

3. **FUTURE OF RURAL DEVELOPMENT SCHEMES (A.6903/JBD)**

**Proposal**

1 To consider the future approach by the Authority to rural development in the Peak District, including joint delivery arrangements and a strategy for pursuing the Authority's own contribution and projects

2 **RECOMMENDATION:**

That

1. **The Authority pursues with partners further development of the role of the Peak District Rural Action Zone as the hub for delivering future rural programmes, in particular in a way that secures its role in co-ordinating funding and involving local authorities to ensure accountability**
2. **Future options for the delivery of rural development schemes are explored in partnership with a focus on developing the current arrangements in the medium term (option 1 in paragraph 12) and further work is done in partnership with others to explore the possible merits of other possible mechanisms for the future**
3. **That two strategic projects relating to a) businesses, communities and the environmental economy (paragraphs 21 and 23) and b) the Sustainable Tourism Strategy, including the Destination Management Partnership should be the priority amongst bids for such projects. The actual level of the financial commitment by the Authority to be determined as part of budget planning for 2008/9 for a period of 5 years to 2013.**
4. **That for projects that will not be funded beyond 2008, exit strategies be developed to ensure that relationships with partners, funding bodies and customers are managed properly; that staff are treated responsibly; that lessons are learned and captured for all; and that where feasible elements of the projects can be mainstreamed within the principal projects or elsewhere.**
5. **That approaches be made at the highest levels to Defra, Natural England, ENPAA and the Regional Development Agencies to secure national level support and recognition beyond the development of the pilot Environmental Quality Mark.**
6. **That approaches be made to the 4 Regional Development Agencies to make it easier to organise and finance initiatives that cross the whole of the Peak District.**

**Policy/Legal Background**

3 For over 25 years the Authority has engaged in rural development projects in the Peak District. These projects have typically been delivered in partnership; have sought to achieve sustainable rural development; and have been driven by funds provided under European Union rules and programmes. The Authority has been particularly innovative and effective in drawing down these funds and directing them, with minimal bureaucracy to users, especially to beneficiaries in farming and rural areas. Such programmes have included capital and revenue and the combined effect of this work has been to leverage in millions of pounds into the Peak District above and beyond the National Park Grant. In recent years, the focus has been on projects that have

developed the environmental economy and also support to sustainable tourism. Some projects have spanned across several disciplines and these innovative, cross-cutting projects have been particularly fruitful in generating successful outcomes. For a number of reasons, we are now faced with making some strategic decisions on how to continue to engage in such projects and funding. However, before doing so it is worth considering the outcomes we seek this work to achieve for the National Park. The outcomes below relate to the economy and tourism, however it is also important to recognise the contribution such work makes to a range of the National Park and Authority's outcomes, especially those relating to the environment.

4 The National Park Management Plan Outcome for 2006-11 for the economy is:

*By 2011 prosperity has been improved by businesses, social enterprise and the public sector:*

- *working together*
- *raising productivity*
- *capitalising on their location in a special and distinctive environment*
- *developing a sustainable economy.*

The National Park Authority Corporate Outcome for the economy is:

*Sustainable prosperity is achieved through a diverse economy, capitalising on the special and distinctive environment of the National Park.*

This will be achieved by the following corporate actions:

- *nurturing business development that supports and contributes to the environmental economy (priority 2)*
- *working with partners, Government agencies and funding bodies to improve the economic performance of local firms and to influence appropriate economic investment in the area (priority 2)*
- *supporting land managers to manage the landscape sustainably whilst creating economic benefits for the wider community (priority 1)*

5 The National Park Management Plan Outcome for tourism is:

*By 2011 the number of people staying overnight in the Peak District, and the sustainability of tourism experiences, is increased especially resulting from:*

- *increased quality of tourism services*
- *a wider range of tourism products based on, and compatible with, the special qualities of the National Park.*

The National Park Authority Corporate Outcome for tourism is:

*Promote sustainable tourism to improve the economic viability of the Peak District whilst ensuring a positive environmental and social impact.*

This will be achieved by the following corporate actions:

- *encouraging improvements in the quality of tourism services and products particular to the National Park and compatible with its special qualities (priority 2)*
- *influencing tourism partnerships to achieve targets of the sustainable tourism strategy (priority 2)*
- *encouraging visitors to consider the environmental impact of their visit and take positive action (priority 2)*

### **Rural Programmes in the Peak District**

6 Since its inception in 2002, the major schemes that the Peak District has benefited from a range of major schemes each with varying management arrangements

- the European Structural Funds, such as the European Regional Development Fund (ERDF), Objective 2, European Social Fund (ESF) and a programme to develop international cooperation, INTERREG
- rural development programmes under the England Rural Development Programme run by Defra, especially the Rural Enterprise Scheme and related programmes
- the LEADER+ project in the Peak District
- Various Countryside Agency funds, such as 'Eat the View' supplemented with English Nature funds
- Funding provided by the Regional Development Agencies directly
- The Rural Pathfinder project, sponsored by Defra to develop innovative ways of rural delivery
- Schemes that are now defunct such as the Single Regeneration Budget (SRB) and Market Towns Programme

7 As part of the EU budget to 2013, new programmes are being developed that will be implemented through rural delivery structure at national, regional and sub-regional level. This, like current funding streams, is a highly complex system. However, there will be different arrangements for rural development funding from 2007 to 2013. Members attending the briefing session on 23 February were introduced to this and it is summarised in annex 1. In summary, the following resources will be available to the Peak District over the next few years:

- Objective 2 funds are likely to disappear and for the Peak District ERDF funds will be severely reduced as these funds will mainly be focused at urban deprivation with very little, if any, focused on rural areas
- Programmes under the Rural Development Programme for England (RDPE), including support to agricultural product development, to the LEADER approach and to develop capacity in rural areas
- Resources from RDA 'single' pot budgets for suitable projects pursuing objectives within the Regional Economic Strategies
- Our own match funding and resources, including the Sustainable Development Fund, and that of our partners, other local authorities and the private sector
- A new Interreg IV programme succeeding the current Interreg III programme which is available on a competitive basis for international collaboration projects. Over time, funding for such international collaboration is expected to grow in comparison with other Structural Funds that will decrease.

- 8 There is every reason to believe that the total funds available per year will be somewhat less than the scale of resources available under previous schemes, although final budget allocations for the RDPE have yet to be agreed at EU, national and regional level. So, it is important for the Authority to look for opportunities to make effective use of whatever is available and whatever finally emerges from the new range of funding streams. RDPE budgets in the UK will be set mainly to support agri-environment schemes with the minimum required by EU rules allocated to the social and economic 'axes'. The ERDF Objective 2 Structural Funds will be focused at high growth industries and urban deprivation and, whilst rural councils have argued for funds to be made available, this is not expected to be very significant. International projects based on Interreg are likely to grow in scale. Within regional bodies, there will be limited resources for rural development and this will be focused at key areas. Wherever the funds may come from, we need to be able to absorb them into projects that deliver our outcomes
- 9 Within the Peak District, we are fortunate that the criteria that will be used by the East Midlands Development Agency based around 2 indicators of low rural productivity and high environmental quality means that we will be a priority for some East Midlands rural funds. For the West Midlands it is unlikely that the Peak District will be a priority, although it is expected that some limited support to an East Midlands-led rural programme will be made available. The Peak District is a moderately low priority for the North West Development Agency's work and also for Yorkshire Forward. However the presence of the Peak District within the South Yorkshire sub-region and the Sheffield City Region means that resources may be made available for themes within the City Regional Development Plan (such as market towns, green infrastructure and destination management). The Authority is strongly placed to advocate for schemes that relate to the whole of the Peak District across regional boundaries and more effort needs to be put into addressing problems of schemes not applying across boundaries.
- 10 One of the main ways in which economic assistance and rural delivery programmes are provided to the Peak District is through the Peak District Rural Action Zone (RAZ) which is administered within the Derby and Derbyshire Economic Partnership, the sub-regional partnership of the East Midlands. Whilst the RAZ is a regionally influenced body it is a strong partnership of local authorities in the RAZ area. Its scope also covers the majority of the rural Staffordshire part of the Peak District within the West Midlands. Priorities for the RAZ are determined by local partners reflecting national policy and scheme priorities, the regional scheme objectives that are drive by both the Regional Economic Strategies and related strategies such as the Regional Rural Action Plans. The RAZ has the potential to play an even greater role in shaping and advocating sustainable rural development in the Peak District. In doing so, it is possible that it may develop a wider governance structure, akin to that of the Sub-Regional Strategic Partnership, involving private sector and community representatives. Details of these objectives were summarised for members at a recent workshop. They are synthesised into the RAZ objectives which are to:
- Improve the competitiveness of existing businesses
  - Develop the growing knowledge economy
  - Encourage the development of creative industries
  - Promote high quality, sustainable tourism and cultural development
  - Develop the environmental economy
- 11 Major funding bodies are seeking more efficient and streamlined mechanisms for delivering rural programmes, indeed this was a principal purpose behind the Haskins Review of rural delivery. In particular, the main funding agencies are seeking rural delivery agents that are:

- more effective, efficient and focused on targets and strategic priorities
- joined up amongst various rural service providers and not in 'silos'.
- customer-focused and user-friendly
- simplified and easily understood
- based on successful existing arrangement

12 Within the Peak District, there is an assumption that the Rural Action Zone will continue to play a role in co-ordinating and being accountable for the some of the funding schemes; for providing local accountability through local government and social partners; and delivering some funding and schemes directly. However, emda will keep schemes that relate to agricultural development and communities within emda, whilst Natural England will retain agri-environment schemes. Currently, other schemes and programmes are run by other agencies, including the National Park Authority. We need to use the current opportunity to refresh the current approach to delivery with the following options currently being considered:

- 1 retain the current status quo with individual organisations delivering specific parts of the Peak District rural programme
- 2 develop the capacity of the RAZ support unit to play a bigger role in direct project delivery
- 3 develop a new public agency or body to take on more of the project delivery roles currently handled by individual agencies in a model akin to the Destination Management Partnerships
- 4 set up a rural regeneration company based on models tried elsewhere that would be commissioned by the RAZ to deliver programmes

It is important both for the strategic development of our own contribution to rural development and also as we are part of the Rural Action Zone that the Authority develops and then pursues in negotiations with others a favoured option from amongst these as the model for delivering rural programmes.

13 Option 1 would be the best way forward in the short term as it builds on what already works. However, emda are looking to simplify local delivery arrangements by reducing duplication, especially for the delivery of schemes based on the LEADER principles. Therefore, if we were to pursue option 1 we would need to look to develop a more integrated approach in the Peak District. It may be possible to develop this option such that there was some merging of projects and a clearer fit between the strategic goals and the particular projects that are commissioned. There is an emerging consensus at officer level within the RAZ that the RAZ should be the hub for the co-ordination and delivery of future rural development funds. If this were to be the case, then option 1 would be the easiest of the 4 to negotiate with partners.

Option 2. Currently, the RAZ operates mainly by commissioning projects and funding projects managed by others. It also plays a coordinating role in ensuing links between projects. It may be unwise for RAZ to take on a role delivering projects as well as this may be beyond their capacity and could also lead to conflicts of interest. It would also need to develop much more advanced management capacity and members need to be aware that the Authority currently hosts the small RAZ support unit at Aldern House.

Option 3 is most closely allied to the current Peak District and Derbyshire Destination Management Partnership that has developed over the last 3 years, with some success. However, the DMP is itself reviewing whether the current 'virtual' structure is

fit for purpose and may take a different route in future. Such a virtual partnership can be problematic, eg with staff on different terms and conditions, and also negotiating such a structure may take some time.

Option 4 has much to support it in theory with mixed experience elsewhere. However, it is thought by officers of the Authority and others within the RAZ that there are, as yet, too many uncertainties about this option. This was confirmed by those members who attended the seminar 23 February who, whilst supportive, were concerned at the timescales involved in establishing such an organisation. The majority of successful rural regeneration companies have had fairly large budgets in comparison with the RAZ, so accommodating the management capability that such a body must have to function. This is an option that needs much further evaluation before it can be recommended.

