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Mid Term Evaluation of Leader+ Community Initiative Programme in Scotland



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Executive Summary

This section summarises the findings of the evaluation of the Programme. Interviews, project visits, surveys and focus groups gave us an insight into the Programme. We have supplied a technical appendix with this report to which people can refer for more detail on specific sections.

Introduction

EU regulations require a mid-term evaluation of all Community Initiative Programmes. This evaluation of the Scottish Leader+ Programme reviews progress and recommends some changes to improve the Programme. It follows the framework set out in the terms of reference by the Scottish Executive and approved by the Programme Monitoring Committee. It considers guidelines set by the Commission.

Strategy and SWOT assessment

Rural Scotland has suffered several crises over the recent past, affecting both its traditional and manufacturing sectors. Further changes are expected, with fishing communities and those dependant on tourism and higher disposable incomes especially vulnerable. Disparities across rural Scotland are important, with islands, remote areas, old industrial and mining communities unable to close the gap on the urban or commuting rural areas.

Depopulation and selective out migration of young people in these disadvantaged environments is worsening these trends. Older workers and early retirees are threatening to overwhelm social and public services. On the other hand, the promises of land reform and ICT investments offer the potential of an improved and more sustainable future but these population constraints may restrict the ability of rural Scotland to realise them.

There have been changes to the socio-economic circumstances surrounding the Programme. But these are more exaggerated trends and developments rather than new factors. On a practicable level the bottom-up nature of the Programme means that LAGs are already adjusting to these changes and can use the flexibility inherent within the Programme to do this.

Although there have been changes in the SWOT analysis the Programme is flexible enough to respond to these. There is no need to change the Programme as a result. But it will be useful to ensure that LAGs continue to be told and updated about socio-economic trends and developments.

Progress Against Targets and Impacts

It is too early to tell how the Programme is meeting its targets. Projects have started later than envisaged and financial commitment is low. As momentum increases this may change, but we cannot decide this yet. So far the process of setting targets and monitoring has been weak. Based on our interviews and workshops we infer that some intervention is needed to correct this before projects have progressed much further. Without such action there is a risk that progress will never be clearly measurable.

In total, from the LAGs, which responded to questions, activities so far include:

- 707 young people assisted
- 411 individuals trained, gaining new skills or re-skilled
- 212 women assisted
- 192 community groups advised/assisted
- 137 businesses advised/assisted
- 73 training days provided
- 31 ICT projects undertaken
- 27 feasibility/pilot plans undertaken

Targets so far against results indicate that:

- 21 jobs created / safeguarded

Programme Processes

Structure: The LAGs each have different structures; even those with a similar theme have a different make up and balance of organisations. Over half of the LAGs have more than 50% Community Organisation representation. Encouragingly, 90% of LAG respondents felt the make up of the LAG was fitting for their area. All the LAGs however should strive for 50% community representation.

Monitoring: Only 31% of LAG members felt that monitoring was easy to understand although 30% still felt that it was too early to comment. Later meetings with key stakeholders however confirmed that this was a significant issue to be resolved. This was picked up by Focus Groups and future workshops will support the LAGs further.

Programme management: Generally (56%) felt that local partners are actively involved in project development. The same number felt the selection process is transparent, fair and sound. In terms of the general efficiency of the overall Programme management and monitoring not all LAGs have an effective means of measuring progress. As a result, it is difficult to see how the Programme Monitoring Committee can track progress across the LAGs.

Financial management: Most LAG respondents (62%) felt the financial management of the local Programme was being well or well managed or that it was too early to tell (31%). Comments about the overall Programme management were similar.

Many LAGs cover extensive and remote rural areas. There are logistical problems associated with visiting potential applicant organisations and stimulating eligible projects that should be considered.

Selection processes: The Leader+ Programme relies on 13 different selection processes to identify eligible projects. The Programme itself only has performance indicators, with no set targets identified within the Programme Complement. While selecting projects can deliver actions in a local area, which meet the local objectives, there is no mechanism to approve projects that will contribute to *overall* Programme targets.

The selection processes involve the Community organisations and the Public sector. 80% felt the local partners are actively involved in a participatory, bottom-up approach. They can bring their experience and valuable perspectives to the decision-making. Weaknesses identified with the selection process included the lack of a consistent approach and a lack of understanding about Leader+ priorities due to the limited experience that people on the selection groups had with this kind of Programme.

Horizontal Priorities

At this stage 58% of organisations reported receiving some written guidance related to Sustainable Development and 64% related to Equal Opportunities. The majority of people felt that this was useful, or too early to judge. Mainstreaming has been bottom-up but SNH is also involved to support sustainable development.

The two horizontal themes are Equal Opportunities and Sustainable Development. LAG members either didn't know at this point (19%) or said that it was too early to assess (69%) whether the performance indicators were useful in measuring progress towards mainstreaming.

66% of LAG respondents say they have a flexible approach to project delivery to support the mainstreaming of Equal Opportunities. At the same time the highest percentage (81%) state the effective protection of the environment is included in their projects. Projects also include several other positive benefits related to the Horizontal themes such as provision for disabled beneficiaries and prudent use of natural resources. Applicants seemed more comfortable with Sustainable Development than Equal Opportunities within the Programme.

We identified examples of good practice related to the Horizontal Themes. These are included in the Technical Appendix.

Community Added Value

An assessment of economic development without the Leader+ Funds cannot be determined at the moment. Related to stimulating innovative approaches and broader policy effects it is also early to assess impact. Early signs however are that 66% of LAG respondents feel that Leader+ has stimulated partnership working. It is too early to decide the added value from the existence of the Structural Funds investment in the region. However, the majority (60%), feels that it is adding value to the local community.

LAG members and key stakeholders have stated that participants are working together, with LAG members including the community representatives in the selection processes. 50% of

respondents felt the process of working within the LAGs has helped them to clarify key local issues. 52% felt the capacity of local organisations had already been increased as a result.

Conclusions

- ❑ Analysis of the SWOT indicates some changes.
- ❑ The Programme Logic is still reasonably sound. So, any changes that are needed to consider changes to the socio-economic situation should be at the LAG business plan level.
- ❑ LAG Business Plans help users focus on their specific needs.
- ❑ The Programme Structure meets identified needs.
- ❑ A mixture of Performance Indicators has been assigned by LAGs.
- ❑ Clearer monitoring systems are required.
- ❑ Indications are that spending targets may not be achieved if current rate of approval and commitment continues.
- ❑ LAGs have different membership structures and processes - most people feel that this is appropriate.
- ❑ The selection process is transparent/fair.
- ❑ It is difficult for the PMC to track progress against targets.
- ❑ The financial management is sound.
- ❑ Partners on selection committees need more support.

Recommendations

- ❑ LAGs should continue to use the Programme flexibility to meet local needs.
- ❑ More direction/support from the centre (expand on practical issues).
- ❑ Follow through on establishing monitoring/reporting framework. There should be a clear agreement on Performance Indicators and means of measurement and reporting.
- ❑ Outputs and results targets should be set for the Programme based on what has been achieved to date.
- ❑ Better data collection systems to allow the PMC to track progress towards Programme targets and key objectives.
- ❑ Related to Equal Opportunities more use of available expertise to support and guide the LAGs and the PMC.
- ❑ Increase community representation in all areas to a minimum of 50%.
- ❑ Continued simplification of local application procedures.
- ❑ More local communication on the Programme and better publicity to attract more projects.
- ❑ Train local partners, in particular community representatives, on priorities of Leader+ and methods of selecting projects.

- ❑ Spread good practice lessons to LAGs.
- ❑ More inter-regional networking required.

Method

This section outlines the approach taken during the evaluation to gather evidence.

Data gathering

We gathered data and evidence for this review through several methods:

- ❑ Interviews with four national key stakeholders;
- ❑ A review of Programme documents;
- ❑ A review of national, regional and local strategies;
- ❑ Interviews with 18 local stakeholders
- ❑ Four good practice case studies reflecting the horizontal themes;
- ❑ A web-based survey of all approved projects, sent to 157 and returned by 84 – a 53% response rate;
- ❑ A web-based survey of all LAG coordinators, sent to all 13 and returned by all – a 100% response rate;
- ❑ A web-based survey of all LAG members, sent to 166 and returned by 108 – a 65% response rate; and
- ❑ Two Focus Groups with LAG staff.

Methodology issues

A limited number of projects have begun in earnest. Due to a late start of the Programme, there is a limit to the conclusions we can draw concerning the outputs and results being achieved. We deferred consideration of project approvals and performance until the later stages to allow us to evaluate as many projects as possible.

In a pilot programme such as Leader+, measuring against outputs is not the only issue anyway. So we considered processes, partnership, benefits to the area and innovation. We will be considering how the LAGs view Leader+ in relation to the previous Leader Programmes. We prioritised analysis of the processes in place across the LAGs rather than identifying all the local variations.

Process Review

As a limited number of projects have started in earnest we are unable at this point to undertake an in-depth process review.

In our original proposal we were to carry out desk tracking of 10 projects from application to final claim and comment on project selection processes. As there are only a limited number of projects that have reached final claim over the whole programme area it is difficult to place any value on such an exercise. Information on the project selection process is also limited with LAG's assigning targets some months after the start of some projects. Therefore there is no consistent basis for comparing selection.

Because of this we changed our focus to assess what processes the LAGs had in place rather than look at specific projects. We asked LAGs to provide copies of their documentation and a brief outline of the application and approval process. Most LAGs at that stage, April 2003, had just approved their first projects and did not have a monitoring and evaluation process in place. A few months later in September 2003 we asked LAGs to provide an update on their processes. At this time most LAGs now had all of their processes in place apart from monitoring and evaluation.

Improving monitoring

Some of our activity provided only limited value in answering the Common Evaluation Questions, as there was a lack of specific data available from LAGs. Nevertheless was an opportunity to redirect some of our efforts toward providing support to LAGs. We identified gaps in the monitoring processes and redirected our work to some extent to help LAGs put systems in place. We are developing a monitoring framework and toolkit that will assist LAGs in the future.

Report structure

We have analysed our data and presented it in the format proposed in our original tender. For ease of reading we have also brought together the responses to the Commission's common evaluation questions for Leader+ into a single chapter.

We have provided appendices with more in depth analysis and data in a separate Technical Appendix. We have referred to the sections of this throughout this report as Appendix 1 and so on.

Programme Strategy

This section outlines the socio-economic situation and highlights recent developments that may impact on the Programme. It considers if any changes to the programme will be required as a result. A more detailed review is contained in Appendix 1.

Population and the Economy in Scotland

Demographic and economic changes¹ over the past few years have affected the socio-economic situation in rural Scotland to a significant degree:

- ❑ Population grew against the national trend 1999-2001;
- ❑ Scotland's share of UK GDP is falling and rural Scotland is probably faring worse than average; and
- ❑ Continuing and unanticipated crises have hit the basic industries of rural Scotland: food, farming, fishing and tourism.

Forecasts for the remainder of the decade show that these trends will continue². The rest of the UK is growing through in-migration and higher birth rates; the low birth rate across Scotland and low in-migration are a double-edged sword for economic development:

- ❑ They do not provide an economic 'stimulus'; but
- ❑ Perhaps rural Scotland faces fewer pressures to protect its environment and to promote Sustainable Development.

Drivers for Change in Rural Scotland

The factors affecting the rural economy recently have often been different from the drivers in the rest of the country, and have impacted differentially across rural areas. Low wages, economic restructuring, ICT and Broadband, transport issues and the standards of service provision are all contributing to marked changes in the rural labour market.

Depopulation and population change (ageing) is the main factor in rural areas.

¹ GRO(S) 2002; Scottish Executive, 2002; Futureskills Scotland, 2002

² GRO(S), 2002; Fraser of Allander Institute, 2002

The LEADER + Programme expected:

- ❑ Greater population decline (usually of younger skilled people) in remote rural areas, islands, old industrial and mining areas and;
- ❑ A growth in early retirement to rural areas.

But the 2001 Census shows the Programme did not appreciate the scale and extent of this pattern. It is causing the number of working age people to decline severely.

The average age of the workforce is also rising steadily, with a high number of workers approaching retirement. There is a movement of return migrants and older workers into rural Scotland. This will put progressively greater loads on to authorities and agencies caring for the disabled and the elderly, with an increasing dependency ratio in rural areas.

At the other end of the age spectrum there are decreasing numbers school leavers and graduates. In all this is leading to significant labour and skill shortages, which will worsen without intervention or changes in the wider economy.

The most remote areas are suffering the most from the continuing and growing drain on rural Scotland's resources. One of the main characteristics of this drain is young people leaving rural areas to go to university or further education, and not returning.

Economic Activity Rates

Levels of unemployment and inactivity have become more similar across Scotland since 1999. In more rural environments, migration or inactivity presents the road out of unemployment. Currently, male unemployment is 8% in lowland rural Scotland and in the more rural Highlands and Islands compared to 6% in the country as a whole.

Worklessness (including unemployed, sick and disabled) remains stubbornly high in the old mining and textile communities of rural Scotland, in the Western Isles and in the more remote areas. Up to a quarter of men and women in the more economically disadvantaged rural areas may be out of work because of low local demand and other barriers to employability

The situation for these hidden unemployed³ has worsened since the late 1990s. This rate of worklessness has not fallen quickly since 1998 and few policies recognise their situation. It is expensive to encourage such 'inactive' clients back to work, especially given the particular lack of jobs in the areas where they live.

After the major problems in farming and fishing in these areas, the restructuring needed depends on enterprise creation and entrepreneurship. But the out-migration of young people combined with the declining confidence and self-esteem of those left behind hardly sets the scene for this.

