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Process evaluation of LEADER 2014-2020

AGRICULTURE, ENVIRONMENT AND MARINE

social research

Process Evaluation of LEADER 2014-2020

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Executive Summary

The EU funded LEADER programme for rural communities aims to support local rural communities and business networks to build knowledge and skills, and encourage innovation and cooperation in order to tackle local development objectives. This report examines the impact of LEADER 2014-2020 on rural Scotland. It analyses quantitative evidence on budgets and spending of the 21 Scottish Local Action Groups (LAGs) that are responsible for the delivery and coordination of projects. Additionally, it evaluates qualitative evidence based on focus groups. Since the whole of the LEADER budget of £77.4 million has not been committed to projects yet, this paper does not claim to present a comprehensive impact evaluation but rather presents a snapshot of the programme as it is.

Policy Background

With the United Kingdom aiming to exit the European Union on the 29th of March 2019, EU programmes such as LEADER need to be put to the test in order to evaluate to what extent these have had an impact on rural communities. LEADER follows a bottom-up approach, which aims to encourage individuals and organisations at a local level to apply for funding of projects that help to develop rural communities and businesses. Under the current LEADER 2014-2020 programme, LAGs have been allocated an overall budget of £77.4 million.

Research aims and methods

This report is the initial process evaluation for LEADER 2014-2020 and assesses its economic, social, cultural and environmental impact on rural communities. It aims to provide policy recommendations for the current LEADER programme and for a potential follow-up programme post-Brexit. This is because while there is substantial information available on the type of LEADER projects, their financial budgets and their delivery, there is little information available in Scotland on the actual difference LEADER and its projects have made to life in rural communities.

To gain information on LEADER's impact, the project was divided into two phases – an analysis of administrative data on the Local Actions in Rural Communities system (LARCs) and secondly, the collection and analysis of

qualitative data generated through focus groups in four Local Action Groups (LAGs). All LEADER projects and their details are uploaded to LARCs. However, whilst LARCs asks projects to report a number of outcomes that will help to capture economic, social, cultural and environmental impact, data at this stage is very limited due to the low share of completed projects. Therefore, four focus groups were conducted for the second stage of this research. These groups were held in four different LAGs that had been selected based on the status of their projects, budget and types of projects. The four LAGs selected are Highland, Rural Perth and Kinross, Dumfries and Galloway and Outer Hebrides. Focus groups were carried out in April 2019 and attended by project applicants.

Quantitative Findings

One of the findings of the report is that both the budget size per LAG varies considerably, but also that some LAGs are lagging behind in terms of the value they have committed to projects at this stage. The overall budget allocated to 21 Scottish LAGs between 2014-2020 is £77.4 million of which the highest budget is allocated to the Highland LAG with £8.8 million and the lowest to West Lothian £2.2 million. The average budget is £3.7 million. At the time data was extracted (18th May 2018), LAGs had committed £30.9 million of their budget to LEADER projects. The data shows that the higher the LAG overall budget, the higher the value of commitments at this point are with the exception of for example the LAG Highland. Commitment rates are significantly higher if a LAG has accepted relatively more community projects as opposed to business or farm diversification projects.

Qualitative Findings

The qualitative part of this research report is based on focus groups that were conducted in four LAGs and to which project applicants had been invited. The examples provided highlight the impact LEADER has had on community life, traditions and heritage, social infrastructure and cohesion, and the provision of services for cultural and leisure activities for the rural population. In terms of an **environmental impact**, LEADER projects help to preserve the environment and engage people with natural heritage. **Economically**, LEADER has helped to create new employment and training opportunities by investing in tourism, crafts, farm diversification and in small businesses.

Projects – sometimes indirectly – support the local rural community and business networks to build knowledge and skills, and encourage innovation and cooperation in order to tackle local development objectives. Despite the positive impact LEADER has had, this report also highlights the **challenges** applicants face. Key concerns raised by participants were that the payment claims process and the perceived discrimination of small organisations. Additionally, a lack of funding flexibility, transparency and communication were perceived as key issues.

Recommendations

Based on the findings, this report recommends:

Short- and medium-term recommendations

- LAGs should ensure claims are processed promptly, for example within 20 working days. Scottish Government should produce expected **standards of services** for LAG customers and LAG performance should then be monitored against these standards. In response to poor performance of the LAGs, further options should be explored, including bringing support into Scottish Government, where performance remains unacceptable.
- For the LAGs to evaluate the need to **support small organisations** by for example setting up networks between more experienced LEADER applicants and inexperienced smaller groups.

Post-Brexit recommendations

- The qualitative research showed strong support for a continuation of the **decentralised approach** of LEADER with its separate Local Development Strategies. These are perceived to ensure a variety of projects with a local identity. However, it needs to be promoted by LAGs or any future administrative bodies more clearly that the funding itself stems from the Scottish Government if the funding approach was continued post-Brexit.
- For LAGs or any future administrative bodies to encourage funding for small projects and for the Scottish Government to **distinguish between small, medium and large grants** in terms of applications, reporting and administrating. Easier access to small grants can also encourage more creativity in terms of project ideas.

- For the Scottish Government to allow some **payments** to be made up front, where legislation permits, ether in parts or completely, depending on the grant size.

- For the Scottish Government to ensure that in future funding models LAGs or any future administrative bodies follow the **same regulations** and processes in terms of funding periods and **flexibility**.

- For the Scottish Government to evaluate the principles of the LEADER approach and review whether the focus on **innovation** truly serves the purpose of rural development.

- For the Scottish Government to look into commissioning or undertaking additional research on the impact of LEADER programmes on rural Scotland and to include an **analysis of lessons** that could be learned from LEADER programmes in other EU member states.

List of Acronyms

EC	European Commission
EoI	Expression of Interest
EU	European Union
LAG	Local Action Group
LAP	Local Area Partnerships
LARCs	Local Actions in Rural Communities system
LDS	Local Development Strategy
LEADER	Liaisons Entre Actions de Développement de l'Economie Rurale

Introduction

For rural communities, the EU funded LEADER programme (an acronym of Liaisons Entre Actions de Développement de l'Economie Rurale) has served as a tool in order to increase support to local rural community and business networks to build knowledge and skills, and encourage innovation and cooperation in order to tackle local development objectives. However, while there is substantial information available on the type of LEADER projects, their financial budgets and their delivery, there is little information available in Scotland on the actual difference LEADER and its projects have made to life in rural communities.

This report aims to evaluate the process of LEADER in Scotland and to what extent LEADER has impacted rural communities. The research underlying this report was divided into two phases – firstly, scoping available quantitative data on LEADER.

Secondly, findings of the data analysis were used to conduct focus groups. The focus groups were delivered in four different Local Action Groups (LAGs) that according to the data analysis of phase one present the most interesting cases. The aim of each session was to collect "stories" and experiences to understand from a local perspective what type of projects have had an impact on rural communities and why. Additionally, the focus groups help understand why certain projects presented challenges.

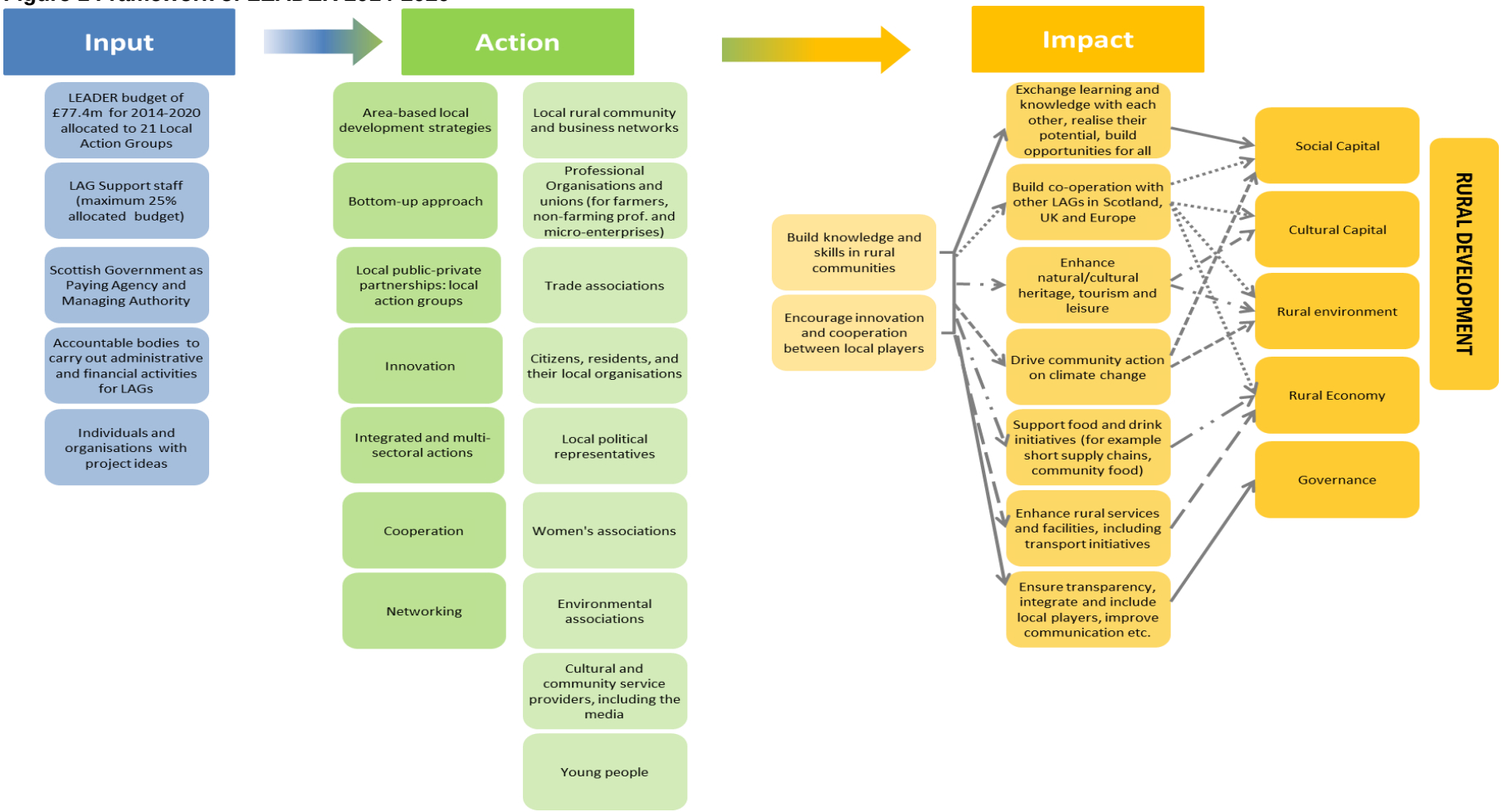
The report concludes with recommendations for the Scottish Government and relevant public bodies.

