of the Programme

Key characteristics of Rural Wales were described in the SPD as:

- Economic isolation;
- Heavy dependence on agriculture and the services sector;
- Low population density;
- Imbalanced age structure due to the out-migration of young people and in-migration of elderly people;
- Narrow and vulnerable economic base with low GDP, low incomes and low economic activity rates; and
- Poor provision of services to rural communities.

Some of the key opportunities and weaknesses identified in the SPD SWOT include:

**Table W1.3:** Socio-economic weaknesses and opportunities as identified in the SPD

<b>Weaknesses</b>	<b>Opportunities</b>
Narrow and fragile economic base	Potential for growth of SMEs and inward investment
Inadequate infrastructure	Develop new markets and business related R&D
Over-dependence on declining agriculture	Diversification of agriculture and forestry Potential for renewable energy
Highly fragmented tourism industry	New activities /improved promotion in tourism sector
Lack of tourism infrastructure	Upgrading of tourism infrastructure
Peripherality and poor communications	Improve communications through IT, better linkages and airport facilities
Limited skills base and lack of human resources	
Lack of employment opportunities	Widen skills base and opportunities for young people
Poor service to rural communities	Greater involvement of communities in development

These key characteristics and the SWOT analysis were re-assessed at the interim evaluation stage, with the conclusion that they remained valid and that given the short length of time since the programme and the fact that weaknesses were of a structural nature, little change could be expected.

The interim evaluators did point to the complications arising from BSE, which posed a real threat to the agricultural economy of Rural Wales.

### 1.3.2 Strategic Objectives and Internal Strategic Coherence

The overall aim of the Rural Wales Objective 5b Programme was to:

*“Achieve growth in employment and incomes through an economic development strategy focusing on the development of the SME sector that promotes business efficiency and productivity. The strategy will take into account the environmental quality of the programme area.”*

The Programme was structured under three main Priorities and a total of 13 measures. **Table W1.4** below illustrates the relative importance attached to each theme in terms of fund allocation.

The bulk of the Objective 5b funding (56%) was allocated to the Business Development Priority, with the strategic objective *“to assist the creation of a self-sustaining market economy by supporting the provision of business and agricultural infrastructures and support services and the development of human resources of the area”*.

This reflects the importance attached to stimulating new economic activity to reduce the region's dependence on agriculture, by providing new sites and premises, business support services and training, and to support structural change in the agricultural industry by providing advice and training to farmers, encouraging diversification and environmental measures in farms, and developing forestry.

The growing importance of tourism to the Welsh economy was recognised by the allocation of almost 30% of Funds to Priority 2, with the strategic objective to "*develop and improve high quality tourism products, services and marketing in Rural Wales so as to produce the maximum possible positive economic and social impact whilst safeguarding the quality of the natural and built environment*".

This was to be achieved by providing new or improved attractions and facilities, improving the promotion of the area to tourist markets and people with skills to work in the industry; there was also a link to agricultural diversification with the promotion of agri-tourism.

Finally, the Countryside Management and Community Development Priority was allocated 14% of Funds, with the strategic objective to "*support, encourage and empower communities in Rural Wales to retain and develop community services and infrastructures, and to enhance their rural environment*".

This aimed to include rural communities in the development of the economy, provide access to training for remote communities, and support environmental projects to enhance the countryside.

**Table W1.4:** Objective 5B – Rural Wales, priority and measure structure

Priority	Measure	Original Total Budget Allocation in % of Total Programme Expenditure
<b>1. Business Development</b>		<b>56.2</b>
	1 Development of Agriculture & Forestry	11.6
	2 Sites and Premises	12.6
	3 Business Support Infrastructure	8.7
	4 Business Support Services	12.6
	5 Employment Support Schemes	2.6
	6 Skills Training	8.2
<b>2. Development of Tourism</b>		<b>29.2</b>
	1 Attractions and Facilities	13.8
	2 Information and Marketing	5.9
	3 Training for Tourism	5.4
	4 Agri-tourism	4.1
<b>3. Countryside Management &amp; Community Development</b>		<b>14.1</b>
	1 Countryside Enhancement	3.6
	2 Rural Services	8.7
	3 Developing Skills in Rural Communities	1.8

A strong link can be identified between the strategic objectives and corresponding Priority/Measure structure, and the weaknesses and opportunities identified in the SPD.

In addition to a specific reference in the Programme's strategic objective statement to considering "the environmental quality of the area", the environmental sustainable development theme runs across the Priority and Measure structure:

- ensuring farming is able to adapt, thus avoiding a decline which would be detrimental to the environment (M1.1);
- use of selection criteria to ensure that projects do not have a detrimental impact on the environment (M1.2 and 1.3)
- encouraging use of derelict land, waste management and pollution avoidance schemes, energy conservation and use of renewable energy (M1.3);
- environmentally sympathetic development of tourism (M2.4); and
- directly improving the quality of environment on land owned by farmers (M3.1).

The SPD identified a number of overall targets to measure the performance of the Programme; in addition, targets were set at priority and measure levels. The overall

Programme targets are listed in Table W1.5 below; with the revisions made following interim evaluation.

Most targets were revised upwards based on forecasts of projects underway at that time. The ‘Businesses assisted or advised per year’ target was dropped because of difficulties in defining what constituted an “assist” in a way which could be sensibly aggregated for the Programme as a whole.

The interim evaluation concluded that the SPD Programme level targets placed a heavy emphasis on business development objectives, and following its recommendation, new indicators were included to encompass training and environmental sustainability objectives.

The Training Places target was calculated at a level of 48,000 by grossing up forecasts for numbers of training places for projects in place at the time of interim evaluation..

The new performance indicators representing environmental sustainable development related to:

- hectares of farm woodland/grazing under sustainable management; to be achieved in the countryside enhancement measure, and
- derelict/under-utilised land enhanced, to be targeted under the industrial sites and premises measure.

**Table W1.5:** Programme level performance indicators

Performance Indicator	Original Target	Final Target
Jobs created	5,200	10,670
Jobs safeguarded	1,250	7,080
Private sector investment	£140 m	£142.2m
Businesses assisted or advised per year	1,000	(removed)
Land available for industrial development per year	10 hectares	60 hectares
Industrial workspace developed per year	10,000 sqm	60,000 sqm
Training places	–	48,000
Derelict /underutilised land enhanced		60 hectares
Farm woodland/grazing under sustainable management		50,000 hectares

These improved Programme level indicators should enable an assessment of the achievement of the three key themes within the statement of the overall aims of the Programme: to grow employment and income, develop the SME sector and improve environmental quality.

### 1.3.3 Complementarity to other Programmes

**Table W1.6** provides an overview of Programmes operating in Rural Wales which offered complementarity to the Objective 5b Programme.

**Table W1.6:** Programme complementarity as stated in final report

EU-Programmes and Community Initiatives	Objective 5a Objective 3 Objective 4 Leader II Interreg II Other Community Initiatives (Employment, Adapt, Resider II, Retex II, Pesca, SMEs, Konver II)
UK Programmes	New Deal Welsh Development Agency Strategic Development Scheme Welsh Capital Challenge
<i>Co-financed projects</i>	Business Development Consortia (Rural Wales) SPUR and SMART

The Technical Group overseeing projects in the Objective 5b also dealt with matters relating to the Community Initiatives in Rural Wales, ensuring a level of coordination between the programmes. The interim evaluation found good examples of successful Leader pilot projects being developed into full initiatives under Objective 5b, and linkages between RESIDER and the Programme.

However, the report recommended that greater synergy could be achieved between EU and national programmes if sponsors developed packages of action, along with a partnership approach to developing projects.

The Welsh Office Agricultural Department created a Rural Development Grant specifically as a source of match funding for EAGGF projects; however, issues of insufficient resources and delays in decision making hampered its effectiveness in assisting with the allocation of Objective 5b funds.

## 1.4 Programme delivery

### 1.4.1 Programme Delivery Structure

The key Programme management bodies were the Programme Secretariat, Programme Monitoring Committee and a Technical Group.

Initially, the Programme Secretariat responsibilities lay with the Welsh Office. ERDF projects were tasked to the European Affairs Division, while the Welsh Office Agricultural Department had responsibility for EAGGF projects. The appraisal and

monitoring of ESF projects was undertaken by a secondee to the European Affairs Division from the Department for Education and Employment, while issue of approval letters, monitoring and payments were handled centrally by the DfEE Office in London.

From 1 July 1997 – 1 April 2000, Secretariat functions were transferred to an arms length company, the Welsh European Programme Executive Ltd (WEPE), though actual payment of Funds continued to be handled by DfEE and the Welsh Office. There followed a lengthy discussion with the Commission on the eligibility of this company to receive technical assistance to administer the programme; this was finally resolved towards the end of 1999.

Thereafter, with the establishment of the National Assembly for Wales, all aspects of European Structural Funds management were transferred to the Welsh European Funding Office, bringing the Programme back into direct government control.

A Programme Monitoring Committee (PMC), comprising senior executives of partnership organisations (see **Table W1.7**), was established at the beginning of the Programme, tasked with:

- monitoring the implementation of the SPD;
- determining performance indicators and monitor their results;
- adopting criteria for the selection of projects and advise on the allocation of resources to projects;
- examining the annual progress reports and the results of the evaluation; and
- determining when virement between Priorities may be necessary and adjust the financial table accordingly.

The PMC also established a Technical Group to review the scoring and ranking of project applications, ensure that the Funds were distributed equitably across the region and make recommendations on project approvals to the PMC. This group also oversaw the progress of all of the Community Initiatives underway in the area, except Interreg. Membership of the group was drawn from nominations put forward from the partnership.

An Environmental Advice Panel was established in 1996, comprising experts from the public and voluntary sectors, to advise applicants at an early stage in the design to identify best environmental opportunities or suggest ideas which might help the project to promote environmental best practice; this covered areas such as:

- identifying adverse direct or indirect environmental effects;
- identifying mitigation measures to help ameliorate the environmental impact of the project;
- identifying environmental opportunities to benefit local people and communities; and
- promoting environmental best practice and excellence.

## 1.4.2 Programme Partnership Involvement

**Table W1.7** lists the representation of stakeholders in the two main Programme committees; this comprised a mix of national, regional and local government representatives and economic development agencies, together with specialised interests such as rural development and conservation bodies, equal opportunities bodies, FE/HE and tourism bodies. There was no representation from the private sector in the Programme.

The interim evaluators reported that some partners perceived an over-representation and thereby undue influence of local authorities in the Technical Group (with almost a third of all seats), however, the evaluators did not consider the Group to be imbalanced and pointed to procedures which prevented members from arguing the case for projects they represent as adequate safeguard against dominance in the Programme.

Options were considered for spreading the load of the Technical Group more widely, for example splitting into Priority level groups, however, the evaluators did not view a major change to the nature or functions of the Group as necessary, and no changes were made.

It did recommend the establishment of a Human Resource Development Advisory Group to address concerns about the lack of strategic focus and danger of overlap in the training measures; this group would clarify the distinctive roles of the various measures vis a vis other funding regimes. There is no evidence in the programme reports that such a group was established.

**Table W1.7:** Objective 5B partnership involvement in Rural Wales (by number of representative seats on programme monitoring committee and technical group) (post mid-term evaluation)

	Programme Monitoring Committee (Final Report)	Technical Group (1998 Annual Report)
Regional Government	1	3
UK Government Department	2	1
European Commission	3	3
Regional Authority (County)	4	8
Local Authority (Borough)	2	0
Economic Development Company	1	3
FHE/College	2	2
Tourism Board	1	1
Business Community/Chamber of Commerce	0	0
Voluntary/Community Organisation	1	1
Trade Union	1	0
Equal Opportunities/Minorities Body	3	0
Rural Development/Conservation bodies	3	3
Church Body	0	1
Total	24	26

### 1.4.3 Technical Assistance

Technical Assistance was primarily spent on programme administration and interim evaluation. The ESF allocation of £210,000, which contributed to WEPE's administration of the programme, was considerably overspent, reaching £1.49m by the end of the Programme.

**Table W1.8: Objective 5B – Rural Wales technical assistance (in £)**

EU- Budget over Programme Period (as detailed in SPD)	625,000 (ESF 210,000; ERDF 415,000)
EU-Budget in relation to Overall Programme EU-Budget (in %) 0.5%	EU-Spend 2,170,199 (ESF 1,493,685; ERDF 676,514)
EU-spend in relation to Programme EU-spend (in %)	1.9
Number of Studies funded by Technical Assistance Budget	1
Extended technical assistance delivered by external organisations	1
Equal opportunities awareness raising	1

Besides programme administration and the interim evaluation, the Technical Assistance budget was used to fund a study by Wales Council for Voluntary Action on improving voluntary sector access to Objective 5b, and to Chwarae Teg (Fair Play) an organisation which promotes economic development of women in Wales, to undertake a programme of awareness and training to improve the integration of equal opportunities objectives into the Structural Funds.

### 1.4.4 Project Application/Appraisal And Monitoring Systems

A number of methods were used to raise awareness of the Programme and encourage applications. The Secretariat held a distribution list of more than 600 stakeholders to whom it circulated the Programme documentation, selection procedures and regular news updates on programme implementation. In the early years, the Secretariat also held seminars to explain the Programme and selection process in more detail, and participated in seminars organised by bodies such as the Wales Council for Voluntary Action.

Although it was considered that voluntary and community organisations were receiving a fair share of Funds, the interim report suggested that local authorities should undertake a mentoring role to encourage voluntary organisations in fund raising and how to apply for Structural Funds. Some local authorities provided this kind of support in their areas but there was a perceived need for more help.

The interim evaluation also recommended the establishment of Global Funds for voluntary organisations who were likely to seek small amounts of funding, with a simplified application and appraisal procedure. In 1997 the Technical Group set up a working group to consider this recommendation, however the group found that it was unrealistic to develop such a scheme under the existing Programme.

Following the establishment of WEPE, further publicity work was necessary to introduce the new management. In 1999, WEPE held a further three conferences to promote the Programme, and on completion of the Programme held a 'Lessons for the Future' conference which discussed the Programme in relation to the forthcoming

2000-2006 Programmes. A 'Project Profiles' document was also produced, highlighting successful projects across all the Structural Funds programmes in Wales.

Applications were generally submitted at six monthly intervals for ERDF and EAGGF and annually for ESF funding. In 1999, to ensure maximum take up of Funds, ERDF and EAGGF operated as a rolling programme with no opening or closure dates, while ESF operated the usual annual round and added a supplementary round. Documentation explaining the appraisal and selection process was made widely available.

In 1995, a project scoring system was introduced in order to improve the system in the previous programme whereby a large Monitoring Committee comprising 40-70 members selected projects without systematic scoring. The new project selection process involved the consideration of the project against four sets of criteria:

- Core Criteria, demonstrating the additional benefits that would accrue to Rural Wales, and the need for support in order for the project to proceed;
- Eligibility Criteria: i.e. eligibility of applicants to receive Funds, compliance with Regulations, etc;
- Additional General Criteria: enabling competing projects to be prioritised against Programme wide criteria relating to job creation, value for money, leverage of extra investment, the strategic nature of the project in its regional context, synergy with other schemes and measures, environmental impact, and the relative level of need in the project area; and
- Measure Level Criteria: a detailed list of specific criteria to assess relative priority to be given to competing projects.

The Programme Secretariat ensured that applications satisfied the first two criteria, and then undertook initial scoring of the projects satisfying these essential criteria against the Additional General and Measure Level criteria. All scores were double checked by another member of Secretariat staff; different levels of staff were responsible for approving the score for projects of various values.

In 1998, a firm of consultants (Cooke and Arkwright) was invited to assist with the technical appraisal of EAGGF projects, however, in January 1999, the Technical Group decided that the practice was no longer appropriate and should be discontinued.

Following the Secretariat's initial checking and prioritisation, projects were then considered by the Technical Group, so that additional elements such as spatial distribution could be considered, and projects re-prioritised when appropriate. The Group then made recommendations to the PMC on which projects should receive assistance.

Reflecting concerns around the reliability of project outputs, the interim evaluators recommended the following improvements to the system:

- To request applicants to justify their output forecasts; and
- To apply an adjustment factor to the scoring system to reflect the degree of reliability of the cost per job and cost per unit output figures.

Financial and physical monitoring was handled by the Welsh Office for ERDF and EAGGF, and by the DfEE in London for ESF. The output information provided in quarterly claim forms for ERDF and EAGGF projects was input into a central database. Under the ESF system, projects were expected to submit output information only once, in the final claims submitted in the calendar year after the project was completed.

Further, the Welsh Office collected additional monitoring information for ESF projects to ensure that targets contained in the SPD were being reported against, and to verify the progress of multi-annual ESF projects before approving a further year's funding.

The interim evaluation also identified a number of issues regarding the monitoring system, specifically in relation to outputs. It recommended improvements such as:

- the PMC and Technical Group should be provided with better quality monitoring information; in particular, lack of definitions for output targets and consequent doubtful reporting hindered the Programme Management from achieving a proper overview of Programme performance;
- sponsors should be required to justify their outputs in the form of a short progress report backed up by evidence;
- monitoring reports should be checked to ensure that claims appear justified; and
- annual monitoring visits should be used to check how sponsors define outputs, the basis on which they have claimed outputs and systems in place for recording beneficiaries.
- However, the 1998 Annual Report states that the arrangements agreed by the Monitoring Committee for the physical and financial monitoring of the programme as set out in the 1996 Annual Report continued to be implemented.

## 1.5 Programme effectiveness

### 1.5.1 Overall Financial Structure

**Table W1.9** shows the overall financial allocation and spend by sector, comparing the original SPD allocation against the actual spend.

**Table W1.9:** Objective 5B – Rural Wales, overall financial allocation and spend by sector (in £)

	Original Budget	%	Actual Spend	%
Overall Programme Expenditure	338,473,000	100	326,354,462	100
EU-Structural Funds	128,350,000	38	113,928,692	35
ERDF	79,564,000	24	71,225,253	22
ESF	24,537,000	7	21,974,066	7
EAGGF	26,017,000	7	20,729,373	6
Other Public Sector	181,319,980	54	139,262,511	43
Private Sector Contributions	27,077,840	8	73,163,258	22

The proportion of Structural Funds in terms of the final overall spend was broadly in line with expectations in the SPD. The interesting outcome is the significantly higher private sector contributions than were anticipated in the original SPD budget; rising from an anticipated 8% of overall Programme expenditure to 22%. This was balanced by lower than anticipated contribution from other public sector resources, which amounted to 43% as opposed to the anticipated 53% of expenditure. The EU Funds share of expenditure also fell; ERDF by two percentage points and EAGGF by one percentage point.

**Table W1.10** provides a detailed breakdown of the Programme's budget and spend by Priority and Measure.

Overall, with expenditure of £113.929m, the Programme spent 81.8% of the final budget allocation.

Priority 1 achieved a spend of 80.7% of budget, or £63.617m. The ERDF and EAGGF measures achieved over 80% spend, whereas ESF measures had less take up; the budget allocation increased over the programme period, mainly due to exchange rate fluctuations. Virements were made from the business support infrastructure measure (1.3) to sites and premises (1.2), although the additional funds then available to 1.2 were not required in the end. Following the reduction to measure 1.3, almost the full budget was committed, and spend reached 89% (£8.296m).

In Priority 2, the ERDF Measures 2.1 and 2.2 both performed well, exhausting 92% of their final allocation. Despite a reduction in its financial allocation and considerable efforts made to encourage applications, the agri-tourism measure (2.4) committed around 90% of its allocation but due to match funding and planning issues, only managed to spend 71%. The ESF measure's allocation also increased over the programme period, however, take up was low. The final spend of £3.629m represented 41% of the available budget.

Total spend for Priority 3 was £17.554m, representing 88.7% of the available budget. The ERDF and EAGGF measures in Priority 3 both managed a healthy level of commitment, with actual spend at 83% and 88% respectively. Measure 3.3, Developing Skills in Rural Areas, was the best performing of all ESF measures with a total spend of £3.326m almost fully exhausting the budget available.

The final report states that “*the reason for underspend on certain measures was late project withdrawals. There were also difficulties for project sponsors to find match funding, particularly EAGGF projects, with the late notification of the Rural Development Grant. The ESF measures suffered from low numbers of initial applications. Problems were addressed after the Interim evaluation was published*”.