³ Beatty, Fothergill, Gore and Green, 2002

Sectoral Performance

By 2001, rural employment was similar to Scotland overall, though notably distribution, hotels and restaurants accounted for more jobs in rural areas and business services for fewer.

The Programme did not foresee how poorly agriculture and fishing, the utilities and manufacturing (especially electronics based around inward investment) would perform. There have been some massive changes in rural areas. This has impacted particularly harshly on the south of Scotland, especially after 1999. The Borders and Dumfries & Galloway are dependent on all these sectors, as are some of the industrial areas in the Central Belt outwith Glasgow, Edinburgh and West Lothian where replacement employment and plants have not been attracted as yet.

The Programme also did not fully anticipate how rapidly the service sector would expand. Supported by rising consumer spending and confidence, it expanded at faster rates than forecast in the late 1990s, with retail and wholesale; banking, insurance and finance; and transport and communication all growing strongly across rural and urban Scotland.

But there has been uneven development:

- ❑ The Highlands & Islands lost one third of construction and utility jobs between 1998 and 2001, though there has been some later recovery in energy and water.
- ❑ Strong increases in business services along with personal services has balance this loss and losses in the public sector.
- ❑ In contrast, lowland rural Scotland has experienced healthy growth in services.

Despite manufacturing decline, rural developments have reflected national trends. Across north and south alike, the Corporate Spending Review promises renewed expansion in employment in the public sector areas of education and health especially. Supply constraints may mean that this is frustrated demand, with urban Scotland attracting much of the new labour.

The drivers of change in rural Scotland are increasingly population and consumer based, with national economic growth and industrial restructuring determining the particular form and nature of local and regional development. Employment change is dependent more on:

- ❑ changes in local disposable and tourist incomes;
- ❑ decisions over arrangements for social, private and public service provision; and
- ❑ the continuing moves to a flexible labour market.

The areas of lowest GDP per capita appear to be creating new employment more slowly than average. The Leader+ Programme cannot resource solutions to all of these problems. Supported projects can highlight approaches that can be adapted and supported by other sources of funding.

GDP and Earnings Performance

Overall, then, aggregate data suggest a fairly stable Scottish economy growing at a slower and perhaps more sustainable rate than the rest of the UK, with rural areas broadly in line with expectations – slower growth in remote and old industrial economies.

But these more rural areas have low average earnings and they are not increasing relative to Scotland. An economic growth strategy based on consumption and public sector expansion focused on already developed areas will worsen these disparities.

Social Provision and Ownership

Housing stock transfers, Public Private Partnership (PPP) schemes in education, health and elsewhere, and best value exercises are changing the balance of ownership. But smaller communities are vulnerable to forces of greater competition, large-scale production and contract working. This may cause business and employment loss.

Moves to reform land ownership and management in Scotland are reaching fruition with the passing of legislation on land reform and national parks. Leader+ may have an important role in promoting dialogues and facilities linked to these developments. The significance of cultural and environmental capital to Sustainable Development is increasingly seen as critical in achieving economic success

Employers and Training

The Future Skills Scotland employers' survey and reviews of work-based learning have confirmed the reluctance of entrepreneurs in Scotland to train their workforces beyond the basic needs for the specific job⁴. These research reports show that there are extensive skill gaps in Scottish workplaces:

- ❑ Skill gap rates and labour shortages are increasingly being reported in low skilled jobs and in financial intermediaries, post & telecommunications, construction, hotel & restaurant industries; all sectors of crucial importance to the rural economy.
- ❑ Skill shortages are pronounced in personal services, and in traditional occupations such as bakery assistants, scaffolders and coal miners, construction, transport and retailing; with rural Scotland less able to compete for this mobile labour.

Although many of these problems are transitory and are addressed on-the-job, they especially affect small employers and many are important in the rural economy. All industries, even those in decline, are affected.

Equal opportunities and Sustainable Development

Many businesses in the booming parts of the Highlands, the east and south of Scotland are reporting high staff turnover. This is because most people (especially women returners) re-

⁴ Future Skills Scotland, 2002; Hall Aitken Associates, 2002; Glass, Higgins and McGregor, 2002.

entering the labour market through the New Deal, New Futures Fund and other initiatives, are moving into secondary and peripheral jobs characterised by:

- ❑ Low pay;
- ❑ Instability and insecurity;
- ❑ Low skills; and
- ❑ Limited opportunities for progression.

Unless real efforts are made to address these deficiencies, the opportunities presented by the long-term growth of the economy will not be realised.

Transport and Communications

There is a range of recent and forthcoming developments in ferry transportation, airline travel and regulations, and broadband communications. These may allow many parts of rural Scotland to reduce their apparent distance from markets. But they remain high cost areas and are becoming relatively more disadvantaged by other market forces and policy initiatives.

Foot and Mouth Disease

For much of 2001, all of rural Scotland was affected by livestock movement restrictions resulting from the UK wide Foot-and-Mouth disease (FMD) epidemic. The disease took a strong hold in Dumfries and Galloway (90% of all infected premises in Scotland) and to a lesser extent affected the Borders. Research for Scottish Enterprise Dumfries and Galloway⁵ suggested that *"...FMD impacted widely across the economy played heavily on structural weaknesses in the economy and will continue to be felt for a number of years."*

Funding interventions and recovery plans have begun to mitigate the effects of the outbreak, although in the short term both agriculture and tourism suffered heavily. It is too early to assess the long-term affects, but in general it has highlighted and worsened existing weaknesses rather than created new problems.

⁵ 2002, Post Foot and Mouth Disease, an economic recovery plan, Dumfries & Galloway Council, SE Dumfries & Galloway et al

SWOT analysis

The changes and trends highlighted above can be summarised in changes that have occurred to the factors identified in the SWOT analysis. We have summarised these, along with other more obvious changes in the table below.

Original SWOT factor	Change
Strengths	
Highly adaptable workforce	Out-migration of young (and high achieving) people and an ageing workforce (see below) tend to suggest otherwise. We can see no evidence for this as a particular strength
Weaknesses	
Net population decline in the most vulnerable and fragile communities, reducing both the labour supply and the demand for locally produced goods and services	This is worsen by the changing structure of the population with the proportion of older, economically inactive people growing steadily.
Loss of international competitiveness in tourism due to the strength of sterling	This has worsened
Opportunities	
	There have been developments in legislation and action in community land buy outs that may provide opportunities in those communities.
Threats	
Proposed cuts in fishing TACS and quotas from 2000	Fishing quota cuts have been imposed at higher levels than anticipated
Sustained strength of Sterling relative to the Euro reducing export demand (e.g. for food products)	This trend has also worsened with sterling having gained over 10% in value since the Programme was planned.

The Programme is flexible enough to respond to these developments. Local Action Groups can amend their business plans to take changes into account. Overall we found the logic of the Programme is still reasonably sound and suitable for today's circumstances.

Local Action Group members agreed with 64% saying the socio-economic climate or context had not changed with 16% stating that they didn't know. Key stakeholders also suggested that the changes do not require changes the Programme.

Conclusion

Rural Scotland has suffered several crises over the recent past, affecting both its traditional and manufacturing sectors. Further changes are expected, with fishing communities and those dependent on tourism and higher disposable incomes especially vulnerable. Disparities across rural Scotland are important, with islands, remote areas, old industrial and mining communities unable to close the gap on the urban or commuting rural areas.

Depopulation and selective out migration of young people in these disadvantaged environments is exacerbating these trends. Older workers and early retirees are threatening to overwhelm the provision of social and public services. On the other hand, the promises of land reform and ICT investments offer the potential of an improved and more sustainable future but these population constraints may restrict the capacity of rural Scotland to realise them.

There have been changes to the socio-economic circumstances surrounding the Programme. But for the most part these are in terms of more exaggerated trends and developments rather than entirely new factors. On a practical level the bottom up nature of the Programme means that LAGs are already adjusting to these changes and can use the flexibility inherent within the Programme to do this.

Although there have been changes in the SWOT analysis the Programme is flexible enough to respond to these. There is no need to change the Programme as a result. But it will be useful to ensure that LAGs continue to be informed and updated about socio-economic trends and developments.

Programme Review

This section outlines the documents that are key to the management and delivery of the Programme. It outlines key issues that need to be considered in relation to Programme delivery.

Programme overview

The LEADER+ Programme in Scotland focuses on the following Target Groups:

- ❑ Young people;
- ❑ Women;
- ❑ The under-employed;
- ❑ Micro businesses (including farms and crofts).

The four themes of Leader+ are:

- ❑ The use of new know-how and new technologies;
- ❑ Adding value to local products;
- ❑ Making the best use of natural and cultural resources;
- ❑ Improving the quality of life in rural areas.

Local Action Groups are made up of statutory and voluntary and community based organisations that have come together to develop a business plan for the area. These organisations, generally, were invited to join by the Local Authority that had been asked by the Scottish Executive to develop applications for the Leader+ Programme funds. The Local Action Groups prepared Business Plans that detail local priorities centred on their chosen theme.

Management

The Scottish Executive acts as both the managing and paying authority for the programme. A Programme Monitoring Committee oversees the implementation of the Programme by the Local Action Groups (LAGs) who in turn have the same responsibilities to projects.

Leader+ Actions

Financial allocations within the Programme are broken down as detailed below:

Actions	% of Programme	Measures
1. Integrated Territorial Strategies of a Pilot Nature	75%	1. Use of know-how and new technologies (Theme 1)
		2. Adding value to local products (Theme 2)
		3. Making best use of natural and cultural resources (Theme 3)
		4. Improving the quality of life (Theme 4)
		5. Operating costs
		6: Capacity building
2. Support for Co-operation between rural territories	20%	1: Co-operation within Scotland and the United Kingdom
		2: International co-operation
3. Networking	1.5%	1: Contribution to the United Kingdom Network

The Scottish Leader + Programme is required to co-ordinate with other mainstream Structural Fund Programmes across Scotland in order to ensure that there is no duplication of effort and the most efficient use of resources. The local authority areas of Shetland Islands, Orkney Islands, Highland, Comhairle nan Eilean Siar and Argyll & Bute along with part of Moray and North Ayrshire (Arran and the Cumbraes) comprise the Highlands & Islands Special Transitional Area. In addition all Scotland outside of the Highlands & Islands Transitional Area is eligible for Objective 3 ESF funding and FIGG funding.

The Single Programming Document

The Single Programming Document (SPD) is the national outline document for the Programme. According to the SPD, the overall aim of the Scottish Leader+ Programme is:

To pilot and communicate innovative approaches to rural development that will promote the sustainable, environmental and social development of Scotland's rural communities.

The Leader+ SPD includes the key aspects of Programme such as its logic, management and make-up. These aspects include:

- ❑ **Overall thrust** – This Programme is different to previous Leader Programmes and is ‘...aimed at encouraging and supporting high quality and ambitious integrated

strategies for local rural development with a strong emphasis on co-operation and networking between rural areas'

- ❑ **Key distinctions** – This Programme encourages projects of pilot nature emphasising bottom up participation and innovative actions. Which will in turn help establish examples of good practice to disseminate and possibly influence mainstream Programmes and partner activities
- ❑ **Area definition** – The SPD defines the Programme area in its widest sense - it is available to all rural areas
- ❑ **Strategy fit** – the Programme is designed to work alongside the Rural Development Plan
- ❑ **Key themes** – the Programme comprises measures that relate to the four themes outlined above
- ❑ **Actions** – The projects and Local Action Groups will pursue themes through three actions as outlined above.
- ❑ **Advancement of horizontal themes and learning** – This requires the mainstreaming of Sustainable Development into the Programme. It also includes new and better use of ICT, joint working, using transferable approaches and addressing the needs of Equal Opportunity target groups such as women, young people and Black and Minority Ethnic Groups (BME).

The Programme Complement

The Programme Complement translates the thrust of the SPD into action and gives Local Action Groups and their projects a framework into which they fit their actions.

In the Scottish Leader+ Programme, the design of the Programme Complement came from Local Action Group selection and business plans. So, the Programme Complement is a bottom up document designed to match locally developed needs.

Indicators and key objectives are set for Local Action Groups and projects – these reflect the theme areas. Cross cutting targets include, young people, women micro businesses and the underemployed. The horizontal themes are equal opportunities (in the broadest sense of the word) and Sustainable Development.

Key Issues from the SPD and complement

- ❑ There is scope for either Complementing or duplicating other Structural Funds Programmes.
- ❑ It appears that 'adding value' and 'best use' are extremely close in aims with both trying to make areas more competitive.
- ❑ Sustainability is emphasised as environmental sustainability.
- ❑ The *Quality of Life* measure gets its focus and remit from the Local Action Groups community consultation.
- ❑ There is plenty of scope for projects to interpret measures.

Priority/Action 1

Priority/Action 1 covers six measures and the broad parameters are that LAGS:

- Must focus on local actions
- Must complement local activities
- Ensure that it does not duplicate Objective 2, Objective 3 or the HISTP.

From this Priority/Action, the Programme Complement expects 24 impacts. These impacts are in the areas of:

- Retaining and regaining young people
- Building markets and taking advantage of potential through local businesses and resources
- Better local services
- A protected and enhanced countryside.
- Local people having greater involvement and control

In terms of impacts, there are both final impacts and ultimate impacts. Final impacts will affect:

- Community groups
- Businesses
- Local authorities
- Local Enterprise Companies
- Scottish Natural Heritage
- Forestry Enterprise
- Area Tourist Boards.

But Target groups and rural communities in general will feel the ultimate impacts of the Leader+ programme.

Table 2 in the Technical Appendix 1 summarises how the Leader+ Programme translates its central thrust and overarching objective (To pilot and communicate innovative approach to rural development that will promote the sustainable, environmental and social development of Scotland's rural communities) into actions measures and impacts.