Background

Since launched in 1991, the European Union's LEADER programme has been a key initiative for rural development and has helped to fund numerous small-scale projects developed and conducted at a local level. As illustrated in figure 1 below, the aim of LEADER is to promote rural development in the rural parts of the European Union's member states. In terms of the input invested, the current LEADER programme runs from 2014 – 2020 and has a budget of £77.4 million that has been allocated to a total of 21 Scottish rural areas. These rural areas are called Local Action Groups and have the purpose of defining what type of projects are eligible to receive funding, they make decisions about funding, manage financial resources and help bring local stakeholders together. LAGs can spend a maximum of 25% of their allocated budget on administration and staff to ensure the delivery of LEADER.

In Scotland, the Scottish Government manages the budgets, monitors the delivery of LEADER and pays the LAGs as it is both the Managing Authority and the Paying Agency. Additionally, Accountable Bodies sit between the LAGs and the Scottish Government and carry out administrative and financial activities for the LAGs. All LEADER projects and their details are uploaded to the Local Actions in Rural Communities system (LARCs). Most importantly, a key input in the LEADER programme besides financial and staff resources are individuals and organisations at the local level and their ideas for projects that help to develop their area. Before introducing the concept of LEADER and its approach that is often described as a "laboratory for rural development" with high levels of discretion for each LAG within general guidelines (Ray, 2000), the aim of the programme and the type of projects funded are to be explained first.

Figure 1 Framework of LEADER 2014-2020



Based on Grieve et al. 2011; European Commission, 2006; Scottish Rural Network[1]

[1] Information on LEADER 2014-2020 accessible online via https://www.ruralnetwork.scot/funding/leader

Aim and impact

LEADER aims to build **social and cultural capital**, improve the rural environment and develop the rural economy. LEADER values the importance of soft factors such as community life, traditions, social infrastructure and cohesion, and material or hard factors such as buildings (Grieve et al., 2011). LEADER funded projects can also facilitate basic services for cultural and leisure activities and for the rural population. There is a strong focus on building co-operation with other LAGs in Scotland, the UK and Europe and to realise the potential of rural areas. Examples for projects with a strong social focus are the development of club and community hubs to provide facilities for local groups and bring people together. Examples of cultural projects are the re-examination of archaeological evidence in rural Scotland or funding for music festivals.

In terms of its **environmental impact**, LEADER should connect well-being and the protection and preservation of the environment. It aims to encourage community groups to take actions on climate change and to enhance natural heritage. Examples for projects with a strong environmental focus are the development of footpaths around natural heritage or to reintroduce certain species back to areas.

Economically, LEADER is expected to create new employment and training opportunities by investing in tourism, crafts, farm diversification and in small businesses. Here, LEADER also supports local food and drink initiatives. Overall, LEADER serves as a tool in order to increase support to local rural community and business networks to build knowledge and skills, and encourage innovation and cooperation in order to tackle local development objectives. Examples for projects with economic impact are funding for micro-businesses such as breweries that aim to both provide employment opportunities and training and also develop local food supply chains.

Lastly, with the bottom-up approach LEADER is taking, it also aims to improve **governance** by focusing on local stakeholders to develop and conduct projects. This is done by building knowledge and skills in the rural area and encouraging stakeholders to develop innovative projects and to cooperate. Here, LEADER aims to be transparent, integrate various types of local players such as organisations and the public sector and helps to improve communication between the different groups included.

Approach and actions

In order to address these five outcomes of governance, economic, social, cultural and environmental impact, LEADER follows an approach that is based on seven key principles (see EC, 2006):

1. Area-based local development strategies
2. Bottom-up approach
3. Local public-private partnerships: local action groups
4. Innovation
5. Integrated and multi-sectoral actions
6. Cooperation
7. Networking

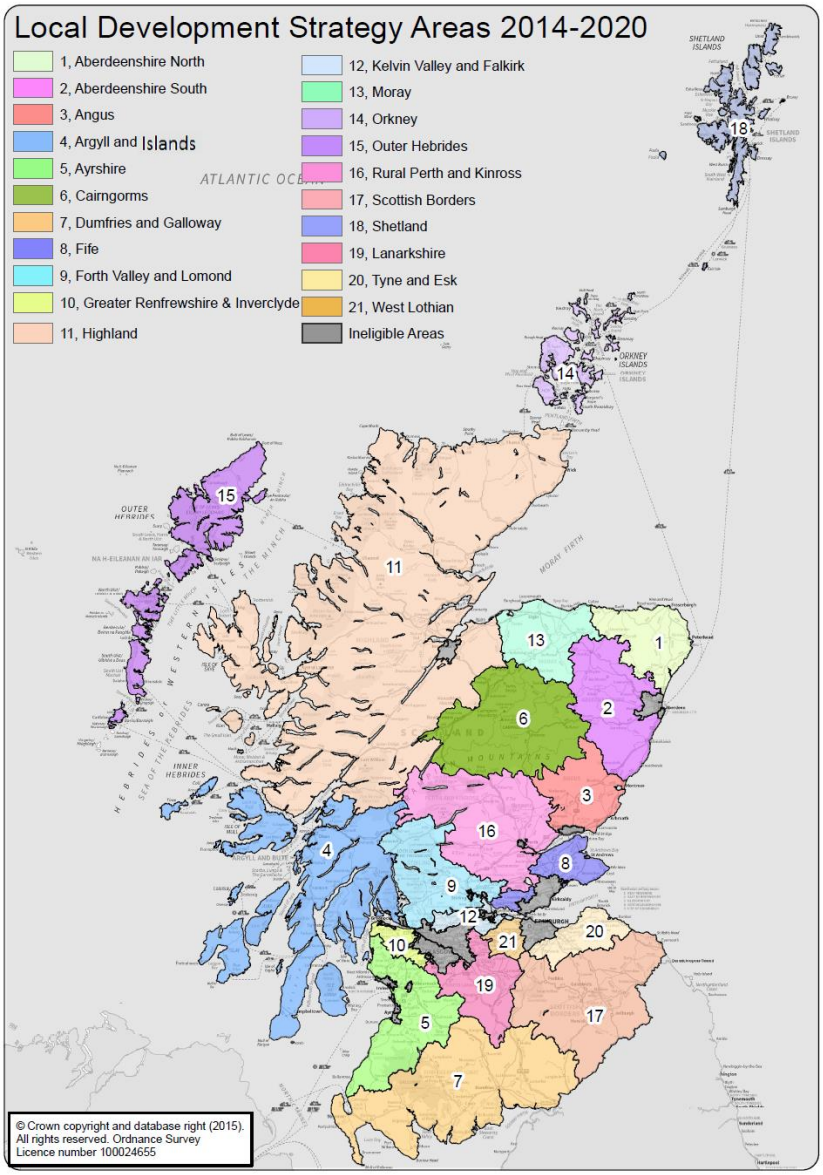
An **area-based local development strategy** allows rural areas that are coherent and have sufficient resources in terms of financial and economic support and population to develop local approaches to challenges areas are facing. These areas often have common traditions and are relatively small. They do not have to follow administrative structures which is why in Scotland for example Local Action Groups are not necessarily the same size as Local Authorities.

LEADER's focus on a **bottom-up approach** means that decisions are made at a local level by local actors in contrast to purely top-down approaches where decisions are made at a national level. The LEADER approach aims to foster interactions between local and regional or national actors. This aim of the bottom-up approach is to actively include economic and social interest groups, private and public institutions and help build capacity.

Thirdly, key to the delivery of LEADER are local **public-private partnerships called Local Action Groups (LAG)**. LAGs define and implement Local Development Strategies (LDS), make decisions about funding and manage financial resources. They bring together funding and groups/ individuals from the private, public, civic and voluntary sector and help to create partnerships to create a critical mass. They also foster the dialogue between different rural actors and help develop cooperation. LAGs also try to take into account the different areas of interest under CAP such as environment, the agricultural sector and the diversification of the rural economy. Their main task is to

support applicants in applying for project funding and delivering their projects. In Scotland, there are 21 LAGs (see figure 2 below).

Figure 2 Local Action Groups and their Local Development Strategies 2014-2020



Source: Scottish Rural Network, 2016[2]

Fourthly, LEADER aims to encourage **innovation** in rural communities. Innovation can range from the introduction of a new product, process or service. Projects applying for LEADER need to show how they meet this criteria.

[2] accessible online via https://www.ruralnetwork.scot/sites/ruralnetwork.scot/files/documents/LEADER%202014-20%20-%20GIS%20-%20LDS%20-V9%20-%2003%20Feb%202016.pdf

The fifth feature of LEADER – **integrated and multi-sectoral actions** – means that projects have to stretch across multiple sectors and not focus just on one. Additionally, individuals and players from different economic, social, cultural and environmental background need to be connected and coordinated.

Networking means that knowledge and experience between LEADER groups, rural areas, administrations and organisations needs to be exchanged. These networks aim to overcome rural isolation and help to benefit from lessons learned.

Lastly, **cooperation** take networking a step further in that it encourages joint projects across multiple LAGs in another region, European Union member state or a third country.

