



**Final Report**  
**Interim Evaluation of the Redundant Buildings Grant  
and Farm Diversification Programmes**

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## 1 Introduction and background

1.1.1 The South East England Development Agency (SEEDA) is the Regional Development Agency (RDA) with responsibility for England's largest region. The South East covers the counties of Berkshire, Buckinghamshire, Hampshire, the Isle of Wight, Kent, Oxfordshire, Surrey and East and West Sussex and is home to around 15% of England's population – some 8 million people. In order to deliver its statutory remit SEEDA aims to create a prosperous, dynamic and inspirational region by helping businesses compete more effectively whilst safeguarding the natural resources and cultural heritage of the region.

### Redundant Buildings Grant

1.1.2 The establishment of the Regional Development Agencies in 1999 brought together 11 different funding streams broadly focused on promoting regional economic development. One of the funding streams was the Redundant Building Grants (RBG) that had been managed by the Rural Development Commission (RDC). The Redundant Buildings Grant (RBG) programme provides grants of between £2.5k and £60k (capped at EU state aid de-minimise level<sup>1</sup>) to a maximum of 25% of the project costs and currently has an annual budget of £800k.

### Farm Diversification Grant

1.1.3 Initially introduced in 2000 as a one year pilot the Farm Diversification Grant (FDG) has proved very popular and is now a core part of SEEDAs rural support arsenal. The FDG programme has a budget of £500k and is often over subscribed. It was launched with considerable publicity but not given a dedicated team or resource to manage it within SEEDA, at one point applications totalled over £4m. Whilst demand has decreased recently it is expected to increase with demise of the identical DEFRA scheme.

1.1.4 Over the last seven years the programme has been managed by SEEDA in tandem with a similar programme run by DEFRA which closed to new applications on the 6<sup>th</sup> June although some projects may still be running, such legacy activities were transferred to the RDA in December 2006. The programme managers have since moved to other posts within SEEDA.

## 1.2 What do we mean by Farm Diversification?

1.2.1 Farming is essentially a biological activity, and thus is affected by uncontrollable fluctuations in natural conditions, especially weather. Consequently, both prices and quantities of farm products sold, their associated input expenditures, and thus profits, are all subject to unpredictable variations over time. A partial solution to the problem is to combine farm enterprises so that less profitable periods for some are offset by more profitable ones for others. A classic example is growing cereals for sale or home feed and keeping beef cattle.

1.2.2 Nowadays, however, the concept of farm diversification extends far beyond making changes in the mix of traditional farm enterprises. Familiar examples are the creation of caravan parks, changing the use of farm buildings into self-catering holiday accommodation, adapting farmhouses for bed and breakfast, and even the creation of golf courses or recreational theme parks for tourists.

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<sup>1</sup> Since January 2007 the deminimis level has increased to €200, 000, approximately £120,000.

### 1.3 Redundant Buildings Grant

1.3.1 The general principles of the RBG have not changed substantially since the programme was originally introduced by the RDC in 1982. Initially grants were restricted to 27 Rural Development Areas with the aim of promoting commercial activity into the areas by bring redundant buildings back into use. Definitions and eligibility and permitted uses were much the same as the current SEEDA programme with the exception of tourism and leisure. Support for tourism and leisure amenities was only introduced in 1987. Although overnight accommodation was, at that time, included amongst eligible activities it was soon withdrawn due to volumes of applications and concerns over the verification of job creation. Intervention rates have always been capped at 25% (under RDC administration the average intervention was 22%) and consequently the programme is associated with high leverage and good value for money

1.3.2 SEEDA's Rural Redundant Building Fund is small grant programme targeted bringing unused or unusable buildings into productive use. The fund is geographically targeted at the rural regeneration areas where there is a need to provide additional business and employment opportunities. There are no restrictions on the types of buildings that are eligible as long as they are used as a business premises after conversion and almost any type of business use is acceptable that supports new business or job creation, including tourism accommodation. Eligibility restrictions that apply include:

- Grant applicants should have an eligible interest in the property, either as owner-occupiers, landlords, or tenants with a minimum 5 year unexpired lease.
- Although grants of up to 25% of eligible costs<sup>2</sup> are allowed, the total level of public sector support cannot exceed 50%.
- All grants are subject to a clawback provision – on a decreasing scale – if the building is sold within 5 years. To enforce this provision all projects are subject to annual monitoring visits for a five year period.

1.3.3 Grants are discretionary and are subject to RDA Single Programme Appraisal Guidance procedures including financial checks for all projects. Applications can be made to SEEDA at any time with no specific call for bids although projects must have all regulatory consents before an application is made.

1.3.4 Project support and administration is done within SEEDA and appraisal functions are contracted out.

### 1.4 Farm Diversification Grants

1.4.1 The FDG Scheme is similar to the RBG in its structure: it is a discretionary grant regime for the conversion of unused buildings or those which are unusable for their desired occupation. Grants range from £2½k to £60k and cannot exceed 25% of the eligible costs.

1.4.2 There is, however, an important difference between the two schemes. The key objective of the RBG is to generate buildings which can be used for an economically productive purpose bringing job and business opportunities into the deprived rural areas with the benefits of diversifying local rural economies. The FDG programme focuses on supporting farmers to remain farmers. By supporting the conversion of redundant agricultural buildings in order that they can be used for other economic purposes an additional income source is secured for the farm. A secondary benefit of the scheme is to bring employment opportunities to the local rural economies.

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<sup>2</sup> Eligible costs exclude purchase costs, new build and internal fit out and cannot be retrospective.

- 1.4.3 Consequently, eligibility is restricted to farmers who have a registered holding number and an additional clawback provision is included such that grant recipients must continue farming for 5 years after the financial completion of the grant. Although direct farm related activities are not eligible for the FDG programmes, uses that extend the farmers' value chain are allowed. Such activities include processing and preparation of foods and farm based retailing and wholesaling.

## 1.5 The Need for Evaluation

- 1.5.1 SEEDA has recently launched an updated Regional Economic Strategy and is developing an implementation framework. As part of this implementation framework SEEDA is reviewing the most appropriate level at which programmes may be managed and delivered (i.e. regional, sub-regional or local). Together with the advent of the DEFRA scheme this provides an appropriate time for reflection on the current programmes and to introduce any changes that may be necessary. The focus of this evaluation has been on providing robust, viable options for the future that reflect the updated RES (particularly objectives around sustainability) and fit the Regional Planning Guidance (Regional Spatial Strategy) whilst recognising the strengths and successes of the current programmes.
- 1.5.2 Tribal Consulting were appointed to undertake an evaluation based on a review of the monitoring information collected by SEEDA, a series of discussions with key stakeholders and a review of a number of sample projects from across the programme.

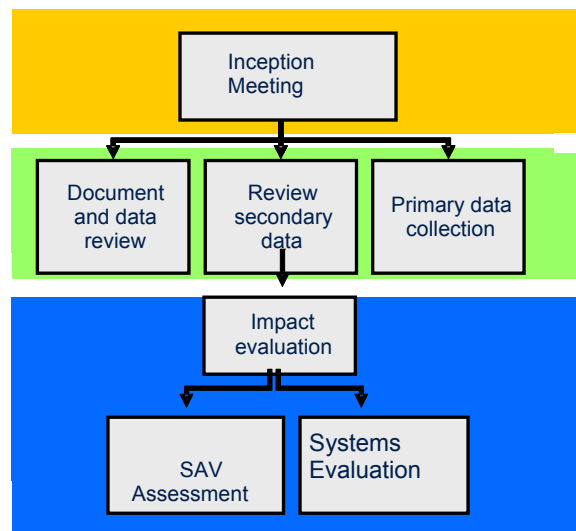
## 2 Approach and Methodology

### 2.1 Our Approach

2.1.1 Our approach to this evaluation used a combination of primary and secondary research methods in order to test whether the interventions were consistent with organizational objectives and whether the outputs were in line with agreed targets. We also assessed whether outcomes are being achieved in the most efficient and effective way, with sustainable impacts and a reasonable likelihood of a continued flow of benefits in the long term. Three key strands of activity were undertaken: a brief review of key documentation (the Regional Economic Strategy, Regional Spatial Strategy and RBG/FDG publicity material); an analysis of the monitoring data collected by SEEDA and the collection and interpretation of primary evidence from key stakeholders and projects.

2.1.2 Our overall approach is summarised in Figure 2.1

**Figure 2.1**



### 2.2 Analysis of Monitoring Data

2.2.1 After meeting with the project team at SEEDA we undertook an analysis of the monitoring data they had compiled. Overall this data provided a rich source of information: giving the key financial inputs and tasking framework outputs for each approved project. However, two key elements to the monitoring data were not available.

#### Resource Commitment

There is not a detailed breakdown of the full resource commitment made by SEEDA in terms of staff time across all the functions involved in the programme. Whilst we are sure some of this information could be identified, and would give a better representation of the total resource cost of the programme, it is not as easily attributed to different projects. This means our conclusions on project efficiency are based solely on the grant allocations and not total resource inputs. Availability of this information would have helped us to understand the efficiency of the programme a little better.

## Unsuccessful Applicants

2.2.2 Monitoring data was not available on unsuccessful applicants. Whilst there was a rich source of information for projects that received grant support there was no information on those that enquired and did not proceed to full application or those that applied and were rejected – and this extend to the basic question of how many applications had been made. There are two important questions that such data would have helped answer:

- The first is a simple resource allocation issue – how much effort is expended in supporting and appraising applications that are unsuccessful.
- The second question relates to understanding why projects are rejected – is some common misunderstanding or a resource ceiling or is a more fundamental failure of applicants to understand and respond to business needs.