**Table W1.10: Objective 5B – Rural Wales – financial breakdown of the programme’s EU-budget and expenditure by priority and measure (in £m)**

	Originally Allocated Budget (SPD)*	Final Budget**	Change In Budget Allocation	Commitment**	Actual Spend**	% Of Spend Against Final Budget
Priority 1 <i>Business Development</i>	72.235	78.861	9%	68.559	63.617	80.7
Measure 1.1 (EAGGF) <i>Dev. Of Ag/Forestry</i>	14.574	15.863	9%	14.913	13.505	85.1
Measure 1.2 (ERDF) <i>Sites and Premises</i>	15.975	17.949	12%	15.478	14.773	82.3
Measure 1.3 (ERDF) <i>Bus. Support Infra</i>	11.060	9.320	-16%	9.233	8.296	89.0
Measure 1.4 (ERDF) <i>Bus. Support Services</i>	15.975	16.426	3%	15.410	13.518	82.3
Measure 1.5 (ESF) <i>Emp. Support Schemes</i>	3.545	4.297	21%	2.561	2.561	59.6
Measure 1.6 (ESF) <i>Skills Training</i>	11.106	15.006	35%	10.964	10.964	73.1
Priority 2 <i>Tourism</i>	37.480	38.974	4%	32.622	30.587	78.5
Measure 2.1 (ERDF) <i>Attractions and Facilities</i>	17.558	18.052	3%	17.382	16.655	92.3
Measure 2.2 (ERDF) <i>Info / Marketing</i>	7.521	7.730	3%	7.738	7.106	91.9
Measure 2.3 (ESF) <i>Training for Tourism</i>	7.293	8.694	19%	3.629	3.629	41.7
Measure 2.4 (EAGGF) <i>Agri-tourism</i>	5.108	4.498	-12%	3.873	3.197	71.1
Priority 3 <i>Countryside / Community</i>	18.009	19.800	10%	19.693	17.554	88.7
Measure 3.1 (EAGGF) <i>Countryside Enhancement</i>	4.563	4.880	7%	4.936	4.027	82.5
Measure 3.2 (ERDF) <i>Rural Services</i>	11.060	11.560	5%	11.432	10.201	88.2
Measure 3.3 (ESF) <i>Developing Skills in Rural Areas</i>	2.386	3.360	41%	3.325	3.326	99.0
Technical Assistance	0.625	1.565	150%	0.868	2.170	154
ERDF	0.415	1.154	178%	0.722	0.676	58.7
ESF	0.210	0.411	96%	0.146	1.494	363.5
<b>Programme Total</b>	<b>128.349</b>	<b>139.200</b>	<b>8%</b>	<b>123.380</b>	<b>113.929</b>	<b>81.8</b>

\*Source: Table 7 Rural Wales 1996 Annual Report (exchange rate as applied to original approved SPD)

\*\* Source: Table 7 Rural Wales Final Report. Exchange rate for final allocation £1: 1.4613 Euro ERDF and EAGGF. ESF varies by measure from £1: e0.94-1.14

## 1.5.2 Financial Programme Dynamics of the Programme by EU-Fund

The Original Budget and Final Allocation tables (in Euro) show an increase of 4% in ERDF, ESF and EAGGF budgets respectively.

**Table: WX** Changes in funding allocation between 1995 and 1999 in Rural Wales programme (in euro)

Fund	SPD 1995	Final Allocation	1999 allocation in 1999 proportion to 1995 budget
ERDF	€115,100,000	€120,107,414	1.04
ESF	€33,300,000	€34,574,472	1.04
EAGGF	€35,600,000	€36,884,951	1.04
Total EU Funds	€184,000,000	€191,566,837	1.04

**Table W1.11** demonstrates the financial dynamics of the Programme by EU Fund in sterling.

**TABLE W1.11:** Financial programme dynamics by EU fund (in £m)

	Final Budget	Overall Commitment	Spend	Spend Against Final Budget In %
ERDF	£82.191	£73.395	£71.226	86.7
ESF	£31.768	£22.263	£21.974	69.2
EAGGF	£25.241	£23.722	£20.729	82.1
Total EU Funds	£139.20	£123.380	£113.929	81.8

At the meeting of 16 July 1999, the Monitoring Committee agreed to reallocate £1,850,000 ERDF resources from Measure 1.3 (Business Support Infrastructure) to Measure 1.2 (Sites and Premises). The measure had envisaged harbour and airport redevelopment schemes that did not come to fruition and therefore did not require the originally allocated resources.

In addition, £1m ESF resources were vired from Measure 2.3 to Measure 1.6. (Commission Decision 30 November 1999). Although well publicised, the training for tourism measure attracted few applications and it was decided that too much funding had been allocated to the measure. Meanwhile, there had been a waiting list of projects under the business-related skills training measure, which secured approval with the extra £1 m made available.

In 7 December 1999 the Monitoring Committee agreed to reduce the resources in Measure 1.3 further, transfer ERDF resources from Measure 2.2 (Tourism Information and Marketing) to 2.1 (Attractions and Facilities) and EAGGF resources from Measure 3.1 (Countryside Enhancement) to Measure 2.4 (Agri-tourism) (Commission Decision 3 May 2000). Deflator resources were allocated proportionally across each Fund. Despite all the virements and indexation monies, however, the Programme committed and spent less than was anticipated in the SPD.

## 1.6 Programme performance

### 1.6.1 Output Performance

As discussed above and shown in Table W1.5, a set of Programme level targets was established at the start of the programme, and amended following the interim report. However, the Final Report does not provide a final assessment of progress towards these targets. In Table W1.12, therefore, the measure level targets and actuals are aggregated to present an overview of progress for the Programme as a whole for some key indicators.

It should be noted, however, that the SPD measure level aggregates of target figures do not equal Programme targets; this discrepancy was noted in the interim report. Although Programme level targets were subsequently revised, the measure level targets were not adjusted accordingly.

**Table W1.12: Programme level performance indicators**

Performance Indicator	Programme Target	Measure Aggregates	
		Target	Actual
Jobs created	10,670	13,220	7,198
Jobs safeguarded	7,080	2,250	21,603
Private sector investment (£m)	142.2	116.3	160.127
Land available for industrial development per year (ha)	60	60	77
Industrial workspace developed per year (ha)	60,000	60,000	36,371
Training places	48,000	11,320	76,167
Derelict /underutilised land enhanced (ha)	60	60	50
Farm woodland/grazing under sustainable management (ha)	50,000	24,000	33,775

The outcomes at Programme level were mixed; on the positive side:

- recorded performance in jobs safeguarded was three times the anticipated level for the Programme, at 21,603 jobs;
- the Programme also exceeded even the revised Programme target for private sector investment, with over £160 m achieved;
- with over 76,000, the number of training places exceeded the revised Programme target by 59%;

A number of under-achievements were recorded, however:

- neither the Programme target nor the measure level aggregate target for job creation were met, with a total of 7,198 recorded (67% of revised Programme target);
- only 61% of the targeted industrial workspaces were developed;
- the Programme missed the Programme's environmental targets set following the interim evaluation for land enhanced (achieving 83%) and land under sustainable management (67%).

In addition to these Programme level targets, Priority level targets were set out in the SPD, however, reporting against these was discontinued following the interim evaluation.

The evaluation identified a range of weaknesses in the target setting in the SPD i.e.:

- Lack of consistency between targets at Programme, Priority and Measure level;
- Lack of clearly identified baselines for certain key targets; and
- Definitional problems.

The evaluation also identified serious weaknesses in the reporting of performance by projects, and made recommendations to clarifying the recording of jobs created, safeguarded, construction jobs, private sector contributions and investment, and the number of businesses assisted/advised.

- Jobs created: should be FTE, directly linked to the project, permanent jobs and claimed only when actually created and filled;
- Jobs safeguarded had been inappropriately claimed at the time of the interim (eg. all tourism jobs safeguarded as result of marketing project); should be FTE, distinction should be made between permanent and temporary, and calculations should be clearly justified;
- Construction jobs should be recorded as person weeks, and a standard rule of thumb should be applied;
- Private sector contributions/investment, contributions are direct contributions to project costs, while investment is any other investment resulting from the project;
- Number of businesses advised, care should be taken to record number of businesses and not number of visits to businesses, and the intensity of support should be recorded.

### 1.6.2 Value For Money

In the following, some of the key performance indicators in each of the four Programme Priorities are put in context to the overall EU-spend incurred. Unit costs, calculated at priority level are a relative, abstract value expressing how much financial effort was required to achieve one unit of a particular performance indicator.

The essential use of unit costs becomes apparent when comparing the actual with the planned/anticipated unit costs, thereby, allowing for an assessment of the effectiveness and efficiency of the Programme. Similar comparisons can also be undertaken between Programmes, Funds, etc.

The strength of unit costs is that they are independent of any actual over or underspend of allocated financial resources. Even if a Programme might have not spent all its financial allocation, it might have produced outcomes with the same effectiveness and efficiency as anticipated in the original plan.

The following tables present value for money against key indicators for each Priority.

**Table W1.13: Objective 5B – Rural Wales, Priority 1 unit costs per indicator (in £)**

Total EU Final Allocation	ERDF £43,695,000; ESF £19,303,000; EAGGF £15,863,000			
Total EU Grant Spend	ERDF £36,586,243; ESF £13,525,809; EAGGF £13,505,387			
Performance Indicator (Target)	Achieved	Actual Unit Cost	Anticipated Unit Costs	Variation of Planned to Actual Unit Costs
		EU spend/ Achieved Output	EU Final Allocation/ Planned Target	%
<b>ERDF</b>				
Industrial workspace constructed (sqm) (60,000)	36,371	£1,006	£728	+ 38.19 %
New businesses receiving in-depth advice (3,000)	38,137	£959	£14,565	- 93.42 %
No of jobs created (7,250)	3,421	£10,695	£6,027	+77.45 %
Private sector investment generated (£m) (78)	124	£0.40	£0.56	- 28.57 %
<b>ESF</b>				
Individuals receiving vocational guidance and counseling (1,000)	1051	£12,869	£19,303	- .33 %
No of trainees gaining NVQ or equivalent (n/a)	19,654	£688	N/A	N/A
New jobs created through employment schemes (2,700)	1885	£7,175	£7,149	+0.36 %
<b>EAGGF</b>				
No. of businesses advised (3,000)	103,458	£131	£5,288	- 97.52 %
No. of new trainee places provided (3,000)	20,540	£658	£5,288	- 87.56 %

The ERDF cost per job created and per sqm workspace constructed was higher than anticipated by Programme makers. Unit costs for business advice were dramatically lower than anticipated; however, as noted before there were issues over the definition of what constitutes an advice session, and projects may have interpreted this differently than the Programme makers.

Under ESF, vocational guidance and counselling cost a third less than anticipated per individual, while the unit cost of jobs created through employment schemes was in line with expectations.

EAGGF unit costs were significantly lower than anticipated due to extremely high recorded outputs, again suggesting that the businesses assisted and training places provided were defined differently than the developers of the SPD envisaged.

**Table W1.14: Objective 5B – Rural Wales, Priority 2 unit costs per indicator (in £)**

Total EU Final Allocation	ERDF £25,782,000; ESF £8,694,000 ; EAGGF £4,498,000			
Total EU Grant Spend	ERDF £23,761,188; ESF £3,629,106 ; EAGGF £3,196,893			
Performance Indicator (Target)	Achieved	Actual Unit Cost	Anticipated Unit Costs	Variation of Planned to Actual Unit Costs
		EU spend/ Achieved Output	EU Final Allocation/ Planned Target	%
<b>ERDF</b>				
No. of new / improved attractions supported (30)	244	£97,422	£859,400	-88.66 %
Tourism access roads developed (km) (5)	6,004	£3,959	£5,156,400	-99.92 %
New marketing campaigns implemented (30)	451	£52,707	£859,400	-93.87 %
No of jobs created (2,500)	849	£27,999	£10,313	+171.49%
Private sector investment generated (29)	13.943	£1.7	£0.92	+84.78 %
<b>ESF</b>				
No of beneficiaries (6,000)	11,874	£306	£1,449	- 78.88%
<b>EAGGF</b>				
No of additional farm businesses benefiting from advice (360)	391	£8,176	£12,494	- 34.56 %
No of new / enhanced farm attractions supported (60)	142	£22,514	£74,967	- 69.97 %
No of jobs created (50)	134	£23,858	£89,960	- 73.48 %
No of jobs safeguarded (250)	338	£9,459	£17,992	- 47.43 %

In Priority 2, as a consequence of the dramatic overachievement recorded against most targets (some of which were set at low levels, for example km of access roads developed), unit costs were considerably lower than anticipated in most areas, except Number of jobs created with ERDF support (+171%) and Private sector investment generated (+85%). The unit costs of per job created under EAGGF, while similar to ERDF unit costs (£24,000 EAGGF compared to £28,000 ERDF), were considerably lower than anticipated

There was a much greater emphasis than anticipated on developing access roads within Measure 2.1 (Development of New/Improved Tourism Attractions and Facilities), with the initial small target of 5km exceeded 1,200-fold.

Also in Priority 3 (**Table W1.15**), unit costs were considerably lower than anticipated, with the exception of the number of community businesses supported, which did not meet its targets. The focus in the community measure shifted away from business support to provision of childcare and completion of community strategies and appraisals. It is therefore fairly surprising that the job targets were exceeded to such an extent.

The costs of training were significantly lower than anticipated; although no targets were set for trainees gaining NVQ and other qualifications, the number recorded represents a qualification attainment rate of 70%, which is comparable with other 5b Programme achievements. Again, however, the question must be raised how so many people could be trained at such a low cost.

**Table W1.15: Objective 5B – Rural Wales, Priority 3 unit costs per indicator (in £)**

Total EU Final Allocation	ERDF £11,560,000; ESF £3,360,000 ; EAGGF £4,880,000			
Total EU Grant Spend	ERDF £10,201,308; ESF £3,325,466; EAGGF £4,027,093			
Performance Indicator (Target)	Achieved	Actual Unit Cost	Anticipated Unit Costs	Variation of Planned to Actual Unit Costs
		EU spend/ Achieved Output	EU Final Allocation/ Planned Target	%
<b>ERDF</b>				
No of community businesses supported (150)	39	£261,564	£77,067	+ 239.40%
No of new jobs created (250)	329	£31,006	£46,240	- 32.95 %
No of jobs safeguarded (250)	3,304	£3,087	£46,240	- 93.32 %
<b>ESF</b>				
No of beneficiaries (1,200)	14,972	£222	£2,800	- 92.07 %
No of trainees gaining NVQ and other qualifications (N/A)	10,528	£316	N/A	n/a
<b>EAGGF</b>				
No of community environment schemes assisted (120)	203	£19,837	£40,667	- 51.22 %
Ha land brought under sustainable management (24,000)	33,775	£119	£203	-41.38 %
No of new jobs created (20)	44	£91,523	£244,000	-62.49%

The comparative costs across Funds of achieving impacts such as jobs created and safeguarded and private sector investment generated are demonstrated in **Table W1.16**. Both ERDF and ESF required almost double the anticipated unit costs for job creation; whereas the relatively low job creation targets set for EAGGF enabled this Fund to achieve lower than anticipated unit costs, albeit these were higher than for the other Funds.

Both ERDF and EAGGF achieved considerably lower unit costs for jobs safeguarded than anticipated (ERDF thirteen-fold lower, EAGGF eleven-fold). The spend of £1,133 per job safeguarded under EAGGF is particularly remarkable; this echoes the interim evaluators doubts over the veracity of project sponsors' claims.

**Table W1.16:** Objective 5B – Rural Wales, comparative unit costs per performance indicator by fund

Indicator	ERDF		ESF		EAGGF	
	Planned	Actual	Planned	Actual	Planned	Actual
Job creation	£10,502	£18,994	£4,382	£8,037	£46,850	£29,032
Jobs safeguarded	£328,764	£25,824	-	-	£12,620	£1,133
Private sector investment generated (£m)	£0.8	£0.6	-	-	£2.2	£0.9

Looking specifically at value for money in terms of job creation at Programme level, EAGGF's modest job creation targets, totalling 520 jobs over three measures, were easily met, and this combined with underspend in the measures, brought unit costs down quite dramatically. The actual cost per job across the three EAGGF measures amounted to £29,032 (against a forecast of £48,540). EAGGF resources were therefore more effective in job creation than anticipated by the Programme makers.

ERDF supported job creation was costlier than anticipated. The actual cost per job across the four ERDF measures targeting job creation amounted to £12,494 (against a forecast of £7,367).

The two ESF measures set ambitious job creation targets totalling 5,200, but only 2,734 were recorded. In particular, job creation under Measure 2.1 was more expensive to achieve (£19,617 against anticipated £7,220). The actual cost per job for the two ESF measures targeting job creation amounted to £7,029 (against a forecast of £4,298).

**Table W1.17:** Job creation unit costs/EU budget (in £)

Measure	Target	EU Budget £m	Anticipated Unit Costs	Achieved	Declared Expenditure £m	Actual Unit Costs
1.1 (EAGGF)	450	£15.863	£35,251	536	£13.505	£25,196
1.2 (ERDF)	2,500	£17.949	£7,180	790	£14.773	£18,649
1.3 (ERDF)	500	£9.320	£18,640	34	£8.296	£244,000
1.4 (ERDF)	4,250	£16.426	£3,865	2,597	£13.518	£5,205
1.5 (ESF)	2,700	£4.297	£1,591	1,885	£2.561	£1,359
2.1 (ESF)	2,500	£18.052	£7,220	849	£16.655	£19,617
2.4 (EAGGF)	50	£4.498	£89,960	134	£3.197	£23,858
3.1 (EAGGF)	20	£4.880	£244,000	44	£4.027	£91,523
3.2 (ERDF)	250	£11.560	£46,240	329	£10.201	£31,006
<b>Total</b>	<b>13,220</b>	<b>£102.845</b>	<b>£7,780</b>	<b>7,198</b>	<b>£86.733</b>	<b>£12,050</b>

### 1.6.3 Gross and Net Impact Calculations

The interim evaluation included an assessment of the forecast impact of the Programme, reviewing measure by measure the level of additionality and displacement. It provided an analysis of the likely net impact of the programme as a whole on jobs, using case study and survey analysis as the basis for its findings (expects Programme to create between 3,700 and 5,100 net additional jobs).

The key issue that the evaluators found in assessing net impact was the varying interpretations of jobs created and safeguarded being reported by projects; in particular:

- Job outputs are not measured in a consistent manner, often consisting of a mixture of full, part-time and seasonal jobs.
- The projected level of safeguarded jobs is implausible for many projects reviewed, with often all employment in a firm or even industry being regarded as safeguarded, regardless of the contribution made by the project to that firm;
- Many instances of double counting, with the same firms receiving assistance under a variety of Objective 5b funded projects.

### Additionality and displacement factors

Based on a total of 89 project reviews in which each measure was represented, the evaluators made the following measure level assessments of likely additionality and displacement.

**Table W1.18:** Estimates of additionality and displacement at measure level

Measure	Project level Additionality	Local Displacement	Programme Area Displacement
1.1	High (75%)	Low	Low
1.2	High (75%)	Low	Low
1.3	High (75%)	Low	Low
1.4	Partial (50%)	Med	Low
1.5	Full (100%)	Low	Low
1.6	Partial (50%)	Low	Low
2.1	Variable (50%)	Med	High
2.2	High (75%)	Low	Low
2.3	Low (25%)	Med	Med
2.4	High (75%)	Med	Med
3.1	Partial (50%)	Low	Low
3.2	High (75%)	Low	Low
3.3	High (75%)	Low	Low

Low = 25%; Partial = 50%; High = 75%; Full = 100%

In assessing the likely impact on jobs, the evaluators scaled down the forecasts based on project reviews, then applied additionality and displacement adjustments. From a gross job creation forecast of 11,272 and jobs safeguarded forecast of 72,094 it calculated an estimated net additional jobs range of 3,700 to 5,100.

## 1.7 Overall programme achievements (strategic themes and CEQs)

### 1.7.1 Ex-Post Strategic Themes

In order to enable a cross-Programme comparison of performance for the UK as a whole, the ex-post evaluation has designed a thematic structure under which Programme activities are grouped. The six themes are:

- Business Support;
- Agriculture;
- Tourism;
- Training;
- Environment; and
- Rural Communities.

**Table W1.19** shows the utilisation of resources against these Ex-Post Strategic Themes in the Rural Wales Programme. This demonstrates again the weight attached to Business Support activities (£39.1m or 35% of total resources), which aimed to expand the SME base, attract inward investment and develop R&D and exporting activities in the region.

Almost a quarter of resources (£27m) were spent on tourism, confirming the SPD's analysis that this is a key growth sector in the region's economy.

The third most resourced theme was Training, with 16% of total EU funds spent (£17.9m); this includes business related, agricultural, tourism and community based training activities, and 603 projects supported.

The development and diversification of agricultural sector received 12% of funds (£13.5m). Rural Communities, i.e. Measure 3.2 received 9% of funds (£10.2m), while 4% (£4m) of funds were spent on conservation and enhancement of the environment through Measure 3.1.

**Table W1.19:** Programme priorities according to Key Strategic Themes, by EU-spend in % of overall EU-programme spend (in £m)

	Number of Projects	Total EU-Spend (£m)	Spend in % of Total Programme EU-Spend
Business Support	257	£39.148	35%
Agriculture	89	£13.505	12%
Tourism	211	£26.958	24%
Training	603	£17.919	16%
Environmental Works	38	£4.027	4%
Rural Communities	80	£10.201	9%
<b>Total Programme</b>	<b>1278</b>	<b>£113.929</b>	<b>100%</b>

The following section provides an assessment of overall Programme achievements against these six Ex-Post Strategic Themes. The discussion also takes consideration of the European Commission's Common Evaluation Questions.