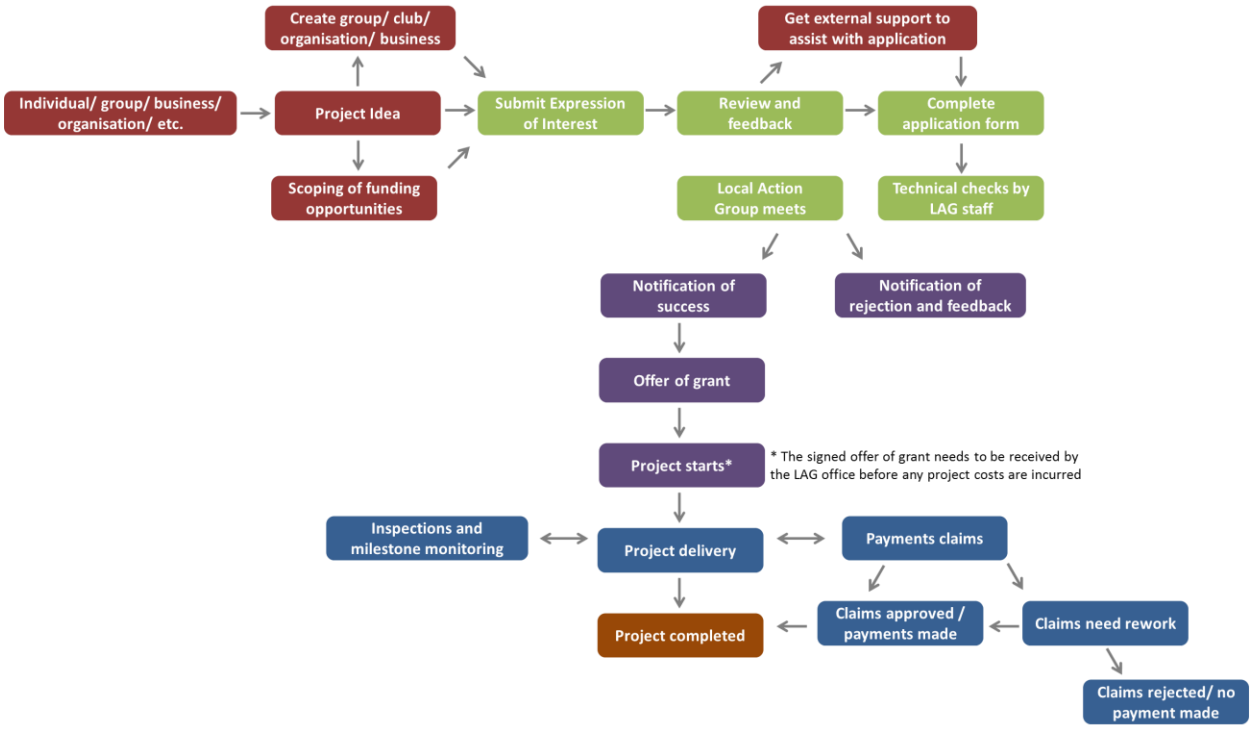
The European Commission (1996, p. 3) summarises the LEADER approach as follows

"Given the diversity of the Union's rural areas, rural development policy must follow the principle of subsidiarity. It must be as decentralised as possible and based on a partnership and co-operation between all levels concerned (local, regional, national and European). The emphasis must be on participation and a 'bottom-up' approach which harnesses the creativity and solidarity of rural communities. Rural development must be local and community-driven within a coherent European framework."

Application and delivery of projects

Figure 3 illustrates the process applicants have reported following in order to receive LEADER funding. All green and purple boxes stem from the LEADER guidance provided by the Scottish Rural Network. The remaining boxes were added by the author based on information provided by the focus groups participants.

Figure 3 Application and project delivery process



Parts of this figure (green and purple boxes) are based on LEADER guidance provided by the Scottish Rural Network[3]

The groups most likely to apply for funding are: local rural community and business networks, professional organisations and unions, trade associations, citizens, residents and their local organisations, local political representatives, women's associations, young people's organisations, environmental associations, cultural and community service providers including the media. In some cases however, the process of a LEADER application might start with a group of individuals with a project idea. Here, the application process starts by scoping available funding opportunities. In other cases, particularly larger organisations have already decided to apply for LEADER funding and no further scoping is necessary.

[3] LEADER guidance available online via https://www.ruralnetwork.scot/leader/how-to-apply

Before applying to LEADER, individuals and groups have to contact their LAG and submit an expression of interest (EoI) form introducing their project idea. LAGs review the EoI and provide feedback on for example how the project meets the Local Development Strategy or whether generally it seems to be eligible for funding. Applicants then complete the application form which is then subject to technical checks by the LAG staff. Based on several examples provided in the focus groups, especially smaller organisations and clubs get external support to help them write applications or to provide legal advice. Once submitted, LAGs then assess the application and a committee scores the proposal. If successful and approved by the committee, applicants receive a notification and are offered a grant and the project can start. If the project got rejected, applicants receive feedback.

Once in the delivery stage, projects are subject to inspections and are additionally monitored to ensure milestones are met. Claims for project costs can only be submitted once the project has started and in agreed stages only. Also, costs can only be claimed once the work being claimed for is complete and paid for. Claims are monitored closely and need to be approved. If there is an error with the claim, the claim needs to be updated and resubmitted in order to get approved. If there is a problem with the claim and the LAG rejects it, project applicants can appeal against the decision. A project is considered complete once all claims have been made and milestones have been met.

Looking at nearly projects close to completion, this report evaluates to what extent the LEADER programme 2014-2020 has managed to meet the needs of rural communities and aims to capture the impact LEADER funding has had on cultural, environmental, social and economic aspects of rural Scotland. The report reviews some limited quantitative evidence on the delivery of LEADER projects, followed by an in-depth analysis of focus groups that involved LEADER applicants from the LAGs Highland, Dumfries and Galloway, Rural Perth and Kinross and Outer Hebrides. The report additionally summarises key challenges applicants described in the focus groups and make recommendations.

Local Action Groups – An overview of budgets and projects approved

This research project was divided into two phases – an analysis of administrative data on the Local Actions in Rural Communities system (LARCs) and secondly, the collection and analysis of qualitative data generated through focus groups in four Local Action Groups (LAGs). In phase one, the LEADER database LARCs was accessed in order to extract data at the LAG level. Findings of this rather macro-level approach were then used to identify LAGs that are likely to represent a diverse range of projects, challenges and outcomes. Whilst for the selection of the focus groups, data was extracted from LARCs on the 26th of February to allow for enough time to organise, conduct and transcribe the focus groups, the analysis in the following section is using data extracted on the 18th May 2018 to ensure higher accuracy for the purpose of the report.

Because the current LEADER programme 2014-2020 has not been completed yet, quantitative data on the outcomes of the projects is limited. Table 1 lists all 21 Scottish Local Action Groups, their indicative allocation and more importantly the value of LEADER commitments so far. Table 1 also includes the number of project applications overall and the number of approved projects. Based on these figures, the average project value was calculated and the relative share of committed budgets over allocation and approved projects over all applications. Data was extracted on the 18th May 2018 from LARCs (Local Actions in Rural Communities system).

Based on table 1, we know that the overall budget for all 21 Scottish LAGs is £77.4 million of which 40% so far have been committed to projects. Of 1137 applications, 495 (44%) have been approved. Of all projects, only 59 (12%) had been completed or at the stage of final claims made at the time data was extracted. Whilst LARCs asks projects to report a number of outcomes that will help to capture economic, social, cultural and environmental impact, data at this stage is very limited due to the low share of completed projects. Consequently, no conclusions can be made yet solely based on data collected on LARCs.

Table 1 LAG budget, commitments and applications[4]

Local Action Groups	LAG Indictive Allocation	Value of LEADER commitment	*Admin & Animation (A&A)(ACTUAL spend + forecast)	Share commitment over budget	Total no. of applications	Number of approvals	Approved applications over total
Angus	**£2,750,186**	**£1,358,210**	**£662,486.22**	**49%**	**42**	**27**	64%
Argyll & Islands	**£4,886,126**	**£1,393,274**	**£613,095.65**	**29%**	**83**	**22**	27%
Ayrshire	**£5,783,731**	**£2,818,007**	**£845,672.96**	**49%**	**120**	**37**	31%
Cairngorms	**£2,968,517**	**£2,006,580**	**£492,419.75**	**68%**	**32**	**26**	81%
Dumfries & Galloway	**£5,595,370**	**£2,629,668**	**£1,169,927.27**	**47%**	**87**	**44**	51%
Fife	**£3,397,670**	**£1,187,623**	**£471,697.84**	**35%**	**43**	**19**	44%
Forth Valley & Lomond	**£2,783,013**	**£1,404,959**	**£738,862.18**	**50%**	**40**	**30**	75%
Gr. Renfrewshire & Inverclyde	**£2,324,196**	**£337,184**	**£581,048.98**	**15%**	**34**	**6**	18%
Highland	**£8,805,388**	**£2,088,743**	**£2,013,187.19**	**24%**	**79**	**43**	54%
Kelvin Valley & Falkirk	**£2,824,399**	**£631,662**	**£349,953.39**	**22%**	**43**	**15**	35%
Lanarkshire	**£4,066,953**	**£1,724,030**	**£887,073.84**	**42%**	**34**	**19**	56%
Moray	**£3,453,040**	**£1,368,729**	**£517,864.23**	**40%**	**29**	**11**	38%
Nth Aberdeenshire	**£3,290,237**	**£812,465**	**£641,539.77**	**25%**	**29**	**9**	31%
Orkney	**£2,512,250**	**£1,181,381**	**£586,355.19**	**47%**	**40**	**21**	53%
Outer Hebrides	**£3,177,666**	**£1,871,917**	**£444,744.05**	**59%**	**84**	**29**	35%
Rural Perth & Kinross	**£3,800,124**	**£882,205**	**£735,381.84**	**23%**	**69**	**26**	38%