Priority/Action 2 - Support for Co-operation between rural Territories

Priority 2 appears to be less specific than either Priority 3 or Priority 1. Priority 2 does not specify actions or criteria beyond the fact that partners should have something in common:

- Does not identify eligible activities or examples
- Specifies only the beneficiaries

Priority/Action 3 - Networking

Priority/Action 3 is more specific over what is eligible and what is not eligible in terms of activities. For instance it specifies eligible activities (unlike Priority/Action 2):

- ❑ Organisation of conferences and seminars
- ❑ Provision of a website and electronic data
- ❑ Translation facilities/services

Indicators

Programme Level Indicators are set for all the Priority 1 measures. But targets are only set for Measure 1 & 2. Four Local Action Groups chose these measures of 'adding value' and 'use of new know how' and as a result have identifiable targets to work towards. But for the other nine Local Action Groups under the Measures 3 & 4 (*Making best use*) and (*Improving quality of life*), the Programme Complement listed no target indicators for measures. As a result, none of the nine Local Action Groups had specific targets to work toward. Subsequently the Scottish Executive distributed indicators to the LAGs with guidance that they develop these to suit their own ends. .

Programme Monitoring Committee Minutes

Key Issues

From the minutes of the PMC meetings the issues below were identified. We have made some comment on them.

- ❑ The key issues steering group met prior to the PMC. The steering group was the core membership of the PMC following finalisation of the business plans. The first point of business to be considered was the mid-term evaluation. This was due to Commission timetabling. The PMC membership was further supplemented by LAG representation.
- ❑ An early issue was that the Programme Complement still required some editing – It should have expanded information on UK network & networking as well as giving figures to targets
- ❑ The Scottish Leader+ approach was to develop LAGs and business plans and then to design a Programme Complement from this point up
- ❑ Because of variable Leader+ experience, co-ordinators needed training. SNH carried some out in January. In addition John Grieve co-ordinator in Scotland for the UK Leader+ Network has undertaken some support work with the LAGs
- ❑ The Programme Monitoring Committee furnished Local Action Groups with a minimum application form and guidance.

Review of Local Action Group business plans

Key issues

- ❑ Reviewing the business plans, there are many similar issues. Negative socio-economic issues that affect all Local Action Group areas include out migration, isolation, and economic dependency on declining sectors. But Local Action Group areas contain tremendous natural resources and resilient communities.
- ❑ Overall, nine Local Action Groups chose *Improving quality of life* or *Making best use of natural resources* as main themes
- ❑ Similar issues arose with Local Action Group make-up. The *Improving quality of life Local Action Groups* are much more diverse. Some have Health Board and police members (North Highland) but others do not (Lomond and Rural Stirling).
- ❑ There is also an across the board diversity in the size of Local Action Groups. The number of groups represented varies. This appears to be a product of multiple authority areas. Areas such as the Cairngorms cover four council areas but the Borders covers just one.
- ❑ All the Local Action Group business plans identify a strategy fit but how this will work in practice is not clear in most cases.
- ❑ Many Local Action Groups have still not fully developed targets or indicators.
- ❑ In terms of progress, *The Quality of life* themed Local Action Groups seem to be slower in becoming established, perhaps reflecting the greater emphasis by the Programme on developing the theme from consultation

Diverse plans

The 13 Local Action Groups business plans are diverse and while several focused on similar objectives, they are obviously different in their geographic targeting and local priorities. For example, Leader+ encompasses both island and mainland communities, communities with different economic dependencies, and various key local issues.

Negative issues common to the Local Action Groups and identified in the Socio-Economic review include:

- ❑ Economic dependency on sectors that are in decline
- ❑ Problems of out migration.
- ❑ Varying degrees of geographical isolation from large urban centres.

Positive issues include:

- ❑ Local natural resources.
- ❑ Resilient and close-knit communities

Thrust of Local Action Group business plans

The themes of *Best use of natural resources* and *Quality of life* are the most subscribed to themes of the LEADER+ Programme (Figure 0-1). *Quality of life* is the most diverse of these themes with no two Local Action Groups similar in focus or following an identical approach.

Some focus on local services (Moray) while others focus more on local businesses (Lomond and Rural Stirling)

Figure 0-1 - Strategic thrust of Local Action Groups (Dark=major, light=complementary)

LOCAL ACTION GROUP	New know-how and new technologies	Value to local products	Best use of natural and cultural resources	Quality of life in rural areas
Argyll, Isles & Lochaber			Dark	Light
Borders			Dark	
Cairngorms			Dark	
Dumfries & Galloway			Dark	Light
East Fife				Dark
Lomond & Rural Stirling				Dark
Moray				Dark
North Highlands				Dark
Northern Isles	Dark			
South Lanarkshire	Light	Dark		
Rural Tayside		Dark		
Tyne & Esk				Dark
Western Isles, Skye & Lochalsh	Dark			

Measure 1 - 'The use of new know-how and new technologies to make the products and services of rural areas more competitive'

The two Local Action Groups Northern Isles and Western Isles who chose this theme are focusing on the opportunities of new technology. South Lanarkshire have targets against this theme, which would show that they have this as a complementary theme. While worded differently, both highlight similar approaches and outcomes.

Measure 2 - 'Adding value to local products'

Both the Rural Tayside and South Lanarkshire Local Action Groups selected this theme and will use collective actions to help achieve added value to local products. This emphasis on economies of scale is common to both groups.

But the Rural Tayside Local Action Group mentioned "market access for small production units" clearly but the South Lanarkshire Local Action Group does is less clear about involving

small businesses. Equally micro and small businesses are not a cross-cutting target of the South Lanarkshire but are for Rural Tayside.

There is a different thrust and emphasis but how different these two Local Action Groups are remains unclear.

Measure 3 - 'Making the best use of natural and cultural resources'

The key emphasis of the Local Action Groups pursuing this theme is enabling the community to realise the potential of local resources. The thrust across the four Local Action Groups is the same but for wording. They use similar language such as 'making the most', 'taking advantage of' and 'to realise'.

Measure 4 - 'Improving the quality of life'

Five Local Action Groups chose this theme. How they interpreted this theme reflects the diversity of the idea itself. The uptake of this theme is more diverse than that of 'best use'. From their business plans, we see the strategic aims of each of the five Local Action Groups are different:

- ❑ East Fife - through unlocking latent potential of people and area
- ❑ Lomond – through connecting people to networks, tools and technologies
- ❑ Moray – through enabling community and voluntary groups to deliver better services
- ❑ North Highlands – through making the area the best place in Scotland to be young and by enhancing the value of its natural and cultural heritage
- ❑ Tyne & Esk – through supporting key needs/services, developing businesses, enhancing the natural environment and empowering the local communities.

How Local Action Groups see their fit into wider strategies

Like their choice of Advisory Group members, Local Action Groups differ in their strategic fit. Some such as Dumfries and Galloway identified particular aspects of Objective 2 and Objective 3 to link whereas the Argyll, Isles and Lochaber place much less emphasis on these streams.

What seems plain is that Local Action Groups are aware of what will affect them strategically but fail to offer anything more than description and awareness. For instance, the Borders Local Action Group plan identifies 12 policies that it will consider but the business plan does not explore their relevance in depth. Local Action Group plans identified many similar strategies to fit into including:

- ❑ Objective 1, 2 & 3 as well as other EU rural instruments such as the Financial Instrument for Fisheries Guidance (FIFG)
- ❑ SIPs
- ❑ Agriculture and Crofting strategies
- ❑ Community planning

- ❑ Structure plans
- ❑ Rural Development Plan

Particular Local Action Groups such as Cairngorms and Lomond & Rural Stirling highlight the National Parks strategy while the coastal managements plans of SNH are more fitting to Argyll, Isles and Lochaber.

Conclusions

- ❑ The Programme Complement came from the LAG selection and business plans. It is therefore a bottom up document.
- ❑ There is scope for projects to interpret measures.
- ❑ For nine LAGs working within Measures 3 and 4 the Programme Complement listed no target indicators.
- ❑ Issues that face LAGs are similar.
- ❑ Common issues include out-migration, remoteness and dependency on declining sectors.
- ❑ The make up of LAGs varies with multiple authority areas having less community representation.
- ❑ LAGS appear to be aware of strategic issues but do little to show how their business plans take these on board.

Wider Strategies

This section considers how Leader+ impacted upon other strategies and how these were likely to affect doing the Programme. A more detailed review is available in Appendix 4.

Scottish Rural Development Plan

The Scottish Rural Development Plan (SRDP) sets out a Programme of measures that are jointly funded by the European Union and the Scottish Executive to:

- ❑ Promote environmentally-friendly farming
- ❑ Provide grants for to afforest agricultural land in an environmentally-friendly way; and
- ❑ Provide grants to support farming in Less Favoured Areas where farmers are subject to natural disadvantages.

The Programme, worth £700m a year 2000 to 2006 ties in previous Scottish rural strategy with European strategy, so it is important that Leader+ has good complementarity with it – The Executive and Commission developed Leader+ within the Rural Development Plan. They carried out an analysis of the strengths, weaknesses, opportunities and threats to Scotland's rural areas to help develop the objectives and strategy. From this, the overarching strategic objective for Leader+ became – 'to promote the sustainable economic, environmental and social development of Scotland's rural communities'. The rationale behind the priorities is based on consideration of:

- ❑ How to develop the strengths of rural areas;
- ❑ How to encourage sustainable exploitation of opportunities;
- ❑ How to address the weaknesses identified; and
- ❑ How to reduce or ameliorate the threats to rural areas.

Common Agricultural Policy Reforms

The Common Agriculture Policy (CAP) is in a state of change. Over about the past year, proposal, consultation and legislative drafting took place. The proposals approved relevant to Leader+ include decoupling and rural development funding.

Decoupling is the introduction of a single farm payment, independent of production ("decoupling") and linking those payments to environmental, food safety, animal welfare, health and occupational safety standards. Farmland must be kept in good condition.

Rural development funding is intended to deliver reformed rural development policy with more money and new measures to promote quality, animal welfare and to help farmers to meet EU production standards. Reduced direct payments will be given to help generate money for this. This will happen through the European Commission using the money saved by decoupling to target these areas. Within this reformed rural development policy, a food quality chapter will provide support for producer groups for the promotion of quality assurance. This might affect Leader+ measure of 'adding value through collective actions'.

Given the lack of additional rural development finance until 2007, the impact on Leader+ is unlikely to be substantial.

Scottish Rural Strategy

The *Custodians of Change* report highlighted the importance environmental issues for Scottish Agriculture in the Strategy and made recommendations:

- ❑ Promote and fund co-operative planning and action through the Scottish Rural Development Plan (SRDP) appropriate to regional environmental priorities; and
- ❑ Make the most of the opportunities such as the annual review of the SRDP and the mid-term review of the CAP to widen the range of options supported by the Rural Development Regulation (RDR);

The impact on Leader+ is difficult to gauge as the recommendations have been unevenly implemented. It appears that many of the actions and future objectives strengthen the role of Leader+, including the integrated policy objectives and regional environmental objectives based on local objectives. But given that action is both slow and uneven, the impact on Leader+ objectives may well not happen before 2006.

Highlands and Islands Special Transitional Programme

The Objective 1 Highlands and Islands Special Transitional Programme (HISTP) covers Scotland north of a line running from the isle of Arran to the Moray Firth. The strategic aim of the Programme is:

"To increase the prosperity of the Highlands and Islands through sustainable economic development and to reduce social and economic disparities within the region so that long-term progress can be sustained beyond 2006."

In its strategic objectives, the HISTP is close in some regards to the Leader+ Programme:

- ❑ Objective 3: to create and safeguard employment in the Highlands and Islands – Leader+ focuses on assisting businesses as well.
- ❑ Objective 5: to ensure individuals and communities can make a full contribution to developing the Highlands and Islands. This crosses over with Leader+ on the issue of population fragility and keeping people within a Community under the *Quality of life* measure.
- ❑ Objective 6: To enhance the quality of the environment in the Highlands and Islands – there may be strong interplay between this and the 'making best use of natural and cultural resources measure' of Leader+.

In terms of measures, the HISTP Programme closely interplays with Leader+.

Sustainable Development: Impacts of Highland and Island Special Transition Programme on the Leader + Programme

The Highlands and Islands Special Transitional Programme 2000-2006 provides a 4-page guide to Sustainable Development. It guides applicants on how to mainstream Sustainable Development into their projects via a long but engaging checklist. It encourages all projects in the ESF, ERDF, EAGGF and FIFG Programmes to consider the issues, and to do more than just the minimum in terms of Sustainable Development.

The HISTP affects the Leader+ Programme positively, by providing generic guidance and training suitable for Leader+ projects. The definitions of Sustainable Development in each Programme are similar, with a similar emphasis on environmental sustainability (unlike the Social Funds.) However, the Sustainable Development case studies chosen by HISTP are less helpful for Leader+ applicants because the projects highlighted are all ERDF and EAGGF, and are not as small-scale, innovative and experimental as the Leader+ projects are expected to be.

Although the shorter and simpler application forms and guidance provided for Leader+ applicants mean that Sustainable Development is mentioned it is not explicitly emphasised. However, the whole Leader+ Programme is a good example of Sustainable Development, encouraging bottom-up development of small-scale projects that benefit communities and the environment.

Tourism Framework for Action 2002-2005

This document is a result of the 'New Strategy for Tourism' but also takes account of recent issues that affected the industry, namely Foot and Mouth and the September 11 2001 attacks in New York. Many key tourism stakeholders are also engaged in Leader+.