### 1.7.2 Business Support

Business support took the form of:

- direct assistance to companies aiming to improve the competitiveness of firms, in the form of general business guidance and advice, export, product development and marketing assistance;
- assisting the growth of firms by employment subsidy, and the creation of new businesses through financial support;
- vocational and management training (discussed further in the Training section below);
- provision of sites and premises to create the conditions for business growth; and
- improving business support infrastructure, such as transport systems and infrastructure, telematics and access.

### Competitiveness of SME

*CEQ: to what extent has the Programme increased competitiveness of SMEs?*

The main measure promoting business competitiveness was Measure 1.4, which sought to address the fact that the business base was dominated by small, often remotely based, enterprises which experienced disadvantages in obtaining market, technical and legislative information and guidance.

The objective of this measure, therefore, was to improve access to support services, encourage development of management skills and innovation, thereby stimulating the number, growth and potential for competitiveness of enterprises.

A total of 105 projects were supported with £13.518 m ERDF funding. The measure aimed primarily to build on existing support infrastructure by co-financing a range of existing Government schemes such as SPUR and SMART. The interim evaluation raised the concern that projects must be integrated with the existing business support delivery vehicle Business Connect in order not to duplicate or confuse existing services.

Key beneficiaries were the Welsh Development Agency (26 projects), County Councils (27 projects), Enterprise/Development Agencies (19 projects) and the Welsh Office (9 projects).

Along with a range of generic SME development projects, a range of projects targeted specific sectors, target groups such as young people and female entrepreneurs or initiatives such as innovation, exporting or marketing. Examples of projects include:

**Table W1.20: Business support schemes**

APPLICANT	PROJECT	ERDF GRANT
<b>SECTORAL SCHEMES</b>		
Gwynedd County	Marketing of Welsh Slate Industry	£479,416
WDA	North Wales Regional Oil and Gas Development Office	£72,945
Cultural Enterprise Service	Cultural Enterprise Rural 5b	£174,079
<b>ICT/TECHNOLOGY IMPLEMENTATION</b>		
Denbighshire CC	Cyberskills for Rural Businesses (phases 1 and 2)	£376,748
WDA	Technology Implementation Programme for R Wals	£258,882
WDA	Information Technology Dev Programme for Micro-Ents	£247,232
<b>ENVIRONMENTAL</b>		
Antur Teifi	Environmental Network for SMEs	£295,837
WDA	Waste Minimisation Initiatives for SMEs	£120,000
WDA	Energy Efficiency Partnership	£560,752
<b>PRODUCT DEVELOPMENT AND MARKETING</b>		
Pembrokeshire CC	West Wales Marketing Group	£31,299
Antur Teifi	PIN Product Innovation Network	£249,801
Snowdonia BIC	New Product and New Business Devmt in North Wales	£244,619

The following achievements were recorded for the business support measure.

**Table W1.21: Measure 1.4 supporting businesses**

Indicator	Target	Achieved	% of Target
New businesses receiving in-depth advice	3000	38,137	1271
New SMEs reaching export markets	300	82	27
No of product development or marketing initiatives	30	1614	5380
Private sector investment generated (£m)	7	88.63	1266
No of new jobs created	4250	2597	61

The business support projects recorded over 38,000 firms receiving in-depth advice. There was not a big emphasis on specific exporting schemes within the body of projects supported, and targets for increasing the number of SMEs reaching export markets were not met. However, through a range of product development and marketing projects, including those outlined above, targets were easily met (indeed it would appear that the Programme makers and project sponsors interpreted this indicator differently).

Overall, efforts under this measure would have contributed to business competitiveness through the improvements to business performance in product innovation, marketing, new technologies and innovation, however this was not translated to the anticipated extent into company expansion, with only 61% of anticipated jobs created. Although the jobs target was not reached, as noted in Table W1.17, the cost per job for this measure remained relatively low (£3,721).

## IMPROVEMENT OF INFRASTRUCTURE AND SERVICES

CEQ: *to what extent have investments improved living conditions and attracted the relocation of new activities into the area; and to what extent has training improved production structures of relevant sectors.*

The key measures aiming to improve infrastructure in order to attract new activities to the area were 1.2 (Sites and Premises) and 1.3 (Business Support Infrastructure).

For the sites and premises measure, baselines of current annual provision were given in the SPD as:

- 34,000 sqm of industrial workspace;
- 2,000 sqm of redundant buildings brought into use;
- 20 hectares of land serviced; and
- 20 hectares of derelict land reclaimed.

The following table shows the performance of business infrastructure activities.

**Table W1.22: Measures relating to business infrastructure**

Measure		Target	Achieved	%
1.2 Dev of industrial sites and premises	Industrial workspace constructed (sq m)	60,000	36,371	61
	Redundant buildings brought into productive use (sq m)	3000	2,775	93
	Industrial land serviced (ha)	60	77	128
	Derelict land reclaimed (ha)	60	50	83
	Private sector investment generated £m	47	32	68
	No of jobs created	2500	790	32
1.3 Business support infrastructure	Access roads built or up-graded (km)	5	43	860
	Major harbour redevelopment schemes	2	1	50
	Local airport development schemes	3		33
	Private sector investment generated	24	3.57	15
	No of jobs created	500	34	7

Fairly healthy progress in terms of outputs was recorded for site development, the main underperformance in terms of outputs for this measure being recorded for the construction of industrial workspace with only 61% of anticipated sqm. It is perhaps surprising, given the baseline for annual provision of industrial workspace, that this target was not achieved. This also impacted on private sector investment generated, which reached £32m against a target of £47m. The knock on effect of the lower provision of workspace was lower than anticipated recorded job creation (32% of target).

The Business Support Infrastructure measure did not achieve most of its targets, mainly due to the inability to secure major harbour and airport development projects envisaged in the SPD. There was therefore no scope to achieve the level of jobs or private sector investment targeted. A substantial amount of funding was vired to other measures.

However, it is clear from project lists that many assisted projects were unable to contribute to the measure level targets. In line with the objectives of the measure, a total of eight telematics and IT infrastructure projects were assisted with a total grant of £3.8m, including £3.5m paid to Powys County Council for the Rural Wales Information Society project. No outputs were captured for these projects.

In addition, a total of five port-related projects were assisted, while only one is recorded as a “major” harbour redevelopment scheme.

The Programme therefore achieved some but by no means all of its objectives to create the conditions for economic development and the attraction of new activities into Rural Wales through infrastructure development. There is no performance indicator in the Programme to record number of inward investments to the area. Not as much new private sector investment has been generated or jobs created as anticipated as a result of activities, though the impact of this measure may be realised in the longer-term.

### 1.7.3 Agriculture

#### Development/improvement of agricultural holdings

The development of agricultural holdings was primarily targeted through Measure 1.1 (Development of agriculture and forestry). This measure, which received 11.6% of the Programme allocation, envisaged actions to:

- encourage the development of new and existing enterprises;
- encourage greater efficiency and diversification through training;
- stimulate innovation and adding value;
- improve the rural environment, e.g. environmentally friendly systems of production, enhancing skills;
- encourage joint activity so that individuals can benefit from collective bargaining, e.g. speciality food groups, machinery rings; and
- provide guidance to individuals seeking work or developing careers off farm.

Around 70 projects aiming to develop agricultural holdings were supported, with a total EAGGF grant of approx. £11.35 m. Performance against targets is shown below.

**Table W1.23:** Development of agricultural holdings Measure 1.1

	Target	Achieved	%
No of farm businesses advised	3,000	103,458	3,449
No of farm businesses advised on off-farm employment	1,200	16,700	1,392
No of new trainee places provided	3,000	20,540	685
No of new product developments/quality initiative	48	103	215
No of new group activity projects established	30	13,135	43,783
New jobs created	450	536	119
No of jobs safeguarded	1,750	17,961	1,026
Private sector investment generated £m	1.3	13.97	1,075

By the end of the Programme, the Final Report states that over 100,000 farm businesses had received advice, over 100 product development or quality initiatives had been supported and over 13,000 new group activity projects established. This led to the creation of 536 jobs and safeguarding of 17,961.

All targets were exceeded, some dramatically, especially if one considers the pool of businesses and individuals in this industry that could be targeted for assistance. In 1995, there were around 37,800 employees in the agriculture and fisheries sector (therefore half of all jobs were safeguarded), and around 15,300 VAT registered agricultural businesses in Rural Wales.

The figures given as actual achievements must therefore be queried, in particular:

- the definition of “advised”, and whether the figure for farm businesses advised is so high because projects were recording every instance of advice to one business separately, or because multiple projects were supporting the same farm businesses;
- how projects defined jobs safeguarded; it would appear that this was not defined in terms of jobs which would have definitely have been lost without the project assistance, rather that all the jobs in the farm business receiving advice were counted.

Both of these issues were highlighted in the interim evaluation; however, it is not clear to what extent the evaluators’ advice was acted upon, or figures revised.

Prior to Objective 5b, the level of provision to farmers was significantly lower, with organisations such as ADAS advising around 1,200 farm businesses each year and providing around 3,000 training places. Around 25 group activity projects were in existence.

In the interim evaluation, concern was expressed that the training and guidance activities being supported, which were exhausting a fairly high proportion of resources, were possibly overlapping with other services and may not be meeting the needs of businesses. From project titles it is possible to identify a total of 13 training-based projects with a total EAGGF grant of £1 m, promoting farm diversification, environment, IT and general farm and countryside skills.

The evaluation recommended prioritisation of resources towards diversification and value added activities. Examples of such projects include:

**Table W1.24: Agriculture project examples**

PROJECT	EAGGF GRANT
Grassland Technology Transfer (Phases 1 and 2)	£491,964
Whole Farm Review and Development Scheme	£173,074
Farm Diversification and Technology Centre	£589,567

Farm businesses were also encouraged to diversify into tourism; this is discussed further below.

## DEVELOPMENT AND IMPROVEMENT OF THE FORESTRY SECTOR

The development of the forestry sector was targeted through the EAGGF measure 1.1, Development of Agriculture and Forestry. The types of activities foreseen for the forestry sector included “financial assistance to support the harvesting and marketing of produce from woodlands, including the improvement of access together with actions to add value to that produce”.

Unfortunately, however, there are no indicators in the Programme, which would enable an assessment of progress made towards developing and improving the forestry sector at Programme/Measure level.

A total of 22 projects supporting this sector could be identified from project titles under Measure 1.1, for example:

**Table W1.25: Forestry projects**

APPLICANT	PROJECT	EAGGF GRANT
Coed Cymru	Developing a Market Based Future for Farm Woodland	£775,500
Llysfasi College	Improve. Management & Utilisation of Sm. Woodland	£317,206
Uni of Wales Cardiff	Willow Diversification & Environmental Protection	£287,723
Wildlife Trust West	Living Forest Initiative	£238,060
Pembrokeshire CC	Pembrokeshire Timber Initiative	£105,415
FCA Ltd	FCA Forestry Development Initiative (two phases)	£73,490
Glasfryn Forestry	Glasfryn Forestry Development (three stages)	£71,812
LANTRA	Forestry and Skills Training for Farmers and Foresters	£55,079
CYMAD	Hufenfa Wood Fuel Project Study	£28,576

The total EAGGF funding paid to forestry projects amounts to £2,156,644, equal to 16% of grant paid out under this measure. Without further information on the outcomes of these projects it is not possible to examine the extent to which forestry resources have been improved, however the extent of resources and mix of projects would indicate a fairly healthy level of projects coming forward to promote this industry, which may have had a positive impact on this sector.

### 1.7.4 Tourism

Priority 2, with 29% of allocated resources, was dedicated to developing tourism as an important sector in the region's economy. This was to be achieved via:

- promoting year round tourism;
- developing new attractions and improving access to facilities;
- providing information and marketing tourism facilities;
- training for tourism activities (Discussed in Section 1.8.5); and
- promoting farm tourism.

The following table presents the recorded performance of the tourism related measures:

**Table W1.26: Priority 2: development of tourism**

		Target	Achieved	%
2.1 Attractions and facilities	No of new or improved attractions supported	30	244	813
	Tourism access roads developed (km)	5	6,004	120080
	No of new or improved TICs supported	30	12	40
	Private sector investment generated (£m)	28	13.07	47
	Jobs created	2500	849	34
2.2 Information and marketing	New marketing products created	30	337	1123
	New marketing campaigns implemented	30	451	1503
	TIC staff trained	300	0	0
	Private sector investment generated (£m)	1	0.867	87
	% growth in off-season average bed occupancy	2	N/a	-
	% growth in main season average bed occupancy	31	N/a	-
	No of new farm tourism products initiated	18	41	228
2.4 Agri-tourism	No of additional farm businesses benefiting from advice and assistance	360	391	109
	No of new or enhanced farm attractions supported	60	142	237
	Private sector investment generated (£m)	2	3.28	164
	No of jobs created	50	134	268
	No of jobs safeguarded	250	338	135
	% increase in farm tourism income	10	N/a	-

The interim evaluation pointed to the need to ensure a strategic approach was used for investment in attractions and facilities, given the nature of displacement in the Rural Wales area, with priority for funding given to projects that widen the tourist appeal of Rural Wales. While the measure considerably outperformed its anticipated outputs, perhaps the fact that smaller or existing attractions were supported, and indeed increased focus on road construction instead, led to it not meeting its investment or jobs targets.

A total of £7.106m was paid out to projects under the Information and Marketing Measure (2.2). The interim evaluation emphasised that the effectiveness of this measure was dependent on initiatives that seek to draw additional visitors to Rural Wales, rather than information for visitors once they are in the area. The measure performed very well in terms of outputs relating to marketing products and campaigns, however, no Tourist Information Centre staff were trained, and an important indicator to measure impact of activities, growth in bed occupancy, was not reported against.

Although the agri-tourism measure was slow to start and suffered from a series of late project withdrawals preventing it from exhausting its full funding allocation, it easily managed to reach all of the performance targets. It appears that a global grant scheme operated by the Welsh Tourist Board helped to encourage small operators to work together to bring forward schemes.

Overall, 5b support enabled the creation of almost 1,000 tourism jobs and the safeguarding of a further 338 jobs in agri-tourism, and some £17m private sector investment was generated to support this industry. The Programme therefore contributed well to the development of tourism in the South West.

### 1.7.5 Training

The development of new skills was a key strand of the Rural Wales Programme. There were three main training measures (1.6, 2.3 and 3.3), with a further two measures (1.1 and 3.1) providing scope for training within a broader sphere of activity.

**Table W1.27: Measures supporting development of skills**

Measure	Focus
1.6 Skills Training	Upgrading managers' and workers' skills, and ensuring a skilled pool of workers is available for economic expansion
2.3 Tourism Training	Training to improve the quality of service and competitiveness of the tourism industry, and improve commercial awareness of managers
3.3 Developing skills in Rural Communities	Ensuring people in rural areas can participate in the economic and social regeneration of their communities, and making mainstream training more accessible to those in remote areas.
1.1 Development of Agriculture and Forestry	This measure included support in developing agricultural skills, and also ensuring that farmers can acquire new skills to assist them in obtaining off-farm employment.
3.1 Countryside enhancement	An element of this measure included providing assistance for farmers to develop countryside management and craft skills.

The performance of the main training measures is shown below.

**Table W1.28: Performances of key training schemes**

	Target	Achieved	% of Target
1.6 Skills training			
Total beneficiaries	N/a	27,414	-
Trainers receiving skills upgrading training	180	5	3
No of trainees gaining NVQs or equivalent	N/a	19,654	-
2.3 Training for tourism			
No of trainees gaining employment or other outcome	N/a	3476	-
% trainees gaining employment or other outcome	65	18	28
Trainers trained	90	200	222
No of beneficiaries	6000	11,874	198
3.3 Developing skills in rural communities			
No of trainees gaining NVQs and other qualifications	N/a	10,528	-
% of trainees gaining NVQs and other qualifications	65	70	108
% of trainees gaining other +ve outcomes	65	70	108
No of beneficiaries	1200	14,972	1248

No baselines were given in the SPD for the number of trainees already receiving training through TEC sponsored schemes and FE College courses, therefore the additional impact of the support under the Skills Training measure cannot be assessed. However, of the 27,000 beneficiaries, some 72% achieved NVQs or equivalent, a positive level of achievement.

Under the Training for Tourism measure, despite being unable to exhaust allocated resources, almost 12,000 beneficiaries were recorded, and some 3,500 gained employment or other positive outcome such as a place in continuing education. This would suggest a higher proportion of trainees gaining a positive outcome than recorded in the Final Report (35% as opposed to 18%).

A total of 104 projects were supported under Measure 3.3, to develop skills in rural communities. The measure supported almost 15,000 beneficiaries, over two thirds of whom gained NVQs and other qualifications. All targets were therefore met, with a dramatic over-achievement in numbers of beneficiaries.

Overall, some 54,000 people were supported through training in the 5b Programme, across a spectrum of activities including business, agriculture, tourism and environment. The provision of training was also widened, through the support in Measure 1.2 for new training facilities in South West's colleges, and through support under 3.3 for additional facilities in rural communities.

### 1.7.6 Environmental Works

*CEQ: Have the measures had positive effects on the environment? Have other measures been taken particular as regards basic infrastructure or tourism regarding environmental protection, improvement and conservation, awareness raising and land management?*

The Programme aimed to improve the quality of the environment and ensure that economic development was compatible with environmental considerations, by:

- Encouraging farmers to adapt and diversify;
- Encouraging effective use of derelict land, waste management and pollution avoidance schemes, and energy conservation;
- Supporting use of telematics to reduce the need for travel;
- Encouraging tourism that is compatible with the environment;
- Improving the quality of land owned by farmers.

A specific measure (3.1) was dedicated to countryside enhancement, supporting projects which:

- Enhanced the countryside by developing viable and manageable farm boundaries (hedgerows, walls etc);
- Active promotion of the management of land and woodland including countryside protection and landscape management to improve the rural environment; and
- Development of countryside management skills.

The measure succeeded in meeting or exceeding all of its targets; all resources were committed to projects, of which 83% were paid out by the end of the Programme.

**Table W1.30: Measures supporting development of skills**

	Target	Achieved	% of Target
No of community environment schemes assisted	120	203	169
No of community countryside skill courses	120	316	263
No of new jobs created	20	44	220
Amount of land to be brought under environmentally sustainable development (ha)	24,000	33,775	141
Private sector investment generated	1	1.04	104

Examples of projects supported include:

**Table W1.31: Environment projects**

APPLICANT	PROJECT	EAGGF GRANT
CCW	Hedgerow Renovation in Rural Wales	£729,375
RSPB	Improving the Balance Between Agriculture and Wildlife	£325,653
Snowdonia Nat. Park	Countryside Enhancement Programme 1996-2001	£599,500

Other measures which had a positive impact on the environment include the Sites and Premises measure (1.2), which over-reached targets for improving derelict land, the Tourism measures (2.1 and 2.2) which brought environmental improvements, water quality improvements, and encouraged green tourism, and the Development of Rural Services (3.3), which included a range of community-led environmental actions.

Overall, therefore, the Programme's strategic objective to improve environmental quality, implemented across the Programme's structure through countryside enhancement, site development, and consideration for the environment in agricultural and tourism activities, was effectively accomplished.

### 1.7.7 Rural Communities

#### Development, improvement and exploitation of Rural Wales

*CEQ: how have problems of remoteness and isolation been overcome by the programme? How have social and cultural activities improved attractiveness of area? How has programme improved quality of life?*

A key measure aiming to develop and improve rural areas was Measure 3.2, which aimed to provide improved infrastructure and services which would create the social conditions in which economic regeneration could take place. The following actions were envisaged:

- Establishment and development of community support groups;
- Strategic development;
- Social and community business development;
- Childcare facilities which supported return to work;
- Rural transport initiatives to increase mobility;

- IT and telecommunications to enable local agencies to establish networks and improve communications; and
- Community led environmental actions.

The measure supported 80 projects with total ERDF of £10,201m, including business and social economy development projects, village halls and other community space projects, IT/telecentre and transport projects, and a range of community strategy and group development activities.

As can be seen in **Table W1.32** below, the number of community businesses supported is fairly disappointing, given that there were a number of projects which specifically targeted the development of community enterprises. The number of community support groups supported was also a third of target. However, good progress was made in development of strategies and coordinated actions, and in provision of childcare schemes (795% of target, suggesting definition of “scheme” may have been problematic), as well as IT and transport initiatives. There were no performance indicators that record the progress within this measure in developing community infrastructure such as halls and community centres, and the environmental based initiatives that were supported. The measure was therefore not well equipped with indicators representing the range of projects funded.

**Table W1.32: Improvement of rural services**

	Target	Achieved	% of Target
No of community businesses supported	150	39	26
No of community appraisals/strategies undertaken	60	125	208
No of community support groups assisted	60	20	33
No of community child-care schemes assisted	60	477	795
No of innovative community transport schemes assisted	30	25	83
No of IT schemes assisted	30	25	83
Private sector investment generated (£m)	5	3.7	74
No of jobs created	250	329	132
No of jobs safeguarded	250	3304	1322

## IMPROVEMENT TO STANDARD OF LIVING AND EMPLOYMENT IN RURAL AREAS

In addition to improving quality of life through provision of enhanced amenities and community services, as described above, the Programme impacted on standards of living and employment, though activities across the Programme measures.