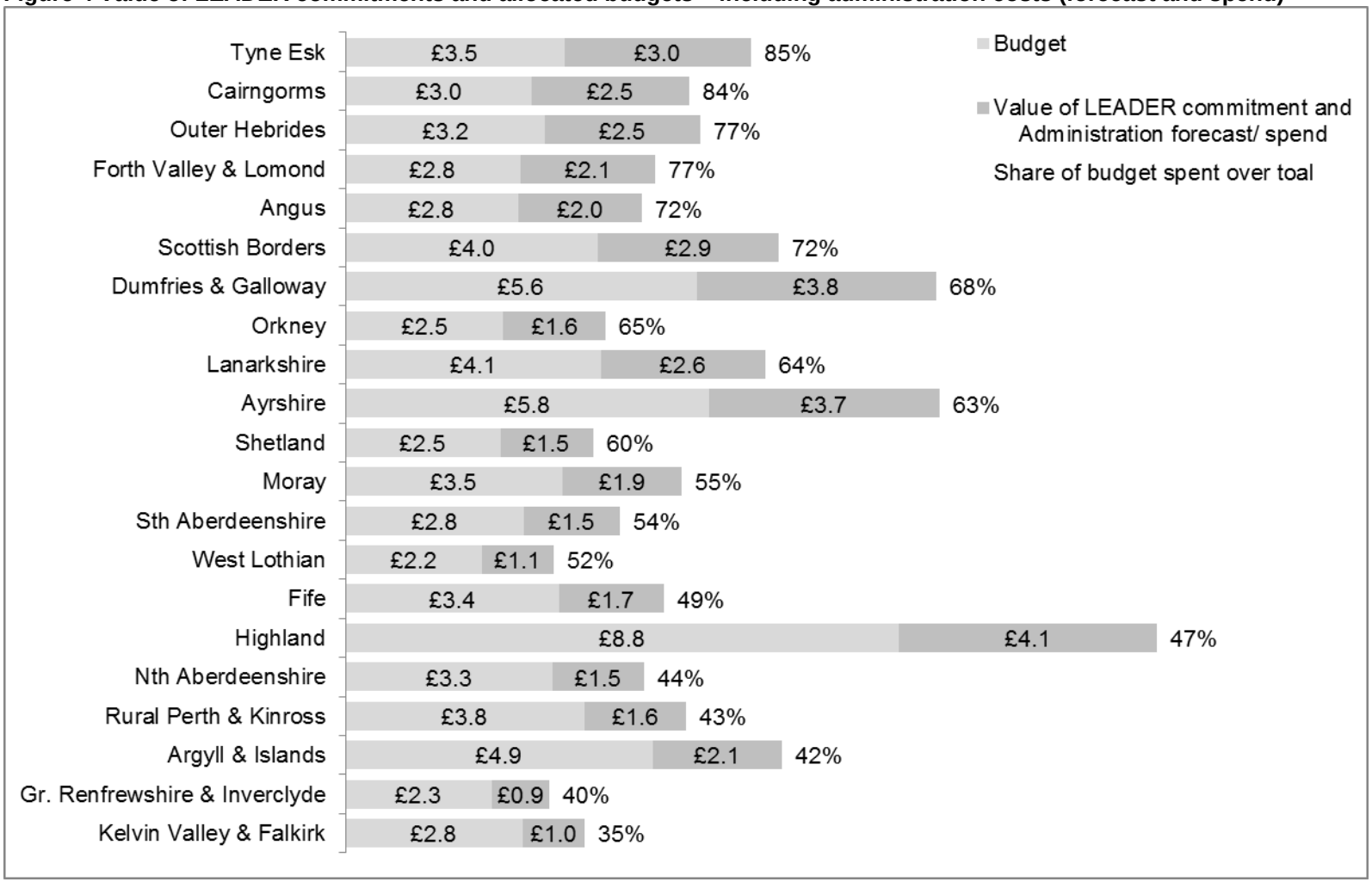
Scottish Borders	**£4,018,427**	**£2,007,987**	**£523,473.60**	**50%**	**77**	**38**	49%
Shetland	**£2,467,085**	**£1,093,988**	**£866,814.72**	**44%**	**37**	**18**	49%
Sth Aberdeenshire	**£2,831,742**	**£1,001,041**	**£374,451.80**	**35%**	**54**	**14**	26%
Tyne Esk	**£3,490,769**	**£2,256,025**	**£698,361.39**	**65%**	**55**	**31**	56%
West Lothian	**£2,173,112**	**£822,482**	**£314,915.33**	**38%**	**26**	**10**	38%
Totals	**£77,400,001**	**£30,878,159**	**£14,529,327.19**	**40%**	**1137**	**495**	**44%**

[4] Data extracted from LARCs on 18 May 2018, see annex B, table B.1.

The overall budget allocated to 21 Scottish LAGs between 2014-2020 is £77.4 million of which the highest budget is allocated to the Highland LAG with £8.8 million and the lowest to West Lothian £2.2 million. The average budget is £3.7 million. At the time data was extracted (18th May 2018), LAGs had committed £30.9 million of their budget to LEADER projects. In other words, 40% of the budget had been approved to projects. LAGs can spend up to 25% of their budget on administration and animation and table 1 lists the administration budget spent and forecasted.

Figure 4 below takes spending on administration and animation into account and indicates the share of LEADER commitments and administration costs over the total budget. However, because spending on administration and animation is based on estimated spending, for the purpose of this analysis only actual project commitments are taken into account. Thus, it needs to be kept in mind that all figures describing the share of commitments over value exclude administration costs that can make up to 25% of the overall budget.

Figure 4 Value of LEADER commitments and allocated budgets – including administration costs (forecast and spend)

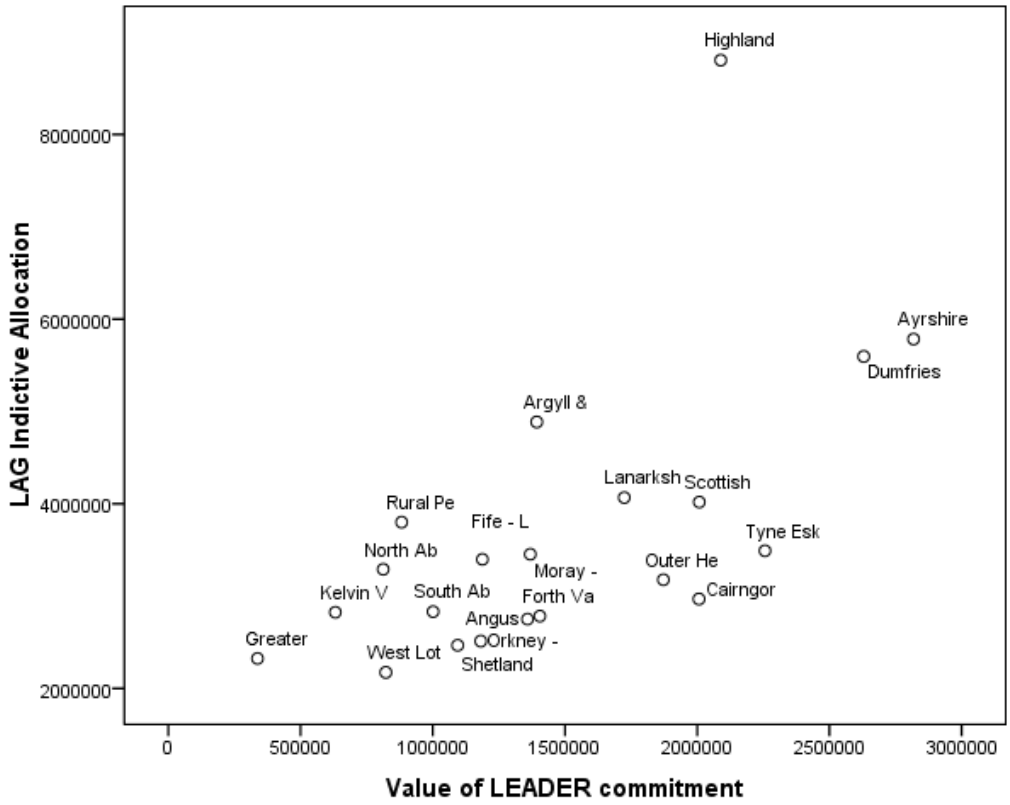


Extracted from LARCs on 18 May 2018

The value of LEADER commitments over the total available budget ranges from 15% in Greater Renfrewshire (here £337,184 of £2.3 million were committed to projects by the 18th of May 2018) and Cairngorms with 68% (£2 million committed of £3 million budget). The following LAGs have committed less than a third of their budget: Argyll and Islands (29% of their overall budget of £4.9 million); North Aberdeenshire (25% of their overall budget of £3.3 million); Highland (24% of £8.8 million); Rural Perth and Kinross (23% of £3.8 million); Kelvin Valley and Falkirk (22% of £2.8 million) and Greater Renfrewshire (15% of £2.3 million). On the other hand, the following LAGs have committed around 60% or more of their budget: Cairngorms (68% of £3 million); Tyne Esk (65% of £3.5 million) and Outer Hebrides (59% of £3.2 million).

Figure 5 below illustrates that as expected the higher the LAG overall budget, the higher the value of commitments at this point are. This relationship is statistically significant and even though this was to be expected, the figure below shows outliers. More or less all LAG follow a linear trend in that the more budget they have got available, the more they have committed to by this point in time. However, the LAG Highland does not follow this linear trend and despite having by far the largest budget, the value of commitments lags behind. When taking out the LAG from the dataset, we see this very clearly as the correlation coefficient increases from 0.6** to 0.7**. In other words, the association between higher budgets and higher commitments is even stronger when we leave out the LAG Highland. This observation is particularly interesting because not only does the LAG have the largest budget and has only spent a quarter at this point, but it also is the only LAG that is divided into Local Area Partnerships (LAP). Due to the size of the LAG, seven LAPs deliver a specific Local Area Action Plan, manage their local budget and make decisions on local projects that seek LEADER funding. Once, the programme has finished, it should be reviewed to see whether the LAG has managed to spend its budget and how and what impact the LAPs have had on the commitment process.

Figure 5 Value of LEADER commitments over overall LAG budget[5]



By May 2018, 1137 project applications had been submitted to LAGs across Scotland. Of these 1137 applications only 44% or 495 applications had been approved. This means that 56% of all applications were either rejected, withdrawn, required additional work, were on hold or in process or still at the draft stage.