Key implications for Leader+:

- ❑ A clarified and more focused definition of sustainable tourism and enabling small businesses to engage in good energy and waste management (using tools like the Energy Saving Trusts interest-free loans)
- ❑ Emphasis on e-business
- ❑ Promotion of alliances and partnerships that will offer a 'total tourist experience'
- ❑ Some Leader+ partners are members of the Tourism Framework for Action Steering and Implementation Group. But no specific Leader+ representative sits on either of these groups and this might affect linkage between the two Programmes (Complementarity).

Other drivers for change

Apart from those major strategies already covered, some policies will develop to impact on Leader+, though these will probably be less significant:

- ❑ The Scottish Executive's development of Land Management Contracts
- ❑ Implementation of Local Biodiversity Action Plans
- ❑ Implementation of the Water Framework Directive and the Integrated Pollution Prevention and Control Directive
- ❑ Development of National Parks.

Other guidance on Sustainable Development

A working paper circulated by the Scottish Executive, *Integration of Sustainable Development in Structural Funds Projects: A Guide to identifying and integrating the Environmental Aspects* emphasises the evidence found in various other reports. This emphasised that Structural Funds applicants are more comfortable with the economic and social aspects of Sustainable Development than with its environmental elements.

For mainstreaming Sustainable Development, the guide could be helpful to Leader+ applicants. But in practice, Leader+ projects have slightly different needs to those of other Programmes:

- ❑ Unlike many other Structural Fund projects, many potential Leader+ projects directly involve countryside resources. As a result they have more potential for environmental sustainability.
- ❑ Because of its pilot nature and implicit local rooting, potential Leader+ projects tend to be more innovative, smaller and more locally driven than other Structural Funds projects. They view and approach Sustainable Development in a different way.

It could also be argued that because of the 'grass-roots' nature of the Programme, a sustainable approach is closer to the design of the Leader+ Programme, and is more likely to be inherent in the design of potential Leader+ projects.

Conclusions

- ❑ CAP reforms are unlikely to impact on Leader+.
- ❑ Scottish Rural Strategy reforms are unlikely to impact on Leader+ before 2006.
- ❑ The HISTP closely interplays and overlaps with Leader+.
- ❑ Leader+ is likely to impact more on environmental sustainability than sustainable development.

Progress

This section reviews the progress of individual Local Action Groups and the Programme as a whole. It also considers the ways in which LAGs monitor and report on performance before summarising progress with spend and with achievements.

Monitoring processes

Targets in the Business Plans

The logical starting point to assess progress is the targets and indicators identified in the original LAG Business Plans. Indicators and targets are available for all measures within the Programme. One of the strengths of the Leader+ approach is the local focus for developing Business Plans. But this has the disadvantage that plans vary widely in structure as well as content.

Less than half (6) of the Local Action Groups had quantitative targets in their Business Plans. These were: Cairngorms, South Lanarkshire, Moray, Northern Isles, Rural Tayside and Western Isles, Skye and Lochalsh.

These quantitative outputs were in terms of:

- ❑ Jobs created;
- ❑ Assisted groups;
- ❑ Assisted businesses;
- ❑ Supported projects;
- ❑ Marketing plans;
- ❑ New community facilities; and
- ❑ Safeguarded environmental and heritage sites.

The remaining Local Action Groups had no quantitative targets in place for example:

- ❑ The Lomond and Rural Stirling business plan had quantitative indicators but no targets – it also specified qualitative outputs;
- ❑ The East Fife business plan had only qualitative targets;
- ❑ The Borders business plan contained a list of indicators but no targets.

Examples of qualitative or unquantified outputs include:

- ❑ Synergy with National Park initiatives to enhance the physical environment;
- ❑ Increased contribution of the countryside and environment to the rural economy;
- ❑ More sustainable tourism businesses based upon local distinctiveness;
- ❑ More environmental community action projects;
- ❑ Improved partnership working in the longer term;
- ❑ Equality of opportunity throughout the whole area.

Most of these targets are too general to assess without specific local research, such as business or community surveys. In any case, many are too long term for there to be any detectable change at this early stage in the Programme.

The LAG co-ordinators email survey indicated that only two LAGS now do not have quantitative targets in their business plans. It also suggested that seven of the LAGs do not have qualitative targets in their plans. But we have not reviewed these revised plans.

Data collection

Having established targets, the next stage is to establish a monitoring system to track progress against targets.

At the time of our LAG Coordinator survey (July 2003):

- ❑ Under half of LAGs (6) had a monitoring process in place;
- ❑ Two used only the Scottish Executive indicators – the remainder used a mix of these and their own;
- ❑ One third were using quantitative indicators – the remainder are using a mix of quantitative and qualitative indicators;
- ❑ Three quarters require projects to report quarterly on their indicators – the remainder require either annual reports or final reports; and
- ❑ The majority of LAGs (8) visit all projects but the rest may not.

Despite this varying picture, in the project survey respondents seemed to be satisfied that monitoring processes were in place:

- ❑ Almost all projects (96%) of projects claimed to have means of measuring and monitoring progress; and
- ❑ Most projects (?%) said that the monitoring process is clear and understandable; and
- ❑ Only a few (7%) said that the monitoring process was not transparent and an equal number that it was difficult to understand.

We found it very difficult to find monitoring information that provided a useful guide to progress. Stakeholders tended to agree that monitoring processes were not yet working well. At the LAG level and national level it is difficult to assess progress or to see how existing systems could do this.

Contrasting our experience and the responses of LAG coordinators with the projects led us to conclude that there were differing interpretations of what useful monitoring involves. Our

project visits confirmed that in practice few projects have transparent monitoring in place. The contrary responses in the project survey may result from project managers feeling that they should respond positively rather than objectively assign their current status.

We concluded that:

- ❑ Current monitoring data did not fully reflect the progress of the Programmed to date; and
- ❑ This will not change without some intervention.

Monitoring Focus Groups

We held exploratory discussion groups with LAG co-ordinators in Glasgow and Inverness to explore this further. We used these to explore:

- ❑ A definition a purpose for Monitoring and evaluation;
- ❑ The barriers and problems facing LAGs in respect of monitoring;
- ❑ Actions needed to match organisations' targets with projects; and
- ❑ The practical help that the LAGs need to improve monitoring processes.

LAGs were looking for clear guidance, training, standard templates and on-line support Emerging from these workshops we agreed as part of the mid term review to produce a monitoring toolkit that will:

- ❑ Provide definitions of targets;
- ❑ Give examples of measurement processes; and
- ❑ Provide case studies of good practice.

We also committed to two workshops on the toolkit to support the LAG co-ordinators putting improved systems in place.

Progress with Co-operation

Few of the Local Action Groups have made solid links for co-operation and most are in the discussion stage with partners locally, nationally and internationally. These range from neighbouring Local Action Groups to Local Action Groups in England, Ireland and continental Europe. Over half of the projects (58%) agreed that Leader+ had stimulated partnership working at a more local level. Around four in ten (38%) of LAG members agreed the Programme had stimulated transfer of information with other territories.

Achievements

The Programme is delivering the kind of activity it planned and outlined in the priorities and objectives. But not enough projects being supported as yet. Outputs are being achieved, but there is less progress towards achieving results.

Achievement overview

8 LAG co-ordinators supplied performance indicator data, 2 are not collecting performance indicator achievements until final claims have been submitted and 3 did not supply any information despite requests to do so.

Figure 0-1 below summarises the level of achievement for the eight LAGs. Most are for achievements to 1 September 2003. But others used figures to end of March (1), end of June (1) and end of September 2003 (1).

Figure 0-1 - Progress towards targets as at 1 September 2003

	Measure	No of targets achieved/ exceeded	% of targets reached/exceeded
Action 1	1. Use of know-how and new technologies (Theme 1)	6	67%
	2. Adding value to local products (Theme 2)	5	100%
	3. Making best use of natural and cultural resources (Theme 3)	4	27%
	4. Improving the quality of life (Theme 4)	4	21%
Action 2	1: Co-operation within Scotland and the United Kingdom and; 2: International co-operation	1	33%
Action 3	1: Contribution to the United Kingdom Network	0	0%

Source: Information from 8 LAGs

Note: Action 1, Theme 1 – only one LAG provided results for this action and measure. Action 1, Theme 2 – only 2 LAGs provided results for this action and measure. All other actions and measures had a combination of more than 2 LAGs.

Achievement detail

More detailed analysis of achievements shows that:

- ❑ Throughput activity such as ‘assisting’ and commissioning research have been achieved or much overachieved;
- ❑ Targets are behind in areas that may simply be in process, such establishing projects, facilities, and networks; and
- ❑ A similar position exists for harder outputs like employment and business creation.

Improving quality of life has the poorest level of achievement. The measure has more indicators and perhaps more difficult outputs than the other measures. For instance, product development and market access are two targets that involve intense working with the private sector and may take some time to achieve. The outputs listed for ‘*Improving quality*

of life' appear far more meaningful than the activity-based targets for *'Adding value to local products'*.

The total activities where we have data to September 2003 are:

- ❑ 707 young people assisted
- ❑ 514 individuals trained, gaining new skills or re-skilled
- ❑ 286 women assisted
- ❑ 192 community groups advised/assisted
- ❑ 142 businesses advised/assisted
- ❑ 73 training days provided
- ❑ 31 ICT projects undertaken
- ❑ 28 feasibility/pilot plans undertaken

As well as these activities it was reported that 21 jobs have been created/safeguarded.

These figures are based on the returns received and should be treated with caution, as they do not include all LAGs. They provide some indication of the progress of the programme so far. Further details can be found in the Technical Appendix Annex 5.

Programme Spend

Claims to June 2003

The target spend for Leader+ in Scotland was £2.7 million by the end of the second quarter of 2003. At June 2003, £448,000 had been claimed, some 17% of the target. Figure 0-2 below provides a detailed breakdown spend by LAG.

Moray Action for Communities Local Action Group has the highest claim proportion – claiming just over half of the target by end of Quarter 2, 2003. Western Isles has the highest claim value of £132,000 (35%) – just over a third of their target. Neither Rural Tayside nor Northern Isles had claimed any funds.

Figure 0-2 Claims up to Q2 2003

LAGs provided their estimate of claims to the end of the year and these are shown with the actual spend up to quarter 2 in Figure 0-2 Claims up to Q2 2003.

The estimate of claims up to the end of the year will take South Lanarkshire well over their target and Western Isles to 77% of their target. The figures show the estimated claims will not meet their targets. Without significant increases in project spend and claims then funds will potentially be lost in 2004 when the N+2 arrangements come into play.

Commitment

Based on data from nine LAGs, 19% of the Programme budget has been committed. For committed funds, South Lanarkshire, East Fife and the Western Isles have committed the largest proportions of their total share of Leader+ money.

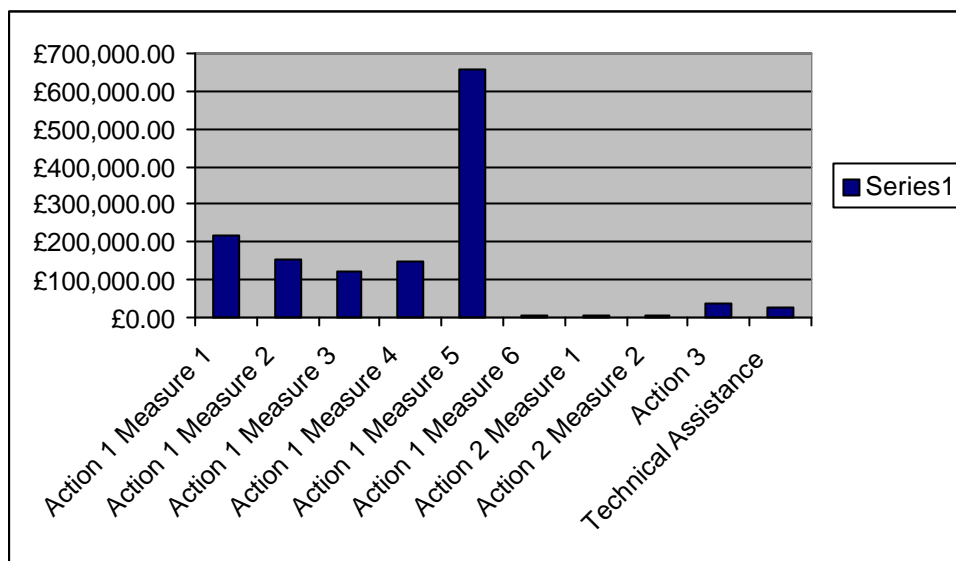
Cost per output

It is impossible to calculate costs per output given the scarcity of data. The information provided by LAGs gives some signal but it will take some time before meaningful figures can be provided. Most projects started within the 6 to 12 months to September 2003, so they had not had time to either deliver results or report on claims or outputs.

Spend at November 2003

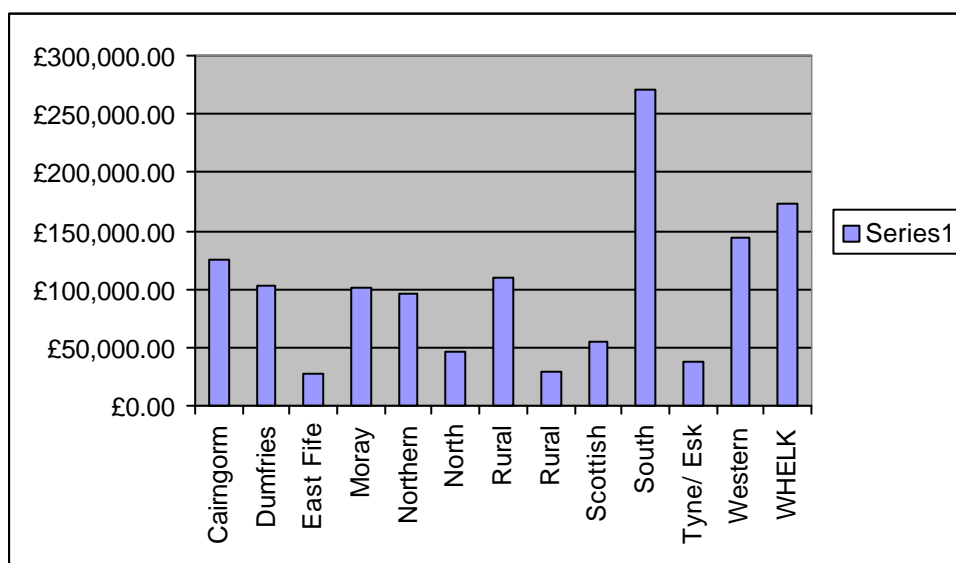
Expenditure had grown considerably by November 2003, with a total of £1,387,607 certified expenditure – well over half the June 2003 target. Figure 0-3 and Figure 0-4 below show how this spend breaks down by measure and LAG respectively.