**Table W1.33** shows the recorded gross impact of the Programme in terms of jobs.

**Table W1.33: Jobs created and safeguarded**

Measure	Jobs created		Jobs safeguarded	
	Achieved	% of Target	Achieved	% of Target
1.1 Agriculture and Forestry	536	119	17961	1026
1.2 Dev of industrial sites/premises	790	31	-	-
1.3 Business support infrastructure	34	7	-	-
1.4 Business support services	2,597	61	-	-
1.5 Employ support schemes	1,885	70	-	-
2.1 Attractions and facilities	849	34	-	-
2.4 Agri-tourism	134	268	338	135
3.1 Countryside enhancement	44	220	-	-
3.2 Rural services	329	131	3304	1321
Total	7,198	54	21,603-	960

According to Programme records, Objective 5b created a total of 7,198 jobs in Rural Wales, representing just over half of the anticipated target. As discussed above, a number of the training measures scored highly in terms of positive impacts of training on employment.

Positive results were achieved in the agriculture industry, in terms of creating new jobs in agriculture and diversification activities and in agri-tourism. However, the business related measures did not produce the jobs envisaged, either as a result of infrastructure improvements or following direct support to firms. Although the agri-tourism support produced results, the creation or development of attractions did not achieve the level of employment anticipated.

Measure 1.5 was a specific employment creation measure, which aimed to increase the workforce by providing wage subsidies for employers, and support people to start their own business. The measure was very successful in providing individuals with vocational guidance and counselling, and in helping people to establish their own business (achieving six times the targeted number of new businesses). The number of new jobs created through new business creation is not within the indicator set, however, though it could be assumed that at least one job was created for each start-up, providing an additional 1,763 jobs.

However, despite a number of local authority sponsored wage subsidy schemes, take up was slow and only 70% of targeted jobs were achieved.

**Table W1.34: Measure 1.5: Employment support schemes**

Indicator	Target	Achieved	%
Total beneficiaries	N/a	6680	-
New businesses created	300	1763	588
Individuals receiving vocational guidance and counselling	1000	1051	105
New jobs created through employment support schemes	2700	1885	70

As monitoring systems did not capture gender-disaggregated information, it is not possible to comment on the Programme's contribution to the encouragement of equal opportunities in employment. However, the Rural Services measure did contribute to the creation of a large number of childcare services which would improve the ability of parents, and particularly women, to enter employment and training.

There were no performance indicators in the Programme for improved incomes, as a measure of improved standards of living.

## 1.8 Conclusions

The Final Report briefly updated the socio-economic situation in the region, concluding that:

- GDP per head relative to the UK has been declining at a faster rate in Rural Wales than in Wales as a whole, falling from 73.1% of the UK average in 1993 to 69.7% in 1998;
- During the programme period, the claimant count unemployment rate in Rural Wales remained broadly in line with the average for Wales as a whole, however, the reduction in claimant count unemployment rates between 1993-2001 has been lower in Rural Wales than Wales or UK;
- Economic activity rates in Rural Wales remained consistently above the Welsh average in the period 1993-2001, however the gap was closing;
- Average weekly earnings have been below the Welsh average during most years;
- The economy of Rural Wales was affected by the impact of the Foot and Mouth Disease.

The structural weaknesses in the economy remain, nevertheless, good progress has been made towards the Programme's strategic objectives and Programme targets. Looking again at the weaknesses and opportunities originally identified in the SPD, Table W1.35 describes how these have been addressed by the Programme.

**Table W1.35: Objective 5B – Rural Wales, programme achievements against socio-economic weaknesses and opportunities as identified in the SPD**

<i>Weaknesses</i>	<i>Opportunities</i>
Narrow and fragile economic base Inadequate infrastructure	Potential for growth of SMEs and inward investment Develop new markets and business related R&D
Measures in Priority 1 aimed to improve business infrastructure for existing businesses and in order to attract inward investment, and encourage the growth of SMEs through business support services. A number of projects targeted inward investment promotion and marketing, export development and innovation/R&D. Overall, through Measures 2-5 in Priority 1, a total of some £39 m EU Funds have been spent on supporting business growth.	
<i>Weaknesses</i>	<i>Opportunities</i>
Over-dependence on declining agriculture	Diversification of agriculture and forestry
The programme included measures to develop the agricultural sector through adding value and stimulating innovation, providing advice and training to farmers, and joint activities to improve collective bargaining powers and to decrease reliance on the sector by supporting diversification through training and careers guidance (Measure 1.1 with EAGGF spend of £13.505 m); and support for agri-tourism (Measure 2.4, £3.197 m). As already discussed, both these measures were successful in meeting their targets and were fairly successful in spending resources allocated.	
	<i>Opportunities</i>
	Potential for renewable energy
Renewable energy was not a specific target within any of the Programme measures, and only one project could be identified which promoted the development of a renewable energy network, sponsored by WDA. This remains an opportunity for the region, however, with investment in alternative energies now growing apace within the UK.	
<i>Weaknesses</i>	<i>Opportunities</i>
Highly fragmented tourism industry Lack of tourism infrastructure	New activities/improved promotion in tourism sector Upgrading of tourism infrastructure
Some £16.5 m was spent on new and improved tourism facilities, with an additional £7 m spent on improving the marketing of the region to tourists. Both these measures operated successfully, generating large numbers of projects and meeting output targets.	
Measures to enhance the countryside, improve transport and improve the fabric rural communities will also have a bearing on the region's attractiveness to tourists.	
The measures to promote agri-tourism and encourage the development of skills in the tourism industry were among the less successful measures in the Programme, however.	
<i>Weaknesses</i>	<i>Opportunities</i>
Peripherality and poor communications	Improve communications through IT, better linkages and airport facilities
Overall, this area was well addressed by the Programme. Significant ground was made in improving communications through activities in Measure 1.4; this included a number of IT projects, along with port and harbour development projects. Road infrastructure was also improved. The only targeted outcomes that did not come to fruition were airport development projects.	
<i>Weaknesses</i>	<i>Opportunities</i>
Limited skills base and lack of human resources	Widen skills base and opportunities for young people
The programme succeeded in providing training opportunities for individuals in Rural Wales, with over 76,000 training places created. This helped a range of individuals, including farmers, business managers and workers, tourism employees and the unemployed. There were few projects specifically targeting young people.	
There were some concerns around a lack of strategic framework to guide the development of training projects, in order to provide relevant and needed training, without duplicating existing provision. The rural training measure also hit barriers in developing locally defined projects, and insufficient projects came forward to exhaust resources.	
<i>Weaknesses</i>	<i>Opportunities</i>
Lack of employment opportunities	
Overall, the Programme achieved the creation of over 7,000 jobs, and safeguarded over 21,000. The programme directly targeted the creation of jobs through wage subsidy to limited effect, but managed to assist over 7,000 new business creations, mainly through individuals being supported into self-employment.	
<i>Weaknesses</i>	<i>Opportunities</i>
Poor service to rural communities	Greater involvement of communities in development
The Rural Services measure established a range of strategies and voluntary sector initiatives developments which enabled community participation in the development of their local area. There was considerable investment in developing community spaces such as community enterprise centres, village halls and childcare facilities which should stimulate community development. In addition, communications were improved through community transport projects, IT infrastructure developments, and considerable road improvements.	



## Appendix D

### Case Study Reports

# Case Study 1: Empowering Enterprise in Local Communities (EELC)

## 1. Project Details

The 'Empowering Enterprise in Local Communities' (EELC) project reached completion in March 2003 following seven years of funding which began in 1997. The project covered Shropshire, Hereford and Worcester with Objective 5b covering 3,200 sq km of wards in these counties.

The project received a total of £2,315,598 from the public sector including over £500,000 from the Single Regeneration Budget (SRB) and £189,848 from Objective 5b resources. The Objective 5b award was under the Priority 'Local Communities and Countryside' and Measure 'actions within local communities to assist their economic development and vitality'.

## 2. Project Description

The main purpose of the EELC was to:

- increase opportunities for jobs and training;
- increase access to facilities and services;
- enhance the local environment; and
- address the needs of younger people

Against each strategic objective, specific objectives were identified with clearly defined quantitative indicators. At the same time, specific outputs were also identified and quantified. These include jobs created, jobs safeguarded, increased training activity, increase in business start-ups, new waste management and recycling schemes, new sports and cultural facilities, community initiatives and youth crime initiatives.

The project aimed to complete the following activities:

- develop and grow the 'Local Development Forums' to formalise community links in rural areas and enable communities to effectively articulate their needs.
- deliver training tailored to local needs;
- prepare and/or consolidate community action plans to provide medium-term frameworks for social and economic regeneration of the rural communities;
- develop projects with local interest groups and facilitate local networks specifically focusing on joint ventures of economic benefit;
- establish EELC funding to channel and complement resources from the Objective 5b Programme, the LEADER II Programme, the Rural Development Area Programme and Local Authority Economic and Community Development initiatives, to ensure a high degree of co-ordination between funding programmes.

### 3. Project Applicant/Promoter/Funding

The EELC received two rounds of funding from Objective 5b Programme. One for £105,442 applied for by the Hereford and Worcester Chamber of Commerce Training & Enterprise and another for £84,405 for which Herefordshire Council applied.

The project was successful in leveraging funds from both the public and private sectors. In total £536,000 was secured from SRB, £1,779,598 from public funds (including EU) and £554,591 was secured from the private sector, as shown below. The final report of the project did not reveal the specific funding package provided by individual public and private organisations.

Over the project period the body responsible for the implementation changed. The initial project structure was led by Hereford and Worcester Training and Enterprise Council (HAWTEC) which relied upon the development of partnerships to roll out activities in local communities. Other partners included Shropshire County Council; Hereford Council; and Community forums and interest groups.

In January 1998 the managerial and accountable body HAWTEC transferred responsibilities to Shropshire County Council. This was to ensure the project become more involved with the target audience and to generate a more 'bottom up' approach. Also local authorities and districts experienced changes in the lifetime of the project. In 2000, the Southern Marches Partnership, covering an area of Herefordshire and Worcestershire was reorganised and areas in Worcestershire were removed. Herefordshire Partnership emerged. The final managerial adjustment was in February 2001 when Shropshire County Council entered into a service level agreement with the Herefordshire Partnership to carry out the administrative functions in the Shropshire area.

### 4. Project Target Groups

The target groups were in the areas of Shropshire and Herefordshire. All local people were targeted for training and employment, particularly the young, those at a disadvantage and those previously unemployed. This was achieved through various programmes such as the provision of mopeds and driving tuition to 16-25 years olds and volunteer projects for skills development.

Local businesses were targeted, to help existing businesses survive and grow, and help business start-ups. The businesses supported varied from small holder groups of part-time or 'hobby' farmers, to communities wishing to maintain the provision of their village shop.

The quality of life was to be enhanced by targeting all local people. This was to be achieved through:

- Waste management and recycling schemes;
- Provision of childcare places;
- Community safety initiatives;

- Youth crime initiatives;
- Improving the number of and access to sports facilities

The two areas – Shropshire and Herefordshire – rolled out implementation of the EELC project activity in slightly different ways. Shropshire targeted communities through a geographical basis of local need and deprivation. Herefordshire, followed both a geographical and thematic approach whereby communities were targeted by interest, for example food & drink, which enabled development workers to pick up local activities more easily.

Although the Programme identified themes of activity, the projects to take forward were actually developed by the community and therefore what the people wanted.

## 5. Environmental Sustainability

One of the objectives of the Project was to “enhance the quality of life of local people, including their health and cultural and sporting opportunities”. With regards to improving health, EELC set a target of putting in place five waste management and recycling schemes. The forecast total according to the EELC final report was that 15 such schemes would have been in operation by 2003.

There was not a large focus on environmental objectives. When Programme was much more focused on capacity building and environmental objectives were very much a knock-on effect of capacity building activity.

## 6. The Project's Integrative Character

At the time the EELC did not particularly integrate with other SF projects, however, the partnership approach that was adopted has allowed lessons to be learned and taken forward under other European Funding Programmes such as Objective 2 funding and ESF Objective 3 funding.

## 7. Project Outcomes

The three main strategic objectives identified for the EELC were to:

- enhance employment prospects, education and skills of local people, particularly the young and those at a disadvantage, and promote equality of opportunity;
- encourage sustainable economic growth and wealth creation by improving the competitiveness of the local economy including support for new and existing businesses; and
- enhance the quality of life of local people, including their health and cultural & sporting opportunities.

Each objective had a number of specific outputs to be achieved, all of which were met and in many cases substantially exceeded. However, there was no mention in the project's final report of specific Objective 5b funding targets and therefore we can only assume that these were also met.

The third strategic objectives given above illustrates that the project was committed to changing the quality of life for those in the area. The project met/exceeded targets with respect to waste management and recycling schemes, community initiatives, youth crime initiatives, new sports facilities, access to sports facilities, new cultural facilities and access to cultural facilities. Therefore it is fair to say that within Hereford and Shropshire the quality of life for local people has been enhanced in terms of health, cultural and sporting opportunities.

The project ensured that these outcomes were sustainable by involving the community as much as possible. This 'bottom-up' approach was achieved through the community developing the projects for each identified theme of activity.

## 8. Project Impact

Economic activity of the project was not as large as originally anticipated, but economic benefits of the EELC included:

- new job years created = 163.2;
- job years safeguarded = 120;
- value of jobs created = £1.73m

The problem in that area was as much the quality of jobs as the lack of employment opportunities, yet no data is available regarding the types and quality of jobs created.

It is also very difficult to tell which outputs were as a result of the EELC project and which were attributable to the overarching project funded by the SRB Challenge Fund. It is also very difficult to determine which project outputs were attributable to Objective 5b funding.

That said, anecdotal evidence through ongoing working practices, project consultation and media coverage all indicate that the EELC has had a crucial impact on local regeneration.

The social and 'soft' outcomes of the EELC programme are diverse and wide ranging. It is suggested that EELC has had an impact on people within the communities by increasing personal motivation, self esteem, confidence and the ability to take on new experiences.

## 9. Implemented Exit Strategy

The exit strategy of the EELC itself was fairly weak, however, all EELC sub-projects were required to outline an exit strategy in their application. Some of the projects funded and/or developed by the EELC are now self-financing. The forethought of providing an exit strategy on completion of an EELC-funded project within the application process has enabled continuity of work and achievement to be built upon, rather than lost due to lack of funds. Other successful projects are benefiting from other regeneration programmes such as LEADER+.

Although the Programme itself ceased to operate from March 2003, its capacity building provided a platform for the area to build upon and the creation of a successful partnership also continues to benefit the area.

## 10. Areas of particular Success/Best Practice

**Target Groups** – Although the economic activity of the programme may not have been as large as anticipated, the programme was very successful in empowering local people and addressing economic decline. The softer outcome included personal motivation, self-esteem and confidence. Although unquantifiable, they do have an impact on people's daily lives and are highly valued by the local community, and can provide a springboard for future activity.

**Environmental Sustainability** – The EELC set a target of putting in place five waste management and recycling schemes. According to the EELC final report, 15 such schemes would have been in operation by 2003, exceeding the target by 300%.

**Job Creation** – It was felt that the jobs created and safeguarded represented a significant impact for such a small programme. However no data was found on the quality of jobs.

**General Project Implementation** – At the beginning of the project ownership of community regeneration activities by local people for local people was an innovative and new approach and is now seen as essential for community development. The EELC programme is a good example to how approaches can be adapted in order to connect with the local market place and benefit from funding opportunities.

The Programme was also an example of project management best practice. It was unusual in that it covered a large geographical area and was managed by two lead bodies (Herefordshire and Shropshire Councils). In the early stages this proved very difficult but they managed to develop working protocols.

## 11. Problems encountered and overcome during project implementation

The first issue was the lack of partnership 'buy in' in the early stages of the project. Some supporting bodies only signed up to the initial SRB Challenge Fund bid but that was as far as their role went. There was also difficulty in securing appropriate top management input and interest to ensure connectivity between local community activity, management staff and regional bodies. Further, there was a lack of local community understanding of outputs. This was alleviated to some degree by the project involving the community more in discussions.

Further, at the beginning some unrealistic targets were set and these had to be reconsidered as the programme proceeded. This may require audit trails to order to make amendments when necessary. It was also suggested that the EELC expected community activity and achievement of outputs to happen at the same rate, instead of taking account of the need for time for capacity building.

It was also considered that the administrative burden reduced the project's potential.

## 12. Comment

Key lessons/recommendations from the project included:

- ensure all partners organisations are involved from the start and all have ownership of the objectives and outputs to be obtained;
- ensure conditions of the area are understood fully and outputs are realistic given timescale and resources;
- ensure realistic audit trails on which to assess activity and make amendments as required;
- create a balance between top down and bottom up leadership. A ‘middle approach’ where community and policy levels are able to discuss and share needs;
- streamline the funding processes so future projects could benefit from less administration and ability to spend time on other activities;
- allow time for capacity building before attempting to set targets for outputs;
- link information across various working groups so that this ‘joined up’ approach may create greater value-added.

# Case Study 2: Honeycomb Employment Resource Centre

## 1. Project Details

The Honeycomb Project at Longnor began in late 1999 and is continuing today. The Project was awarded £71,000 and actually spent £28,735 from the Midlands Uplands Objective 5b programme. This was awarded under the Priority 'Supporting Community Economic Development' and Measure 'strengthening local communities'.

## 2. Project Description

The Honeycomb Project at Longnor is a social business producing garden items, challenge games equipment and recycled furniture. It was set up to offer training and employment opportunities for those with learning difficulties in the rural area. It addressed the needs of the rural community (provision of meeting facilities and ICT) and the target group (young people in the community not accessing urban services).

The central aims were:

- that the rural community and young people benefit equally from the project so that the community recognise the skills and talents of young people;
- that young people are able to position themselves in society as workers and not as perpetual students, dependents, trainees or service users;
- real work would be provided for young people, which would enable movement into paid or voluntary work; and
- the project becomes a partially self-sustaining Social Business.

The main activities are to provide work experience for disadvantaged people and a cyber café and meeting facilities for the rural community. The workers access a series of short vocational qualifications and work penetration support and move on to work placements. For those who do not achieve a work placement, the project itself will continue to offer work opportunities. The project employs local people in office and admin work, small scale catering, estates services, woodworking and sewing.

## 3. Project Applicant/Promoter/Funding

Originally the steering group consisted of four organisations:

- Staffordshire County Council;
- Leek College;
- Meadows School;
- Britannia Building Society.

Staffordshire County Council were the project applicants.

Following Phase 1, other partners that became involved included:

- Parish council;
- Learning & skills council; and
- Local businesses.

Funding included resources from:

- Midlands Uplands Objective 5b funding;
- Rural Development Partnership;
- Peak District Rural Community Regeneration Budget.

There is no available data to illustrate the complete funding structure.

#### **4. Project Target Groups**

The aim of the project was two-fold – to provide ICT and meeting facilities for the local community, and to provide training and employment opportunities for disadvantaged communities; ie. young people (post 16) with learning disabilities in the Staffordshire Moorlands. In particular, focus was on young people with moderate learning difficulties requiring progression routes after completion of college courses.

The target group worked to establish the project, undertaking decoration and planning of the interior of the empty building. The project became an integral part of village life. By integrating the project into the community, the project has been very successful in reaching the target group.

#### **5. Environmental Sustainability**

This project was largely about creating employment and training opportunities for young people with learning difficulties. It was not particularly focused on achieving environmental objectives. However, that is certainly not to say that the environment was not considered. First, the project itself has given life to an underutilised building in the village of Longnor and one of the main activities of the project is recycling furniture. However, recycling furniture did not really work (costs such as storage costs were too high), the project moved to making new furniture such as benches, birdhouses etc. This too had an environmental focus in that pine used was harvested from sustainable woodlands and not from deforestation. As each tree was cut down a new tree was planted.

#### **6. The Project's Integrative Character**

The project did not link with any particular European fund projects, and was unsuccessful in an application to join with other partners in the subsequent programming period.

## 7. Project Outcomes

The project's success was determined by the way in which it provided a resource for a number of groups and individuals. As the table shows, all targets above were either met or exceeded.

<b>Output</b>	<b>Jan- Dec 02</b>	<b>Jan- Dec 03</b>	<b>June 04</b>	<b>Target to Date</b>	<b>Total to Date</b>
Workers starting project	18	20	8	46	46
Accredited qualifications achieved	20	56	10	52	86
Workers in placement/ volunteer placement	20	18	14	56	52
Progression to employment or other provision	1	5	1	7	7
Number work ready	6	20	6	32	32
Conservation project	5	13		18	18
Staff retained	5	5	5	5	–

Quantitative benefits also included:

- the Honeycomb project generated £14,523 in earned income from product sales (August 2002-July 2003);
- the Upper Limits project at the centre generated £17,858 in earned income (November 2002-May 2003).

The qualitative benefits were the increase self-esteem, confidence and social life of young people which also brought benefits to the local community. Young people were also able to redefine themselves as working at the Honeycomb Centre and not as a student, trainee or benefit recipient.