2.2.3 Whilst the first set of issues would help improve the design and promotion of the programmes, the second set would give more valuable information on identifying the type of support that applicants may really need.

## The Single Programme

2.2.4 Since the FDG programme was developed from an initial pilot designed by SEEDA the monitoring information was analysed as a single set. For the RBG programme the data was interrogated as single unit but also in two blocks:

- those projects that were over 5 years old and were closed to ongoing monitoring, referred to in this report as ‘closed projects’;
- those that were approved less than five years ago, referred to as ‘open projects’.

2.2.5 The timing of this transition coincides with the introduction of the RDA Single Programme. Prior to 2002 the RBG programme was administered in the form in which it was transferred from the RDC. The introduction of the single pot allowed the RDA to integrate the application and appraisal process and introduce a greater strategic alignment.

## Application Charges

2.2.6 We also note that there is a nominal application charge (£25 for grants under £15,000 and £50 for those above £15,000). There appears to be no transparency in terms of what happens to the nominal amount of income raised from the application charge. The level of the charge is such that is too small to create a disincentive to the more speculative applicants nor is it used as a contribution towards additional resource to administer the grant scheme

## 2.3 Primary Research

2.3.1 In carrying out our research we employed both quantitative and qualitative research methods.

### Questionnaires

2.3.2 Our review of projects was focused mainly on quantitative impacts that would allow us to estimate the net impact of the programmes. To do this we used semi-structured questionnaires which asked a set of standard questions but allowed flexibility to fit the respondent’s circumstances. An assessment of the overall impact was made by summing the individual elements of each respondent. In order to complete the evaluation framework and to describe the efficiency and effectiveness of the intervention the

questionnaires also included elements aimed at assessing more subjective and less readily measured effects such as views on the administration and the strategic context of the project.

### Interviews

2.3.3 The second element of our primary research was limited number of face to face discussions with key stakeholders in the programme. This element of the research again employed a semi-structured questionnaire but this time focused on qualitative interpretation of the strategic rationale of the interventions. We gave particular attention to the extent to which they addressed a clear need in the local economies whilst contributing to the strategic objectives of the region.

### Key Finding

1. Whilst SEEDAs monitoring data and approach to output verification is generally good, it could be improved by collecting some basic information on unsuccessful applications.

### 3 The Policy Context

#### 3.1 Organisational Context

3.1.1 Historically, business activities in rural areas have been dominated by land based industries such as farming, horticulture, rural crafts and tourism. However, the employment patterns in rural areas are now much closer to national norms. Improved transport linkages and the proliferation of ICT have allowed a greater range of industries to locate in the rural areas. Whilst some of this has been associated with lifestyle aspirations a good deal has reflected the solid business advantages of rural location. Two key barriers to growth of rural businesses tend to be cited: the availability of skilled workers and premises.

3.1.2 Until the introduction of RDAs in 1999 support to economic development was the responsibility of the Rural Development Commission. Initially established in 1909 the RDC had a broad remit to advise on and support the economies of the rural areas. In 1999 the functions of the RDC were transferred to the newly formed RDAs.

3.1.3 The organisational context for rural policy continued to change after the creation of the RDAs. In 2001 the Ministry of Agriculture Fisheries and Food was merged with the environment functions of the then Department of Environment, Transport and the Regions to form the new Department for Environment, Food and Rural Affairs (DEFRA).

3.1.4 The establishment of DEFRA was a major feature of the implementation of the 2000 Rural White Paper<sup>3</sup> and represented a drive towards more integrated support for rural development. Five core themes central to rural policy emerged out of the White Paper:

- Continued focus on modernising service delivery and developing facilities and services in recognition of the continuing difficulty of providing and accessing key services in rural areas;
- Emphasis on the role of economies and employment, particularly the need to assist agricultural business to become more competitive;
- The need to preserve rural landscapes, wildlife and biodiversity;
- Acknowledgement of the role of communities in shaping their own future and responding to the needs of rural areas and their economies;
- Recognition that the countryside should remain open and accessible for appropriate, sustainable recreation and tourism.

3.1.5 Reflecting the increasing emphasis given to environmental sustainability, DEFRA was given the responsibility for coordinating the UK's sustainable development strategy. This brought about a greater degree of balance in the Department's economic development, environmental and social inclusion activities.

#### 3.2 The Influence of Foot & Mouth

3.2.1 The outbreak of Foot and Mouth Disease (FMD) in 2001 was a national crisis which required an immediate response but also prompted a deeper, longer term, review of rural

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<sup>3</sup> DETR and MAFF (2000) 'Our Countryside: the Future' - Rural White Paper, London.

development. Although the impacts of the outbreak were felt most acutely in the rural areas it did highlight the interdependence between urban and rural areas.

3.2.2 The central plank of the government's response to the FMD outbreak was to ask the RDAs to lead on the development and implementation of support plans in the affected regions. At the same time it established a Policy Commission on Farming and Food<sup>4</sup> (the Haskins review) to provide a more strategic review on the future requirements for policy support in rural areas. Recognising that the FMD crisis had highlighted a range of challenges and contextual failings in the rural areas the review identified priorities for the development of a competitive, diverse and sustainable food and farming sector. The report concluded that to support should be concentrated in three areas:

- Increasing efficiency in the agricultural sector;
- Adding value on local food chains; and
- Diversifying into non-food crops and tourism.

### 3.3 Rural Strategy 2004

3.3.1 The changing organisational context and the fallout from FMD were brought together in the Government's 2004 Rural Strategy. The Strategy was in part a response to Lord Haskins view that rural policy and rural delivery should be separate, and to achieve this requires a fundamental restructuring of the current national, regional and sub-regional delivery framework. The Strategy sets out key tasks for rural policy, these are:

- Devolution of mandate for delivery from DEFRA to the regions via Government offices;
- A 'sub-contracting' of DEFRA's PSA responsibilities to deliver social and economic regeneration in rural areas to RDAs and inclusion of relevant Countryside Agency and ERDP funds within the Single Pot;
- The removal of the Countryside Agency's delivery function; and
- Enhanced responsibility for rural service delivery placed on Government Offices and a strong steer towards the creation of regional and sub-regional delivery partnerships.

3.3.2 The Rural Strategy 2004 has a focus on delivering

*'services in a more streamlined, customer-focused way by a smaller number of organisations with clearer, and therefore more accountable, roles working in partnership within an overarching sustainable development framework.'*

3.3.3 The Rural Strategy is focussed on better partnerships at a local level and makes specific reference to a drive to bring through partnerships, including as Market Town Partnerships, together at a local level as a way of provide the best mechanisms to devolve delivery closer to rural communities. The Strategy makes explicit reference to a policy push about all stakeholders playing a role in providing public services in rural areas. It fully supports local volunteers, social capital and the voluntary and community sector to provide services in rural areas.

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<sup>4</sup> Policy Commission on the Future of Farming and Food (2002) *Farming and Food: a Sustainable Future*, Cabinet Office

### 3.4 Diversification Support Schemes

3.4.1 The scope of this evaluation may be limited to the Rural Buildings and Farm Diversification Grants administered by SEEDA. Nonetheless it is useful to assess the context in which 'diversification' operates nationally.

3.4.2 One of the most significant reviews of diversification was the DEFRA-commissioned research into the effects of public funding on farmers' attitudes to farm diversification<sup>5</sup>. Some of the more significant findings from the research carried out across England included the following:

- Grant aid is found to be important in facilitating the launch of a diversified enterprise for applicants who have already made the decision to diversify, particularly through the reduction in business risk. (In the literature review), for example, it was pointed out that MAFF's own policy evaluations of the Farm Diversification Grant Scheme suggested that 'the majority of farmers would have diversified without its aid')
- Overall, there is no conclusive evidence that public funding supports more innovative forms of diversification, and it is possible that the 'best value' constraints of public funding, and the need for financial probity, could militate against innovation. However, farm diversification itself remains a relatively innovative response to the challenge of restructuring in the agricultural sector
- There was no significant difference in failure rates between publicly funded and other enterprises, but grant aid can mean 'the difference between doing something and doing it really well'.
- There was no consensus on the issue of targeting, except that many felt targeting already happened, either directly or indirectly.

### 3.5 Regional Context

#### Priorities for the Rural South East

3.5.1 The RES identifies a number of priorities and specific results for rural SE:

- *Invest in the economic viability of villages and market towns across the rural SE – this will strengthen the position of market towns as hubs for rural enterprise and training;*
- *Exploit the potential of the knowledge economy for new business creation and development; and stimulate the take-up and effective use of Broadband – helping to increase the formation of new businesses in rural area and improving access to high quality infrastructure;*
- *Assist the food and farming sectors to adapt to new regulations, enabling them to develop new skills and to capitalise on opportunities for new products and processes resulting from CAP reform and new technology, while enhancing the natural resources on which they rely – thus improving the viability of the food and farming sector.*

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<sup>5</sup> Turner et al, University of Exeter (2006) 'The Effects of Public Funding on Farmers' Attitudes to Farm Diversification' DeFRA

## Key Actions for Rural Areas

3.5.2 The RES sets out a number of key actions for the rural areas in the SE consistent with the key themes in the strategy. These are:

### *Enterprise*

- Stimulate enterprise and nurture new and existing businesses;
- Support locally focussed community-based businesses and businesses that make use of the natural environment and heritage assets or that use environmental technologies;
- Recognise the importance of micro-businesses and home-based businesses and the major contribution made from the voluntary sector and the potential for social enterprise;
- Exploit the potential for real premium products through added value; develop and adopt good quality standards; become closer to markets and make best use of opportunities in London and other urban and rural markets;
- Ensure businesses have access to a good advisory infrastructure that will maintain the breadth and competitiveness of business activities in rural area e.g. use of IT.