Figure 0-3 - Certified spend by measure



Scottish Executive, claims at November 2003

Figure 0-4 Certified spend by LAG



Scottish Executive, claims at November 2003

Conclusions

It is too early to tell how the Programme is meeting its targets. Projects have started later than envisaged and financial commitment is low. As momentum increases this may change, but we cannot determine this yet. So far the process of setting targets and monitoring has been weak. On the basis of our interviews and workshops we conclude that some intervention is required to remedy this before projects have progressed much further. Without such action there is a risk that progress will never be clearly measurable.

Process review

This section considers the processes, systems and procedures that the LAGs have put in place or are still developing. It assesses how the LAGs are progressing and identifies, where possible, barriers and opportunities for exchange of good practice. It also notes how they link with the UK network.

Programme Development

Through the Local Authorities the Scottish Executive requested organisations to come together and submit a request to be considered as an eligible Leader+ area. Of the 16 applying areas 14 were selected. Two of these were asked to combine by the Scottish Executive based on guidance on maximum numbers acceptable to the European Commission. This gave 13 LAGs. These provisional LAGs then developed into the full LAG. The LAG then developed and agreed the Business Plan for the area. These Business Plans were used to compile the Programme Complement.

The LAGs do not have a similar structure. Even LAGs with a similar theme have a different make up and balance of organisations. While the structure is different, 91% of LAG respondents (1 September 2003) felt that the make up of the LAG was appropriate for their area.

Getting groups up and running

Local Action Group Make-up

In general, the Local Action Groups are made up of representatives from several sectors, including:

- Local Authorities
- Enterprise companies
- Tourist boards
- Voluntary organisations and groups – such as CVS, Partnerships etc
- State bodies- such as commissions and authorities
- Health boards
- FE/HE
- Private sector companies
- Other

Initial set up

The Scottish Executive asked local authorities to take responsibility for developing the original Business Plans for the Local Action Groups. To do this the local authorities invited partners and key stakeholders that they recognised as having a role to play. This 'shadow' LAG then developed the application to be recognised as a Leader+ area. On approval these 'shadow' LAGS then simply renamed themselves as the LAG. The make-up therefore of the LAG simply reflected the first groups targeted by the local authority.

Make up of the LAGs

There are clear differences in membership of Local Action Groups. South Lanarkshire has 20 organisations represented while the Northern Isles has just 8. This could cause several positive and negative issues:

- ❑ High numbers of members may increase profile, local ownership, and act as a conduit for greater interest. But this may cause working problems such as slow decision-making and difficult management, indeed some voices may not be heard at all.
- ❑ Low numbers can be easier to manage and easier to reach decisions with. But they may be limited in representation, scope and mandate.
- ❑ Representation on the Local Action Groups differs. The private sector is more involved in 'best use', 'added value' and 'know-how' than in 'quality of life'. Four of the five Local Action Groups with private business members are following these former themes.

Comparing Local Action Groups working within the same theme shows different approaches:

- ❑ **Quality of Life** - The North Highlands has a Health Board member and a police representative but none of these organisations are on the East Fife or Tyne & Esk Local Action Groups. This shows diversity in how themes are interpreted.
- ❑ **Making best use** – All Local Action Groups had a Scottish Natural Heritage member and all had a Tourist Board member bar the Cairngorms Local Action Group. Again, membership differs with the Borders Local Action Group being the only one that has both health board and police representation.

Over 50% of LAGs meet the minimum threshold for community representation (half of all LAG members should be community representatives). For those who do not, one reason put forward is that multi-authority Local Action Groups areas may have:

- ❑ More representation from councils and enterprise authorities; and
- ❑ Pressure put on their ability to recruit community/voluntary members because of already high numbers of statutory agencies represented.

On examination it is clear that those LAGs with under 50% community representation have an average of 5 Councils and LECs, whereas those with more than 50% community representation have an average of only 2.3.

Where Community representation is weaker more statutory bodies are represented. But from our interviews, the processes for recruiting LAG members vary widely. This points more to poor processes than circumstantial pressures:

- ❑ Most LAGs are aware of '50%' rule but;
- ❑ There appears to have been no process in place for deciding who should be invited; and
- ❑ Some of the statutory sector stakeholders appear to have been arbitrary in deciding who should be invited.

We suggest that several factors affected the eventual make-up of the LAGs including having multi-authority areas as well as poor recruitment processes.

Programme management

General efficiency

Not all LAGs have an effective means of measuring progress therefore it is difficult to see how the Programme Monitoring Committee or the Scottish Executive can track progress.

The bulk of LAG respondents (62%) felt that the financial management of the Programme was being well or very well managed or they felt that it was too early to tell (31%). About the same percentages applied for their thoughts on the overall Programme management. 82% of projects felt that the Programme administration is good.

The tables in Appendix 6 show where each of the LAGS is at this time, end of September 2003 in relation to processes in place. All of the LAGs have application forms. Each has some form of selection procedure. They all have some means of offering organisations a grant. Without a speedy claims process there may be some problems ahead if there are delays in making payments to applicants. Our experience of evaluating other European Programmes suggests that this is the main complaint that organisations had related to other Programmes. Projects are underway and all LAGs have a claims or payment process in place. Only in monitoring and reporting is there still some need for progress.

This process, as long as it is not too bureaucratic, can help LAGs. And later on in the process, the PMC track progress towards targets across the Programme.

An email survey of projects supported by Leader+ indicated that over one third (36%) of respondents felt that the process of applying is complex. But a much lower figure (20%) had similar feelings about the claims process.

Selection process

The Leader+ Programme relies on 13 different selection processes to identify projects that will be funded to operate within the Programme. The Programme itself only has performance indicators. There are no set targets identified within the Programme Complement. While the selection of projects therefore can deliver actions in a local area, which meet the local objectives, there is no simple link to approving projects that will contribute to overall Programme targets. If there were then the local selection process

would have to take into account the position relative to Programme targets at any specific time. A procedure to inform LAGs would therefore have to be put in place to allow this to happen.

The selection processes involve the Community organisations and the Public sector. 62% of projects felt the selection process was transparent, fair and sound.

Contribution of the partnership

Strengths of the selection process are that organisations are able to contribute to the selection of projects. Respondents and stakeholders confirm this. They can bring their experience and valuable perspectives to the decision making process. People with local knowledge consider projects and they understand the strengths and weaknesses of applying organisations.

Managing authorities role in the monitoring

During stakeholder interviews, and particularly during the LAG coordinator focus groups meetings, LAG members identified some weaknesses related to the lack of a consistent approach across Scotland. They felt that particularly community representatives needed training in the Priorities of Leader+ and the criteria against which projects should be selected.

UK Network

There has been three Scotland level training events run by the UK Network co-ordinator for LAGs. The LAGs are the Network membership and LAG members and co-ordinators are expected to attend. The Scottish requirements are:

- ❑ Scottish workshop;
- ❑ national conference, and
- ❑ other relevant events.

In addition the co-ordinator is available to support LAGs as they request support. In Focus Group discussion however and in stakeholder interviews the LAG co-ordinators raised some issues with the Networks events that are held at regular intervals. These events which co-ordinators are generally expected to attend could they say be more focused on their needs.

In addition while the co-ordinators travel budget is reasonable it is a limited travel budget. For those LAG co-ordinators who already have a wide area to cover there is some strain on their budget. Meeting with projects and helping to develop new projects in extensive rural communities is time-consuming and expensive. When LAG staff are therefore asked to go to conferences and seminars they expect these to be highly specific and relevant to their needs. This was not always the case and a significant number of people reported on this.

Conclusions

- ❑ Lags would like more direction and support from the centre, such as clear guidance and templates.

- ❑ An enhanced monitoring and reporting framework is important.
- ❑ Community representation in all areas should be 50% but is not.
- ❑ Local application procedures could be simplified further.
- ❑ Local partners, in particular local representatives, would benefit from training on priorities of Leader+ and methods of selecting projects.
- ❑ There are several good practice lessons that could be spread more widely. More inter-regional networking is required.

Horizontal themes

This chapter reviews how LAGs have incorporated the Horizontal Themes within the Programme. These concentrate on sustainable development and equal opportunities.

Sustainable Development within Leader+

Methodology used to mainstream Sustainable Development

Sustainable Development has been mainstreamed into the Leader+ programme through its design - the local programmes were developed regionally by partnerships of social, economic and environmental interests. This approach has been fostered by guidance from the Scottish Executive, Scottish Natural Heritage (SNH) and the Scottish Environmental Protection Agency (SEPA) so that the LAGs develop their programmes within guidelines that encompass sustainable development, and receive performance indicators that include sustainable development.

All the LAG's address sustainable development explicitly in their aims, except for Moray, which is targeted more towards services, and the Northern Isles, which concentrates on new technologies. Four of the LAGs have a main theme relating to the natural heritage, and a further 3 relate to *Quality of Life*, which has an environmental angle.

Thus the methodology of mainstreaming sustainable development into LEADER+ has been bottom up as well as top down, which is in itself sustainable. The evidence suggests that each LAG has its own awareness of what sustainable development involves, and which parts of sustainable development are most appropriate to that region.

The role of Scottish Natural Heritage

In addition to the programme design noted above, the mainstreaming of environmental sustainability has been encouraged by SNH, who, even before the LAGs were formed, informally encouraged certain areas of Scotland to consider Natural Heritage themes. SNH invested staff time into these LAGs, and are now members of the seven LAGs that specifically address natural heritage. This has led to better awareness (within the LAG) of environmental sustainability, and in some cases has led to the adoption of sustainability check lists.

This strategy has also provided helpful but informal feedback on the LAGs. The seven SNH staff occasionally meet with the SNH member on the PMC to discuss how environmental sustainability is being mainstreamed, and what particular elements need attention. SNH's

informal strategy is then to persuade individual LAGs, as necessary, to address particular areas.

Guidance provided on sustainable development

The Scottish Executive provided generic guidance on sustainable development to the LAGs as well as two sessions of training involving Sustainable Development:

- A more general LEADER+ awareness event at the very early stages of the Programme and;
- A more specific one about equal opportunities and sustainability delivered in 2003.

This included key principles of Sustainable Development, and examples of good practice.

SNH invited LAGs who chose themes relating to Natural Heritage and Quality of Life to a specialist environmental-sustainability training event in January 2003. This aimed to help LAGs recognise how Scotland's natural heritage can be sustainably used to create development opportunities. The seventeen participants learnt about the development opportunities and socio-economic benefits of resources such as oak woodlands, peatlands and nationally designated landscapes.

Review of the sustainable development guidance

The SNH event was well received, and although not all the delegates found all the presentations relevant, this may have been partly a result of their own levels of awareness. Most of the participants requested further on-going support, ideally in the form of information sharing (an electronic notice board on natural heritage issues), more guidance on developing natural heritage projects, and presentations on Access (paths and interpretation).

Most LAG members received both written guidance and training courses on Sustainable Development in relation to mainstreaming horizontal themes. It appears that the higher the level of guidance, the lower the take-up:

- 74% were offered support or training in relation to the Horizontal Themes;
- 52% were aware of receiving written guidance on sustainable development;
- 47% were aware of the availability of training courses; and
- Just a third had face-to-face meetings with experts while less than a quarter had an expert attend a LAG event.

Between a fifth and a quarter of LAG members in each case were unsure of whether these things were available. This shows there may be some sort of communication problem between LAG members.

At this early stage of the programme, LAGs were especially reluctant to comment on the value of the one-one meetings and expert visits. The majority of LAG members who commented felt that all forms of guidance were useful.

LAG awareness of sustainable development

Most LAG members were aware of sustainable development, even though the programme had not yet had time to act. When asked 'what aspects of sustainable development are included in your projects', awareness was strongest for the "effective protection of the environment option (79%), and was almost equally high for "social progress that recognises the needs of everyone (71%) and "prudent use of natural resources". The economic component of sustainability, 'Maintenance of high and stable levels of economic growth and employment' had the lowest score - just 46% of respondents considered that this aspect of sustainable development was included in their projects. This is a low score, especially since the rural economy is widely recognised as being in decline, and helping the economy is one of the reasons that Leader+ exists.

When asked whether they knew of any examples of good practice in Sustainable Development, most (63%) did not know, however more respondents were able to provide examples for sustainable development (20%) than they were for equal opportunities (10%).

Many interviewees reported on environmental projects which had economic and social benefits, from wetland restoration and community-led 'green corridors' (Lomond and Rural Stirling) to projects on fish-friendly hydro-power and addressing common grazing in crofting townships (Western Isles, Skye and Lochalsh). Others however, at an earlier stage in the project development process, had not yet had time to aid projects.

Thus it would appear that the LEADER+ programme is strong in terms of awareness of environmental sustainability, but weaker in terms of putting it into practice, particularly the social and economic elements.