## 8. Project Impact

The data at hand did not provide specific impact achievements. However, according to the impact evaluation “*The impact has been positive. The project has provided a huge range of activities and facilities that were not available to those living in Longnor or the immediate geographical area. It also provides a selling point to local businesses connected with the tourist industry.*”

Further, the Honeycomb Project insisted that it used local labour and local resources. All members of staff and contractors were from the village and therefore much of the money earned was spent in the local village resulting in a knock-on effect improving the economy of the village.

## **9. Implemented Exit Strategy**

The exit strategy was to leave the Project in a position that it is able to continue through generating its own income and sourcing other funding, which it was successful in achieving. The Honeycomb Project is still running today.

## **10. Areas of particular Success/Best Practice**

The project has been included in the Government's Green Paper: '14-19 Extending Opportunities, Raising Standards' (2002) as an example of good practice.

## **11. Problems encountered and overcome during project implementation**

The only problem was encouraging people out into 'the sticks'. The RDP required targeting certain wards but sometimes it proved difficult in getting people to Leek. Gradually this was tackled through PR and running short training courses to give people a taste of what was on offer.

## **12. Comment**

The key to this project's success was local participation. For instance, the SRB money helped finance a Village Agent Scheme, whereby one person carried out surveys and questionnaires and sat on councils etc in order to get an idea of what the village wanted. This information was incorporated into a Village Action Plan which the Honeycomb Project used to inform what needed to be done. Essentially the project was successful because; 1. it was what local people wanted; 2. everyone in the village was involved in the development and 3. there was complete support from the village.

The project also continues to be a success today as it still listens and consults the community and changes as required to meet their needs.

# Case Study 3: Suffolk Business Grant Aid & Support Package

## 1. Project Details

The “Suffolk Business Grant Aid and Support Package” (BGAS) operated within the Suffolk Objective 5b/Regional Development Area between 1997 and 1999.

In 1997, four elements of the Business Grant Aid Support Scheme were funded via the Objective 5b Programme, under the “Support of Business” measure. The total project eligible costs were £718,350 and £197,542 ERDF was finally allocated as follows:

- Small Business Rate Scheme (£30,827);
- Voucher Scheme (£52,115);
- Small Business Development Grant (£110,000); and
- Princes Youth Business Trust (£4,600).

## 2. Project Description

The Support Package combined financial support and business advice to target organisations operating in the Suffolk 5b/RDA area. The overarching aim was to address the fact that 50% of all new firms fail within five years of set-up, due to inadequate capital, poor management, lack of R&D and cash flow crises.

Specific objectives of the project included:

- to introduce a uniform business support scheme;
- to minimise the number of small business failures;
- to encourage new businesses to establish themselves within the Objective 5b area;
- to aid in creating and sustaining jobs within the Objective 5b area;
- to help existing businesses expand as well as retain business in the area; and
- to aid in the full utilisation of existing support services within the area and ensure a greater take up of the services on offer.

The combined finance and support package offered by the project encompassed:

- Capital Equipment;
- Research & Development;
- Business Rate Relief;

- Professional Advice;
- Establishing Co-operatives; and
- Young People Start-up.

### **3. Project Applicant/Promoter/Funding**

The project was delivered largely through Business Link, Suffolk. A wide range of parties came together for the first time with the development of this project, including the County Council, District Councils, Suffolk Training and Enterprise Council, the “East of England” Development Agency and the Prince’s Youth Business Trust. All of these organisations were represented in a project steering group.

The BGAS manager employed by Business Link Suffolk, was responsible for the operational aspects of the scheme and liaised with the steering group. In addition, Business Link personal business advisors assisted with the implementation of the project.

In addition to the Objective 5b financial support, Business Link Suffolk and all the steering group partners contributed to the funding of the BGAS, with some private sector leverage also. The scheme brought value for money by amalgamating activities previously being carried out by individual organisations in the area and ensured a more efficient and non-duplicative service was delivered.

### **4. Project Target Groups**

The “Business Grant Aid and Support Package” had a wide remit and was available to all organisations operating in the Suffolk Objective 5b/RDA area. However, priority was given to SMEs and 95% of businesses assisted had fewer than 25 employees. Lack of capital was often seen as an inhibitor to business growth and development as well as poor marketing activities, inadequate capital equipment and lack of R&D activities.

The programme met its targets with regards to the number of businesses supported, with many businesses receiving multiple forms of support from BGAS. Components of the BGAS have furthermore been carried forward to current Objective 2 projects operating in the region.

### **5. Environmental Sustainability**

Several projects supported within businesses had an environmental remit. The overall environmental impact of the scheme was not assessed.

### **6. The Project’s Integrative Character**

The BGAS scheme did not link with other Structural Fund projects in the region, however it did integrate what had been a duplicative and non-integrative network of business development support within Suffolk.

## 7. Project Outcomes

By November 1999, 145 businesses had been supported. The Programme Manager and the Personal Business advisers kept records of project progress. In order to ensure compliance the personal advisors visited individual projects. Estimations from the project evaluation suggest:

- 149 part-time jobs were created;
- 329 full-time jobs were created; and
- 165 jobs were retained.

## 8. Project Impact

The overall economic impact of the BGAS scheme was not assessed, however the individual business outcomes were monitored (as detailed in section 7) and these were contributory to the strategic objectives of the Objective 5b programme overall. Some general outputs of the scheme derived from a sample of supported businesses included:

- growth in business turnover and staffing; and
- adoption of better/good business practice to help sustain businesses in the modern economy.

## 9. Implemented Exit Strategy

The BGAS scheme closed in 1999, however, components of the scheme have been carried on in present projects supported by Objective 2 funds. These are delivered via Business Link Suffolk and the previous BGAS steering group organisations.

## 10. Areas of particular Success/Best Practice

The main area of success arising from the development of the BGAS was the formation of an effective steering group of public sector bodies in the region. Prior to BGAS, there had been no successful integration in the region. Consequently the opportunities for economies of scale in terms of business development support provision were not achieved and much duplication and inefficiency existed.

## 11. Problems encountered and overcome during project implementation

No major problems were encountered in the development of the BGAS scheme. Some lessons were identified however and applied within future projects:

- in setting up business clubs and networks, there is a need to ensure an effective exit strategy is in place in relation to public sector support, otherwise such groups and networks can become dependant and not self sustaining;

- the impact of providing small financial grants to businesses is minimal and tends not to alleviate key business growth blockages. Larger grants for identifiable business development issues produce greater benefits to the individual businesses supported and the overall business base.

## **12. Project Additionality:**

Without Objective 5b support, the development of the BGAS scheme and its scale would have been severely affected. The award of Objective 5b funds allowed Business Link Suffolk to work with the broad range of organisations that eventually formed the steering group, and entice them to take advantage of the opportunity to provide a cohesive package of business development support in the region.

## **13. Comment**

Key general recommendations made by the evaluation of the Suffolk Business Support package which would be relevant to similar projects included:

- to avoid confusion and simplify application processes, the grants structure should be as single faceted as possible;
- provision of marketing assistance should be appropriate to the business life cycle stage of the applicant. i.e. initial business planning and marketing strategy formation should be carried out prior to production of marketing literature;
- both the management and organisation of the project and advice it provides to businesses should be future orientated, creating a paradigm which ensures firms look 2 to 3 years forward;
- need for strong publicity of the project; including press coverage, internal and external project marketing so as not to inhibit any potential new entrants.

# Case Study 4: Business and Environment Programme

## 1. Project Details

The “Business and Environment Programme” operated within the Scottish Enterprise Tayside (SET) and the Rural Stirling and Upland Tayside programme area from 1993 until 2000. The project was awarded Objective 5b funding in 1998 under the Programme’s ERDF measure 1.1 Business Development. Further financial details are provided:

- total project eligible expenditure - £51,300
- total project funding awarded - £25,650
- actual amount of grant paid to the project - £15,016

## 2. Project Description

The Business and Environment Programme was established by SET with the followings aims:

- to help ensure that Tayside businesses were aware of environmental issues within their operations;
- to help businesses understand the scale and nature of the action that they would be required to take, to ensure that their environmental performance complied with the increasingly stringent regulatory framework of that period; and
- to encourage Tayside businesses to exploit the business opportunities that have resulted from an increase in directives coming from the UK government and the EU in terms of green market opportunities at that period.

The programme had three components:

1. Tayside Environmental Business Forum
2. Business and Environment Manager; and
3. Business and Environment Newsletter

## 3. Project Applicant/Promoter/Funding

SET managed and delivered the programme in association with CORDaH Environmental Consultants from its inception in 1993. The local enterprise company principally funded the project. Objective 5b funding was one of the few forms of additional financial support the project received in its seven-year lifespan.

## 4. Project Target Groups

The Business and Environment programme primarily worked with and targeted businesses through the existing SET account management structure in the area. Two account managers worked with a portfolio of companies in the Tayside area.

No definite strategy was adopted by SET in terms of targeting businesses to their programme. SET was aware of some 300 key companies in the area that made a significant contribution to the Tayside economy and they made the programme available to all these companies. In addition, Business Shop advisers made referrals to the Business and Environment programme manager of any companies they were in contact with that would be suitable for assistance. It was considered successful in assisting as many businesses as possible that needed support.

## 5. Environmental Sustainability

This project directly addressed environmental issues, with environmental sustainability at the core of its activities, which included:

- identifying companies that would be required to comply with existing and future environmental regulations; and work with them on issues identified;
- working with companies on a range of projects designed to raise environmental awareness;
- identifying and assisting businesses to manufacture environmental products;
- identifying and assessing the commercial viability of projects using industrial waste products to produce end products; and
- managing the Tayside Environment Business Forum (TEBF).

EKOS undertook a qualitative environmental impact assessment of the range of environmental projects supported by programme. A range of positive environmental outcomes was identified and demonstrated the impact of the programme in environmental sustainability terms.

The project filled a recognised information gap, identified by SET over the 1993 to 2000 period. The environmental regulatory framework was highly changeable at that period and dissemination of information was difficult due to present day information sources such as the internet and e-mail not being readily available to businesses.

## 6. The Project's Integrative Character

The programme did not link directly with other projects in the area, probably as an inherent result of its specific and focused remit. The programme undoubtedly contributed to improvements in business activity overall within Tayside and in this sense it supported and added value to other business development work ongoing in the area.

## 7. Project Outcomes

The general outcomes achieved by the Business and Environment programme as identified in the 2000 evaluation were identified as:

1. development of a business and environment forum which members were satisfied with and created benefits such as increased awareness of environmental legislation, greater significance of environmental issues within the business planning process and increasing weight given to environmental issues overall;
2. three editions of a Business and Environment newsletter produced, which was viewed with general interest by companies but had a limited impact on changing business attitudes towards the environment; and
3. highly regarded support provided by the Business and Environment manager to companies, including assistance with implementation of environmental projects as well as financial and technical support.

Key programme outcomes were measured in qualitative terms through company surveys within the evaluation. No assessment was made of project outcomes relating to Objective 5b targets.

## 8. Project Impact

An economic impact assessment was undertaken as part of the EKOS evaluation in 2000. The quantitative economic impacts attributable to the programme included:

- a total of £9,880 in increased sales by businesses involved in the programme; and
- 22.3 FTEs safeguarded/created in Tayside and 23.1 FTEs at Scottish level.

The broader impacts of the programme included:

- raising awareness of environmental issues;
- informing businesses of any action they may need to take to comply with environmental regulations; and
- encouraging businesses to exploit Green Market opportunities.

## 9. Implemented Exit Strategy

The programme evaluation in 2000 recommended a change in the way the Business and Environment programme was delivered. In short, the delivery of environmental advice was recommended as being incorporated as part of other business development support to assisted companies.

Consequently, the Business and Environment programme was closed after the March 2000 evaluation and elements of its work incorporated within the existing business development services provided by SET. The Tayside Business and Environment Forum was recently resurrected and businesses with specific environmental issues are still

offered individual support via CORDaH independent environmental consultants, as and when required.

## **10. Areas of particular Success/Best Practice**

The project filled an identified market failure, in provision of information on environmental issues. Via the newsletter, forum and work of the Business and Environment manager, businesses were able to access necessary environmental regulation information and incorporate this within their business planning.

## **12. Project Additionality:**

Objective 5b contributed a small amount of funding towards the Business and Environment programme. However the financial support did allow the programme to be reached by businesses within eligible areas in Tayside. The programme management viewed the Objective 5b financial support positively, although the programme would have proceeded to some extent without the additional support.

## **13. Comment**

General recommendations made in the evaluation that would be relevant to similar projects included:

- Incorporate environmental advice within the broader portfolio of business development support. Environmental issues should be treated on a par with other business development issues, and businesses can be advised on how environmental activities can provide a business benefit;
- The Environmental Business forum is an efficient mechanism to provide key information to companies on environmental regulations and other issues;
- An environmental helpline facility could assist companies to seek advice or guidance on environmental issues.

# Case Study 5: The Bakewell Project

## 1. Project Details

'The Bakewell Project' (TBP) was constituted in 1996 with the aim of delivering a package of economic and social regeneration measures for Bakewell and its rural catchment area. The Project was to be delivered over the 4-year period (1996-99), but was not completed until October 2000 due to slippage primarily owing to planning consents. The total Objective 5b funding was £1.6m, towards total project costs of £18m. TBP was supported under the Priority: 'Development and Diversification of the Rural Economy', Measure 'Developing Infrastructure and Improving Access'.

## 2. Project Description

The overall purpose of TBP was to: "ensure that Bakewell and the surrounding rural area can successfully meet the economic, social and environmental challenges of the 21st century".

TBP's key objectives were broad but achievable given that three major grant sources became available simultaneously (Objective 5b, SRB and Rural Development Commission Rural Challenge Fund). These included to:

- strengthen the existing economic base of the Rural Development Area and provide opportunities for diversification of the rural economy;
- improve the quality and viability of local life;
- improve employment potential of local young people, equip the unemployed with marketable skills and update the skills of the currently unemployed through access to high quality training facilities;
- improve employment prospects for de-motivated young people;
- broaden the range of skills of the local workforce;
- encourage sustainable economic growth and wealth creation by improving the competitiveness of the local economy;
- improve housing for local people;
- protect the environment; and
- tackle crime and improve community safety.

TBP evolved from a long-standing proposal to relocate and upgrade Bakewell's outdated livestock market. A number of initiatives were carried out including:

- relocation of old livestock market;
- creation of Agricultural Business Centre, to include a Business Link spoke

- redevelopment of old livestock area;
- a social housing scheme;
- a new public library;
- a new, self-build, community centre;
- a new suite of computers at local secondary school; and
- a variety of training and business support programmes.

### 3. Project Applicant/Promoter/Funding

Derbyshire Dales District Council was the project applicant. Although each constituent initiative within TBP was to be delivered by a specific organisation (the 'project manager'), the TBP as a whole was managed by a formal partnership structure. The Partnership Board comprised of: Derbyshire Dales District Council (lead partner); Medway Centre Community Association; Nordeer Ltd; North Derbyshire Training and Enterprise Council; Community Interest Group (including Bakewell Town Council); and Peak District National Park Authority (advisory).

The funding structure was as follows:

<b>Funding Source</b>	<b>£</b>	<b>%</b>
Derbyshire Dales District Council	4,088,092	22.4%
Objective 5b (ESF and ERDF)	1,615,259	8.8%
Rural Challenge	1,000,000	5.5%
SRB	1,302,632	7.1%
North Derbyshire Business Link	73,000	0.4%
Voluntary Sector	322,000	1.8%
Derbyshire County Council	39,500	0.2%
Schools	70,000	0.4%
H A G (private)	205,000	1.1%
Housing Association	280,000	1.5%
Other European	25,000	0.1%
Private Sector	9,260,000	50.7%
<b>TOTAL</b>	<b>18,280,483</b>	<b>100.0%</b>

Funds from both ESF and ERDF from Objective 5b totalled £1.6m, contributing 8.8% to total project costs. As at 7th February 2001, 99.4% of Objective 5b funding was claimed.

## 4. Project Target Groups

The principal target was the agricultural sector but the programme had an overall objective of developing and improving the market town, therefore all the schemes were specifically designed for local residents (e.g. New Street Social Housing, the Option Centre and the training programmes) or local businesses (e.g. Agricultural Business Centre and Business Link), or both.

The best means of reaching the target groups was by inter-linking schemes such as training and business support activities, with the physical redevelopments which were transforming the town centre.

To involve the target group, a series of public consultations was held before project work commenced and as a result some changes were made to proposals. The public was informed of ongoing developments by a regular public newsletter and Town Centre information boards. A key partner on TBP was the Bakewell Community Interest Group which ensured that there was regular input and feedback to and from the community throughout the project. Any interested community groups could join the Group at any time. Many ongoing projects continue to involve the community.

## 5. Environmental Sustainability

One of the main objectives was to 'protect the environment'. Specific targets set included:

- Hectares of land improved – 5.87;
- Reduction of pollution – 20%;
- Footpaths built – 1.12km;
- Traffic management schemes – 1; and
- Habitat protected – 2 ha.

There is no detail of the final achievements of targets set under the Objective 5b programme.

That said, the final report stated that there have been a number of specific environmental improvements through TBP, including traffic management scheme, traffic calming and landscaping, new footpaths, improvements to the town's Market Square and Riverside Walk and a Biodiversity Project along the banks of the River Wyne. Further, the capital schemes have been designed and constructed with environmental sustainability in mind. For example, the new livestock market has countered the waste and traffic pollution problems of the old site.

Recognition of TBP's environmental and regeneration impacts has been acknowledged in a number of awards including the BURA (British Urban Regeneration Association) Certificate for Best Practice in Regeneration, 1999.

## 6. The Project's Integrative Character

Various projects did work in synergy with TBP such as training, business support and tourism initiatives, but given Bakewell was the largest market town in the Peak District, it was TBP that acted as the catalyst to these other programmes, originally funded under Objective 5b and now Objective 2.

## 7. Project Outcomes

The Objective 5b targets are given below.

Performance Indicator	Objective 5b Targets	Performance Indicator	Objective 5b Targets
Permanent Jobs Created	297	Trainees Trained	2,200
Temporary Jobs Created	50	Additional Visitors Per Year	250,000
Jobs Safeguarded	440	Reduction of Pollution	20%
Business Space Created	5,000m <sup>2</sup>	Footpaths Built	1.12km
SMEs Assisted	400	Traffic Management Schemes	1
Business Start Ups	150	Private Sector Investment	£3.82m
Factory Unit Built	1	Habitat Protected	2 ha
Hectares of Land Improved	5.87	Community Facility	1

There was no indication of the achievements against Objective 5b targets in the evaluation. The evaluation did report achievements against individual performance indicators for SRB and Rural Challenge Fund. In both, the performance met or exceeded almost all indicators. As there was considerable overlap between the targets for each fund, it can be inferred that the Objective 5b targets were also met. Further, the report stated that “*with minor exceptions, all the contracted outputs for SRB, Rural Challenge and Objective 5b have been achieved or exceeded*”.

The final report for TBP suggested that the quality and vitality of local life has been improved immeasurably by the new Medway Community Centre. Local life is benefiting from community resources such as the new public library and new swimming pool. Further, housing has been improved in the area through the New Street social housing scheme, each of the units having IT home-study facilities.

## 8. Project Impact

The final report on TBP suggests that it has made a significant impact on the Peak District. Some examples of how the economic impact of the project was assessed included:

- jobs created/safeguarded;
- new business starts;

- number of businesses surviving for 52 and 78 weeks;
- training qualifications obtained;
- new/refurbished business floor space; and
- hectares of land prepared for development;

As the largest project in the Objective 5b programme, the Bakewell Project contributed significantly to the objective to develop and diversify the rural economy, through infrastructure, business development and quality of life improvements.

Amongst the social impacts are two housing schemes. One private and one social housing. Further a new library well equipped with IT facilities has proved very popular. The library is also used as centre for community information.

Other impacts are environmental. For instance the severe traffic congestion in and around Bakewell on market days has been much reduced through a new road link to the Agricultural Business Centre. A biodiversity project has also been undertaken to protect wildlife habitats.

## 9. Implemented Exit Strategy

The main success of the exit strategy was TBP bringing together a range of skills by facilitating partnerships between organisations that previously did not work together. These partnerships have ensured that projects maintain a life after the completion of Objective 5b.

Individual project managers were surveyed to establish whether the sub-projects could continue after the end of TBP itself. The majority of training and business support projects already had plans to continue either through self-financing or through other funding sources (e.g. Objective 2).

Generally, the ownership and management of the capital projects was inherited by an organisation (e.g. Medway Centre Community Association, Derbyshire Dales District Council, Peak District Rural Housing Association) which would have sole responsibility for their continued operation. Of those revenue projects that wished to continue, some would have to involve new partners, mainly because those organisations were potential funders whose support was needed to replace Rural Challenge or SRB input. In several cases discussions had already taken place with such bodies, or the new partners had confirmed that they were prepared to get involved. It was generally felt that the projects were in a position 'to be left to their own devices.

## 10. Areas of particular Success/Best Practice

The main benefits of TBP were seen as the bringing together of the private, public and voluntary sectors and the fact that Bakewell was maintained as a market town. The partnership allowed large-scale redevelopment to take place which otherwise might not have happened.