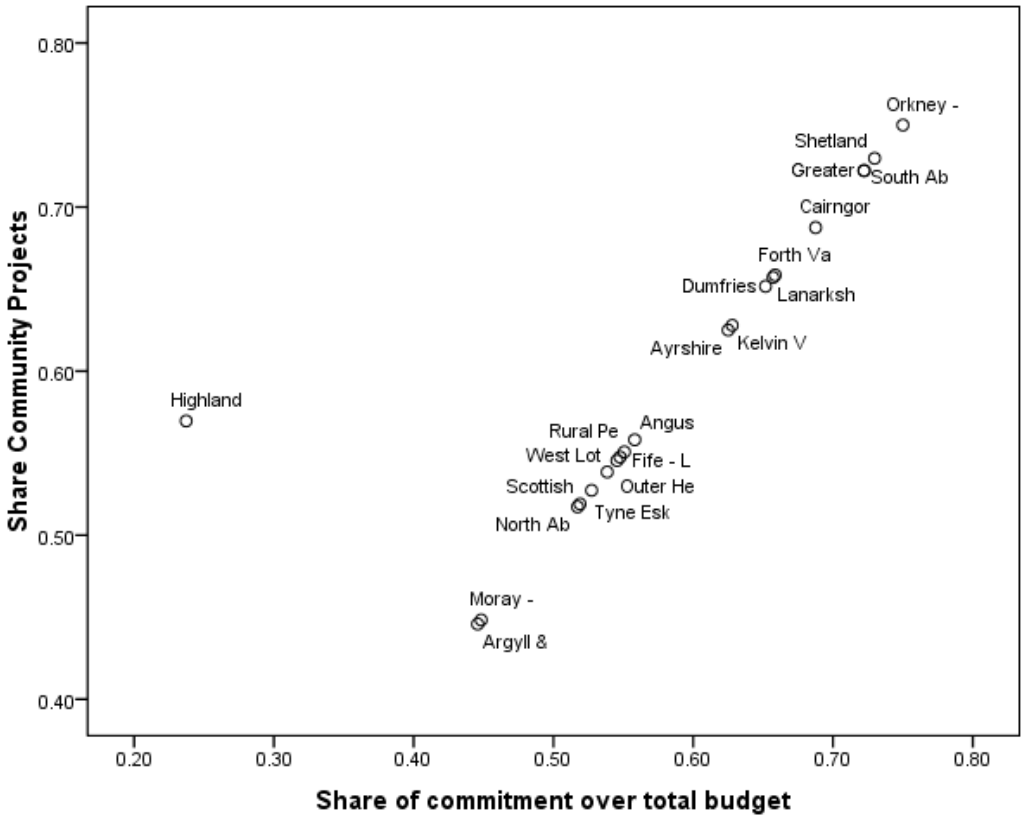
Ayrshire has received the highest number of applications with 120 in total compared to West Lothian with 26. The lowest share of approved projects over total applications are in Greater Renfrewshire and Inverclyde with an approval rate of 18%. This reflects the observation that in the LAG the share of LEADER commitments is also comparably lower than anywhere else. One reason for this might be that in the LAG 12 projects have been withdrawn, rejected or require rework which is a relatively high number considering the LAG has one of the smallest budgets. The reason for the low share of commitment and approved projects could also lie in the fact that the LAG has the second lowest budget. However, West Lothian with a smaller budget has committed 38% of its budget to LEADER projects. On the other extreme we find Cairngorms with an approval rate of 81%. Here, 26 out of 32 applications were approved. This LAG also has the highest share of commitments as well. Here, we find that just 2 applications had gotten rejected, none require being reworked and 4 had been withdrawn.

[5] Data extracted from LARCs on 18 May 2018, see annex B, table B.1.

Unsurprisingly, when plotting the number of approved projects with the share of LEADER commitments, we find a positive association. In other words, LAGs that have approved more projects also have spent a higher share of their budget (correlation coefficient of 0.8**) and have also received more applications in general (0.7**). At this stage, this report cannot establish what factors positively impact the share of commitment or approved projects for each LAG. This is because only a small share of the overall budget has been committed and data is not available yet.

Whilst the share of LEADER commitments over the overall budget is not correlated with the number of applications, the commitment rate however is strongly dependent on the type of projects a LAG approves. We find that the commitment rate is significantly higher if a LAG has accepted relatively more community projects. On the other hand, LAG that have a relatively high number of farm diversification and business projects tend to have committed less of their budget. The figure below shows this statistically significant relationship (correlation coefficient of 0.8**). The reasons for this could be either that farm diversification and business applications are more onerous for the LAG staff or that they tend to apply for smaller grants than community funds. While at this stage, it cannot be clearly established why the share of committed budget depends on the type of project, the difference needs to be highlighted.

Figure 6 Value of LEADER commitments over overall LAG budget[6]



The main focus of this report therefore is not how LAGs perform, but how the projects that are currently live or completed have had an impact on life in rural Scotland. Using the findings from the four focus groups conducted, the following section starts with an evaluation of the economic impact LEADER funded projects have had.

Qualitative evidence – LEADER's impact on life in rural Scotland

Evaluating the current LEADER 2014-2020 programme presents challenges as first of all data on the specific outcomes of projects has not been collected yet. This is because only very few projects have been completed yet which is why only their outcomes are recorded in LARCs. Secondly, because a large extent of the budgets has not been committed to projects yet, we cannot say what type of projects will be funded in the end and what their impact on rural Scotland will be. Nevertheless, using qualitative methods allows us to get an overview on the impact LEADER has had so far and particularly focus groups

[6] Data extracted from LARCs on 18 May 2018, see annex B, table B.1.

help to identify how projects have not only delivered specific quantifiable outcomes, but also how projects have had a wider impact on for example the rural economy. This section of the report first explains the rationale for choosing the LAGs Highland, Outer Hebrides, Rural Perth and Kinross and Dumfries and Galloway for the focus groups.

Focus groups were conducted in April 2018 and partly transcribed. Questions discussed during the focus group are listed in annex A. In summary, questions aimed to collect examples and evidence on the cultural, economic, social and environmental impact that LEADER funded projects might have had on rural Scotland. Participants in the focus groups were also given the opportunity to raise concerns about funding, governance, administration and other challenges.

Afterwards, the examples and information provided by the participants of the focus groups are analysed in terms of LEADER's economic, social, cultural and environmental impact. Governance at this stage cannot be evaluated as the programme has not been competed yet and thus we do not know at this stage whether LEADER has been implemented successfully. Additionally, the section evaluates challenges projects applications were facing, many of them can be considered as related to governance.

The selection of focus groups

The project started with an analysis of the quantitative data on LARCs and data was first extracted on the 26th of February. For the selection of focus groups, it was particularly relevant to identify projects that were either completed or live, but close to completion. This is because the focus groups were conducted to collect examples for the impact that LEADER projects have had so far. In February 2018, 348 projects had been approved. Of these 348 projects only 180 either were completed already or to be completed by the 30th of April. As discussed later, by far not all of these projects met their expected deadline as so far only 59 projects overall reached the stage of completion of final claim made when data was extracted again in May 2018.

The 180 live or completed projects were then analysed according to the type of project (community, enterprise or farm diversification), total costs and intervention rates and the Local Development Strategy covering the project. These variables were selected due to comparability and accessibility. This is because LEADER follows a bottom-up approach and therefore allows LAGs to define their own Local Development Strategies. The quantitative data mentioned however is comparable. Additionally, it is easily accessible and thus transparent.

Based on these criteria – status, budget, type of project – LAGs were compared and four case studies selected: Highland, Rural Perth and Kinross, Dumfries and Galloway and Outer Hebrides. The details for these decisions are outlined below:

Highland

The LAG Highland has been selected for the focus groups due to various reasons: the size of its budget and the currently relatively low value of LEADER commitments; its geographical characteristics with both remote rural and more urban rural areas; and lastly the diversity of the projects currently live, completed or on hold.

With £8,805,388, the LAG Highland has the largest allocated budget of all 21 Scottish LAGs which should allow for greater administrative capacity. However, in February 2018 the value of LEADER commitments had only reached £1,366,749.78 or 15.5%. This is substantially less than for the majority of LAG, even though it needs to be highlighted that spending is not expected to follow a linear trend and that we expect spending to start at a low level, reach its peak much later in the program when groups and individuals have submitted their applications and claims are being made. Additionally, we expect higher initial costs to set up administration.

Whilst therefore it is to be expected that budgets have not been spent to a large extent, the LAG Highland stood out when focus groups were selected

and as the previous section highlighted, it still stands out. It will therefore be interesting to examine why LEADER commitments are relatively low and whether the current structure prevents the LAG from using up its budget to a larger extent. Whether current structures help or prevent an efficient use of LEADER is particularly interesting in Highland, as it is the only LAG that is divided into Local Area Partnerships (LAP). Due to the size of the LAG, seven LAPs deliver a specific Local Area Action Plan, manage their local budget and make decisions on local projects that seek LEADER funding.

Secondly, the LAG Highland includes both remote rural areas and some more urban parts and therefore would potentially allow for a comparison of projects according to the rurality of their locations.

Thirdly, projects in the LAG are diverse in terms of their financial budgets. While with one exception all projects are community type projects, projects range from large financial budgets of more than £100,000 total costs, medium sized projects of over £50,000 and smaller project of between £20,000 and £50,000. Interestingly, very small projects of under £10,000 have not gone live yet. Lastly, the LAG yet has to have fully completed a project and also has one project on hold which potentially could provide additional insights.

Rural Perth and Kinross

The LAG of Rural Perth and Kinross has an allocated budget of £3,800,124 and the value of its LEADER commitments were at 25% or £932,204.89 in February 2018, which makes Rural Perth and Kinross performing below the average of 33% whilst having a slightly larger LAG allocation than the average of £3.7 million.

Projects carried out in this LA range from one of the three biggest one in terms of total costs of over £1 Million – with an intervention rate of just 8% -- to projects over £200,000 with intervention rates of up to 89% to small projects of under £20,000. The type of projects do not only include community projects, but also support micro and small businesses. The focus on supporting businesses makes this LAG an interesting example. Lastly, this LAG has the highest number of projects on hold and furthermore no completed projects so far.

From a geographical perspective, Rural Perth and Kinross is located in rural central Scotland, but borders onto more urban areas of Scotland.

Outer Hebrides

The LAG Outer Hebrides has a small budget of £3,177,666, but had at the time of the selection of the focus groups (March 2018) by far the highest relative VALUE of LEADER commitments of 62% of its budget (as in February 2018).

Unsurprisingly, the LAG has a high number of completed projects which is particularly helpful for an impact evaluation. Additionally, intervention rates in this LAG range from just 11% to as high as 100%. The LAG is also funding one of the three largest projects of all LAGs with total costs of over £1 million at an intervention rate of 11%.

Amongst the funded projects are community projects, but also enterprise and farm diversification projects. From a geographical perspective, this LAG was selected as it is one of the most remote areas of Scotland and part of an Island authority.

Dumfries and Galloway

The LAG Dumfries and Galloway has an allocated budget of £5,595,370 of which almost 45% has been committed to LEADER already (as of February 2018). Thus, the LAG does not only have a large budget, but is also performing better than the average and unsurprisingly, the number of completed projects is high.