### *Innovation and Creativity*

- Develop new models for collaboration of service delivery in rural communities;
- Build on existing and develop models of good practice and create new opportunities in the land-based sector;
- Explore and support the potential for new crops for industry;

### *Skills*

- Ensure that an understanding of how the countryside works, rural skills and potential careers in land-based industries feature in school curriculum development;
- Ensure that food and farming sectors develop skills to cope with new regulations and the development of new product and processes, so land-based businesses remain viable and profitable;
- Ensure that the traditional and craft skills which underpin the management of heritage assets and landscape are maintained;
- Maintain the skills that are needed to provide services in rural communities.

### *Employment*

- Promote the power of culture to engage hard to reach learners is development;
- Champion engagement in cultural and sporting activities that support the acquisition of transferable skills in a range of business sectors;
- Promote the role of taking part in sports and cultural activity and its impact on physical and mental health and improved productivity in the workplace;

- Enhance the employment and productivity dividend from cultural volunteering.

#### *Sustainable Prosperity*

- Support the recognition of culture and diversity as a key driver for sustainable prosperity through economic inclusion;
- Contribute to the include of culture as a key indicator in the Quality of Life measure;
- Work in partnership to deliver an inspirational Olympic Games;
- Develop a planning framework for cultural provision in new and expanding communities.

3.5.3 A summary of the rural programmes included in SEEDA's Corporate Plan appears in Appendix C.

### **3.6 Local Policy Context**

3.6.1 It is not just at the national level that the organisational context has changed. The introduction of Local Strategic Partnerships (LSPs) has given greater weight to community and business engagement in determining local priorities. This has been strengthened by the introduction of Local Area Agreements (LAAs).

3.6.2 At the moment just over £500m of funding streams go through LAAs nationally. The proposals in the White Paper will take this up to £4.7 billion. This almost ten-fold increase will test the degree of joined-up working within local authorities the robustness of governance structures, and in some areas compensate the immaturity of LSP infrastructure.

3.6.3 The DCLG issued its Local Government White Paper<sup>6</sup> in 2006 which aims to build a new settlement between central government, local government and citizens.

3.6.4 The paper aims to bring more freedoms and powers for local government and local people to shape their own communities. It radically reduces national targets whilst strengthening local accountability, putting in place new measures to ensure local services are more focused and responsive to local needs.

3.6.5 The White Paper proposes to place a new duty on local authorities and named partners (predominantly statutory bodies in a local area) to co-operate with each other in order to agree LAA targets which further underlines this style of partnership working and the need for appropriate for a to facilitate it.

3.6.6 Key to the principles and recommendations of the White Paper is the role of local government as a strategic leader and place shaper. There will now be a duty upon upper tier and unitary councils to prepare LAA's in the development of a new statutory framework. This may well reinforce there role in economic development (the fourth block of the current LAA structure). However, the white paper does suggest that there will be a new model of LAA's introduced to develop and strengthen partnership working and will encompass more area based funding around four key themes. The government will also work with councils to further develop Multi Area Agreements to support effective collaboration at the city region level, and which need not only apply to large cities

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<sup>6</sup> DCLG (2006) *Strong and Prosperous Communities- The Local Government White Paper*

## Key Findings

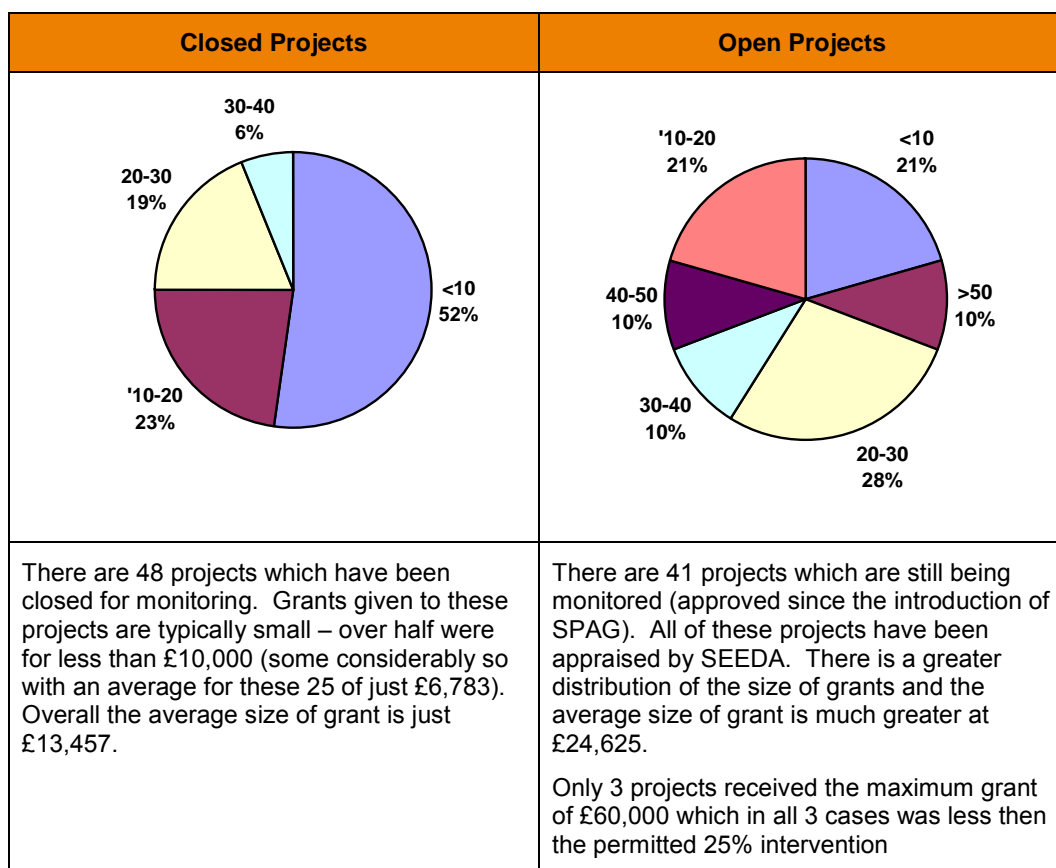
2. The strategic and organisational context for rural policy has undergone significant fluctuation since 2000. It is only now beginning to settle into a consistent set of priorities and delivery mechanism. Whilst developing their implementation plan SEEDA needs to be mindful any new schemes put in place by DeFRA as a successor to their RBG programme and the DTI's push for the de-proliferation of business support.
3. When the FDG programme was introduced in 2000 it predated much of the current national thinking on the needs of rural areas and the importance of farm diversification providing a specific response to the needs of farmers in the South East. The continuation of the programme needs to be set firmly within the current national policy context.
4. Having predated current rural policy there is a danger that SEEDAs approach to rural development has focused on regional issues and has not made robust links with DeFRA and the national agenda.
5. Although the introduction of FDG and RBG sit neatly within the current policy context there appears to be little quantitative evidence of any market failure or social need that the programmes are responding to. Consequently it is not possible to comment on the appropriate scale and extent of the interventions.
6. Although the national policy context for rural development has settled down the Local Government White Paper introduced some uncertainties over the likely future roles and functions of Local Authorities. It is unlikely that any significant clarity over the regional / local debate will be given by central government until the next Comprehensive Spending Review (2007).

## 4 Delivery Impact

### 4.1 Redundant Buildings Grant

4.1.1 Since taking over responsibility for the RBG programme SEEDA has managed some 89 projects, including some for which investment decisions are still pending. This includes monitoring projects that were initially approved by the RDC, appraising and approving project under the Single Pot structure. The average grant size is £18,000 with an average intervention rate of 23.4%. Although there is very little difference in the intervention rates between the two grant periods there is considerable increase in the size of grants awarded since 2002.

**Fig 4.1: Delivery of Grants by Size**



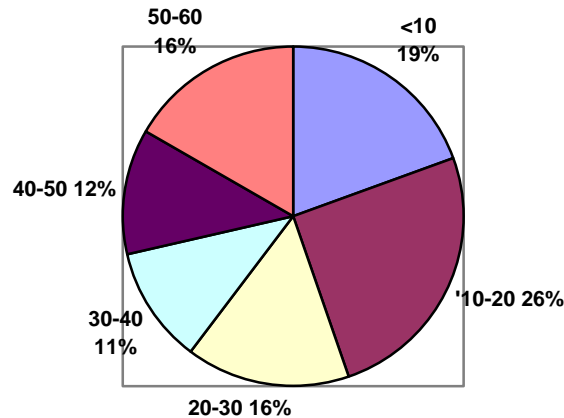
4.1.2 Overall the RBG programme offers excellent value for money when considering gross outputs. Across the programme some 75,000 square metres of floor space has been brought back into economically productive use. This has supported the creation of 448 fulltime time jobs and the safeguarding of a further 181. This implies an average cost per (gross) job of just £1,250. This is some ten times lower than the benchmark figure used by English Partnerships.

4.1.3 The RBG programme has been used to convert building to a wide range of uses ranging from a funeral parlour to an aircraft hanger. The predominant use has been for office accommodation or generic workspace but there has also been strong support for tourism support activities. Only two grants have been given to support conversions to provide holiday accommodation.

## 4.2 Farm Diversification Grants

4.2.1 Although it was only introduced in 2000 the FDG programme has been slightly more prolific than the RBG scheme with just over £3million worth of grant awarded to 105 projects (6 projects are pending investment decisions). The average size of grant at £25,746 is considerably greater than that given under the RBG scheme, although it does have a slightly lower intervention rate of just over 20%. The size of grants awarded also shows a greater degree of variation

**Figure 4.2: Distribution of FDG by Size**



4.2.2 The FDG programme is equally as efficient at generating tasking framework outputs with the grant enabling the creation of some 34,000 square metres of productive floor space that has created some 653 full time jobs and safeguarded another 319. This implies a cost per job of just over £3,100.