It was also stated that the Partnership's management structure had worked very well and some suggests that the key to its success was this good management.

TBP received many awards with regard to best practice in market town. It is a very good example about how to integrate and interlink various aspects of market town development and when the Government prepared a rural white paper on this kind of development, TBP was heavily consulted.

## **11. Problems encountered and overcome during project implementation**

Problems were faced with regards to achieving the objective of improving the employment prospects for de-motivated young people. This objective had originally been included because it contained an initiative for de-motivated young people called 'Youth Action'. Unfortunately, the project was unable to recruit, or even identify, potential participants. Regrettably, a similar project which took its place encountered exactly the same difficulties. Indications were that the problems being addressed were not as great as at first believed. The consensus amongst the agencies responsible is that such a programme could only work if its catchment area were increased substantially. However, young people in Bakewell have benefited from other training programmes and facilities that have been provided through The Bakewell Project, such as the IT Resource Centre at Lady Manners School, Young Enterprise, SATRO and Teacher Placement.

A small group also opposed the project (e.g. those with a restricted view from the homes following the building of the Agricultural Centre) and there was also a 6-7 month disruption to trade in the town during the construction period. There was also a legal challenge against TBP. The lessons learned were that although there was a degree of consultation with the community beforehand, there was perhaps not enough. At the time of the project, the consultative approach was not as common as it is today.

TBP was involved in the weekly farmers markets. The market was closed for 12 months during the Foot & Mouth crisis, but trade has picked up beyond the level it was before the project began.

## **12. Comment**

The management structure worked well; the tiered system with a range of groups meant that all partners, from the smallest to the largest, felt they were getting regular opportunities to input to the process. Having full time staff employed by the partnership was described as a benefit in that it gave a human face to the partnership and made it approachable. Also a small board (5-6 people) meant that decisions could be made quickly.

Community consultation was considered key to the smooth running of projects. Good project management skills were required to minimise disruption to the town and its residents.

Finally, it is recommended that a similar project have excellent publicity and PR; the bi-monthly newsletter helped to keep Bakewell residents accurately informed.

# Case Study 6: SEB: Regeneration Programme

## 1. Project Details

The Scottish Borders “Regeneration Programme” operated from July 1998 until October 1999. It was funded under the Scottish Borders Objective 5b Programme, measure 1.1 ‘Business Development’. A total of £156,658 ERDF was awarded to the project, representing 30% of eligible project costs.

## 2. Project Description

The objective of the programme was to assist in the diversification the Borders Economy, by creating jobs in growth sectors. The programme which was intended as a short-term measure, provided grants to assist primarily with capital expenditure in new and existing businesses in growth sectors. The intention was to make investment in these sectors occur more quickly than would otherwise happen, thereby enhancing employment growth.

Activities included grants for the capital costs of land, buildings, plant, equipment and training costs. The key requisite was that the businesses could demonstrate job creation and they met a number of criteria set out by Scottish Enterprise Borders. The grant available was 20% of costs up to a maximum of £50,000 and further subject to a maximum of £5,000 per job.

## 3. Project Applicant/Promoter/Funding

Scottish Enterprise Borders (SEB) managed the Regeneration Programme and applied for the Objective 5b funding. The programme was part of a package of support which aimed to alleviate some of the problems caused by large-scale redundancies and inherent problems of a highly concentrated company base within traditional sectors such as textiles and agriculture.

SEB and Objective 5b funded the Programme. In total 25 grants accounting for £560,745 were provided to 24 Borders businesses.

## 4. Project Target Groups

There was no specific targeting of types of companies able to receive support from Regeneration Programme. A wide range of companies was supported within growth sectors.

## 5. Environmental Sustainability

No specific environmental sustainability benefits were derived from the Regeneration Programme.

## 6. The Project's Integrative Character

The programme fitted within the remit and work of its applicant – SEB – as part of a wider package to assist indigenous business in the Borders. Many of the businesses supported by the Objective 5b funded programme were further assisted via additional SEB programmes such as New Ventures, Property and Training. Furthermore the Business and Employment Training Programme (BTEP), which was also supported by Objective 5b, operated and supported businesses in the same period.

Consequently all of this support contributed to job creation by individual businesses.

## 7. Project Outcomes

Benefits from the programme as identified in the evaluation of supported companies included:

- increase in exporting activity as a result of being able to provide quality goods after upgrading their manufacturing equipment;
- improvement in customer satisfaction;
- retention of employees;
- increased occupancy in hotels assisted by the programme;
- rising hours of part-time workers;
- improvement in quality as a direct result of new capital expenditure; and
- improved image to client.

## 8. Project Impact

MC Economics evaluated the programme in July 2000. By this point the programme had anticipated to generate 132 jobs at a unit cost of £5,000 but had actually generated 303 jobs at £1,851 each.

In terms of leverage, the total amount of spend on projects covered by the regeneration programme was £4,127,134. This produced a leverage ratio to SEB spend on the overall project of 4.8 to 1, which was better than the permitted ratio of 4 to 1.

## 9. Implemented Exit Strategy

The Programme ended in October 1999 at the end of its 5b funding period. However elements of the programme were carried on within the work of SEB. A final project evaluation was conducted in September 2000 to assess the achievements and impact of the Programme.

## 10. Areas of particular Success/Best Practice

The project was developed and implemented within a short timescale and to meet a highly changeable economic climate within the Borders. By achieving 171 more jobs than expected and at a lower cost, the project was regarded as being highly successful.

## 11. Problems encountered and overcome during project implementation

The main problems faced by those managing the Regeneration Programme included:

- managing the high expectations of companies seeking support;
- quickly designing and developing the programme to meet urgent redundancy and business needs in the area; and
- maintaining the initial focus and remit of the programme.

The Regeneration Programme was highly popular amongst businesses in the Borders and consequently the SEB account managers had to be selective regarding the types of projects supported.

## 12. Project Additionality

Those involved in both the design and management of the Regeneration Programme considered it unlikely that the project would have been developed had Objective 5b funds not been available at the time. The scale and quality of the programme would have been undoubtedly reduced.

## 13. Comment

The Regeneration Programme evaluation made a number of recommendations with regards to this type of project:

- the initial approval procedure should examine such aspects as additionality with reference to quantitative aspects such as the expected number of new staff, new production operation, new customers etc to assist with selection;
- the need to maintain initial objectives and focus of the programme, especially within a highly changeable economic climate; and
- ensuring that companies supported have a clearly identified “need”.

# Case Study 7: Aberdeenshire Countryside Access Strategy

## 1. Project Details

The Aberdeenshire Countryside Access Strategy project ran from 1997-2004, with the Strategy published in February 1998. In 1997 the strategy was awarded £265,000 from the North/West Grampian 5b Programme, under the Priority “Environment and Heritage”, Measure “Environmental Management and Improvement”.

## 2. Project Description

The overall purpose of the strategy was to develop new and improve existing routes to encourage and enable more people to use and enjoy the countryside. In particular, the objectives were to:

- develop local networks;
- develop strategic routes through Aberdeenshire;
- develop special projects for access where environmental aspects are important;
- ensure all developments are sensitive to the environment and are sustainable;
- develop a co-ordinated approach to signage, production of leaflets, and associated facilities to enhance Aberdeenshire’s potential for local and national tourism; and
- develop a co-ordinated promotional campaign.

Key activities included consulting with local groups and landowners, developing a database of access routes, preparing information packs, improving access on council owned land, development of a marketing strategy, preparing Countryside Access Action Plans and setting up Working Groups and Forums.

## 3. Project Applicant/Promoter/Funding

Aberdeenshire Council applied to the Objective 5b Programme for the funding and it was the Council who developed the strategy with the help of key agencies. It was felt that Aberdeenshire Council was best positioned to guide the development of the strategy, but it was recognised that this could only be effective with the involvement of other agencies. Others involved included:

- strategic agencies;
- countryside interest groups;
- farmers and landowners;
- communities; and
- individuals.

The key agencies involved in the funding are given in the table below.

	£	%
Aberdeenshire Council	414,000	33.0%
Scottish Natural Heritage	300,750	24.0%
SE Grampian	208,250	16.6%
Sustrans	45,000	3.6%
St Fergus – Private Sector	20,000	1.6%
EAGGF	265,000	21.1%
TOTAL	1,253,000	100.0%

#### 4. Project Target Groups

The target groups were generally anyone accessing the countryside in Aberdeenshire, including user groups, farmers and landowners. In an attempt to reach the users, groups that represented them were involved in the consultation process. These included the Scottish Rights of Way and Access Society; Sustrans; the Royal Society for the Protection of Birds; and British Horseriding Society. Further, to target the users directly, public consultation exercises were undertaken at the infancy of the strategy and the strategy was distributed to councils, community groups and landowners. To further involve the general public, leaflets were distributed around local libraries, community centres and council offices.

#### 5. Environmental Sustainability

The strategy itself was inherently linked to improving the environment, and was funded under the “Environmental Management and Improvement” measure. Two of the major aims of the Strategy were to:

- develop special projects for access where environmental aspects are important; and
- ensure all developments are sensitive to the environment and are sustainable.

There was no formal system for measuring environmental sustainability but for each project the Strategy representatives would look at each site, weigh up what the community asked for and was practical and environmentally sustainable. In most projects, this was relatively straightforward but if there was uncertainty environmental experts were brought in, e.g. Scottish National Heritage, and the project was modified accordingly.

#### 6. The Project’s Integrative Character

The Access Strategy ran in parallel with the Upper Deeside Access Trust (UDAT). The Access Strategy focused on all areas in Aberdeenshire outwith those under the responsibility of UDAT. Each undertook very similar projects in different areas and they shared experience and adapted methodologies etc where necessary. There was

no particular integration with respect to staffing, with the only overlap being the same representative from Aberdeenshire Council sitting on both boards.

There was also a range of other projects at the same time such as a car based coastal tour by the Tourist Board. This complemented the work of the Access Strategy by improving parking areas around the pathways.

## 7. Project Outcomes

The project had a number of quantifiable physical outcomes as detailed below.

<b>Project Description</b>	<b>1997/8</b>	<b>1998/9</b>	<b>1999/00</b>	<b>Total</b>
New Strategic Routes	4,000m	1,900m	70,000m	75,900m
Strategic Routes: Renovation	9,000m	20,750m	1,000m	30,750m
Network Development: New Routes	2,225m	5,445m	5,500m	13,170m
Network Development: Renovation	1,500m	16,600m	13,950m	32,050m
Network Links: New Routes	-	155m	400m	555m
Waymark/signage	150	1,536	302	1,988
Styles/gates	5	3	36	94
Picnic tables/benches	-		7	7
Interpretation Boards	12	1	10	23

Almost 76km of new strategic routes have been completed, with over 30km of strategic routes renovated. Progress was also made regarding network developments and links with just over 13km of new routes developed, over 32km renovated and 0.5km of new network constructed. Also to improve visitor facilities there was focus on styles, gates and picnic tables and benches. Finally, almost 2,000 waymark/signs have been purchased.

In addition to the quantifiable outputs, the qualitative benefits that the strategy delivered included:

- raised awareness of countryside access issued within Aberdeenshire Council, keeping the issue high on the agenda;
- the public consultation process increased awareness of countryside access issues; and
- cross service working within Aberdeenshire Council has led to access issues being incorporated into other areas of work such as cycling strategies and Aberdeenshire towns programme.

## 8. Project Impact

There was no available report on the economic impact of the strategy. However, it must be said that this strategy was not developed to generate hard economic outputs such as increases in jobs and income but was a strategy focused on environmental improvements which it seemed to have achieved. It was also very difficult to quantify the impacts and to attribute to the Objective 5b funds. For instance, it is clear that many more people are passing through the area (although numbers not counted) but the question that could not be answered was whether this was due to the path improvements or attributable to other work by community groups.

## 9. Implemented Exit Strategy

The main exit strategy revolved around achieving a maintenance programme following the development of the paths, which the council funded. The achievement of this funding was influenced by the relationships that were generated through the work of the Access Strategy.

In addition, a key part of new Access Legislation (due to be released early 2005) is the concept that a 'Core Path Network' should be developed, which the local authority will be responsible for maintaining.

## 10. Areas of particular Success/Best Practice

Half way through the Strategy some changes were made with regards to the letting of contracts where the size of the contract was a reasonable size (£5,000-£6,000). When they awarded a contract they included a one or two year capitalised maintenance payment for which the contractor was responsible. The Strategy found that having the same contractor involved in the building and maintenance of paths meant that they were able to identify problems and easily ways of solving them, as it could have been due to their technique adopted.

Community action and involvement was also identified as an area of Best Practice. It was felt that the community was better placed to identify issues and identify the users of the pathways – e.g. walkers, cyclists, horses, disabled etc. It was felt that particular pride was taken in projects that adopted a degree of 'bottom-up' approach rather than projects being forced upon the community by an authoritative figure.

## 11. Problems encountered and overcome during project implementation

Perhaps one or two projects were not delivered as successfully as they could have been. For instance, one large project took a very environmentally friendly route in the materials used. However, the nature of the terrain meant that it was very expensive to maintain. Although they would not have liked to use a great amount of tar, the technique used may have been different so that the maintenance was not as expensive. However, this was early in the Strategy's development and lessons were learned and taken on board as the Strategy developed.

## 12. Comment

Key recommendations for developing a countryside access strategy that emerged from the Aberdeenshire strategy include:

- strike a balance between the ‘community-led’ approach and the strategic approach towards project development, in order to ensure a fair distribution of access routes;
- intervene in the case for disadvantaged communities to act as a catalyst to ensure that routes are developed in such areas;
- enhance the community consultation process by building up a collection of case studies to show what can be achieved. Case studies may also help when bidding for council or other funds; and
- minimise the number of contactors appointed on individual projects to reduce project management costs.

# Case Study 8: The Westcountry Rivers Project

## 1. Project Details

The Westcountry Rivers Project operated within the South West Objective 5b Programme area. The project ran from November 1999 until November 2001.

The project was supported under Measure 5.1 “Protection and Enhancement of the Environment”. Total eligible expenditure was £1,053,342, with £403,518 contributed by EAGGF and £403,518 from DEFRA .

## 2. Project Description

The key objective of the project was to extend a well-proven programme of guidance and technical support in economic and environmentally sound land use practices. Specific objectives included:

- applying the practical and economic lessons from a previous project (Tamar 2000) and developing a cost-effective streamlined method of transferring them;
- implementing measures to address the causes of riverine decline and its symptoms;
- giving on-going advice to other programmes elsewhere in the UK;
- adding additional incentives for improvements in practices found to be important in river heritage maintenance and heritage;
- extending and applying operational guidelines for practical wetland restoration and management; and
- development of guidelines for more strategic and targeted investment at the catchment scale.

The project provided advice and capital grants to farmers in the catchments of the Taw and Torridge catchments of Devon during 2000 and 2001. Management plans were given to 340 farmers on over 21,000 ha, assisting with integrating financial profitability with environmental improvements. Farmers were proactively approached on the basis of their location in key sub-catchments where water and habitat quality was deemed to be the lowest. A total of 14 environmental performance indicators and 15 economic indicators were set out for the project.

## 3. Project Applicant/Promoter/Funding

The project sponsor and manager was the Westcountry Rivers Trust, a charitable Trust established in 1994 to “conserve, maintain and improve the natural beauty and ecological integrity of rivers and streams in the Devon, Cornwall and West Somerset countryside”.

The Trust's partners in the project were BDB Associates, the Royal Holloway Institute for Environmental Research and the Environment Agency. The first two partners provided technical advice on best agricultural practices to reduce diffuse pollution and increase habitat quality and the Environment Agency provided access to water quality monitoring data in the catchments.

The approximate cost of the Westcountry Rivers Project was £2.14 million. 38% funding was sought from EAGGF, 38% from DEFRA and the remainder from farmers' contributions to improvement work and from project partners in-kind contributions of expertise.

#### **4. Project Target Groups**

The project targeted farmers in the in one sub-catchment of the River Taw (the River Bray) and two of the River Torridge (the Waldon and Lew). These areas were chosen by the project steering group, using water quality data from the Environment Agency, on the basis that these catchments had the greatest potential for improving relatively degraded riparian habitats by better agricultural management. The project was deemed successful in its pro-active approach of targeting local farmers in these areas.

#### **5. Environmental Sustainability**

The project pro-actively incorporated environmental objectives by identifying 14 environmental performance indicators for the project. The main environmental targets for the project were:

- 333 farmers to receive integrated land management plans, covering an area of 21,666 ha;
- 50 km of river corridor to be regenerated and 100 km protected;
- 6 wetlands to be restored;
- 33 buffer strips to be created; and
- 33 salmonid spawning fords to be improved.

Actual environmental impacts attributable to the project from its final evaluation included an increase in fish stocks, with an estimated rise in rod salmon of 265 and sea trout of 137 – significantly exceeding the project targets.

#### **6. The Project's Integrative Character**

The Westcountry Rivers project was not the only initiative seeking to improve land management practices in the area. Co-ordination between its advisors and the Objective 5b funded EnSUS (*Environmental Enhancement and Sustainable Businesses*) Farming Club did occur and was deemed essential. Both projects worked with farmers in the South West Objective 5b area, and to avoid any duplication referred clients to each other.

## 7. Project Outcomes

An independent consultant was appointed to identify the environmental achievements of the project and the economic impacts similarly assessed via an independent evaluation. Both were measured in quantitative terms with the environmental and economic outcomes would have contributed positively the quality of life in the area. No reference was made in terms of reporting against Objective 5b objectives, however the quantitative nature of the outcomes would have been adaptable to this purpose.

## 8. Project Impact

Actual economic impacts of the project were calculated to include:

- the net direct benefit of the project was around £2,700 per business per year (or £918,184 per year for the whole project);
- 80% of these business benefits accruing from agriculture related activities and 13% from tourism related activities;
- the majority of agriculture related benefits came from reductions in fertiliser applications, with a cost benefit of £19,924 per farm over a ten year period;
- the project was estimated to create 7.9 FTEs in agriculture, 0.72 FTEs in woodland and 5.7 FTEs in tourism – this totalled 14.3 FTEs and was slightly less than the 15 FTE target.

## 9. Implemented Exit Strategy

The Westcountry rivers project closed in November 2001, however the project's framework was carried on to the Cornwall Rivers Project.

## 10. Areas of particular Success/Best Practice

**Project management:** the way the project successfully managed a team of in-house advisors which individually offered all of the necessary support to individual farms. This provided a single point of contact for the farm and built stronger working relationships.

**Project penetration:** the project was aware that relying only on invitations by farmers would limit penetration of the project along the targeted stretches of the rivers. Consequently a decision was made to proactively approach farmers on a systematic basis.

**Successful engagement** with the farming community (factors included):

- a relatively small team of advisors who became associated with the project;
- a reputation for delivering high quality useful advice to farmers on time;
- starting with farmers thought to be the most influential and the most sympathetic to the aims of the project.

## **11. Problems encountered and overcome during project implementation**

The Foot and Mouth Disease epidemic in the South West had its epicentre within the area targeted by the project. Final management plans had to be completed without additional visits to the farms and the 'audit' visits to check grant aided work were postponed until the epidemic was declared over.

## **12. Project Additionality**

With 39.7% EAGGF funding, and a further 39.7% MAFF match funding, the Westcountry rivers project would have been severely affected had it not been awarded Objective 5b funds. It is questionable without being eligible for Objective 5b funds that the project would have proceeded, especially as the projects previous Heritage Lottery Funding application was not successful.

## **13. Comment**

Key lessons identified by the project included:

- usefulness of an efficient project management structure that splits strategic steering of the project from its management aspects;
- a high level of engagement with businesses/farmers was attained by assigning one adviser to each farm and training these advisors on a wide range of topics covered by the project;
- the availability of grant aid, with control delegated to the project is likely to have increased the environmental enhancement achieved by the project;
- a pro-active approach to contacting businesses/farmers as opposed to relying on invitations by these people ensured maximum penetration of the project.

# Case Study 9: Upper Deeside Access Trust

## 1. Project Details

The Upper Deeside Access Trust (UDAT) is a non-profit making environmental charity established in Upper Deeside and was incorporated as a company limited by guarantee on 1 June 1998. Its operational area covers some 110,000 hectares of Upper Deeside, located in the North & West Grampian Objective 5b Area.

The project was supported under the Priority 3: “Environment and Heritage”, Measure 1: “Environmental Management and Improvement”. A total of £279,175 of EAGGF was awarded to the scheme with £262,114 spent (£33,691 in Phase 1 and £228,423 in Phase 2).

The project began in 1998 and is ongoing.

## 2. Project Description

The overall purpose of UDAT was two-fold – to help assist public access to and enjoyment of the area and to promote its sensitive use. To do so, a strategy was undertaken to manage access in Upper Deeside, which balances recreational use with the national heritage, land management and other interests.

The aims of UDAT were to:

- help protect the countryside in Upper Deeside by working to achieve a strategy for the provision and management of access which integrates the needs of land managers, users, the local community and the natural heritage;
- improve and maintain public access to the area in a way which encourages a sensitive and planned approach to recreational use and is compatible with protecting the natural heritage; and
- foster a greater understanding of the natural heritage, its land management and use and a respect in care by all who visit and use the area.