Projects are also quite representative as they include both farm diversification and community projects. What is interesting in this LAG are the relatively low intervention rates of under 50% in many cases. Geographically, Dumfries and Galloway rural and located in the South of Scotland, which helps to ensure that focus groups are spread out across Scotland and not just centred around more Northern areas.

Economic impact

Key aims of LEADER are to develop and utilise the potential of rural areas. These can range from poor levels of service provisions and a lack of employment opportunities to the need to utilise and protect natural assets and cultural heritage in order to become and remain competitive (EC, 2006). Thus, LEADER projects are not only expected to have an impact on the environment, communities and cultural heritage, but also on the rural economy. Based on the focus groups, the economic impact of LEADER is easily underestimated as far-reaching knock-on effects are hard to quantify and measure. The LEADER project database holds information on the following indicators that – once the programme has finished – will provide some overview on the economic impact of LEADER covering employment opportunities, training, up-skilling of volunteers; new businesses and facilities:

- Volunteers engaged
- First time volunteers
- Existing jobs safeguarded
- Jobs created in supported projects

- Annual change in the number of visits to facilities/attractions
- Local residents who have access to new or improved community - based services
- Community facilities created and new services provided
- New enterprises and new products or services created
- People accessing training/development opportunities
- Individuals trained/gaining new skills or re-skilled
- Young people trained/gaining new skills or re-skilled

Because only 59 projects of 495 approved project (12%) had been completed or have submitted their final claims by May 2018, the quantitative data is too limited to assess the economic impact of LEADER. What is more, quantitative evidence does not take into account how the creation of one job or the provision of training opportunities has affected the rural economy. One participant summarised this interconnectivity of the rural economy and labour market as follows:

"In the rural economy, three, four, five jobs are comparable with far more jobs in more urban areas." (Stornoway)

The economic impact of LEADER projects – based on examples given during the focus groups, but also based on an evaluation of the LEADER project database – is threefold: jobs, skills/training and effects on local businesses.

In all focus groups, participants gave examples of how some of their projects have helped to create or sustain jobs. Because the majority of projects in the current LEADER programme are still running, the project database only provides limited insight on the jobs created. However, the extent of job creation became clear in the focus groups:

"Tourism is seen as the only chance the area has got. (…) In terms of employment, we thought there were going to be 2 full-time and 4 part-time employees eventually. Well, we have hit that within the first 6 months and most certainly will need more." (Perth)

Going beyond this very direct effect on the labour market, there were also examples of how the creation of a job or even of housing as part of LEADER funding helped to retain families in the area.

"We had a situation where a school was going to close. We created one job and therefore a family could stay. And one job that helped a family to stay can be the difference between a school closing, a shop and services closing." (Stornoway)

Another theme that appeared in every focus group was the effect LEADER funding had on skills and training not only of staff, but also of volunteers. Especially training provided to volunteers was felt to be crucial in order to help local communities and families:

"Our funding funds a full-time coordinator who coordinates 25 volunteers. If we didn't have the money we would not be able to have these volunteers. These volunteers help families in the area and support them." (Perth)

This *"value we add to the volunteers themselves"* (Perth) was also perceived as fundamental to up-skill people in the area and increase their levels of employability. This effect was sometimes an indirect one, as LEADER did not always fund skills and training specifically, but:

"We could not train people and train local people to train, if we did not have the facilities to do so, so it has provided the infrastructure." (Stornoway)

Participants also highlighted gaps that LEADER funded projects were filling. The most striking example for a gap in the provision of skills was provided in the Dumfries focus group:

"We have a very big project working with young people and there is a gap in provision of education in the region that no person under 16 can do the arts. How about that? 3600 square miles of Scotland and there is no courses whatsoever offered by Dumfries and Galloway College offered in the arts. We are beginning to fill that gap. We had over a 1000 young people last year but we can only do so much." (Dumfries)

As indicated already, the economic impact of LEADER is hard to measure and participants in all focus groups agreed on the knock-on effects that LEADER has on the local economy. Plenty of examples highlighted how one LEADER funded project has helped to either attract other businesses:

"I consider my project it is a small bunk house. We had a local shop and café which was on the market for 2 and a half years but was not selling. And then a local couple bought it and they said they only bought it because it was only five minutes down from the bunk house and that will hopefully create a business for them and a lot of people." (Stornoway)

Or it has helped to attract more visitors that then benefitted the local economy:

"I have built a tourist destination and interpretation centre and it is 12 miles from the main road so all of a sudden I am increasing the traffic down that road which means the shop is getting more footfall, the café is getting more footfall. There will be a coffee shop." (Stornoway)

Another observation that emerged during the focus groups was how a LEADER funded project did not only help to indirectly benefit the local economy by increasing the number of visitors in the area, but direct by co-operating with local businesses:

"We have a residential recording studio (…) It is bringing in new business into the Islands. We have also been working with the existing recording studio, so there has been a lot of new partnership projects that have been set up with engineers and producers and musicians here. This supports the creative industry which really is a growing industry here on the islands. In the future, we hopefully expand to establish some new jobs in terms of apprenticeships, engineers that work alongside, potentially catering as well." (Stornoway)

In terms of economic impact as defined in the framework (figure 1), LEADER projects mentioned in the focus groups have helped to develop the rural economy. This is because projects have contributed to an exchange of learning and helped individuals to learn new skills. Project funding has also affected other businesses and individuals in the areas and therefore released some of the potential of rural areas and provided opportunities. Additionally, it has contributed to local initiatives and enhanced rural facilities.

Social impact

The key innovative aspect of LEADER lies in the idea to enable local people to develop a set of actions and find public funds to put these actions into reality. Thus, the multi-level structure of LEADER requires the individuals and groups to work hand in hand with government, the wider civil society and economic sectors to establish public-private partnerships (Ramos and Delgado, 2003; Nardone et al., 2010). LEADER can contribute to social cohesion in various ways – by requiring joint project designing, preparation of the projects plans and an evaluation. At the end of this process of joint actions, communities have made use of their powers at a local level and thus actively implemented the idea of decentralization. When measuring the impact of LEADER on social cohesion, again the project database only offered limited evidence. Project coordinators take records of outcomes such as:

- People Participating in LEADER projects
- Young people and those in disadvantaged groups involved in their communities
- Hard to reach people who have a more active role in community development (including young people)
- Local residents who have access to new or improved community - based services
- Community assets developed
- Community facilities created and new services provided
- New products or services created
- Rural population benefitting from improved services/ infrastructure
- Projects that have developed as a result of networking or sharing good practice

Again, because only 12% of all approved projects could report final outcomes and only 40% of the overall LEADER allocation had been committed at the time data was collected, the quantitative evidence on the social impact of LEADER is limited. This is also because social cohesion is hard to measure. A participant of the focus groups summarises the effect a new project can have as follows:

"Once the funding starts and you get contractors working in an area, there is a sense of community wellbeing generated and a buzz that things are happening and more local people tend to get involved." (Stornoway)

Several examples were provided in the focus groups of how LEADER has helped to connect generations by bringing elderly and children or young adults together. Other examples mentioned that by offering activities for elderly also their relatives benefitted.

"If we have the facility where we can do morning and afternoon music sessions where we can play music from their time. If you were able to provide something within their locality and make it easier for people who are looking after them – it is just trying to put something into the village." (Highland)

Thus, in the examples provided LEADER has helped to address the challenges rural Scotland faces – a lack of services and an ageing population in this case. Additionally, LEADER projects have not only supported relatives regarding care taking responsibilities, but it has also helped to bring generations together and exchange experience, ideas and knowledge. In all focus groups, participants were referring to "community hubs" that help to build cohesion between different groups of locals.

"What we have created is a community hub, where the elderly come during the day, the extended family come when people are home and on holiday and they can go through their files and get their croft histories and look at photographs of their previous generations and add to it (…). The company that is developing the building, there are quite a few people from the community working for that company and they feel it is their own project. Young and old – it is the old people who are important because they have the intangible cultural heritage and the children learn from them and they see their elders in a different light. And it adds to the kids' school projects." (Stornoway)

Whilst the remoteness of rural Scotland is a challenge for many adults, it is particularly problematic for harder to reach groups, young people or the elderly. Several examples were mentioned of how a LEADER project has helped to bring services to rural communities:

"(…) A lot of the kids would have to travel to Perth. But a lot of the kids are not capable of travelling – that is the reason for why they are hard to reach. It is

almost as bringing out the services from the city to the local region so that it is more accessible for the locals." (Perth)

By providing services in rural areas, LEADER funded projects therefore contribute to a more inclusive rural economy, but also address needs of disadvantaged groups that otherwise would either have to relocate to more urban areas or that would be left behind:

"Just anecdotally, we work with a lot of families that need services. If people are in regular need of services, they are more likely to move into the cities. So making sure services are also provided in the rural areas is absolutely vital." (Perth)

LEADER aims to help communities find local answers to rural problems such as ageing populations and restricted access to services. In some cases, LEADER funding was not used directly to improve access to services, but has enabled groups to make additional use of facilities that were provided partly due to LEADER.

"Our vision was that the club house would only be used at the weekends for shinty, but through the week Monday to Friday it was going to be empty. And we thought that if we had a dedicated room for first aid training, that room could be used by GP, health visitors, opticians, anybody who would be willing to come to the village to offer the services. Our vision was to make it a sports community and health pavilion, to make it a community asset." (Highland)

Based on these examples, LEADER has helped to further develop social capital in rural Scotland by driving community actions and by helping rural communities to identify their potential and build services and opportunities for several groups within the community. Additionally, it has helped to bring people together and contributed to an exchange of knowledge and skills. Projects seemed to have helped not only applicants but also volunteers to develop innovative ideas and cooperate between sectors.

Cultural impact

Many examples were provided of how LEADER funded projects help to protect heritage or revitalise cultural traditions. In some cases, heritage was protected in a very direct way by bringing back rural Scotland's history into people's minds:

"They built a replicate of an Iron Age roundhouse and that has been the hugest success and it is based on archaeological digs and findings in the area." (Dumfries)

In other cases, it was not community projects, but businesses that helped to remember the heritage Scotland offers and utilised it.