4.2.3 As with the RBG programme the creation of office units is still the most dominant end use for conversions; just under half of all conversions were for this use. Unlike the RBG programme, however, there is a much greater level of conversion to holiday accommodation with some 34 units created providing an additional 199 bedspaces. Holiday accommodation has relatively low job creation ability and is probably the reason for the higher cost per job values associated with FDG compared to RBG.

## 4.3 The Net Effects of Support

4.3.1 In order to calculate the net effects of the programmes a series of adjustments need to be made. The standard techniques for calculating economic impact allow for several adjustments to take account of range of effects. Information on these extent and scale of these adjustments is derived from telephone interviews with fourteen grant recipients

### Displacement and Substitution

4.3.2 Whilst some of these effects may reduce the net economic effect to the South East region they are consistent with the policy aims of the programme and therefore make a direct contribution to the programmes objectives. In particular effects such as displacement and substitution – which move economic activity around the region or encourage one form of activity over another – do not increase the net level of economic activity, but they do support the policy objective of promoting and diversifying economic activity in the *rural*

parts of the region<sup>7</sup>. Consequently we have not sought to estimate the displacement and substitution effects of the intervention.

### Deadweight

- 4.3.3 Our analysis of the net effects of the programme have focused on estimating the extent of deadweight with grant regime. That is the extent to which SEEDA has made a grant contribution to project that would have gone ahead without any, or a lower amount, of public sector support. Interviews with grant recipients identified a significant level of deadweight within the programme – over 28% claimed that their project would have proceeded without funding from SEEDA. This accounted for almost a quarter of the total grant paid to the sample population: if this is representative of all beneficiaries then it implies that there is an increase in the cost per output by 25%. For example the cost per gross job on FDG would now appear to be £3,875. Even given this higher figure the value for money is still extremely favourable when set against benchmarks and other schemes.
- 4.3.4 There were two further interviews where the grant beneficiaries claimed the project would have gone ahead to a lower standard (particularly in relation to environmentally sustainable construction methods and technologies) or to a considerably slower time frame. Bringing forward the time frame of a project or enhancing its quality count as additional benefits for economic assessments so do not count in the deadweight calculations

## 4.4 Administration and Management

- 4.4.1 Both the RBG and FDG schemes are administered directly by SEEDA but with some functions in areas such as technical appraisal performed under contract by consultants. Initially the volume of applications warranted an appraisal panel to review all applications; however, with the fall in demand this is no longer required. The programmes are now administered by a team of 3 SEEDA staff. The SEEDA team undertake initial site visits and monitoring tasks. The purpose of the site visit is to help improve the project (less concerned with the words on the form but with the overall quality of the project with no funds available for professional fees to help with the application). The visit helps the case officer develop a better understanding of the project. As part of these discussions there is some advice on overall business needs but these are not specific and does not form part of the project or grant offer. Site visits and negotiations about the design of the project prevent the case officer being involved in the appraisal. Consequently the appraisal function is now commissioned externally to ensure an auditable separation of functions in line with good practice. In addition external reports are prepared on financial position of applicants. In most cases this is simply a review of audited accounts.

### Visits

- 4.4.2 There is always at least one site visit to check the state of the building before releasing funds. These checks help ensure that applicants are not making retrospective applications. In addition there is always a site insertion at the end of the project to ensure the works have been completed.
- 4.4.3 Ideally the team would like to undertake more site visits with prospective applicants to help identify projects that would have the greatest strategic value. When the scheme was initially launched there were a greater number of site visits to prospective applicants, but the number of visits was subsequently cut back due to shortage of resource within the team.

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<sup>7</sup> And in particular the rural priority areas

## Marketing

- 4.4.4 There is no active marketing of the programme and take up is not geographically even. Knowledge of the programme tends to come from word of mouth and personal contacts. There geographical distribution of grant awards is skewed to areas where key individuals are aware of the programmes and have a good understanding of SEEDA processes. There was some indication in the stakeholder consultations that SEEDA processes are not well understood and not well disseminated by SEEDA.

## Monitoring

- 4.4.5 Following practical completion projects are monitored for five years by consultants appointed under contract. This ensures any change of use can be identified and, if necessary, claw-back arrangements invoked.
- 4.4.6 In all cases consultants were appointed under tender procedures governed by SEEDAs financial memorandum to ensure best value was achieved. This approach should ensure a cost effective way of performing these tasks, however, without knowing the costs of SEEDA staff performing these functions it is not possible to make definitive conclusions about value for money. It is unlikely that there is sufficient volume of work to support a full-time role within SEEDA to perform these tasks and unless these tasks can be absorbed by capacity already within SEEDA the present arrangements are probably the most economic method for fulfilling these functions.
- 4.4.7 The management and administration of the programme appears to be consistent with the RDA Single Programme procedures and tasking framework target structure. However, it is worth noting that the review did not identify any contractual requirement for consultants to apply Standard Programme Appraisal Guidance (SPAG) compliant systems or apply tasking frame definitions.

## Key Findings

7. The RBG programme has achieved an average cost per (gross) job of just £1,250.
8. The FDG programme has achieved an average cost per (gross) job of £3,100 which compares very favourably with the benchmark figure of £12,500 per gross job created used by English Partnerships.
9. Deadweight is estimated at 25% in terms of the 'value' of support and 28% in terms of the number of projects supported.
10. Marketing of the schemes and subsequent take-up of the grants is not geographically even.
11. There does not appear to be a contractual requirement for Standard Programme Appraisal Guidance (SPAG) compliant systems to be adopted.

## 5 Findings from the Consultation Process

### 5.1 Introduction

5.1.1 A key element of fieldwork within this evaluation has been an extensive consultation process. This took place with both beneficiaries and stakeholders (Appendices A and B show details of the questions asked and the individuals consulted)

5.1.2 This section of the report presents the findings from both consultation elements and relates such findings to the results under 'delivery impact' within the previous chapter.

### 5.2 Beneficiary Consultations

5.2.1 The beneficiary consultation enabled an estimate of deadweight to be derived at which was presented in Chapter Four. The emphasis within this section is to report the opinions of beneficiaries in respect of issues such as:

- The nature of the project itself
- The application process
- Appraisal and Approval
- The performance of the project since receipt of the grant funding

#### The Nature of the Project

5.2.2 In the event fourteen beneficiaries were interviewed. The end use of the project receiving grant funding was primarily in respect of office accommodation, with nine beneficiaries having received support for this purpose. Light industrial units (2) self-catering accommodation, office storage and a gallery & exhibition space were the other uses supported.

5.2.3 Collectively the fourteen grants brought back just short of 10,000 sq. m of floor space back into productive use.

#### The Application Process

5.2.4 The consensus in terms of the views of beneficiaries regarding the application process can be summarised as 'grudging acceptance'. Whilst the process was thought to be 'long-winded' by several applicants there was an acceptance that there needs to be information provided to support such applications.

5.2.5 There was also a consensus that where the SEEDA grant was received as part of a package, the application process took less time than for some of the other funding sources such as those administered by DEFRA.

5.2.6 It is also interesting to note that several consultees were not intimately aware of the application process as agents or advisers were engaged to submit the initial application.

5.2.7 This relates to a further point whereby beneficiaries had almost no recall of how they had heard about the schemes other than general comments such as 'by word of mouth' and 'from other farmers'.

### Appraisal and Approval

- 5.2.8 There were some negative comments regarding approval, mainly in terms of grant receipt taking longer than was initially indicated (e.g. grant received after 60 as opposed to 28 days and as a result penalty fees having to be paid to a builder).
- 5.2.9 Other beneficiaries spoke in complementary terms about the appraisal process believing that the input from SEEDA staff and its contractors were extremely helpful.
- 5.2.10 The mechanism by which the grant is payable at the outset of the project was also viewed favourably. The timing of this payment helps to 'kick-start' projects allowing them to start in a meaningful way. Thus income can be generated as soon as possible, which can then be re-invested into ongoing business development.

### Project Performance

- 5.2.11 There was significant evidence of good project performance and impact beyond the 'outputs' monitored and reported upon within the previous chapter.
- 5.2.12 In the specific example of a self-catering accommodation project included in the evaluation, the development now sleeps up to 62 people. As a result businesses such as local pubs benefit from increased spending. Furthermore corporate customers such as Waitrose and Glaxo can be accommodated and use the facility for team building activities.
- 5.2.13 An interesting spin-off is that there have been some unanticipated environmental benefits. As the projects funded by the grants provide income for the business there is less need to farm intensively. Thus growing wild flowers, seed for the birds, and providing flood land for wading are all being done as is the planting of old fashioned grasses
- 5.2.14 Whilst the projects have appeared to be successful there was a recognition amongst several beneficiaries that as the grant paid for only a very small proportion of the total cost of the project, it had only a minor impact on business performance

## 5.3 Stakeholder Consultations

- 5.3.1 A small number of stakeholders were consulted, all of whom have a close interest in the operation of RDG and FBG. The consultation was designed to gather knowledge and opinions in four key areas:

- Context
- How the grant programmes operate
- Management and Implementation Arrangements
- Impact of the grants
- Future Usage

### Context

- 5.3.2 Most stakeholders were aware of the broad parameters and eligibility conditions associated with the schemes. In some cases the consultees had assisted organisations in making grant applications under RBG and/or FDG.
- 5.3.3 There were some concerns expressed about how the schemes operate/will operate alongside the English Rural Development Programme/Rural Development Programme for

England. Although typically RBG/FDG grant fund smaller projects there is some similarity of usage between the funding regimes.