UDAT developed four main streams of activity:

- a mountain path repair programme to tackle environmental impacts of path erosion;
- the development of low level path networks around settlements and places of interest to improve low ground facilities for visitors to the area;
- the development and provision of various visitor information and interpretation about public access and related matters; and
- visitor management activities including traffic management to ease congestion at key access points, visitor monitoring, research and survey work relating to the above activities.

### 3. Project Applicant/Promoter/Funding

The applicant for EAGGF was Aberdeenshire Council who were to contribute £175,000 or 14% of project costs. UDATs other funding partners are detailed in the table below. It reveals that, at 30%, Scottish National Heritage were to contribute most to the project followed by EAGGF at 27%.

#### UDATs funding structure

Funding Body	1998-01	2001-02	2002-03	2003/04	Total	%
Aberdeenshire Council	£105,000	£20,000	£20,000	£30,000	£175,000	14.3%
Scottish Natural Heritage	£131,600	£80,630	£76,065	£74,000	£362,295	29.6%
SE Grampian	£95,000	£31,500	£25,000	£31,000	£182,500	14.9%
Cairngorms Partnership/CNPA	£15,000		£5,000	£6,500	£26,500	2.2%
Balmoral Estates	£6,780	£5,010	£3,000	£3,000	£17,790	1.5%
Paths for All/Forest Enterprise	-	£10,000	£500	£10,000	£20,500	1.7%
EAGGF Programme	£260,920	£71,270	-	-	£332,190	27.1%
Sales	£6,300	£3,700	£2,910	£3,295	£16,205	1.3%
Car Park Charges	-	£28,610	£30,330	£30,926	£89,866	7.3%
Donations	-	£170	£1,105	£1,751	£3,026	0.2%
<b>TOTAL</b>	<b>£620,600</b>	<b>£250,890</b>	<b>£163,910</b>	<b>£190,472</b>	<b>£1,225,872</b>	<b>100%</b>

The Trust's partners were the first five organisations listed in the above table.

UDAT's management structure includes a Board of Directors who represents the funding partners (except SE Grampian) and a Management Group. A Project Manager was responsible for managing the company and its resources, and was assisted by an Access Officer and a Trust Administrator to deliver its programme of work.

### 4. Project Target Groups

The main target groups included land managers, users, the local community and conservation trusts. The trust worked closely with these groups to develop and implement projects and established an Affiliate Membership to strengthen its links with the wider public.

It was felt that the target groups were instrumental to the projects success and to ensure this involvement, UDAT established an Affiliate Membership to strengthen its links with the wider public. This membership was used for a variety of purposes such as the development of a traffic management scheme. UDAT also involved the public in two open workshops, one for strategic option development and the other to discuss the future of the paths e.g. repairs. This genuinely devolved power to a wider group.

Overall, it was recognised that local knowledge and expertise were required for UDAT to succeed and rather than adopting a 'top-down' approach, a 'bottom-up' approach was undertaken. This gave the community a sense of ownership which could only enhance the sustainability of the projects undertaken by UDAT.

## 5. Environmental Sustainability

Achieving environmental objectives were the whole focus of the project (please see section 2: Project Description, above). The EAGGF application identified the following project outputs and impacts relating to environmental sustainability that UDAT would achieve in the period 1998-2001:

- outputs:
  - visitor interpretation improvements;
  - 8 leaflets produced;
  - 8 footpaths upgraded;
  - 2 additional car parks;
  - 2 green tourist facilities; and
- impacts:
  - 17% increase in number of visitors to green facilities;
  - 17% reduction in the number of visitors to pressure points.

It was concluded that car parks and low level path networks helped reduce visitor numbers at the key pressure point and dispersed them to green facilities, thus contributing to the sustainability of Upper Deeside's natural environment.

## 6. The Project's Integrative Character

UDAT ran in parallel with the Aberdeenshire Access Strategy . The Access Strategy focused on all areas in Aberdeenshire out with Upper Deeside. Each undertook very similar projects in different areas and they shared experience and adapted methodologies etc were necessary. There was no particular integration with respect to staffing, with the only overlap being the same representative from Aberdeenshire Council sitting on both boards.

## 7. Project Outcomes

The physical outputs were identified as:

Physical Output	Target	Achieved	% Achieved
number of visitor interpretation improvements	8	8	100
number of leaflets produced	8	5	63
number of footpaths upgraded	8	10	125
number of additional car parks	2	2	100
number of green tourist facilities	2	2	100

Most of the physical outputs have therefore been achieved. Further achievements of the Trust can be characterised as:

- helped conserve and enhance the natural heritage of Upper Deeside through a programme of upland path repairs that have helped to protect the landscapes and natural beauty of the area;
- helped improve and maintain public access to the natural environment of Upper Deeside in a way that has encouraged a sensitive and planned approach to recreational use;
- helped foster a greater understanding of the natural heritage, its land management and use that has led to a respect in care by those who have visited and used the area; and
- helped to generate additional visits that sustain rural businesses and communities through developing and providing various visitor information and interpretation about public access and related matters.

To ensure the outcomes are sustainable in the long terms the UDAT also helped foster greater understanding of the natural heritage, its land management and use that has led to respect by those who have visited and used the area.

## 8. Project Impact

The economic impacts were identified as:

Physical Output	Target
increase in number of visitors to green facilities	17%
reduction in the number of visitors to pressure points	17%
number of FTEs safeguarded	10
number of FTEs created	1.5

Some of the economic impact targets were achieved, although it was not possible to accurately quantify the achievements. The visitor counters did not work effectively, and therefore whilst it is recognised that there has been an increase in the number of visitors to green facilities and a reduction of visitors to pressure points it was unlikely that the 17% increase/reductions have been realised; best estimates were that 10% increased/reductions have been achieved.

The number of jobs safeguarded fell below the target – 5 FTEs safeguarded. The number of jobs created – 1.5 FTEs – was achieved. The Trust employed, where possible, local contractors in repair and development of path networks and visitor facilities.

The Trust’s achievements in the economic and tourism industry development objectives – linked to increased visitors, staying longer and spending more money thus helping to create and safeguard local jobs and sustain tourism business have not been measured and verified.

## 9. Implemented Exit Strategy

The exit strategy for UDAT was to develop a Trust as a freestanding body with a wide range of funding partners. In doing so, UDAT developed a three-year business plan ending in 2006. This business plan committed a number of funding partners to the whole programme rather than piecemeal, project by project funding. UDAT is also looking forward to post 2006 and is working to develop a much larger programme known as ECAP (Eastern Cairngorms Access Project). This is a £2.4m programme of high quality access improvements within the mountains and glens of Angus and Upper Deeside. Therefore, although UDAT may be completed by 2006, it is by no means the end of access improvements in the area.

## 10. Areas of particular Success/Best Practice

**Target Groups** - UDAT was very active within the local community and consulted the community on a regular basis to obtain views on the prioritisation of the work programme. This was achieved by establishing an Affiliate Membership and holding two large workshops.

**Environmental Sustainability** – physical paths were proven to be developed to a very high standard and advanced techniques were used in many of the projects.

**Job Creation** – the direct jobs created by UDAT were recorded as 1.5 FTEs in the evaluation and this now stands at 4.5. Further to this, although difficult to quantify, employment was and continues to be safeguarded for contractors, engineers, landscapers, etc. Finally, employment may have been generated through increased tourism that resulted from the pathways.

**Project Implementation** - UDAT had a clearly defined purpose and focused activities on achieving outputs and targets on both the European application form and the Business Plan. It was not distracted from this focus.

The Trust was also able to attract additional funding. This relates not only to European monies, but also that it generated significant revenue streams from car park charges and donation from other organisations. Another key strength was that the Trust was seen as being independent of the main funding partners, in particular the statutory agencies. This enabled it to achieve more in terms of negotiating access arrangements with land owners. Finally, there were only four individuals on the board of directors, and therefore decisions were able to be made quickly.

## 11. Problems encountered and overcome during project implementation

One of the problems was that the visitor counters did not work effectively. Whilst it is believed that there has been an increase in the number of visitors to green facilities and a reduction of visitors to pressure points it was unlikely that the 17% increase/reductions have been realised; best estimates were that 10% increased/reductions have been achieved. Therefore it was recommended that the visitor survey conducted in August-September 2001 be repeated but also enhanced. The survey focused on determining the requirements of visitors – a new survey

should also seek to determine and explicitly quantify the economic impact of the visitors to the area through asking additional questions to gather the appropriate data.

UDAT experienced some resistance from a few landowners, which slowed the process down a little. However, following the success of other projects under UDAT, such as Braemar, the resistance dwindled as the projects were seen as an opportunity rather than a threat.

## 12. Comment

It is recommended that similar programmes:

- are very active within the local community and consult the community on a regular basis;
- have a clearly defined purpose and focused activities on achieving outputs and targets, to ensure that they are not distracted and achieve the necessary impacts;
- form an independent Trust; this may encourage the cooperation of stakeholders;
- have a small number on the board of directors to enable decisions to be made quickly; and
- secure the cooperation/input of a body with specific experiences in bidding for funding.

# Case Study 10: Borders Training and Employment Project

## 1. Project Details

The “Borders Training and Employment Project” (BTEP) began in October 1998 and was supported under measure 3.2 “Creation and Sustainability of Employment and Self-employment”. The BTEP project was supported twice throughout the Programme period in both 1998 and 1999 with a total of £519,167 ESF.

In April 2001 the project changed to the “Package Training” project, which operated until December 2002.

## 2. Project Description

The aims of the project included:

- provide a formal response to large-scale redundancies announced or planned at the time of the project creation;
- provide a training subsidy to potential employers for individuals affected by large scale redundancy (*as defined as being 25% of the workforce or a minimum of 5 people*).
- create and sustain employment within the geographic area of the Scottish Borders;
- give access to opportunity for both individuals and employers;
- improve the competitiveness of companies;
- determine priorities and establish possible funding for the future.

The project provided funding for companies that had specific recruitment needs, i.e, an increase in business activity or due to business expansion and not simply for replacement of leavers or other more general recruitment factors. In short the idea behind the project was that it would create a demand for additional employment in the area and not be simply a form of wage subsidy.

Employees within the BTEP project were not only given a job, but also either on the job training or some form of external training provided by the local Borders College such as IT or the ECDL courses.

## 3. Project Applicant/Promoter/Funding

Scottish Borders Enterprise was the BTEP project applicant and manager. They engaged with local companies to fund recruitment places for up to 26 weeks per employee. A maximum of £90 per week was given by SEB to the company and they in turn paid the employee a minimum of £150 per week. Only verified company recruitment posts were funded, to ensure companies did not use the BTEP project as an employment subsidy.

## 4. Project Target Groups

The initial BTEP project was very specific in its remit to target only individuals that had been part of a larger scale redundancy in the Borders Objective 5b area. The criteria for the project included:

- where 25% of the workforce had been made redundant; or
- a minimum of 5 people had been made redundant from the one company; and
- the individual had to be over 25 years of age.

After the threat of large-scale redundancy faded in the Borders, the later “Package Training” project widened its remit and included all individuals over 6 months unemployed.

## 5. Environmental Sustainability

There was no specific environmental sustainability aspect of the BTEP project, however some of the employers supported would have been involved in the agricultural sector.

## 6. The Project's Integrative Character

There were no direct links between the BTEP project and any other Structural Fund projects in the Scottish Borders. However SEB always encouraged businesses supported by BTEP to bid for additional support where required, i.e. IT, property or business development, etc.

## 7. Project Outcomes

Latest available figures (from the May 2000 Evaluation) indicated that 166 separate contracts had been awarded by the BTEP project. This totalled 10,114 funded training weeks, which SEB deemed as equivalent to 389 permanent full-time positions.

## 8. Project Impact

Unemployment in the region remained static over the period (*slightly below 4% between 1997-1999*) despite a high number/level of local redundancies. SEB and the project evaluation suggested this illustrated the success of the BTEP project in sustaining the level of employees in the local labour market in a climate of high scale redundancy.

The training subsidy element of the project further enticed local Borders employers to review their recruitment needs in light of the funding availability. This induced vacancies to become available far quicker than they would have previously and allowed those involved in providing redundancy support to offer a more structured and co-ordinated approach to identifying vacancies.

Overall the project contributed to an increase in employment opportunities for both local Borders employees and employers. The project evaluation stated that this would have improved the competitiveness of businesses, allowed them to take growth opportunities, increase product range, increase throughput and respond to customer demand by accessing local skills.

## 9. Implemented Exit Strategy

With the success of the initial BTEP project and the project evaluation recommending that such funding should continue to be made available within the Scottish Borders, the project was maintained until December 2002. In April 2001, the project underwent some changes, becoming the “Package Training” project. It became more inclusive and was available to all unemployed individuals in the region.

## 10. Areas of particular Success/Best Practice

Particular areas of success identified in the BTEP evaluation included:

Multi-agency approach:

- inclusion and utilisation of a range of public sector organisations (*such as Local Enterprise Company and Job Centres*) to effectively engage with those individuals affected by redundancy and employers.

Creation of drop in centres:

- such centres greatly aided those individuals affected by redundancy and improved the publicity and usage of the scheme.

## 11. Problems encountered and overcome during project implementation

Various problems arose regarding eligibility to the Programme from both employers and potential employees:

- perception that anyone made redundant in the area was entitled for support;
- some believed only those persons made redundant from the closure of a key business in the area (Via systems) were eligible;
- differing advice was given between local Job Centres as to the eligibility criteria, adding to confusion

Such problems were rectified with improved levels of communication with all Borders based companies and those public sector organisations involved in project delivery.

## 12. Project Additionality:

Without Objective 5b funding, the scale of the BTEP project would have been severely affected. Without the relevant public sector funding the project would not have been as successful in attracting the number of companies to lever in their monies to the project. In latter years after the closure of Objective 5b, the “Package Training” project was further supported by Objective 3 funds.

## 13. Comment

Key recommendations provided in the evaluation of the Borders Training and Employment project which would be common to other similar projects include:

- a common form of communication with all target businesses to inform them of funding projects available to them;
- ensure regular communication is established between the project applicant and job centres as well as other related public organisations to ensure a multi-agency understanding of current and future projects;
- resource implications of projects should not be underestimated especially where monitoring visits are required, thus ensuring adequate service levels throughout the duration of a project;
- eligibility for funding is clearly stated, with penalties for those employers found to have abused the funding criteria i.e. treating the funding as a form of wage subsidy.

## **Appendix E**

### **Research Sources, Consultees, Questionnaire Pro-Forma, Common Evaluation Questions**

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## Section 1: Research Sources

- The Ex-Post Evaluation used the following documents for the eleven UK-Objective 5b regions:
  - Single Programming Document;
  - Commission Decision;
  - Mid Term Evaluation (except for Northern Uplands);
  - Annual Reports (1995 to 1999);
  - Final Reports;
  - Final Closure Statement and Declaration of Expenditure.
- LEADER II Ex Post Evaluation, Final Report, ODPM, September 2003;
- Western Scotland Objective 2 Programme 2000-2006 Programme Documents (an abridged version of the SPD and Programme Complement for Applicants), October 2004;
- Synthesis of the Intermediate Evaluations of Objective 5b Programmes (in the UK), PACEC for DG VI, October 1998
- Guidelines for the Ex-Post Evaluation of Objective 5b Programmes 1994-1999 Programming Period, European Commission, DG VI Agriculture.
- **Case Study Evaluation Reports and Interviewees:**
  1. Empowering Enterprise in Local Communities (EELC) Single Regeneration Budget Challenge Fund – Final Evaluation, Rural Partnerships Ltd, June 2003. Interviewed Vanessa Garwood, Hereford Partnership.
  2. The Honeycomb Project at Longnor, by Leek College of Further Education. Interviewed: Ian Wells, Staffordshire County Council.
  3. The Business Support Package – Independent Evaluation, School of Management, University of East Anglia, November 1999. Interviewed John Shaw, Business Link Suffolk.
  4. Evaluation of Business and Environment Programme, EKOS Ltd, March 2000. Interviewed Ian Finlay, SE Tayside.
  5. The Bakewell Project Final Report, Economic Development Section, Derbyshire Dales District Council, February 2001. Interviewed Bob Price, Derbyshire Dales DC.
  6. Evaluation of the Regeneration/Diversification Programme, MC Economics. September 2000. Interviewed Jim Kavanght, SE Borders.
  7. Evaluation of Aberdeenshire Countryside Access Strategy, EKOS Ltd. Interviewed Linda Mathieson, Aberdeenshire Council.

8. Evaluation of the Economic Benefits of the Westcountry Rivers Trust Taw/Torridge Project, for the Westcountry Rivers Trust, by Dr Caroline Manning (Environmental and Agricultural Economist) July 2001; and Further Assessment of Objective 5b Projects” – DEFRA Research Study CTE0212( for DEFRA), written by Land Use Consultants, August 2003.
9. Upper Deeside Access Trust Evaluation, EKOS Ltd. Interviewed Linda Mathieson, Aberdeenshire Council.
10. Evaluation of the Borders Training and Employment Project, People Solutions, May 2000. Interviewed Brian Hermiston, SE Borders.

## Section 2: Consultation with Key Government Officials

The consultation programme (by telephone) involved discussions with individuals closely associated with the management of the Objective 5b Programmes in the UK, and with overall strategic responsibilities for each of the three Funds in England, Scotland and Wales, including the following organisations:

Name of Consultee	Organisation	Date of Interview
Garry White	ODPM	12 October 2004
Philip Smith	Scottish Executive	19 October 2004
Alan Lansdown	National Assembly for Wales	21 October 2004
Mike Armstrong	GO-South West	20 October 2004
Dennis Halsall	GO-East of England	27 October 2004
Ray Flynn	GO-West Midlands	27 October 2004
Steve Arnott	GO-Yorkshire & Humber	9 November 2004
Paul Gamble	GO-West Midlands	4 November 2004

### Interview Questions:

1. Do you believe, that the overall rationale and approach of the Programme worked for your region (EU-fund integration, strategic linkages to other programmes, partnership development, private sector funding, etc)

2. Was the particular set of priorities and measures appropriate for the socio-economic needs of your region? What challenges occurred and how were they overcome?

3. With regard to administrative structures and processes, what were the key successes in terms of effectiveness? Which were the most difficult areas?

4. What particular synergies and dynamics did the Programme evoke, regarding the engagement of actors, development of partnerships and wider Programme impact? Were any of these synergies sustainable after Programme completion?

5. In terms of procedural arrangements such as communications, appraisal, claiming and monitoring processes/requirements, and resources, what, do you think, worked well? Which were the greatest challenges and how did the PMC/the Secretariat overcome those?

6. What would you consider was new or remarkable about the Programme and its projects?

7. With regard to Programme legacy, how, do you think, is the Programme remembered in the region?

8. Do you think that Objective 5b funding has significantly changed anything in socio-economic terms? Please explain.

9. Which key impacts did the Programme have on your region in terms of rural development? Has the PMC at any stage reviewed the overall impact of the Programme? How has the success of the Programme been communicated to the regional stakeholders after Programme completion?

10. What impact did the Programme have with regard to environmental sustainability?

11. Which were the main lessons learnt from Objective 5b, which influenced any future Programme addressing rural development?