Public awareness of sustainable development: types of projects proposed

Data, telephone discussions and the SNH feedback all suggest that overall there is a lack of environmentally sustainable projects, and that this may be because many of the environmental projects proposed are weak on economic and social components. This may be a result of lack of awareness among those proposing environmental projects, or a lack of environmental projects being proposed by the private sector or community groups (environmental projects are often proposed by environmental NGOs). This has resulted in a large number of community development projects being selected, but very few truly balanced projects with environmental, social and economic benefits.

The selection process: how the Horizontal Themes are weighted

In the Leader+ programme, both LAGs and individuals within each LAG tend to have different understandings of Sustainable Development. When regional programmes and application forms were being developed, examples of sustainability and equal opportunities criteria were circulated, but LAGs were able to re-word, condense and re-order the forms. Different LAGs circulate different information on Sustainable Development to potential applicants, and use different selection criteria. Within a LAG, different individuals have different understandings of what is meant by the term Sustainable Development.

To help select projects, several of the LAGs ask applicants to fill in a Sustainable Development Checklist. It is not clear where the checklist originates - whether from SNH or from one of the other European programmes. Other LAGs are unaware of the checklist's existence. For example, Scottish Borders and Lomond & Rural Stirling are using different versions of the checklist, whereas LAGs such as Argyll and Tyne/Esk are not, having developed their own sustainability criteria. It appears both from project evidence and from telephone discussions with LAG co-ordinators that the checklist has proved a very simple way for both project applicants and project selectors to check project sustainability.

SNH feedback suggests that one LAG, Scottish Borders, has a particularly well-balanced approach to Sustainable Development: all selected projects have to deliver social, environmental and economic benefits; they must support each of the three pillars of Sustainable Development. (Other LAGs gain the balance by selecting some environmental projects, some economic, and some environmental ones, but this was considered a less sustainable approach).

Performance Indicators

The first set of performance indicators provided by the Programme related only to the themes highlighted by that LAG. This was clearly unhelpful for Sustainable Development, in that some LAGs were not asked to report back on, for example, natural habitats. The PMC minutes indicate that the situation has now changed, and each LAG must now provide performance indicators across all aspects of Sustainable Development.

It is not yet clear how helpful the indicators have been. Most questionnaire respondents (66%) said it was too early to assess whether or not the performance indicators were useful at measuring progress towards Sustainable Development, although slightly more were positive in this respect than negative. It is probable that the late introduction of performance indicators to the LAGs will not have helped the measurability of the mainstreaming of Sustainable Development.

The components of Sustainable Development were not implanted as a pattern into the project application and selection processes - instead Sustainable Development criteria have been developed independently by each LAG.

The LAGs now find that their projects, which were selected under independently evolved definitions and criteria for Sustainable Development, are being judged against performance indicators only recently received from the Scottish Executive and which may use a different definition of Sustainable Development.

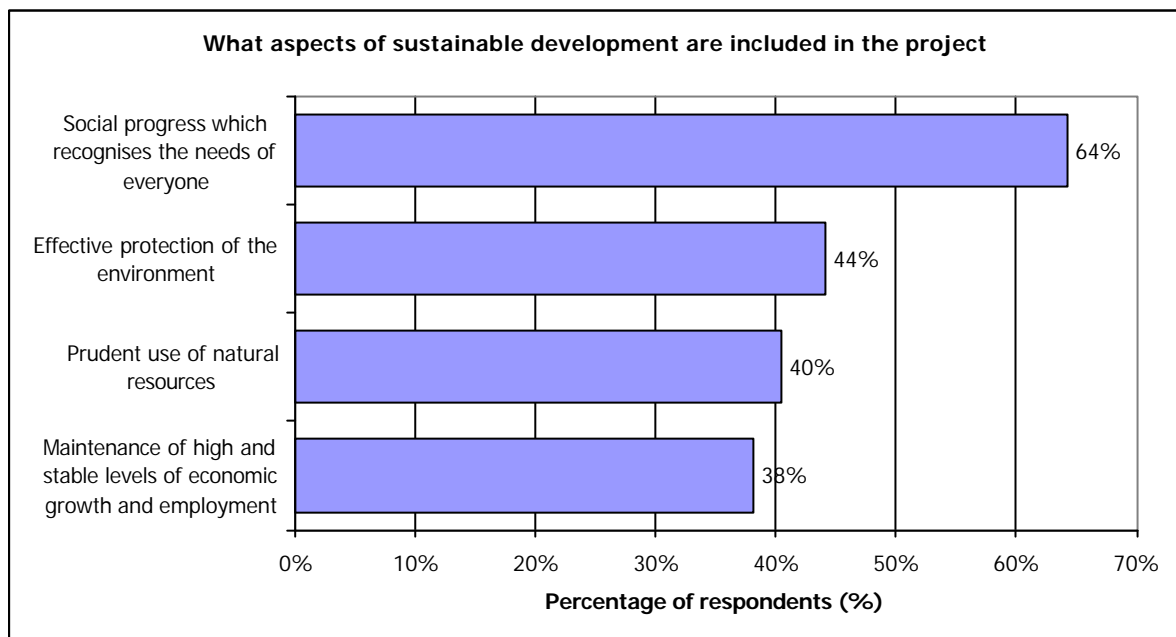
Sustainable Development has been mainstreamed into the Leader+ Programme through its design - the programmes were developed regionally by partnerships of social, economic and environmental interests. This approach has been fostered by guidance from the Scottish Executive, SNH and SEPA so that the LAGs develop their programmes within guidelines that encompass Sustainable Development. The LAGs received performance indicators that included Sustainable Development.

Regional differences in balancing the three components of Sustainable Development could be viewed as an unavoidable weakness in the Programme; however, the evidence suggests that the resulting regional and chronological variations in the weighting given to the theme in Scotland make this a useful means of assessing over time what works.

Regional variations and subsidiarity in Programme development make the Leader+ programmes and projects a good example of Sustainable Development. There are a wide variety of projects, with many different 'takes' on sustainability, offering different solutions to rural problems. Sustainable Development Case studies of projects, which can be considered examples of good practice, are outlined in Appendix 7.

Figure 0-1 shows that the social progress aspect of sustainable development is the most popular for projects to include.

Figure 0-1 Aspects of Sustainable Development



Conclusions related to sustainable development

- ❑ Sustainable development is mainstreamed into Leader+ by its very design
- ❑ Performance indicators issued to LAGs included sustainable development
- ❑ It is too early to assess whether these indicators have been useful
- ❑ Sustainable development criteria have been developed independently by each LAG which means that there is inconsistency within and across LAGs
- ❑ Presentations to LAGs are not always seen as relevant
- ❑ LAG members were unsure of the support available
- ❑ LAGs found difficulty in identifying examples of good practice

Recommendations related to sustainable development

The economic aspects of Sustainable Development are being under-emphasised by some of the LAGs. This results from the make-up of the LAGs. We therefore recommend that:

- ❑ Where appropriate, LAGs encourage more projects with an economic edge, and
- ❑ Invite more private sector or Local Enterprise input to the LAG.

It also seems that LAGs using the Sustainable Development Checklist are at an advantage (when selecting projects) over other LAGs, although several of the LAGs, which have produced their own definitions and criteria for Sustainable Development, are also well informed. In the interests of simplicity and 'not moving the goal posts', we suggest no change, however, we recommend that for any future Leader Programme developed then the checklist should be circulated to all LAGs for them to use at their discretion.

The method of mainstreaming Sustainable Development, by a mix of top-down general guidance and bottom-up seeding of ideas by LAG members (such as SNH) seems a very practical and efficient way of spreading the Sustainable Development message.

It is further recommended that:

- ❑ The delivery of Sustainable Development through the LEADER+ Programme should be assessed once the Programme is more fully operational, perhaps in late 2004.

Equal Opportunities

Equal Opportunities issues have been a feature of European Programmes for some time. The amendment to the Race Relations Act (RRAA) and the Special education provision of the Disability Discrimination Act (SENDA) provide a useful driver for consideration of equality impact assessment of the Programme and projects. The Programme management has provided some support for the mainstreaming process. The need to address mainstreaming particularly affects projects sponsors.

Projects applicants must take responsibility for considering the issues related to Equal Opportunities into Leader+ projects. The selection processes generally consider these issues already and the Steering Group and LAG members are reasonably familiar with the requirements related to Equal Opportunities.

There are specific issues related to Equal Opportunities, in particular:

- ❑ The pay gap between men and women is widening; and
- ❑ Limited applications are coming forward to specifically address the needs of women or disabled people in LAG areas

Interviews and the project surveys suggested other issues:

- ❑ Many projects felt that Equal Opportunities issues didn't affect their project
- ❑ They felt that simply having a policy was sufficient

Within rural areas in Scotland the proportion of ethnic minorities is so small that specific projects to address their needs would be difficult to manage or justify. The key role of applicants must be to ensure that no barriers are placed in the way of people to take part in Leader+ projects.

When asked "What actions do you take to ensure the mainstreaming of Equal Opportunities are achieved in the project(s)?" Applicants stated that:

- ❑ 12% provided childcare;
- ❑ 51% provided flexible delivery of their services to meet peoples needs;
- ❑ 58% had disabled access; and

- ❑ 76% focus their marketing to support Equal Opportunities.

We would like to see the percentage of disabled access in particular increased. Organisations undertake a variety of actions to ensure that Equal Opportunities are mainstreamed. In particular we saw that:

- ❑ Organisations strive to follow their own Equal Opportunities policy
- ❑ Other partners, such as Community Mental Health in Cairngorms, are involved

50% of project respondents stated that they have mainstreamed the Equal Opportunities Horizontal Theme actions into other areas of their activity. At the same time an equal proportion have not and a significant number of projects appear to be unclear about both the language surrounding "mainstreaming" and the practical ways that this can be done. Many projects made reference to their Equal Opportunities policy but having one is not as useful as actively striving to ensure specific actions are taken.

The manner in which the Programme is constructed and the logic of the intervention provides a useful mechanism for addressing the range of equality issues - gender, race, disability and social exclusion that is the focus at UK and Scottish level.

Given the statistics that only 10% of LAG respondents are able to suggest an example of good practice in equal opportunities, it is also possible that there is a lack of projects addressing equal opportunities.

Conclusions related to Equal Opportunities

- ❑ The selection processes generally take Equal Opportunities issues into account
- ❑ Limited applications related to Equal Opportunities are coming forward
- ❑ Project still do not see the importance and relevance of this theme
- ❑ Not enough LAGs involve Equal Opportunity experts or organisations as partners
- ❑ Mainstreaming is still a confusing term to LAG members and project staff

Recommendations related to Equal Opportunities

Related to Equal Opportunities it is recommended that among the innovations the PMC could adopt should include:

- ❑ The development of a mainstreaming action plan approved by the PMC which outlines the overall approach the Programme will take to the Horizontal Themes;
- ❑ Raising awareness of mainstreaming Equal Opportunities in the work of the Advisory Groups
- ❑ Call upon the specialist advice available from Muriel McKenzie National Adviser, Equal Opportunities, Scottish Structural Funds Programme, who has experience of this with other European Programmes
- ❑ Increase provision of guidance notes and Equal Opportunities toolkits

European Employment Strategy

The European Employment Strategy (EES) requires Member States to formulate National Action Plans for Employment (NAPs) each year, based on Employment Guidelines. There are currently 22 Employment Guidelines and these are revised each year as deemed appropriate by the Council of Ministers.

General

The Scottish Leader+ Programme was drawn up with some reference to the four pillars of the European Employment Strategy:

1. Improving Employability
2. Developing Entrepreneurship
3. Encouraging Adaptability
4. Strengthening Policies for Equal Opportunities.

The Plan took full account of the 1999 Employment Guidelines and subsequent UK National Action Plan for Employment for 1999.

To determine the extent to which the Programme is still in line with the EES, it is necessary to examine the latest UK National Action Plan for Employment. This is the 2002 NAP, which was drawn up in accordance with the Employment Guidelines for 2002 and which took account of the Council of Ministers' recommendations for UK employment policy for 2002.

As a devolved administration, Scotland has a specific input to the UK National Action Plan for Employment. The Priority themes for 2002, detailed below, show that the Leader+ Priorities are still relevant to the European Employment Strategy, as evidenced by the UK 2002 NAP.

UK National Action Plan for Employment 2002

Scotland: Priority Themes

Scotland's Priority Themes under the 2002 NAP are:

Pillar I: Employability, Guideline 4: skills for the new labour market

The Scottish Welfare to Work Advisory Task Force was appointed by Scottish Executive Ministers to offer them and the Secretary of State for Work and Pensions advice on Welfare to Work policy and relevant Programme delivery. The Task Force is currently developing demand-led sector initiatives, which will help to develop skills for the labour market to meet employer demand. The initiatives focus on sectors offering high employment opportunities in Scotland, such as the IT sector, retail, hospitality and construction, and are each led by a Task Force champion who will bring together a group of employers to work with Jobcentre Plus, the Enterprise Networks and the Executive. Initiatives will pilot new ideas for training, mentoring, information dissemination and job placements, and will link to national 'Ambition' initiatives.

Pillar I: Employability, Guideline 7: promoting social inclusion

At both the UK and Scottish levels, one of the key challenges on the Welfare to Work agenda is how best to support hard-to-help groups among the unemployed, as a means of promoting social inclusion.

As the Green Paper Towards Full Employment in a Modern Society made clear, both the UK Government and the devolved administrations are involved in targeting resources at those who are hardest to help, including the economically inactive and long-term unemployed adults. The strategy for delivering these changes nationally includes extending the package of choices available to lone parents, through the New Deal for Lone Parents, and the national extension of the New Deal for Disabled People, together with modernisation of the supported employment Programme, WORKSTEP.