- 5.3.4 Similarly, the Farm Business Advice (FBA) programme is very much involved in assisting farmers with diversification plans, yet there does not seem to be a universal awareness of RBG/FDG amongst such advisers begging the question as to how proactively FDG/RBG is promoted amongst intermediaries.
- 5.3.5 Others commented that the limited objectives of FDG/RBG are met well though there is no real attempt to 'fit' with other provision. Amongst appraisers there is a belief that some of the grant recipients (especially those in receipt of the maximum 25% of funding from SEEDA) would benefit from business advice but there appears to be no mechanism for appraisers to suggest this as the roles of appraiser, project champion and adviser have to be separate.
- 5.3.6 One of the weaknesses of the programme commented upon by various stakeholders is the lack of information available regarding how individual projects have affected the broader economy/communities. There is possibly a need to assess whether FDG/RBG are positive factors in the broader development of the rural economy or indeed impacted positively on rural communities in terms of service provision, spending multipliers and job creation, with many respondents viewing the grants as being primarily about job retention.
- 5.3.7 There may well be an opportunity for SEEDA to influence the effect that FDG/RBG have on the rural economy. Working with businesses post-grant receipt in areas such as local supply sourcing may help to bring about a positive effect upon local communities. .

#### How the Grant Programmes Operate

- 5.3.8 The 'bottom line' according to stakeholders is that both grant schemes do encourage diversification in the way that they operate and support eligible projects, though advisers, appraisers and third parties think it is very difficult to assess deadweight. There is a perception that the majority of projects may take place in any event- this clearly contradicts what beneficiaries actually told us. Many farms in the South East also have potentially high land values, so selling off small parcels of land can raise funds without recourse to public funding
- 5.3.9 There is also a sense that FDG/RBG as currently deployed are somewhat of a 'blunt instrument'. As a result there is a sense that the programmes do not and perhaps more accurately, cannot, respond to changing local circumstances
- 5.3.10 Aside from the general effect that the programmes' operations have on diversification most comments regarding the effectiveness of operations were about programme marketing, or rather the lack of such marketing. Comments include:
- 'Presently word of mouth only'.
  - 'In the past ERDP (forerunner to RDP4E) has offered to promote FDG/RBG through newsletter but this has not been taken up as the budget for RBG/FDG has already been allocated (this was by no means at the end of a financial year). This begs the question: 'what is the rejection rate for RBG and FDG applications'?
  - 'Marketing is a 'closed secret'. For instance active marketing via (such as) presentations to the Area Investment Framework Partnership has meant that Sussex has benefited greatly from the scheme with around 10000 farmers aware of FDG and RBG. In contrast, there is no evidence of any coverage of the scheme whatsoever in Surrey'.

- 5.3.11 Stakeholders also reported that apparent differing interest in and/or awareness amongst intermediaries regarding the grants' impacts upon the distribution of successful grant projects. Applications seem to be clustered in terms of geography as a consequence of the role of certain business advisers in making farmers aware of the grants.

### **Management and Implementation Arrangements**

- 5.3.12 In terms of the geographic level at which the schemes should be managed there was a broad consensus that it is important to manage them regionally as this lifts the management above local 'politicking'.
- 5.3.13 There is also consistency with other measures and across geographies if projects are managed regionally. The problem would emerge of dependence on the energies of individuals if managed locally or sub-regionally.
- 5.3.14 However, the need to take account of local sensitivities and priorities was also seen as important.
- 5.3.15 One stakeholder mentioned the possibility of SEEDA setting the eligibility conditions and any targeting/priorities for expenditure with sub-regional administration of the programme within these parameters
- 5.3.16 Aside from the issue of the level at which the programmes should be managed there were very favourable comments made about the present management arrangements employed by SEEDA. Whilst some concern was expressed about the levels of resource possibly limiting the degree of critique that could be applied to individual applications and the possible consequence of borderline quality projects being supported the main terms used to describe the management arrangements were 'simple' 'quick' and 'effective'.

### **Impact**

- 5.3.17 Impact is an area in which the stakeholders were far less sure about the positive contribution of RBG and FDG.
- 5.3.18 In terms of success factors the following were put forward most often:
- efficient administration;
  - publicity generated in specific localities;
  - the fast turnaround in terms of grant appraisal.
- 5.3.19 Barriers to success were variously identified including the lack of:
- clarity regarding the amount of money available within the budget;
  - planned pan-regional publicity;
  - evidence of the effect of the schemes on the broader economy;
  - prioritisation and targeting of project types within the scheme.

### **Future Usage**

- 5.3.20 As with impact many of the comments made were more about the mechanisms around how future usage may be managed rather than the nature of priorities that should be

adopted. Thus the relationship between targets and priorities within other schemes such as RDP4E or Leader + were extensively commented upon.

- 5.3.21 One exception was a comment to the effect that tenant farmers should receive priority as they do not own land that can be sold to finance diversification. Another point regarding prioritisation takes account of the RES emphasis on sustainability, thus there may need to be a consideration towards weighting grant allocations in favour of more sustainable building design.
- 5.3.22 The final conclusions and recommendations regarding 'targeting' are informed by two factors:
- That diversification occurs across the region without recourse to public funding;
  - That farm diversification has other potential benefits around issues such as land husbandry and potential for environmental enhancement.
- 5.3.23 There were a number of points made that collectively seem to indicate that stakeholders would like to see some clarity in terms of the way that the schemes should operate. Such factors cited include:
- The need to clarify objectives and set priorities as opposed to award grants purely in order to respond to demand;
  - The need for proactive publicity;
  - The need to make clear to stakeholders the level of budget attached to both schemes.

## Key Findings

12. There is acceptance amongst beneficiaries that the application process is necessarily rigorous and thorough.
13. There is emerging evidence of broader outcomes being achieved such as increased spending within local businesses in proximity to grant schemes and environmental enhancements to land owned by grant recipients
14. There is a lack of clarity in terms of how the RBG/FDG schemes 'fit' alongside other grant support schemes and business support initiatives.
15. Marketing of the schemes is uncoordinated and reactive in nature.
16. There appears to be little appetite amongst stakeholders for sub-regional or local management of the programmes.
17. Targeting and prioritisation is seen as important though comparatively few ideas were put forward as to how to achieve this.

## 6 Conclusions and Recommendations

### 6.1 Introduction

6.1.1 In this final section of the report we draw together key findings and observations before making a series of recommendations which we believe will improve the effectiveness of both the FDG and RBG schemes.

### 6.2 Key Findings

6.2.1 The key findings are presented in terms of the main areas of research and analysis undertaken:

#### Analysis of Monitoring Data

1. Whilst SEEDA's monitoring data and approach to output verification is generally good, there is a lack of basic information collected in respect of unsuccessful applications.

#### The Policy Context

2. SEEDA needs to be mindful of any new schemes put in place by DEFRA as a successor to their RBG programme and the DTI's push for the de-proliferation of business support.
3. The continuation of the programmes needs to be set firmly within the current national policy context.
4. Having predated current rural policy there is a danger that SEEDAs approach to rural development has focused on regional issues and has not made robust links with DEFRA and the national agenda.
5. There appears to be little quantitative evidence of any market failure or social need that the programmes are responding to. Consequently it is not possible to comment on the appropriate scale and extent of the interventions.
6. Although the national policy context for rural development has settled down the Local Government White Paper introduced some uncertainties over the likely future roles and functions of Local Authorities

#### Delivery Impact

7. The RBG programme has achieved an average cost per (gross) job of just £1,250.
8. The FDG programme has achieved an average cost per (gross) job of £3,100 which compares very favourably with the benchmark figure of £12,500 per gross job created used by English Partnerships.
9. Deadweight is estimated at 25% in terms of the 'value' of support and 28% in terms of the number of projects supported.
10. Marketing of the schemes and subsequent take-up of the grants is not geographically even.
11. There does not appear to be a contractual requirement for Standard Programme Appraisal Guidance (SPAG) compliant systems to be adopted.

### The Consultation Process

12. There is acceptance amongst beneficiaries that the application process is necessarily rigorous and thorough.
13. There is emerging evidence of broader outcomes being achieved such as increased spending within local businesses in proximity to grant schemes and environmental enhancements to land owned by grant recipients
14. There is a lack of clarity in terms of how the RBG/FDG schemes 'fit' alongside other grant support schemes and business support initiatives.
15. Marketing of the schemes is uncoordinated and reactive in nature.
16. There appears to be little appetite amongst stakeholders for sub-regional or local management of the programmes.
17. Targeting and prioritisation is seen as important though comparatively few ideas were put forward as to how to achieve this.

## 6.3 Recommendations

6.3.1 Taking account of key findings a number of recommendations are made in respect of the following areas:

### Policy and Prioritisation (P)

- **P1:** SEEDA should set priorities by which future FDG/RBG investments are made. Options follow and highlighted in **bold** are the mechanisms and priorities that we recommend should be supported:

#### Mechanisms by which priorities can be identified include:

- By merit of project;
- **Consideration of how the RBG/FDG product 'offer' may best complement and be complemented by other funding regimes such as Rural Development Programme for England and Leader +;**
- **Raising awareness amongst 'target' intermediaries such as the National Farmers' Union and Country Land & Business Owners Association;**
- Extending grant availability;
- More focus on business planning

#### Potential targets for priority funding may be awarded to:

- **Tenant farmers**
- Remote or Hill farms
- Projects introducing new businesses and/or skills into an area
- Projects introducing new crops and related products
- Projects with clear exit plans
- Projects that support collaboration and partnerships

- Projects containing an emphasis on sustainable building design;
- **Projects showing evidence of wider benefits such as increased local spending and environmental benefits**
- **P2:** Subject to SEEDA having the remit to alter the terms and conditions of grant regimes we also recommend that the Redundant Building Grant is modified to become a Small Business Grant Scheme, with the remit to support the change to productive use of any building regardless of whether the building is situated in an urban or rural location.