"The area used to be well renowned for orchards, but a lot of people have turned to soft fruits or let their orchards go. We have spoken to a lot of people that have let their orchards go. From our perspective, we are making use of something that is already there but not being utilised. And we are celebrating what used to be grown in the area." (Perth)

LEADER funded projects have helped not to rediscover traditions, but to keep heritage alive and open it up to a much wider audience. In the Local Action Group Highland, shinty clubs have used LEADER funding to preserve their sport and to also attract young players.

"To keep them coming to a sport that is traditional and Highland culture and heritage, it gets harder and harder. I think LEADER has rescued us in that respect." (Highland)

Whilst these examples already highlight how traditions are now revitalised, other LEADER projects also actively prevents cultural knowledge from disappearing as illustrated by an example from the Outer Hebrides:

"We did a lot on WW1 and got national acclaim for it and under the current scheme we are doing a place names book and there is over 2000 place names (…). If we did not document the cultural heritage that is in people's heads, it would go with the people as they die of." (Stornoway)

When going back to the evaluation framework in figure 1, we can therefore say that LEADER has impacted cultural capital of rural Scotland. This was done by funding projects that enhance cultural heritage, tourism and leisure activities. It also seemed to have helped to encourage cooperation between local players.

Environmental impact

Under CAP, part of LEADER funding is also aimed at preserving the environment and protecting the countryside. Three key areas have been identified to help enhance rural heritage:

- biodiversity and the preservation and development of 'natural' farming and forestry systems, and traditional agricultural landscapes;
- water management and use;
- dealing with climate change.

Based on the LEADER project database and the focus groups, many projects either solely aim to protect the environment or connect the preservation of rural heritage with rural tourism.

Even though there are many projects with environmental impact listed in the project database, only few were represented in the focus groups, here mainly in Dumfries. One example provided was the South of Scotland Golden Eagle project that is partly funded by LEADER and aims to rear and release golden eagles in Scottish Borders and Dumfries and Galloway. Another project that took place in Dumfries and Galloway is the eco-school programme that encourages environmental management, action and sustainable development education at primary schools. Again, part of the funding came from LEADER.

Also in Dumfries and Galloway, participants reported about how the diversion of a footpath around Castle Loch has not only led to an increase of visitors in the area to enjoy the countryside, but also encouraged locals to get in touch with their rural heritage, particularly children:

"In the woodlands surrounding the Loch we have a forest classroom that the local primary school uses and we have got a kindergarten area, there is a very good private nursery in Lochmaben and they love going there and take the young children down there very regularly. There is various species on the side. (…) We are releasing a number of eels into Castle Loch." (Dumfries)

Other projects with environmental impact range from various environmental works over regenerating harbours and additional habitat work. Thus, despite not being represented in all focus groups, there are a substantial number of projects with a strong focus on preserving natural heritage and the environment. Once the programme has finished, a quantitative analysis of the number of participants in environment-focussed or heritage-focussed projects, events and initiatives can be conducted as data is collected in the project database.

Going back to the framework illustrated in figure 1, LEADER has contributed to the environment as it helped to enhance natural heritage and funded projects that drove community actions on environmental issues.

Challenges

Whilst the focus of this report is on the impact of LEADER and recommendations to widen projects' impact, challenges applicants are facing cannot be ignored as in all focus groups participants raised a number of concerns and problems about the current LEADER programme. Complaints focused mainly on financial administration, but also on the application effort per se, the lack of LEADER staff and the focus on innovation, which is a key criteria to receive funding. These issues can be seen as problems with the governance of LEADER.

There were mixed opinions on whether or not the application process was too onerous. One participant admitted:

"We did employ someone to apply for it and the club paid for that." (Highland)]

Others however viewed the application process as a "useful exercise" (Perth):

"You had to develop a 3 year business plan and actually as a new start business putting that together and doing your own research into your own industry and coming out with numbers at the end of it gave you a boost. (…) When you got to the bottom of the form, you felt like you were in a better place." (Perth)

In all focus groups there was an agreement that particularly for small groups and inexperienced applicants, the effort to administer the funding application and claiming costs was challenging. The question arose whether small organisations in rural Scotland really were empowered or not:

"It is called community but it is so tough. How is a volunteer group supposed to access a fund that is being made so difficult to administer?" (Highland)

All focus group participants thought the process of claiming costs was too complicated and slow:

"We have been waiting for 6 months. The claims form reminds me of the children's computer games. You go level after level and just when you think you have reached the end you are suddenly greeted with a big monster you have to defeat." (Perth)

There was also general agreement that "if you do not have the cash flow behind you, you simply cannot do LEADER" (Stornoway). Consequently, it was perceived that many small organisations and groups would never apply for LEADER funding as they do not have the financial capital to advance payments:

"We can manage the cash-flow but I don't know how smaller organisations can do it. We have not been paid anything yet. We started working on the 1st of July. "(Perth)

Another problem for some applicants was the requirement for projects to be innovative as "innovation moves away from need. If an area needs something, it might not be innovative, but still needed." (Stornoway). Many participants admitted difficulties in meeting the requirement:

"Organisations like us do not work like that .You cannot just come up with new stuff all the time (…). We had to change the name and branding of what we were doing already and very confusing for people (…) but we had to do that because we did not want to make people redundant." (Dumfries)

The requirement to be innovative is one of the key pillars of the LEADER approach (see p. 11) and innovation – cultural, social and economic – is

regarded as a mean towards rural development. However, participants seemed to perceive the focus on innovation as a barrier for sustainable rural development.

Lastly, in all focus groups participants mentioned how restrictions in terms of funding periods are particularly challenging when staff is being paid through LEADER. One participant summarised the challenges as follows:

"You have to have two clear months between one project finishing and another one starting. Now, how do we pay people in those two months, where does the money come from to keep a project sustainable in those two months? (…) This is really hurting people." (Dumfries)

Going back to figure 3 that illustrates the application and delivery process of a LEADER project, participants in the focus groups agreed on that whilst the application process was challenging, the process of claiming costs was the most problematic one. It was perceived as particularly challenging that the feedback on claims provided took too long or the claiming process was not transparent enough. Thus, with regards to the impact on governance LEADER claims to have (see figure 1), we need to distinguish between governance before project start and after. On the one hand, there was general agreement that the support and communication with LAGs was good during the application process. On the other hand, it was also heavily criticised how during the delivery of the project communication, transparency in terms of what was expected by the projects applicants and also the processing of claims were poor. On the other hand, projects have helped to engage local stakeholders to work together and also to work with the public sector. Overall, the bottom-up approach seemed to have helped to get groups and individuals engaged and included, but the quality of communication and collaboration between LAGs and applicant seemed problematic from their perspective.

Recommendations

Based on the challenges described, but also on the positive examples of the impact LEADER has had on rural communities, there are a number of recommendations to be made. These recommendations are divided into short- and medium-term recommendations that aim to improve the impact of the current LEADER 2014-2020 programme and recommendations for any future funding models in a post-Brexit Scotland that could replace LEADER.

Short- and medium-term recommendations for the current LEADER 2014-2020 programme

As the current LEADER programme is coming to an end soon, only a limited number of recommendations can be made for the remaining programme. The following recommendations aim at improving the experience for LEADER project applicants. The most first one is based on the key observation that the degree of challenges in terms of payments and claims seemed to vary substantially between LAGs. While claims were perceived as too complicated in every focus group, particularly in one focus group the delay between claim and payment seemed to have put applicants under substantial pressure. In other words, differences between how LAG's staff process applications and claim seem to be an issue in some areas, but not in others which leads to an difficulties in the treatment of applications, claims and general support. In order to first of all speed up claim payments, but also to ensure equal conditions across rural Scotland and in case of poor performance to step in the first recommendation is:

1. LAGs should ensure claims are processed promptly, for example within 20 working days. Scottish Government should produce expected standards of services for LAG customers and LAG performance should then be monitored against these standards. In response to poor performance of the LAGs, further options should be explored, including bringing support into Scottish Government, where performance remains unacceptable.

One way to ensure claims can be dealt with more quickly could be to keep more continuity between funding programmes in terms of staff by applying the same guidelines across all LAGs. This was also recommended by a LEADER applicant who has had experience with several LEADER programmes:

"One of the weaknesses of LEADER is that there is always a gap between programmes. You lose staff because they can't stay here and they find a job somewhere and someone else has to be trained. And you lose part of the programme. Once this programme runs out, another program should be set up. Otherwise, the skillset in the local areas is lost." (Stornoway)

This increased continuity could also help to make the support more efficient as in some LAGs applicants claim the LEADER staff was “very good, but there are not enough of them” (Perth). However, it needs to be highlighted here that there were substantial differences between the focus groups in terms of issues with staff and claims processing. Thus, in case of poor performance the Scottish Government needs to step in and centralize services which also means that LAG staff needs to be monitored.

Going beyond recommendations regarding administrative processes, the funding process per se requires an evaluation as it seems to favour large organisations and not support small organisations to the same extent. This observation is based on stories and examples that were being told by LEADER applicants during the focus groups. However, because there is no sufficient data available on a correlation between organisation size and LEADER applications, comments such as the following need to be interpreted carefully:

“I think it is quite interesting that it is fairly substantial organisations that have come in for the funding or organisations which have had funding from somewhere else to bring in a consultant to do the app form. So my concern really is (…) we are further empowering strong organisations, because the process is so daunting, that maybe smaller organisations, they just look at the application and say I am not going to do it.“(Highland)

Consequently, another recommendation is:

2. For the LAGs to evaluate the need to support small organisations by for example setting up networks between more experienced LEADER applicants and inexperienced smaller groups.

Post-Brexit Recommendations

With the United Kingdom leaving the European Union on the 29th March 2019, the future of programmes such as LEADER is uncertain. The following recommendations therefore are based on the current LEADER programme, but also aim to inform any future funding models that could replace LEADER.

LEADER follows a bottom-up and decentralised approach with its 21 Local Development Strategies. All focus groups participants were in favour of continuing this local approach for future funding models. No one perceived the LDS to be too restrictive and generally the LDS were seen as a good fit for the LAGs. At the same time, discussions in the focus groups showed confusion among project applicants about the multi-level structure of LEADER in that

people were not sure whether regulations stemmed from the EU, the Scottish Government or their LAG. Thus, the recommendation is:

3. The qualitative research showed strong support for a continuation of the decentralised approach of LEADER with its separate Local Development Strategies. These are perceived to ensure a variety of projects with a local identity. However, it needs to be promoted by LAGs or any future administrative bodies more clearly that the funding itself stems from the Scottish Government if the funding approach was continued post-Brexit.