The Executive's initiatives include the New Futures Fund, which provides intensive support and help for young unemployed people suffering from serious disadvantage in looking for work. The main focus is on young people aged 16-34, many of whom are likely to be detached from the labour market. This target group includes people with drugs or alcohol problems; ex-offenders; the homeless or those with family or relationship problems; the physically and mentally disabled; ethnic minorities; people with learning difficulties; and those who lack basic skills or personal and social skills who as a result have become disaffected or de-motivated. Those who are detached from the labour market may require intensive support and help before they are ready for pre-vocational training or work preparation. The Programme is managed by Scottish Enterprise and Highlands and Islands Enterprise.

Pillar II: Entrepreneurship, Guideline 9: Promoting Entrepreneurial Activities

The Executive also has a range of initiatives which support the Entrepreneurship Pillar, such as Scotland's first ever science strategy. The Executive's policy is to bring together enterprise, research and lifelong learning. Smart Successful Scotland sets a new strategic framework for the enterprise networks, which aims to raise the long run, sustainable growth rate of the Scottish economy. This will entail:

- Greater entrepreneurial dynamism and creativity
- More e-business
- Increased commercialisation of research and innovation, and
- Global success in key sectors.

Leader+ Contributions to UK NAP

In Scotland Leader+ helps to improve the quality of peoples' lives and their communities by helping them develop skills and employability.

Leader+ Community Initiative also makes an important contribution by supporting an equal opportunities mainstreaming management system. All projects and advisory groups encourage mainstreaming. Key components recommended to be developed for this Programme is a Mainstreaming Action Plan.

The Leader+ Programme in Scotland includes actions relevant to the EES and NAP. Specific examples of such activities, include:

- Supporting active labour market policies for young people and the medium term unemployed adding value to the New Deal and the Government's wider welfare to work strategy (although the success of these overall strategies has now reduced the need for these);
- Tackling the concentration of unemployment and low employment rates in certain geographical areas and amongst certain disadvantaged groups
- Tackling gender gaps

At the Lisbon European Council (March 2000), the European Union set itself a new strategic goal for the next decade: *to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion*. The strategy was designed to enable the Union to regain the conditions for full employment and to strengthen cohesion by 2010.

The Council considered that the overall aim of these measures should be to raise the overall EU employment rate to 70% and to increase the number of women in employment from an average to more than 60% by 2010.

The Stockholm European Council (March 2001) added two intermediate and one additional target: the employment rate should be raised to 67% overall by 2005, 57% for women by 2005 and 50% for older workers by 2010. The Barcelona Council (March 2002) confirmed that full employment was the overarching goal of the EU and called for a reinforced Employment Strategy to underpin the Lisbon strategy in an enlarged EU. Leader+ is a

useful Programme to pilot innovative actions, which can reflect how we can achieve these objectives.

2002 guidelines

The main goal of Leader+ is to pilot new approaches to rural development. While doing this, it also makes a contribution to the Employment Strategy (Figure 0-1).

Figure 0-1 Leader+ relationship to the 2002 European Employment Guidelines

2002 European Employment Guidelines	Example Leader+ Actions
Improving employability	Leader+ has indicators in the areas of: <ul style="list-style-type: none"> <input type="checkbox"/> Training days provided <input type="checkbox"/> Individuals trained, gaining new skills or reskilled <input type="checkbox"/> Training courses delivered <input type="checkbox"/> Safeguarding jobs
Developing Entrepreneurship	Measures: <ul style="list-style-type: none"> <input type="checkbox"/> Adding value to local products <input type="checkbox"/> The use of new know-how and technologies to make the products of rural areas more competitive Leader+ has indicators in the areas of: <ul style="list-style-type: none"> <input type="checkbox"/> Assisting businesses <input type="checkbox"/> Assisting micro-businesses <input type="checkbox"/> New/diversified businesses
Encouraging Adaptability of Businesses and their Employees	Leader+ has indicators in the areas of: <ul style="list-style-type: none"> <input type="checkbox"/> Training days provided <input type="checkbox"/> Individuals trained, gaining new skills or reskilled <input type="checkbox"/> Training courses delivered <input type="checkbox"/> Innovative methods of adding value to local products
Strengthening Equal Opportunities Policies for Women and Men	Leader+ has indicators in the areas of: <ul style="list-style-type: none"> <input type="checkbox"/> Women assisted

2003 guidelines

For 2003 the EES guidelines have changed in nature. The Commission has agreed ten guidelines, with related targets. These are simplified from earlier versions and should remain in a similar form for the rest of this Programme (that is to 2006). In Figure 0-2 below we have identified the specific activities and outputs from the Programme that clearly match with each guideline. This analysis is merely indicative – many measures make more limited contributions to one or more guidelines but these would be too complex to analyse and show. As with the Progress in the table above not all of the LAGs have incorporated the Performance Indicators which will indicate how the Programme is delivering against the new guidelines. However our recommendation is that this is rationalised and agreed.

Figure 0-2 Fit of Leader+ with new guidelines*

New Guidelines	Progress
Help the unemployed and inactive to find a job, prevent long-term unemployment;	<input type="checkbox"/> 11 jobs created <input type="checkbox"/> 10 jobs created/safeguarded
Encourage entrepreneurship and improve climate for business start-ups;	<input type="checkbox"/> 18 micro/small businesses assisted <input type="checkbox"/> 137 businesses advised/assisted <input type="checkbox"/> 6 new diversified businesses/groups
Promote adaptability of workers and firms to change;	<input type="checkbox"/> 514 people trained or reskilled <input type="checkbox"/> 73 training days provided <input type="checkbox"/> 21 training courses delivered <input type="checkbox"/> 18 micro/small businesses assisted <input type="checkbox"/> 137 businesses advised/assisted <input type="checkbox"/> 6 new diversified businesses/groups
Provide more & better investment in human capital;	
Increase labour supply & promote active ageing;	<input type="checkbox"/> 1 underemployed person assisted
Promote gender equality in employment & pay;	<input type="checkbox"/> 286 women assisted
Combat discrimination against disadvantaged groups;	<input type="checkbox"/> 286 women assisted <input type="checkbox"/> 707 young people assisted
Improve financial incentives to make work pay;	
Reduce undeclared work substantially;	
Promote occupational and geographical mobility.	

* Based on returns from 9 of the 13 Local Action Groups

Council Recommendations on the implementation of UK employment policies [from the UK 2002 NAP]

Some of these recommendations included:

1. The UK should further foster social partnership at the national level, in particular to improve productivity and skills, and the modernisation of working life
2. The UK should pursue efforts to reduce the gender pay gap and take action to improve childcare provision, with a view to making it easier for men and women with parental responsibilities to take employment. Special attention should be given to the needs of lone parents.
3. The UK should reinforce active labour market policies for the adult unemployed before the 12-month point to supplement the support provided by the Jobseeker's Allowance benefit and schemes to improve job search effectiveness. Within this context, particular attention should be paid to groups facing particular problems in the labour market.

At this stage it appears that the Programme is contributing achieving these targets, and we have provided some assessment of this in the section on Community Added Value.

There is a very low level of awareness amongst programme participants of the EES or NAP as such, although we assess that projects and stakeholders are aware of the and subscribe to the general principles.

Conclusions – European Employment Strategy

The Programme remains aligned with the EES. Progress with the Programme as it develops should contribute towards achieving the goals of the EES.

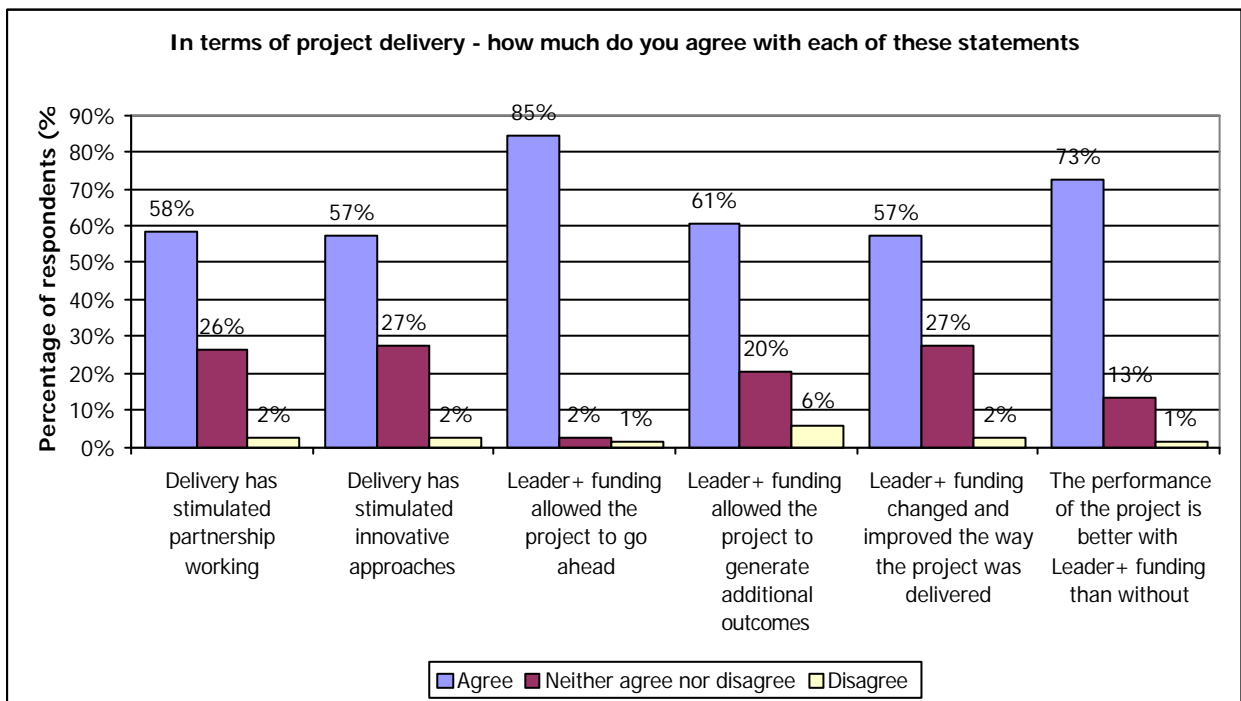
Community Added Value

This section highlights the community added value of the Programme to the local area.

Added Value

Leader+ funding has allowed projects to go ahead with 85% of projects taking part in the online survey stating this. A further 61% agreed that due to Leader+ the project generated additional outcomes.

Figure 0-1 Community Added Value of Leader+



Source: Hall Aitken online project survey, 84 responses.

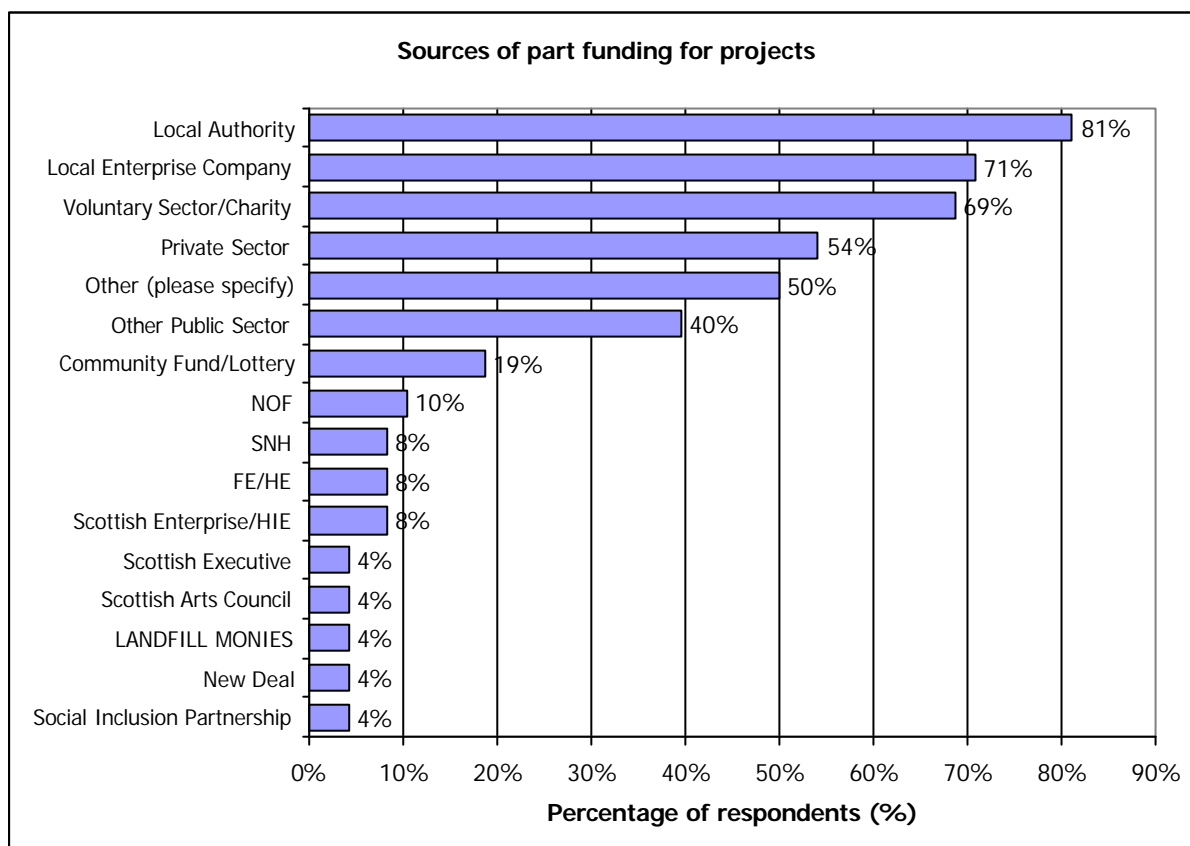
Of the projects responding to the online survey 58% stated that delivery of the project had stimulated partnership working and 49% of LAG members also agreed with this. Examples of partnership working given by LAG members include Shetland and Orkney were working together on projects for the first time and interagency work increasing.