#### Delivery (D)

- **D1:** There should be a specific marketing campaign aimed at intermediaries in order that there is even awareness of the availability of the grants, within the business support network and across the region (We note that FDG/RBG are not mentioned within either the 'Funding Advice' or 'Support for Rural Business' sections of the SEEDA website).
- **D2:** The marketing activity should have the aim of making it simple for farmers to identify potential sources of support, whilst still including a rigorous and searching application process based on the quality of the business proposition.
- **D3:** Management of the schemes should remain at regional level although thought could be given to the introduction of sub-regional allocations
- **D4:** Introduce post-application mentoring and advice to ensure the most effective use of public funds and signposting to business support

#### Monitoring and Administration (MA)

- **MA1:** Formal record keeping should be introduced in respect of unsuccessful applications. These records should include details of the proposed grant usage, the reason(s) for rejection and the grant levels requested.
- **MA2:** There should be a contractual requirement for Standard Programme Appraisal Guidance (SPAG) compliant systems to be adopted
- **MA3:** The current £25 application fee should be abolished given that collecting the fee is administratively cumbersome and the proceeds are not reinvested into the scheme

## Appendix A - List of Consultees

**A) Beneficiaries Consulted**

Name	Business
Mr & Mrs Howson	West Farm
J & M Stallard	Burgate Manor Farm
Mr R C Gurney	C J Gurney & Son, North Weston Farm
Mr R E Good	Manor Farm
Mr P J Spain	V J Spain & Co Whitehouse Farm
Mr J St-Andrew Ward	c/o Angus Richards, Strutt & Parker (Karova Farm)
Mr T Malins	Lord's Farm
Mr S Ward	The Edward James Foundation
Mr M Turner	Rectory Farm
Mr Dovey	Birchlands Farm
Mr Graham Best	Puruse Farm
Mr Charles Furnival	Dean Court
Mr R Loder-Symonds	Denne Hill Farm
Mr A Boyd	Boyd Property Partnership, Leacon Farm (Raywood Stud)

**B) Stakeholders Consulted**

Name	Role	Organisation
Kevin Stower	Project Appraisal Officer	The Stowers & Associates
Roger Budden	No direct role	Tourism South East
David Rowlands/John Evans	Business Link Advisors and regional rural business lead	Business Link Sussex
Terry Bradfield	No direct role	SEEDA & ex-RDP Regional Manager
Pete Waite	Project Monitoring Officer	Self-employed

## Appendix B - Fieldwork

## Project Reviews: Sample size and selection

As a general rule of thumb, a minimum sample size of 10% is required to provide results which reflect the characteristics of the overall population. But even with a representative sample there are limits to the confidence we can have in our results. Our confidence in the results is dependent on the percentage of the sample surveyed that chooses a particular option or give one particular answer (the higher the proportion that give the same answer the more confident we can be that it reflects the population as a whole).

The beneficiary survey sample of Y recipients from a population of 88 RBG projects equates to X% of the total population which offers a robust basis for analysing the survey responses. For the Farm Diversification Scheme the sample size was Y out of 87 (project which had entered the monitoring phase, that is project had achieved financial completion). This equates to a sample of X%.

For both programmes the sample of 25 was drawn at random, from sub sets of the total population to ensure there was a distribution across the size of grants received and geographic distribution. However, the population size and sampled proportions for these sub divisions are of insufficient size to have any statistically acceptable degree of confidence in the results for these subsets.

## Research Tool: Project Review – interview pro-forma

### Introduction

Tribal Consulting has been appointed by SEEDA to undertake an evaluation of the Redundant Buildings Grant (RBG) and Farm Diversification Grant (FDG) programmes.

You should have received a letter from Malcolm Row at SEEDA introducing the study.

The aim of this independent evaluation is to assess the performance of the grant regimen to date and to identify any improvements that can be made to help with the implementation of the new Regional Economic Strategy.

Unless you specifically want us to we will not attribute comments directly to you or your organisation but we will identify you as one of our consultees.

### About the Project

Can you tell me about the project for which you received Redundant Building / Farm Diversification Grant?

Thinking back to before you started the project:

How did the idea for the project come about?

Were you responding to a recognised need in the local market – what evidence suggested this need?

Were (are) you aware of the Regional Economic Strategy – was your project design to address the strategic need outlined in the RES.

Did any organisations or individuals help you design the concept of the project (not professional that helped with design, but the basic business idea). Who, how did you know them.

How did you become aware that there was the potential to apply to the RDA for funding?

Were you aware of any other grants you could apply for (if so did you apply for them – were you successful, if not why not).

Not aware of alternative source of domestic grant funding available for this type of work

Tried but unsuccessful in obtaining alternative domestic grant funding (if so what funding)

Intervention rate higher than other grant sources

Project would not have been financially viable without grant

*Probe for other reasons*

Would the project have gone ahead without RDA support (the grant)?

**No** - Why is this?

To a lower standard

Not at that time (maybe later)

**Yes**

How would it have been funded (own fund, loan, overdraft, mortgage)

What difference has the grant made?

- has increased the scale of the project leading to higher outputs (e.g. more floorspace)

- allowed higher quality inputs/outputs (e.g. higher specification for equipment/premises,)

- allowed the project to be progressed faster but with same scale/outputs

*Probe other effects*

### **About the Application Process**

Thinking back to the time of your grant application

What was your perception on the initial information and application pack provided by the RDA?

Were you given any guidance and assistance with filling in the SEEDA applications forms.

If yes, who provided this advice. How useful did you find it

At the application stage, how were the outputs/results/impact projected? (*Gather as much information as possible on how these were predicted*)

When developing the outputs/results/impact element of your application do you feel that you Understood fully the definitions of targets, measures etc within the RES which your project was working towards delivering.

### **About Appraisal and Approval**

At the time how well did you understand the requirements, stages, etc. of the appraisal process, did you perceive the process as transparent?

Did you project receive approval without any amendments / comments from the appraisal process?

If not – did you understand the comments received and how did you act on developing this aspect of your submission, how long was it until you resubmitted the project?

Overall what are your views of the appraisal and approval process? (Time/length of process).

### About the Performance of the project

To date how is the project performing with regards to its:

objectives, as set out in the original application;

financial timetable;

outputs/results – both projected and actual

*(explore issues where differ from original expectations, both above and below, what have been the key issues and constraints on progress)*

What has been the impact of the grant in terms of?

Turnover (£s)

jobs (*number*)

new products and services introduced (specify)

new markets served (by location – district, county, south east, UK, overseas)

diversity and location of supplier base (*by diversity – number of additional/fewer suppliers & by location – district, county, south east, UK, overseas*)

Since receiving RBG/FDG support to how has your business performed

About the same

Increased at the same rate as in previous years

Increased as expected

Increased faster than expected

Decreased as expected

Decreased faster than expected

To what extent has this project contribute to your business performance

A great deal (*record as 100%*)

A significant amount (*record as 67%*)

To a limited extent (*record as 33%*)

Not at all or negligible (*record as 0%*)

(remember FDG is to help stay farming – so probe for relationship)

What other types of business support have you received since receipt of the grant?

- Growth Planning
- Sales & Marketing
- Acquiring Finance
- Using Technology

- Product Innovation
- Quality and Productivity
- Customer Retention and Acquisition
- Staff Development
- Legal Requirements and Regulations
- Any other?

From which organisation(s) did you receive this support? (*specify for each area specified above*)

Please indicate which (if any) of these came about via direct referral from RBG /FDG

### **Overall**

In your view the how has the grant added most value?

What would you see as are the 3 key benefits of the grant?

What do you see as the 3 key frustrations of grant?

Where you have worked with other grants how do the processes compare.

*Probe without prompting; encourage interviewees to unpick references to an 'administrative burden':*

- *Time/ costs of monitoring process*
- *Time/cost of data collection*
- *Time/cost of the claim process*
- *Monitoring after financial completion*
- *Other*

For the benefit of future applicants what improvements would you like to see to the grant scheme? (*Prompt if necessary – administration, usage, size of grant, access to other support services etc*)

### **What happens next?**

We are preparing and interim report for SEEDA that will be ready at the beginning of April and internal SEDS steering group will comment on the draft report. Feedback for these stakeholder consultations will feed into our recommendations. A Final Report will be prepared at the end of April and presented to SEEDA.

The project manger for this evaluation at SEEDA is Malcolm Rowe who be able to answer any questions you may have about the process or wider dissemination of results.

***Thank you for your time.***

**Stakeholder Consultations**

In addition, to the project reviews a series of face to face consultations with key stakeholders were held. These consultations followed a semi-structured format with a series of set questions but scope for consultees to add their own views and emphasis. The list of stakeholder consultees was agreed between Tribal and SEEDA based on a joint understanding of the organisation that have had or should have had a strategic interest in the programmes and those organisations that have had an operational involvement in the programmes.

**Research Tool: Stakeholder Consultations - interview pro-forma**

**Introduction**

Tribal Consulting has been appointed by SEEDA to undertake an evaluation of the Redundant Buildings Grant (RBG) and Farm Diversification Grant (FDG) programmes.

The aim of this independent evaluation is to assess the performance of the grant regimen to date and to identify any improvements that can be made to help with the implementation of the new Regional Economic Strategy.

Unless you specifically want us to we will not attribute comments directly to you or your organisation but we will identify you as one of our consultees.