In a future funding model the structure of LEADER could also be changed to ensure LEADER applicants receive more appropriate support. This could be done by allowing staff to specialise in either community or business projects. The quantitative analysis highlighted a connection between commitment rates and the type of projects which could suggest that business and farm diversification projects are more onerous to support. Therefore, this report suggests that services and support could be delivered more efficiently if schemes were divided. This was also brought up by a focus group participant:

"Let's have two LEADERs – one for a commercial viability side and one for the community support side. The team cannot possibly know all aspects." (Perth)

Thus, another recommendation is:

4. For the Scottish Government to review whether business and community projects should be separated. While a future funding model could still process community projects, business projects could be dealt with by other agencies.

In this context of service delivery, we know based on the approved funding and the number of projects so far that the average project size currently is £62,380. Additionally, there is anecdotal evidence from one of the focus groups that organisations know: "if you want anything less than £10,000 do not apply for LEADER because it is not worth the effort" (Highland focus group participant). This on the one hand again suggests the need to look into more support for small organisations, but on the other hand also implies that LEADER is not suitable to meet the needs of small scale projects. Consequently, a more differentiated funding approach is recommended that allows to distinguish between small, medium and large grants and a matching degree of reporting:

5. For LAGs or any future administrative bodies to encourage funding for small projects and for the Scottish Government to distinguish between small, medium and large grants in terms of applications, reporting and administrating. Easier access to small grants can also encourage more creativity in terms of project ideas.

Because LEADER is a European Union funded programme, it is subject to EU auditing regulations, currently project payments cannot be made upfront. However, Brexit might present the opportunity to re-examine this principle. Many applicants here mentioned the Lottery Fund approach as a good example that distinguishes between small grants of up to £10,000, medium ones of £10,000 to £100,000 and large grants of over £100,000. Depending on the grant size, payments differ as well as small grants can be paid up front, medium and large ones 50% upfront followed by 40% after the first instalment and 10% when the project is finished. If LEADER funding followed a more similar approach to the Lottery Fund, another key challenge described by all focus groups participants – the problem of having to advance payments over a long time – could be addressed. Thus, the next recommendation is:

6. For the Scottish Government to allow some payments to be made up front, where legislation permits, ether in parts or completely, depending on the grant size.

Additionally, because many applicants reported problems with the LEADER restriction to only allow one-year projects, after Brexit a follow-up version of the LEADER programme should ensure that multi-year projects are possible in every LAG/ future administrative body. Here, it is crucial that all LAGs have to follow the same guidelines as in some focus groups it was mentioned that projects had to have a 2 month gap in between or can only be funded for one year, which is a local LAG guideline, but not an EU or Scottish Government regulation. Thus, the next recommendation is:

7. For the Scottish Government to ensure that in future funding models LAGs or any future administrative bodies follow the same regulations and processes in terms of funding periods and flexibility.

This report also recommends to re-evaluate the principles LEADER is based on (see p. 11) one of which is the requirement for innovation. Project have to be innovative in order to receive funding. However, as described by several participants the need for being innovative is perceived as counterproductive for rural development. Projects that contribute do not necessarily have to be innovative as long as they fill a need. Thus, the report recommends:

8. For the Scottish Government to evaluate the principles of the LEADER approach and review whether the focus on innovation truly serves the purpose of rural development.

Lastly, since the whole of the LEADER budget of £77.4 million has not been committed to projects yet, this paper only presents a snapshot of the programme as it is. For a comprehensive analysis of the impact not only LEADER 2014-2020, but all LEADER programmes in the past 25 years have had on rural Scotland, further research is needed once more data is available. Additionally, an evaluation at the end of the programme should also involve an analysis of how LEADER programmes in other EU member states have been implemented and delivered.

Therefore, the last recommendation is:

9. For the Scottish Government to look into commissioning or undertaking additional research on the impact of LEADER programmes on rural Scotland and to include an analysis of lessons that could be learned from LEADER programmes in other EU member states.

Conclusion

While this report provides an overview of how LEADER funded projects have contributed to the development of rural communities, the key limitation of the analysis is the small and potentially partial sample. This is because only a quarter of 100 invited LEADER applicants participated in the focus groups and secondly, only successful applicants attended. Consequently, the sample is expected to be positively biased in favour of LEADER which is why a critical evaluation in terms of either negative or insufficient impact is difficult. Additionally, even though focus groups locations were chosen to represent a wide variety of LAGs, the data presented cannot be representative. This is also true for the quantitative aspect of the analysis as here only limited data is available at this stage.

However, the report shows some interesting findings. In terms of economic impact, LEADER funding has contributed to a widening of skillsets, has not only helped to create and maintain jobs, but also in some cases helped to retain people in the area. Additionally, projects seemed to have had a “knock-on” effect on the local economy. In terms of social impact, LEADER funded projects seemed to really have helped to create social cohesion and networks and even helped to establish collaboration. Culturally, projects have contributed to preserving heritage and traditions and make these more accessible to the wider society. Lastly, environmental impact was achieved as

natural assets were developed and both locals and tourists got in touch with the countryside.

Challenges mainly centre around the issue of claims and the delay in payments that require applicants to advance payments which is particularly a problem for small organisations.

Recommendations based on the findings are to hold onto the bottom-up and local approach of LEADER, but to introduce standards of services to LAGs. In case of poor performance, services need to be centralized to ensure fair and quick payments. Additionally, it should be evaluated whether payments partly could be made upfront to help smaller organisations. To increase efficiency of any future funding programmes, the report also recommends to distinguish between grant sizes and also types of projects. Lastly, funding should be more flexible to increase continuity between projects if this is possible post-Brexit.

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Annex A

Focus Groups Protocol

Short introduction to introduce overall question: Has LEADER had an impact on life in rural Scotland?

I Opening question
What do you like about living in your area, what do you value?
II Governance

1. Has LEADER helped you and your organisation to work more closely with the local delivery partner? Has it helped you to identify contact persons to help your projects?
2. Can you talk through the application process? Was it flexible enough or did it restrict you in any way?
3. How well did your ideas and projects fit into your Local Development Strategy?
4. Do you think that a more open national Local Development Strategy would have been more accommodating than having 21 different LDS? Does the LDS reflect the needs of rural?
5. Were there cases where there was a conflict between you/ your organization and the LAG?

III Rural Economy (economy, employment, skills)

6. Do you and your organization feel like LEADER has helped **businesses or the provision of services** in your area in terms of development and growth?
7. Can you give examples of how for example a project has led to the creation of **jobs**?
8. Or helped to **retain workers** and their families in the area?
9. Has LEADER helped to develop **skill** sets that you and your organization needed? Has it made a difference to human capital in the area? What about **job satisfaction** and your job environment?
10. Can you give an example to when LEADER has facilitated **innovation**? What does innovative mean to you?

IV Impact on the community's identity (Social Capital)

11. From your experience, has the LEADER helped to strengthen community ties?
12. To what extent has LEADER increased collaboration and networking in your area?

13. Can you give examples of when a LEADER project has helped bring together a range of people from different backgrounds (age, ethnicity, occupations, gender, religions etc)?

V Impact on traditions and heritage (Cultural Capital)

14. Can you give examples of how LEADER has helped to improve living circumstances by for example revitalising and energising them?
15. For example, have there been investments that led to an upgrade of heritage assets and buildings?
16. How has this impacted the community?

VI Impact on the environment (attitudes and ecosystem)

17. Has LEADER funding helped to improve the environment in the area?
18. Has it helped to change people's perception and attitudes towards nature, and the environment?
19. Do you think projects have helped people to increase awareness and responsibility for their environment?
20. Has LEADER helped you stop and think about your projects?

VII Funding and applications

21. How did you experience the access to information regarding funding?
22. How did you find the application process?

VIII Closing question:

23. If you could design another programme to support rural Scotland, what would you continue, what would you change?
24. Is there anything else you would like to discuss?

Annex B

Table B.1 Type of projects, approval rates and share of withdrawn projects[7]

Local Action Groups	Number of applications	Number of approvals	Approval rate	Share Community Projects	Share Farm Diversification Projects	Small Micro-business projects	Share small business projects	Share withdrawn	Share reject	Share rework
Angus	42	27	64%	56%	7%	26%	12%	5%	0%	2%
Argyll & Islands	83	22	27%	45%	17%	36%	2%	7%	13%	2%
Ayrshire	120	37	31%	63%	7%	23%	8%	3%	1%	19%
Cairngorms	32	26	81%	69%	3%	22%	6%	13%	0%	6%
Dumfries & Galloway	87	44	51%	65%	11%	22%	1%	4%	7%	6%
Fife	43	19	44%	55%	14%	23%	9%	11%	0%	0%
Forth Valley & Lomond	40	30	75%	66%	7%	17%	10%	2%	7%	2%
Gr. Renfrewshire & Inverclyde	34	6	18%	72%	3%	17%	8%	8%	14%	11%
Highland	79	43	54%	24%	18%	24%	1%	0%	0%	3%
Kelvin Valley & Falkirk	43	15	35%	63%	9%	23%	5%	23%	9%	2%
Lanarkshire	34	19	56%	66%	11%	3%	20%	6%	0%	0%
Moray	29	11	38%	45%	17%	34%	3%	3%	10%	7%
Nth Aberdeenshire	29	9	31%	52%	7%	28%	14%	10%	14%	21%
Orkney	40	21	53%	75%	15%	8%	3%	13%	5%	3%
Outer Hebrides	84	29	35%	55%	13%	25%	7%	33%	4%	4%
Rural Perth & Kinross	69	26	38%	55%	7%	28%	10%	19%	0%	7%
Scottish Borders	77	38	49%	52%	16%	29%	3%	4%	0%	3%
Shetland	37	18	49%	73%	3%	22%	3%	8%	0%	0%
Sth Aberdeenshire	54	14	26%	72%	11%	9%	7%	0%	11%	33%
Tyne Esk	55	31	56%	53%	13%	20%	15%	4%	2%	4%
West Lothian	26	10	38%	54%	4%	42%	0%	0%	0%	4%

[7] Data extracted from LARCs on 18 May 2018

How to access background or source data

The data collected for this social research publication:
☒ may be made available on request, subject to consideration of legal and ethical factors. Please contact Social.Research@gov.scot for further information.

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