The European Commission guidelines for Ex-Post Programme Evaluation include a number of ‘Common Evaluation Questions’, which we have included in this questionnaire. Please provide your views on the following:

12. To what extent have the measures brought about an improvement in **agricultural holdings** that were sustainable after the Programme has been completed? Please indicate your answer on a scale from 1 to 10 (1 = no impact, and 10 significant impact)

1	2	3	4	5	6	7	8	9	10	Don't know

Comment:

13. To what extent have the measures improved **forestry** structures contributing to the development and rationalisation of forestry activities? To what extent have forestry resources been improved? Please indicate your answer on a scale from 1 to 10 (1 = no impact, and 10 significant impact))

1	2	3	4	5	6	7	8	9	10	Don't know
Comment:										

14. To what extent has the Programme improved the **standard of living in rural areas** (improved farm incomes? Please indicate your answer on a scale from 1 to 10 (1 = no impact, and 10 significant impact))

1	2	3	4	5	6	7	8	9	10	Don't know
Comment:										

15. To what extent has the Programme helped the region to diversify into activities, such as **crafts, commerce and tourism** in a sustainable manner? Please indicate your answer on a scale from 1 to 10 (1 = no impact, and 10 significant impact)

1	2	3	4	5	6	7	8	9	10	Don't know
Comment:										

16. To what extent did the Programme overcome problems of **remoteness and isolation**? How have social and cultural activities improved the attractiveness of area? How has the Programme improved the quality of life? Please indicate your answer on a scale from 1 to 10 (1 = no impact, and 10 significant impact)

1	2	3	4	5	6	7	8	9	10	Don't know
Comment:										

17. To what extent had the measures for agricultural holdings had positive effects on the **environment**, in particular in terms of controlling water and soil pollution, preventing soil erosion and improving the countryside? Please indicate your answer on a scale from 1 to 10 (1 = no impact, and 10 significant impact)

1	2	3	4	5	6	7	8	9	10	Don't know
Comment:										

18. To what extent did the Programme impact on the **creation and safeguarding of jobs**? (To which extent has training improved employability of unemployed persons?) Please indicate your answer on a scale from 1 to 10 (1 = no impact, and 10 significant impact))

1	2	3	4	5	6	7	8	9	10	Don't know
Comment:										

19. To what extent has the Programme increased **competitiveness** particularly relating to agricultural activity? How has the Programme promoted and strengthened the ties/networking within the agri-food sector? Please indicate your answer on a scale from 1 to 10 (1 = no impact, and 10 significant impact)

1	2	3	4	5	6	7	8	9	10	Don't know
Comment:										

20. To what extent have Programme investments attracted the **relocation of new activities** into the area? Please indicate your answer on a scale from 1 to 10 (1 = no impact, and 10 significant impact)

1	2	3	4	5	6	7	8	9	10	Don't know
Comment:										

21. Do you have any other comments?

### Section 3: Common Evaluation Questions

As provided by the tender brief for the evaluation of the Objective 5b Programmes in the UK:

- a. Development and improvement of agricultural holdings (has there been any sustainable improvement of agricultural holdings?)
- b. Development and improvement of the forestry sector (to what extent have improved structures contributed to rationalisation of industry? To what extent have forestry resources been improved?)
- c. Improvement to the standard of living in rural areas (improved farm incomes? Diversification leading to improved incomes? New activities outside agriculture leading to improved incomes?)
- d. Development of crafts, commerce and tourism (to what extent has programme helped to diversify into non-agricultural activities in a sustainable manner?)
- e. Development, improvement and exploitation of rural areas (how were problems of remoteness and isolation been overcome by the programme? How have social and cultural activities improved attractiveness of area? How has programme improved quality of life?)
- f. Employment (impact on the creation and safeguarding of jobs, which types of jobs, for who (gender)? To which extent has training improved employability of unemployed persons?)
- g. Competitiveness of SME (to what extent has programme increased competitiveness particularly those relating to agricultural activity? How has the programme promoted and strengthened the ties/networking within the agri-food sector?)
- h. Protection and conservation of the environment and maintenance of the countryside (have there been any positive effects on the environment, in particular in terms of controlling water and soil pollution, preventing soil erosion and improving the countryside?)
- i. Infrastructure and services (to what extent have investments improved living conditions and attracted the relocation of new activities into the area? To what extent have training improved production structures of relevant sectors?)

## Appendix F

### Final Report tables in euro

**Table UK 2.1:** Overall geographic and financial characteristics of the programmes

Eligible Area	Area (In ha)	Population	Pop. Density (pop/ha)	Anticipated Overall Expenditure in original SPD (In Meuro) 1994/5)	Total Programme Actual Declared Expenditure in 2002 (In Meuro)	% of Spend (2002) against SPD Total Budget (1994/5)	Spend Per Pop. (In euro)	No. Of Projects Funded
England	3.1m	1,760,257	0.6	€1,120m	€1,285.9m	115%	€730	2,940
Scotland	2.2m	463,881	0.2	€357.1m	€328.5m	92%	€708	1,335
Rural Wales	1.4m	634,000	0.5	€483.4m	€467.7m	97%	€737	1,278
<b>UK Total</b>	<b>6.782m</b>	<b>2,858,138</b>	<b>0.4</b>	<b>€1,960.6m</b>	<b>€2,082.2m</b>	<b>106%</b>	<b>€728</b>	<b>5,553</b>

**Table UK 2.3:** Programme priorities according to key strategic themes, by EU-spend in % of overall EU-programme spend per programme (in euro)

	ENGLAND	SCOTLAND	WALES	UK TOTAL
<b>Business Support</b>				
EU-Spend	€136,174,253	€53,924,939	€53,924,939	€53,924,939
EU-Spend in % of EU-Spend in each respective Programme	32%	32%	32%	32%
<b>Tourism</b>				
EU-Spend	€87,169,001	€23,632,375	€39,403,965	€53,924,939
EU-Spend in % of EU-Spend in each respective Programme	21%	19%	25%	20%
<b>Agriculture</b>				
EU-Spend	€43,612,020	€5,818,920	€19,726,650	€69,157,590
EU-Spend in % of EU-Spend in each respective Programme	10%	5%	13%	9%
<b>Training/Skills</b>				
EU-Spend	€43,612,020	€43,612,020	€43,612,020	€43,612,020
EU-Spend in % of EU-Spend in each respective Programme	15%	16%	12%	14%
<b>Environmental Works</b>				
EU-Spend	€49,435,380	€14,380,586	€5,883,544	€69,699,510
EU-Spend in % of EU-Spend in each respective Programme	12%	11%	4%	9%
<b>Rural Communities</b>				
EU-Spend	€41,499,370	€8,009,685	€14,899,544	€64,408,842
EU-Spend in % of EU-Spend in each respective Programme	10%	6%	9%	9%
<b>Technical Assistance</b>				
EU-Spend	€3,887,800	€880,974	€2,370,807	€7,139,581
EU-Spend in % of EU-Spend in each respective Programme	1%	1%	2%	1%
<b>Total</b>				
EU-Spend Project Number Average Project Size	€425,078,770	€127,614,972	€157,312,439	€710,006,181
Project Number	2,940	1,335	1,278	5,553
Average Project EU volume	€144,585	€95,592	€123,093	€127,860

**Table UK3.3:** Technical assistance (in euro)

	ENGLAND	SCOTLAND	WALES	UK TOTAL
EU- Budget in 1994/5	7,355,000	1,820,000	900,000	10,075,000
EU-Budget in relation to Overall Programme				
EU-Allocation in 1994/5	1.5%	1.3%	0.5%	1.2%
EU-Budget Spend in 2002	3,887,800	880,974	2,370,807	7,139,581
EU-spend in relation to Programme				
EU-spend in 2002	0.9%	0.7%	1.5%	1%
Number of Studies funded by Technical Assistance Budget	7	18	1	26
Extended technical assistance delivered by external organisations	2	2	1	5

**Tables UK 4.1:** Overall financial structures of Objective 5B programmes in the UK in 1995 (in meuro)

Regions	European Budget Allocation		Public/Domestic Budget Allocation		Private Sector Budget Allocation		Total Programme
	meuro	% of total Programme	meuro	% of total Programme	meuro	% of total Programme	meuro
England	€494.6	42%	€504.0	45%	€121.1	11%	€1,120.0
Scotland	€141.0	39%	€178.8	49%	€37.4	10%	€357.2
Wales	€184.0	38%	€259.0	54%	€40.4	8%	€483.4
<b>UK Total</b>	<b>€819.6</b>	<b>41%</b>	<b>€941.8</b>	<b>48%</b>	<b>€199.2</b>	<b>10%</b>	<b>€1,960.6</b>

**Table UK 4.2:** Overall actual expenditure structure of funding sources of Objective 5B programmes in the UK in 2002 (in meuro)

Regions	European Expenditure		Public/Domestic Spend		Private Sector Spend		Total Programme
	£m	% of total Programme	meuro	% of total Programme	meuro	% of total Programme	meuro
England	€425.1m	33%	€565.6m	44%	€295.3m	23%	€1,285.9m
Scotland	€127.6m	39%	€182.6m	56%	€18.3m	6%	€328.5m
Wales	€157.3m	34%	€203.5m	44%	€106.9m	23%	€467.7m
<b>UK Total</b>	<b>€710m</b>	<b>34%</b>	<b>€951.7m</b>	<b>46%</b>	<b>€420.5m</b>	<b>20%</b>	<b>€2,082.2m</b>

**TABLE UK 4.3:** BUDGET CHANGES IN EU FUNDING ALLOCATION BETWEEN 1995 AND 1999 IN OBJECTIVE 5B REGIONS IN ENGLAND, SCOTLAND, AND WALES (IN MEURO)

Objective 5b Regions	EU Funds 1995	EU funds 1999	Percentage Change	Variation In Meuro
England	€494.6	€510.6	3.2%	+€16.0
Scotland	€141.0	€146.8	4.1%	+€5.8
Wales	€184.0	€191.6	4.1%	+€7.6
<b>UK Total</b>	<b>€819.6</b>	<b>€849.0</b>	<b>3.5%</b>	<b>+€29.4</b>

**TABLE UK 4.4: OVERALL EXPENDITURE BUDGETS AND SPEND IN ENGLAND, SCOTLAND AND WALES (IN EURO)**

Objective 5b Regions	Final Budget in 1999	Spend in 2002	% of Spend in proportion to Final Budget
England	€1,255,887,133	€1,285,927,579	102%
Scotland	€372,307,905	€328,497,964	88%
Wales	€543,051,794	€467,733,840	86%
<b>UK Total</b>	<b>€2,171,246,832</b>	<b>€2,082,159,383</b>	<b>96%</b>

**Table UK 4.5: EU structural fund final allocation budgets and spend in England, Scotland, and Wales (in euro)**

Objective 5b Regions	Final Budget in 1999	Spend in 2002	% of Spend in proportion to Final Budget
England	€510,564,179	€425,078,770	83%
Scotland	€146,791,543	€127,614,972	87%
Wales	€191,566,837	€157,312,439	82%
<b>UK Total</b>	<b>€848,922,559</b>	<b>€710,006,181</b>	<b>84%</b>

**Table UK 4.6: Financial programme dynamics – ERDF (in euro)**

Name Of Programme	Final Budget (1999)	Actual Declared Expenditure (Spend in 2002)	Spend Against Final Budget In %	Number Of Projects Supported
England	€334,022,968	€273,626,919	82%	1,439
Scotland	€101,046,253	€87,923,980	87%	526
Wales	€120,107,414	€104,084,559	87%	N/a
<b>UK Total</b>	<b>€555,176,635</b>	<b>€465,635,457</b>	<b>84%</b>	

**Table UK 4.7: Financial programme dynamics – ESF (in euro)**

Name Of Programme	Final Budget (1999)	Actual Declared Expenditure (Spend in 2002)	Spend Against Final Budget In %	Number Of Projects Supported
England	€76,545,815	€58,531,999	76%	1,177
Scotland	€24,186,395	€21,832,355	90%	550
Wales	€34,574,472	€22,944,405	66%	N/a
<b>UK Total</b>	<b>€135,306,682</b>	<b>€103,308,759</b>	<b>76%</b>	

**Table UK 4.8:** Financial programme dynamics – EAGGF (in euro)

Name Of Programme	Final Budget (1999)	Actual Declared Expenditure (Spend in 2002)	Spend Against Final Budget In %	Number Of Projects Supported
England	€99,995,396	€92,919,852	93%	324
Scotland	€21,558,895	€17,858,638	83%	249
Wales	€36,884,951	€30,283,475	82%	N/a
<b>UK Total</b>	<b>€158,439,242</b>	<b>€141,061,965</b>	<b>89%</b>	

**Table UK 4.9:** Public sector final allocation budgets and spend in England, Scotland, and Wales (in £)

Objective 5b Regions	Budget in 1999	Spend in 2002	% of Spend against anticipated Budget
England	€569,797,096	€565,570,534	99%
Scotland	€184,811,225	€182,574,443	99%
Wales	€263,552,604	€203,541,626	77%
<b>UK Total</b>	<b>€1,018,160,925</b>	<b>€951,686,603</b>	<b>93%</b>

**Table UK 4.10:** Private sector final allocation budgets and spend in England, Scotland, and Wales (in £)

Objective 5b Regions	Budget in 1999	Spend in 2002	% of Spend against anticipated Budget
England	€175,525,858	€295,278,276	168%
Scotland	€40,705,137	€18,308,548	45%
Wales	€87,932,353	€106,879,774	122%
<b>UK Total</b>	<b>€304,163,348</b>	<b>€420,466,598</b>	<b>138%</b>

**Table UK 4.11:** Private sector spend against EU-spend in Key Objective 5B Themes in England, Scotland, and Wales (in euro)

	Private Sector	EU-spend	1€ of EU spend = x private sector contribution
Business	€133,340,390	€246,403,384	€0.54
Tourism	€101,479,037	€150,205,342	€0.68
Skills	€35,914,025	€102,991,932	€0.35
Environment	€36,773,524	€69,699,510	€0.53
Community	€13,529,918	€64,408,842	€0.21
Agriculture	€99,218,342	€69,157,590	€1.43
<b>Total (excl. Technical Assistance)</b>	<b>€420,255,236</b>	<b>€702,866,600</b>	<b>€0.60</b>

**Table UK 4.5: Unit costs in training and skill development in the UK**

	No Beneficiaries	EU-Spend	EU-spend/ beneficiary
England	39,031	€63,300,945	€1,622
Scotland	81,357	€20,967,494	€258
Wales	54,230	€18,723,493	€345
<b>UK Total</b>	<b>174,618</b>	<b>€102,991,932</b>	<b>€590</b>

**Table UK 6.1: Case study profile**

Case Study No.	Region	Title	Fund	Key Themes	Total eligible expenditure
1	The Marches	Empowering Enterprise in Local Communities	ERDF	Community Development	€300,000
2	Midlands Uplands	Honeycomb Employment Resource Centre	ERDF	Training	€106,500
3	East Anglia	Business Grant and Support Package	ERDF	Business Development	€550,001
4	Stirling/Tayside	Business and Environment	ERDF	Environment	€225,000
5	Midlands Uplands	Bakewell Project	ERDF	Agriculture	€6,578,573
6	Borders	Regeneration/Diversification Programme	ERDF	Business Development	€873,000
7	NW Grampian	Aberdeenshire Access Strategy	EAGGF	Environment	€817,500
8	South West	Westcountry Rivers Project	EAGGF	Environment	€1,596,411
9	NW Grampian	Upper Deeside Access Trust	EAGGF	Environment	€732,525
10	Borders	Borders Training and Employment Project	ESF	Training	€1,475,760

Applied Exchange Rate: 1£ = €1.5

**Table UK 6.2: Job-related impacts**

No.	Title	Fund	O5b award	Jobs created	Jobs safeguarded	EU Cost per job created	EU Cost per job safeguarded
1	Empowering Enterprise in Local Communities	ERDF	€284,772	163.2	120	€1,745	€2,373
2	Honeycomb Employment Resource Centre	ERDF	€43,103	7	0	€6,158	-
3	Business Grant and Support Package	ERDF	€296,313	404	165	€733	€1,796
4	Business and Environment	ERDF	€22,524		22.3		€1,010
5	Bakewell Project	ERDF	€2,422,889	297	440	€8,158	€5,507
6	Regeneration/ Diversification Programme	ERDF	€234,987	303	0	€776	-
7	Aberdeenshire Access Strategy	EAGGF	€380,318	0	0	-	-
8	Westcountry Rivers Project	EAGGF	€605,277	14.3	0	€42,327	-
9	Upper Deeside Access Trust	EAGGF	€393,171	1.5	10	€262,114	€39,317
10	Borders Training and Employment Project	ESF	€778,751	389	0	€2,002	-

**Table UK 7.1: Value for money/unit costs per programme (core indicator)**

Unit Costs per Job created by EU spend in each Objective 5b Theme (applied exchange rate 1£= 1.5)	ENGLAND	SCOTLAND	WALES	UK TOTAL
Business Support	€5,946	€9,624	€11,067	€7,284
Tourism	€6,015	€4,076	€41,136	€6,977
Agriculture	€12,891	€188,562	€37,796	€17,807
Skills development/Training	€13,812	€116,177	€7,733	€13,646
Environment	€25,464	€125,025	€137,288	€33,416
Rural Communities	€13,059	€34,961	€41,024	€16,638
<b>Total Programme</b>	<b>€8,304</b>	<b>€10,673</b>	<b>€15,945</b>	<b>€9,629</b>

**Table UK 7.2: Leader II (1994-1999) unit costs per job created**

Leader II region	European Structural Funds paid	Number of jobs created	Unit Costs per Job
Wales	12,099,074	5,656	2,139
England (Midlands Uplands, Northern Uplands, South West only)	20,770,520	546	38,041
Total	32,869,593	6,202	5,300

Data source: Ex-Post Evaluation of the LEADERII Community Initiative 1994-99 in England and Wales, Sep. 2003; calculation of totals and unit costs by EKOS Limited.

**Table UK 7.4: Net jobs against total programme expenditure in England, Scotland, and Wales**

	Net Jobs created	Total Programme Expenditure		EU-Expenditure	
		Total Actual Expenditure (in €)	per net job created	EU expenditure (in €)	€ of EU expenditure per net job created
England	€45,317	€1,285,927,579	€28,376	€425,078,770	€9,380
Scotland	€10,311	€328,497,964	€31,859	€127,614,972	€12,377
Wales	€8,643	€467,733,840	€54,117	€157,312,439	€18,201
<b>UK</b>	<b>€64,271</b>	<b>€2,082,159,383</b>	<b>€32,397</b>	<b>€710,006,181</b>	<b>€11,047</b>

## Appendix G

**Key: From Original Priority/Measure Structure to  
Key Programme Themes**



	SW	EA	LN	MU	NU	TM	BD	RS	DG	NWG	RW
<b>1 Business</b>											
<b>Business Support</b>											
<i>Initiatives to promote awareness and takeup</i>		1.7									
<i>Business development</i>	1.2	1.3			1.1		1.1	1.1		1.1	
<i>Business support services</i>				1.4							1.4
<i>Support for business</i>		1.1	3.5			1.2			1.1	2.3	
<i>Support for selfemployment/SMEs</i>		1.5									1.5
<i>New ventures and SME development</i>									2.3		
<b>Infrastructure, Investment, R&amp;D</b>											
<i>Sites and premises</i>		1.4	3.2			1.1			1.2		1.2
<i>Facilities and infrastructure</i>	1.1	1.4		1.3	1.2	1.1	1.2				
<i>Improvement of transport network</i>									3.1		
<i>Business support infrastructure</i>											1.3
<i>Investment incentives</i>			3.3								
<i>Encourage inward investment</i>		1.6									
<i>Communications</i>			3.4								
<i>Innovation/R&amp;D/tech trans</i>		5	3.6							1.2	
<i>Develop telecoms services</i>									3.3		
<i>Trade and port development</i>									3.2		
<b>2 Tourism</b>											
<b>Business Support in Tourism</b>											
<i>Development /marketing</i>		4.7	2.1		2.2	3.1					2.2
<i>Farm tourism</i>	2.3	2.4	2.2		2.3						2.4
<i>Business support for tourism</i>	2.2	4.5					1.3	2.2	1.3	1.3	
<i>Accommodation</i>		4.8									
<b>Enhancement/Development of Attractions</b>											
<i>Development of natural env. Attractions</i>				1.2							
<i>Enhancement of attractions</i>		4.2						2.1			2.1
<i>Heritage, recreational, cultural activities</i>		4.1									
<b>Infrastructure and Facilities for Tourism</b>											
<i>Facilities and infrastructure development</i>	2.1				2.1						
<i>Rail and inland waterway development</i>		4.4									
<b>3 Agriculture</b>											
<b>Business Support in Agriculture</b>											
<i>Forest roads and related business development</i>									1.5		
<i>Marketing product development</i>		2.3	1.2								
<i>Agricultural business support</i>			1.1			4.1					1.1
<i>Agricultural business development</i>											
<b>Diversification and Development in Agriculture</b>											
<i>Diversification and development</i>	3.1	2.1+2.10		1.1	1.3	4.2	<del>2.1</del>	1.2	1.4	1.4	
<i>Crop and product diversification</i>		2.5									
<i>Woodland projects/diversification</i>		2.7									
<i>Fisheries diversification</i>		2.9									
<b>Infrastructure in Agriculture</b>											
<i>Productive use of physical assets</i>		2.2	3.1								
<b>4 Skills</b>											
<b>Improved training and facilities</b>											
<i>Improving facilities/initiatives</i>		3.3	4.2						2.2	2.2	
<i>Developing skills</i>		3.1	4.1				3.1		2.1	2.1	
<i>Vocational guidance</i>		3.2				2.2					
<i>Training with the local community</i>	4.3			2.2	3.3						3.3
<b>Business Training</b>	1.3, 1.4	1.2	3.7	1.5	1.4/1.5	1.3	3.2	1.3			1.6
<b>Environment Training</b>	5.4					4.3		3.3			
<b>Tourism Training</b>	2.4	4.6	2.3		2.4	3.2		2.3			2.3
<b>Agriculture Training</b>	3.2	2.6	1.3+1.5			4.3					
<b>5 Environment</b>											
<b>Conservation and enhancement of environment</b>	5.1	2.8	1.4		4.2			3.1	2.4	3.1	3.1
<b>Initiatives</b>	5.3	4.3			4.1	2.3					
<i>Energy</i>	5.2										
<i>Coastal development</i>							<del>2.2</del>				
<i>River Tweed and environs</i>							<del>2.3</del>				
<b>6 Community</b>											
<i>Regeneration and enhancement of local communities</i>	4.1		4.3		3.2	2.1					
<i>Isles of Scilly development</i>	4.2										
<i>Improving facilities for local communities</i>				2.1							
<i>Development of services and infrastructure</i>		3.4			3.1			3.2	2.5	3.2	3.2

EAGGF

ERDF

ESF



ERDF+EAGGF

ESF (1.5) + EAGGF (1.3)