**Context**

Please clarify the role you have in your organisation and its relationship with SEEDA

How familiar are you with the BG and FDG programmes (allow respondent to give their interpretation, but check that their understanding of the difference matches the official distinction: explain if respondent is unclear).

**Prompts**

Not heard of the schemes	Heard of but had no detail	Heard of and knew broad parameters	Had recommended people to apply	Worked with business to develop an application

Could distinguish between FDG and RBG	Yes / No
---------------------------------------	----------

Do you know of any other programmes, run by SEEDA or others that have similar aims and objectives (list and describe the main characteristics – name, awarding body, eligibility, intervention rates and amounts)

How well do you think FDG and RBG compliment other support and advice programmes (prompt for specific interventions such as Business Link Advisors Farm Business Advisors)

How important do you think these programmes are?

(for RBG) to attract new business in to rural areas

(for FDG) to help farmers diversify their income and maintain their farming activity

(for both) to help support rural communities

(for both) to help exiting businesses in rural areas

**The Grant Programmes**

Thinking specifically about RBG and FDG in turn, do you think they respond to the needs of;

Rural businesses

Farmers

Rural communities

Thinking specifically about RBG and FDG in turn, do you think they are response to local circumstances?

Thinking specifically about RBG and FDG in turn, what do you think are the major strengths of such programmes or aspects that work particularly well

RBG	FDG
Joint (general support to farmers /rural Business	

As the programme currently stand, can you identify any improvements that need to be made

(prompts

1. Recruitment of and marketing to beneficiaries
2. Grant Administration
3. Project Appraisal
4. Referrals to and synergy with business support (*examples?*)
5. Impact on specific business sectors (*e.g. agri-tourism*)
6. Job Creation and other economic impacts upon recipients
7. Contribution to the broader rural economy
8. Impact upon rural communities

Are you are aware of any examples of programme specific good practice and innovation within the programme?

Is there any evidence that these examples have the potential to stimulate policy changes and changes in practice?

## Management and Implementation

In terms of the overall management of the programme do you have a clear understanding of the overall structure which supports the programme and the procedures and processes within SEEDA (for appraisal and approval)?

Where did they develop their understanding from (picked it up, programme leaflets, explained by SEEDA);

How appropriate is the structure;

Effectiveness of decision making;

Is it inclusive / strategic;

Are they transparent and communication mechanisms effective.

In terms of the project development process from conception to delivery how supportive do you feel the structures are to applicants? (prompt for examples)

Have any barriers been overcome and systems improved? (for example capacity, knowledge, staff resources).

Do you think managing these programmes at a regional level has any benefits?

Increased in absolute terms the scale of economic development activity (to what extent, any evidence)

Facilitated projects that would not have gone ahead otherwise (to what extent, any evidence)

Facilitated better quality projects

Facilitated work in different areas

Increased scale

Improved approach to strategy development and programming through identification of priorities

Improved strategic rationale for intervention/projects

Improved quality of projects due to appraisal and selection mechanisms

Helped to bring about economies of scale or synergies

Improved partnership working

Increased attention to monitoring

Increased attention to evaluation

## Potential Impact

Has your organisation changed the way it operates or allocates resource in response to these programmes.

What do you consider will be the key impacts of the programme in the:

Short term;

Medium term;

Long term:

What do you feel are the:

3 key factors in the success of the programme to date?

3 key barriers to the successful delivery of the programme to date?

### **Thinking about the future**

Do you think the RBG and FDG programmes are still relevant to the needs of rural areas (businesses, farmers and communities)

Do you feel the RBG and FDG programmes – as they currently stand – are appropriate to deliver the new RES.

From your perspective, what changes / improvements do you think need to be made to the programmes to help them deliver the RES objectives.

Are there any changes to the management and implementation of the programmes that could make them more effective (prompt – deliver administrative savings or build synergy with other activity)

SEEDA is considering devolving the administration of some programmes to local partners. Do you think the administration of these programmes could be devolved to local partners?

What benefits do you think this would bring

Which organisation do you think could take on this role (why).

Do you think any additional resources would be required to take on this task.

What do you think are the 3 key changes that need to be made to the programmes to ensure they deliver the RES objectives (meet the needs of the rural areas).

### **What happens next?**

We are preparing an interim report for SEEDA that will be ready at the beginning of April and internal SEDS steering group will comment on the draft report. Feedback for these stakeholder consultations will feed into our recommendations. A Final Report will be prepared at the end of April and presented to SEEDA. There may also be opportunity for a wider stakeholder presentation but this has not been agreed yet. The project manager for this evaluation at SEEDA is Malcolm Rowe who will be able to answer any questions you may have about the process or wider dissemination of results.

***Thank you for your time.***

## Appendix C - Rural Programmes in SEEDA's Corporate Plan

PROGRAMMES	OUTPUTS
<p><b>PSAs:</b></p> <p>Rural Productivity and Access to Services</p> <p>Sustainable Food and Farming</p> <p>Enterprise</p> <p>Skills</p> <p>Sustainable Communities</p> <p>Tourism, creative and leisure industries</p>	<p><b>Core Outputs:</b> Job creation, Business creation, Business support, Regeneration investment levered, Skills</p> <p><b>Additional outputs:</b></p> <p>New workspace units in needy rural areas</p> <p>Numbers of farms supported</p> <p>New bed spaces on farms</p>

ACTIVITIES AND MILESTONES	STRATEGIC ADDED VALUE
<b>Business Support</b>	
<p><b>Milestones</b></p> <p><b>2005/06</b></p> <p>Review of Business Links work with all types of rural based businesses</p> <p><b>2006/07</b></p> <p>With partners, evaluate the support services to farmers since start of Single Farm Payment regime came into place April 2005 and identify gaps and needs with a view to integrate any new support with the new EU led support schemes that will come to SEEDA in April 2007</p>	<p><b>Catalyst and Leader:</b></p> <p>Work with all 6 Business Links to ensure a real rural dimension to their work.</p> <p>Help secure appropriate links with Enterprise Hub network and research and universities.</p> <p>Development of sector group approach. Develop links between sectors – such as tourism with food.</p> <p>Influence the delivery of support to tourism to benefit rural areas – enabling the land-based sector to take advantage of new opportunities to diversify into tourism.</p> <p>Develop the opportunities for tourism offered by quality landscape and coast areas and historic small rural towns.</p> <p>Bring together businesses looking for premises with to relocate or start-up with those who have opportunities to generate new premises.</p> <p>Enable appropriate research into issues affecting the rural economy.</p>
<b>REDUNDANT BUILDINGS IN REGENERATION AREAS</b>	
<p>Ongoing delivery of this well evaluated programme</p> <p><b>Milestones:</b></p> <p><b>2005/06</b></p> <p>Extension of scheme New areas of Swale in Kent and New Forest in Hampshire brought on board</p> <p><b>2006/07</b></p> <p>Evaluation of benefits study</p>	<p><b>Catalyst and Leader:</b></p> <p>Development of potential site for new business start-ups in rural areas or sites for businesses to expand.</p> <p>Uses assets which are derelict, underused or redundant to create new opportunities for employment in areas of most need.</p> <p>Creation of new employment opportunities for local people in rural communities to work locally rather than travel long distances to urban areas.</p>

	<p>Maintenance of the countryside as a place to both work and live, improving the sustainability of rural communities.</p> <p>Attracting private sector investment into designated [Indicator Districts] regeneration areas.</p>
<p><b>LAND-BASED SUPPORT</b></p>	
<p>Innovative activities over the Plan period will include:</p> <ul style="list-style-type: none"> <li>• Developing sectors within the farming industry with Champions to take them forward to become more prosperous in the future.</li> <li>• Continuing the further phases of the woodland Centres of Excellence.</li> <li>• Establishing and developing new network for renewables from biomass and influencing the use of biomass in regeneration projects.</li> <li>• Networks across different sectors of agriculture; horticulture and forestry, including strong links to Enterprise Hubs and Gateways and Business Links</li> <li>• Direct collaboration with the Forestry Commission and Defra schemes through Chairmanship of their Regional Appraisal Panels</li> </ul> <p><b>Milestones</b></p> <p><b>2005/06</b></p> <p>SEEDA land-based policy for next 2 years agreed prior to any merger with Defra schemes</p> <p>Formal Chairmanship of Defra Appraisal Panels established</p> <p><b>2006/07</b></p> <p>Design for amalgamation of SEEDA with Defra schemes ready for April 2007</p>	<p><b>Catalyst and Leader in:</b></p> <p>Promoting a better understanding of the countryside and its resources to enable a sustainable working countryside for the future.</p> <p>Helping secure a diverse income for farmers with improved productivity to enable continued management and maintenance of the landscape, particularly through the exploitation of new opportunities from CAP reform, and innovation through new crops.</p> <p>Development of potential sites for new businesses: as with the redundant buildings programme, using wasted assets, creating employment for local people to work locally and attracting investment.</p> <p>Exploring the potential markets and opportunities for woodland regeneration and woodland products, including renewable energy sources in rural areas Bringing together partners in the growth areas with the potential sources of renewable energy from rural resources</p> <p>Identifying gaps and the potential for filling in the supply chain in the land-based sector.</p> <p>Ensuring the synergies between the Forestry Commission and Defra Project Based Schemes and SEEDA schemes until amalgamation.</p>
<p><b>LOCAL PRODUCE</b></p>	
<p>Activities over the Plan period:</p> <ul style="list-style-type: none"> <li>• Encouraging links across the food chain, through getting producers to get more involved with added-value to their products.</li> <li>• Encouraging new businesses in the field of processing.</li> <li>• Encouraging new outlets for local produce – particularly through improved public procurement.</li> <li>• Linking local produce with other sectors such as catering and tourism.</li> <li>• New red meat sector bringing all parts of the supply chain together.</li> <li>• Linking businesses across the food chain and linking businesses in the same geographical area to work together – with a strong emphasis on the meat sector.</li> <li>• Development of local champions for various sectors.</li> <li>• Establishing links with AIF partnerships.</li> <li>• Looking at connections between food and health.</li> <li>• Offering support to national and regional</li> </ul>	<p><b>Catalyst and Leader:</b></p> <p>Bringing together partners in support of:</p> <ol style="list-style-type: none"> <li>1. Development of local county based clusters of businesses involved throughout the food chain.</li> <li>2. New business start-ups in the food sector.</li> <li>3. Development of a red meat cluster across the region to include all elements in the supply chain.</li> <li>4. Identifying new opportunities in these sectors for growth and innovation which could create new employment opportunities for local people in rural communities.</li> <li>5. Identifying and supporting training needs within the sector, in production, processing, marketing, health and hygiene and hazard analysis to enable companies to compete in major markets.</li> </ol>