Leader+ funds also stimulated innovative approaches and improved the way projects were delivered. Examples of added value to the community include initiation of community newsletters and employment of development officers for specific areas.

Sources of Funding

Figure 0-2 Sources of Match Funding indicates where the projects get their sources of co-finance for projects. LAG members (42%) stated that the Programme links with other programmes and initiatives. At the same time 25% stated that local individual projects link with other Programmes and Initiatives.

Figure 0-2 Sources of Match Funding



Source: Hall Aitken online project survey, 84 responses.

Leader+ links to other Structural Funds Programmes

Various levels of European Structural Funding with different priorities and rules financially support rural Scotland. These include

- ❑ The Highlands and Islands Special Transitional Programme
- ❑ Objective 2 (including Transition areas)
- ❑ Objective 3 ESF
- ❑ FIFG Programmes.

The Scottish Leader+ Programme must be managed to co-ordinate with other mainstream Structural Funds Programmes in Scotland so that it complements rather than duplicates them.

In addition, support for primary producers for diversification and protection of the environment is provided by EAGGF in the Highlands and by state funds in the lowlands. The Rural Development Plan for Scotland 2000-2006 coordinates this. The Scottish Leader+ Programme was designed to work alongside the Rural Development Plan for Scotland, with recognition of the fact that Leader+ provides broader scope to support economic development generally and rural development specifically than the primary EAGGF and state-aid funds.

So Leader+ has different objectives and scope in each of its regions in order not to double-fund or duplicate effort. In Transitional and Objective 2 areas the Leader+ Programmes are tightly targeted in order not to conflict with the Transitional and Objective 2 Programmes, whereas in other geographical areas the Leader+ Programmes are broader.

The Programme generally is poor at linking with other Structural Funds. Only 5% to 8% of projects state that there is any link between their project and an Objective 2 or 3 project.

Conclusions

- Respondents to the survey stated that Leader+ allowed projects to go ahead (85%).
- The bulk of co-finance comes from Local Authorities.
- The projects supported by the LAGs are generally poor at linking with other European Programmes.

Common Evaluation Questions

This section outlines the common evaluation questions as outlined in the Guidelines for the Evaluation of Leader+ Programmes and assesses each one.

Implementation of the Leader+ method

Related to the Common Evaluation Questions as outlined in the Guidelines for Evaluating Leader+ Programmes. For question one the Programme meets the criteria regarding the implementation of the Leader+ method.

Action-specific questions

Action 1

The Programme has helped improve the organisational capacity of rural communities. Organisations have been helped to focus on and identify issues to address locally. Local organisations have been encouraged to get involved. Assisted activities are complementary to existing activity.

Action 2

The effects are likely to arrive but have not yet become manifest.

The Leader+ UK Network has helped the transfer of information and the LAG co-ordinators have worked together to learn good practice. There is a limited amount of co-operation between areas on specific projects.

There have been no activities established yet with territories outside the Programme.

Action 3

The effects are likely to arrive but have not yet become manifest. All participants and organisations have gained experience through involvement in the Programme. The LAG staff working within Leader+ have supported rural development. This networking has, as yet however not facilitated significant co-operation between rural territories. Action 3.2.3 has been met in that informal networks have been established.

Impact of the Programme

Protection of the Environment

There have been environmental benefits generated by the Programme. Particularly for the LAGs focussing on his theme there have been enhancements to areas' natural resources.

There have been difficulties in measuring the effects. There is a limited amount of gender-disaggregated data, which makes question 3.2 difficult to answer. The needs of women however are generally taken into account in the selection criteria (3.2.3) however the data is not available to answer 3.24/3.2.5.

It is not possible at this stage to state whether Leader+ has helped explore new ways of improving socio-economic viability and the quality of life in beneficiary rural areas. The effects are likely to arrive but have not yet become manifest.

New integrated approaches

- a. It is not possible at this stage to see integration of new approaches in other Leader+ territories although The effects are likely to arrive but have not yet become manifest.
- b. The area-based approach has encouraged a more efficient identification of endogenous resources. Leader+ locally has helped organisations to focus on their needs. There has however been limited co-operation and networking related to this.
- c. The Programme is linking with mainstream rural development activities in the area. However, there is no evidence that approaches or activities have been transferred yet into national mainstream rural development policy. The effects are likely to arrive but have not yet become manifest.

Financing, management and evaluation of the Programme

New areas have been included as compared to the previous programming period. LAGs involved in Leader II have incorporated lessons from that Programme into Leader+.

The selection of LAGs was open and competitive. Organisations that can impact on rural development locally are involved. The systems set up by the authorities have helped the implementation but additional support could have been provided. Although some guidance was issued related to Performance Indicators and targets this was not specific enough to prevent LAGs taking up too much of their early time developing systems. There was some shortcomings of the Programme management. This however was partly due to the desire to allow local management to develop systems, which would suit local needs. Recommendations have been made later to help relieve any shortcomings.

A vertical partnership has been established. Mechanisms to inform, encourage participation and to assist local populations are in place. It is too early to tell whether the international networking mechanisms are operational.

At LAG level there is little evaluation being carried out at this time. The Monitoring framework, which we are developing, will assist LAGs to do this. This shortcoming in the Programme has been identified and steps have been recommended to improve the strategy and approach.

Conclusions and recommendations

This section highlights the conclusions and recommendations to improve the implementation of Leader+ as a whole and the attainability of the Programme objectives.

Conclusions

1. Implementation of Leader+ method

Disparities across rural Scotland are important, with islands, remote areas, old industrial and mining communities unable to close the gap on the urban or commuting rural areas. Depopulation and selective out migration of young people in these disadvantaged environments is exacerbating these trends. Older workers and early retirees are threatening to overwhelm the provision of social and public services. On the other hand, the promises of land reform and ICT investments offer the potential of an improved and more sustainable future but these population constraints may restrict the capacity of rural Scotland to realise them.

With regard to the Programme Complement:

- ❑ There is scope for either Complementing or duplicating other Structural Funds Programmes.
- ❑ It appears that 'adding value' and 'best use' are extremely close in aims with both trying to make businesses more competitive.
- ❑ Sustainability is emphasised as environmental sustainability
- ❑ The *Quality of Life* measure gets its focus and remit from the Local Action Groups community consultation.
- ❑ There is plenty of scope for projects to interpret measures.

Regarding the Programme monitoring committee:

- ❑ The mid-term evaluation Steering Group met before the Programme Monitoring Committee – this implies that the administration of the programme could have been more effectively managed.
- ❑ An early issue was that the Programme Complement still required some editing – It should have expanded information on UK network & networking as well as giving figures to targets
- ❑ The Scottish Leader+ approach was to develop LAGs and business plans and then to design a Programme Complement from this point up

- ❑ Because of variable Leader+ experience, co-ordinators needed training. SNH carried some out in January the UK Network co-ordinator also delivered some training at events.
- ❑ The Programme Monitoring Committee furnished Local Action Groups with a minimum acceptable application form for all projects.

LAG Business plans:

- ❑ Reviewing the business plans, there are many similar issues. Negative socio-economic issues that affect all Local Action Group areas include out-migration, isolation, and economic dependency on declining sectors. But Local Action Group areas contain tremendous natural resources and resilient communities. (See Appendix 1.)
- ❑ Overall, nine Local Action Groups chose *Improving quality of life* or *Making best use of natural resources* as main themes (as outlined in Appendix 2.)
- ❑ Similar issues arose with Local Action Group make-up. The *Improving quality of life Local Action Groups* are much more diverse. Some have Health Board and police members (North Highland) but others do not (Lomond and Rural Stirling).
- ❑ There is also an across the board diversity in the size of Local Action Groups. The number of groups represented varies. This appears to be a product of multiple authority areas. Areas such as the Cairngorms cover four council areas but the Borders covers just one. (Appendix 6 Table 6 gives more detail of the make-up of LAGs.)
- ❑ All the Local Action Group business plans identify a strategy fit but how this will work in practice is not clear in most cases. (Appendix 4 outlines many of these wider strategies.)
- ❑ Many Local Action Groups have still not fully developed targets or indicators.

In terms of progress, *The Quality of life* themed Local Action Groups seem to be slower in becoming established, perhaps reflecting the greater emphasis by the Programme on developing the theme from consultation

2. Programme Objectives

The SPD states that *'The objectives of the Scottish Leader + Programme require to take account of this diversity and complexity. Leader + in Scotland therefore will seek to contribute to and enhance a **sustainable society**, a **sustainable economy** and a **sustainable environment** in the nation's rural areas and communities.'*

In relation to a sustainable society LAGs have attempted to encourage actions aimed at combating outward migration of young and economically active residents. They have delivered projects that make the areas more attractive to stay. Festivals and innovative pilot scheme have been supported.

3. Horizontal Themes

Sustainable Development

Sustainable Development has been mainstreamed into the Leader+ Programme via its very design - the programmes were developed regionally by partnerships of social, economic and environmental interests. This approach has been fostered by guidance from the Scottish Executive, SNH and SEPA so that the LAGs develop their programmes within guidelines that encompass Sustainable Development. The LAGs received performance indicators that included Sustainable Development. (More detail is to be found in Appendix 7.)

The components of Sustainable Development were not implanted as a pattern into the project application and selection processes - instead Sustainable Development criteria have been developed independently by each LAG. The LAGs now find that their projects, which were selected under independently evolved definitions and criteria for Sustainable Development, are being judged against performance indicators only recently received from the Scottish Executive and which may use a different definition of Sustainable Development.

Regional differences in balancing the three components of Sustainable Development could be viewed as an unavoidable weakness in the Programme; however, the evidence suggests that the resulting regional and chronological variations in the weighting given to the components of Sustainable Development makes for a healthy diversity of projects in Scotland.

Regional variations and subsidiarity in Programme development make the Leader+ programmes and projects a good example of Sustainable Development. There are a wide variety of projects, with many different 'takes' on sustainability, offering different solutions to rural problems. Case studies can be seen in Appendix 7.

Equal Opportunities

Projects applicants must take responsibility for considering the issues related to Equal Opportunities into Leader+ projects. The selection processes generally consider these issues already and the Steering Group and LAG members are reasonably familiar with the requirements related to Equal Opportunities.

Interviews and the project surveys suggested other issues:

- ❑ Many projects felt that Equal Opportunities issues didn't affect their project
- ❑ They felt that simply having a policy was sufficient
- ❑ Within rural areas in Scotland the proportion of ethnic minorities is so small that specific projects to address their needs would be difficult to manage or justify.
- ❑ We would like to see the percentage of disabled access in particular increased. Organisations undertake a variety of actions to ensure that Equal Opportunities are mainstreamed.

50% of project respondents stated that they have mainstreamed the Equal Opportunities Horizontal Theme actions into other areas of their activity. At the same time an equal

proportion have not and a significant number of projects appear to be unclear about both the language surrounding “mainstreaming” and the practical ways that this can be done.

It is recommended that:

- ❑ The development of a mainstreaming action plan approved by the PMC which outlines the overall approach the Programme will take to the Horizontal Themes;
- ❑ Raising awareness of mainstreaming Equal Opportunities in the work of the Advisory Groups
- ❑ Call upon the specialist advice available from Scottish Executive supported worker Muriel McKenzie who has experience of this with other European Programmes
- ❑ Increase provision of guidance notes and Equal Opportunities toolkits

European Employment Strategy

The Programme remains aligned with the EES. Progress with the Programme as it develops should contribute towards achieving the goals of the EES. Despite this there is very low awareness of the existence or role of the EES or NAP.

Recommendations

1. Programme Management

Local

We recommend that:

- ❑ The PMC follow through their commitment to establishing a clear monitoring/reporting framework.
- ❑ There should be a clear agreement on performance indicators
- ❑ Projects will be supported to measure and report on these performance indicators.
- ❑ There will be better data collection systems to allow the PMC to track progress towards Programme targets and key objectives.
- ❑ LAGs continue simplification of local application procedures.
- ❑ The PMC should arrange through the Scottish Executive for LAGs to continue training of LAG members.
- ❑ Local partners, in particular community representatives, need training on the priorities of Leader+ and methods of selecting projects.

National

More direction/support is needed from the centre. Where the PMC or the Scottish Executive want LAGs to undertake activity they should give them:

- ❑ A template to adapt; and
- ❑ Clear guidance to follow.

Related to Equal Opportunities more use should be made of available expertise from the National Adviser, Equal Opportunities, Scottish Structural Funds Programmes, to support and guide the LAGs and the PMC.

The Scottish Executive together with the UK Network will ensure the spread of good practice lessons to LAGs.

2. Business Plans, LAGs and partners

The Programme Logic is reasonably sound. We assessed the Socio-Economic analysis against the SWOT analysis in the SPD. This is outlined in Appendix 1. LAGs should:

- ❑ Continue to use the Programme flexibility to meet current local needs; and
- ❑ Adapt and amend their business plans to meet small-scale local changes.

We recommend also that all LAGs increase community representation to a minimum of 50% on the board. Appendix 6 outlines the existing set-up on each LAG.

Each LAG will carry out more local communication on the Programme and better publicity to attract more projects

3. UK Leader+ network

More inter-regional networking required. Not enough LAGs are forming constructive partnerships outside their LAG area.

The UK network must ensure that the seminar and workshop topics at national and more local events are:

- ❑ Tailored to meet the specific requirements of the LAGs; and
- ❑ checked with the LAGs before the event.