<p>show outlets for food businesses.</p> <ul style="list-style-type: none"> <li>• Co-ordinated training to food businesses.</li> </ul> <p><b>Milestones</b></p> <p><b>2005/06</b></p> <p>New business plans approved for the final year of the contracts 2006/7 including exit strategies</p> <p><b>2006/07</b></p> <p>Evaluation of benefits of the current contracts.</p>	<p>6. Attracting private sector investment into designated [Indicator Districts] regeneration areas.</p> <p><b>Contribution to Policy</b></p> <p>To Food and Farming policy through the lessons and best practice gained from these activities.</p> <p>Ensuring better understanding of and compliance on State Aid and efficient use of approval and notification procedures</p>
<p><b>PROTECTED LANDSCAPES</b></p>	
<p><b>Protected Landscapes</b></p> <p>For the first time establishing a formal regional network of protected landscape bodies with officer support; and ensuring they collaborate with the 2 emerging National Parks.</p> <p>Establishing a mechanism on SEEDA systems to measure what we have supported in AONB/National Parks to enable effective reporting.</p> <p><b>Milestones</b></p> <p><b>2005/06</b></p> <p>Regional officer in post</p> <p><b>2006/07</b></p> <p>Agreement on common specific objectives</p>	<p><b>Catalyst and Leader:</b></p> <ol style="list-style-type: none"> <li>1. Development of a sustainable regional network with committed officer support for the next few years, in order to engender co-operation on developing key aims and objectives.</li> <li>2. Encouraging the understanding of the need for and opportunities for enterprise and entrepreneurship in these areas, to sustain management of these landscapes.</li> <li>3. Helping establish a mechanism for working with the New Integrated Agency.</li> </ol> <p><b>Contribution to Policy</b></p> <p>Protected Landscapes policy at regional level and contribution this makes to national policy</p>
<p><b>LEADER+</b></p>	
<p>SEEDA acts as one of the key partners in the regional Leader+ network and provides match funding.</p> <p><b>Milestones</b></p> <p><b>2005/06</b></p> <p>Rural projects identified and programme for 2006/7 approved by December 2005</p> <p><b>2006/07</b></p> <p>Evaluation of first 3 years Leader+ support from SEEDA</p>	<p><b>Catalyst and Leader:</b></p> <p>This EU programme is the first of its kind in the South East region. It is mostly targeted at the Rural Indicator Districts and so encourages public and private sector investment in these areas. SEEDA's match funding provides a way of ensuring an economic focus to community development.</p> <p>The programme brings together economic/ social/ voluntary sector together to deliver a holistic approach to rural revival which then delivers a very wide range of outputs and outcomes towards the rural productivity target.</p>
<p><b>MARKET TOWNS</b></p>	
<p>A regional partnership that develops the voice for small rural towns across the region, undertakes partnership training and disseminates best practice.</p> <p>This partnership will look to evaluate projects and establish best practice bench-marks of ways of</p>	<p><b>Catalyst and Leader:</b></p> <ol style="list-style-type: none"> <li>1. SEEDA, together with the regional partnership will develop the role to be played by small rural towns to deliver sustainable rural communities, recognising that the well-being of small rural towns is essential to</li> </ol>

<p>making small rural towns sustainable – making them places with a good quality of life; and providing economic opportunities for business and entrepreneurship and local services</p> <p>Local county co-ordinators will develop county networks of small towns to establish local priorities.</p> <p><b>Milestones:</b></p> <p><b>2005/06</b></p> <p>Evaluation of the first phase of support to small rural towns [11 towns] – lessons learned</p> <p><b>2006/07</b></p> <p>Full profile of the 7 year programme for all the 9 county areas agreed</p> <p><b>Community services and facilities</b></p> <p><b>Transport</b></p> <p>Manage out the delivery of legal commitments of inherited programmes from the Countryside Agency.</p> <p>Develop ways for the new services and transport programmes to be delivered in tandem with the new Small Rural Towns programme.</p> <p><b>Milestones</b></p> <p><b>2005/06</b></p> <p>Countryside Agency projects completed</p> <p><b>2006/07</b></p> <p>Evaluation of those projects and new programme in place to start in April 2007</p>	<p>the well being of rural areas – they act as a centre for jobs; service provision and leisure activities for the surrounding hinterland of villages and the countryside.</p> <p>2. While SEEDA's programme is targeted at economic sustainability, it will act as a catalyst for other potential activities and funding to help small rural towns [particularly the voluntary and community sector and heritage sectors].</p> <p>3. The Health Check process [an integral part of the new programme] delivers good community involvement and identify local priorities.</p> <p>4. The new SEEDA programme developing on accessibility to services will be developed with a view to using the delivery framework for small rural towns.</p>
<p><b>COMMUNITY SERVICES AND FACILITIES</b></p>	
<p><b>Community services and facilities</b></p> <p><b>Transport</b></p> <p>Manage out the delivery of legal commitments of inherited programmes from the Countryside Agency.</p> <p>Develop ways for the new services and transport programmes to be delivered in tandem with the new Small Rural Towns programme.</p> <p><b>Milestones</b></p> <p><b>2005/06</b></p> <p>Countryside Agency projects completed</p> <p><b>2006/07</b></p> <p>Evaluation of those projects and new programme in place to start in April 2007</p>	<p><b>Catalyst and Leader:</b></p> <p>1. Assemble key partners from across the region to develop a new SEEDA programme to deliver support to meet the new rural PSA target 'improve accessibility to services'.</p> <p>2. Effective links with AIF partnerships and their development of sub-regional priorities.</p> <p><b>Additional outputs:</b></p> <p>New/improved services provided in rural communities.</p> <p>Rural Transport Partnerships supported</p> <p>New/improved transport services in rural communities.</p>

SKILLS	
<p>Working with heritage sector to look at training skills needed.</p> <p>Assess opportunities for accessing major funders of heritage skills and assist take up in the region</p> <p>Exemplar project developed in the Chilterns</p> <p>NB: most skills for the land-based sector and food are delivered under those two separate programmes above.</p> <p><b>Milestones</b></p> <p><b>2005/06</b></p> <p>Evaluation of Wet Trades support</p> <p>Review of RBAT pilot</p> <p><b>2006/07</b></p> <p>Extension of RBAT across the region</p> <p>Skills Gaps study in rural sector businesses.</p>	<p><b>Catalyst and Leader:</b></p> <p>Linking heritage assets with training opportunities in traditional skills for restoration of historic and traditional buildings.</p> <p>Linking business and advice and training at sub-regional level through better collaboration between Business links and Learning and Skills Councils in this sector.</p> <p>Better links with various Sector Skills councils – i.e. Lantra</p>
IMPROVEMENT, EVALUATION AND EXIT STRATEGY	
<p>For the first time the region has a partnership of those who deliver support to rural areas. It results from recommendations from <u>the Lord Haskins review of rural delivery</u>. SEEDA is a key partner of the new <u>South East Rural Partners</u> and they have produced the first <u>Regional Rural Delivery Framework</u> which fits SEEDA's rural programmes into a much wider framework of actions to support rural businesses and rural communities across the south east. This framework comes into force in April 2005 and this Action Plan will be reviewed annually. It will be the first time that support for economic / social/ voluntary sector / and the environment will be drawn together to try and enable a truly sustainable and collaborative approach to rural support from all the relevant players, including all relevant SEEDA programmes.</p> <p>All rural programmes will be formally evaluated by external review either at the end of the life of the programme or at set periods: a plan for evaluation of all programmes is in place. Rural programmes are continually reviewed in house, particularly to see how effective they are against the rural PSA targets. The former Countryside Agency programmes will be evaluated during 2006 as part of the development of the intended new SEEDA programme to support services.</p> <p>The Rural team will evaluate all SEEDA programmes, not just rural programmes, to assess the actual benefits which impact directly on rural areas [bearing in mind the new rural/urban definitions – where 'rural' now accounts for 82.6% of the area of the region]</p> <p>The rural team will also assess the impact of SEEDA programmes on the protected landscapes of the region [32% of the region is designated] so that adequate reporting can take place on this issue.</p> <p>SEEDA has an ongoing commitment to rural programmes. Although we recognize that SEEDA's role is very much as a catalyst, the RDA's are recognized as a 'deliverer' of specific support for rural regeneration and food and farming and we will have targeted rural programmes to do this. The prime targets in these programmes must be aimed at making both rural communities and rural based businesses sustainable and all our investment will aim to deliver against that outcome.</p> <p>We will continue to have a strong emphasis on providing relatively small investments on a rolling basis rather than large grants, as our budget is necessarily small and the rural areas of the region, large. Although our support to a specific rural sector is ongoing, the programmes usually have a set 'life-span' and the results of our intervention fully assessed before any new support is offered</p>	