### **The future role of the Authority**

14 The Authority has been an active, and often leading, participant in rural development schemes, with a particular focus on the environmental economy and schemes to support the development of a sustainable tourism sector. The main schemes we are currently funding that are to a large extent dependent on EU and other regional funding are:

- The New Environmental Economy Programme
- The Peak District Environmental Quality Mark
- Business and Environment linked through Small Scale Tourism (BESST)
- Visit Peak District and the related work of the Destination Management Partnership
- Cultural Trails (Peak Experience) and the related work of the Peak District Interpretation Partnership

Each of these projects is explained fully in a set of related briefing papers supplied to members who attended the briefing on these schemes 23 February. Further copies can be obtained from Democratic Services. These details are summarised very briefly below.

15 The New Environmental Economy Programme

This has run from 2002 to 2008 and has been substantially ERDF-funded with an annual budget of £670 000 of which the Authority has provided £80 000. Through its 9 special projects and 91 business development grants it has successfully developed a wide range of initiatives in the local food, crafts and rural business sectors. Independent evaluation has recognised its ease of access for participants, simplified approach to delivery and cross-sectoral approach. The evaluation points out that to date NEE has only had contact with 11% of potential businesses in the Peak District suggesting that there is much more scope to develop this approach.

16 The Peak District Environmental Quality Mark

This has run from 2002 to 2008 and been substantially Natural England funded with an annual budget of up to £77 500 of which the Authority provides £15 000. It was set up as a national pilot to test the idea of a place-based quality mark that integrates the full range of environmental management standards involving many business sectors. Uptake has been good and its evaluation states that it has been efficiently run, has engendered close collaboration between businesses but that, as yet, there was little evidence of substantial market edge or premium for participating businesses.

17 Business and Environment linked through Small Scale Tourism (BESST)

This has run from 2004 to 2008 and has been substantially funded by the EU Interreg IIIB programme. It has a budget of £1.5M of which the Authority has paid about £30 000 per year. About 25% of the costs of the project are currently provided by central government. BESST is a complex project with participation by regions from 2 other EU countries. It has generated some successful product development with over 50 Peak District businesses participating. It has also funded 3 public sector projects including the Heritage Walks book and the 'Trails Triangle' project. BESST is, however complex administratively, but the Authority has proved able to manage this complexity, something that could be advantageous for the future.

18 Visit Peak District and the related work of the Destination Management Partnerships

Since its inception as a partnership in 2000, local authority and private sector partners have become much more effective at managing relations with tourism businesses, developing products and marketing these. Now, the partnership has expanded to incorporate all of Derbyshire within the Peak District and Derbyshire Destination Management Partnership which has received substantial investment from emda and public sector partners with increased revenue from tourism businesses. The DMP annual budget for 2007/08 is planned to be £1,419,037. The Authority has agreed a Service Level Agreement with the DMP with a contribution of £33,500 (including cash and the value of various officer in-kind support). Parallel DMPs exist in other parts of the Peak District and it is hoped that over time these will work collaboratively on Peak District initiatives. The Authority has supported a range of sub-projects to varying levels over varying periods, including the Peak District Marketing Project, Peak Cuisine (which is NEE-funded), Peak Experience and Peak Connections. As part of the development of the DMP, the Authority has seconded staff to the DMP and the organisation is expected to move towards a more independent status over time. The DMP is also turning more towards product development and links have been forged between NEE and BESST and the DMP with key elements of the DMP strategy, like Peak Cuisine, delivered through these projects and the tourism marketing project promoting EQM projects.

19 Cultural Trails (Peak Experience) and the related work of the Peak District Interpretation Partnership

The ERDF Cultural Trails project (marketed as 'Peak Experience') is a 3 year ERDF supported project led by the Authority in partnership with the Peak District Interpretation Partners. The project will deliver ten themed and packaged trails that link a range of heritage sites across the wider Peak District. A core part of the project is the development of a website ([www.peak-experience.org.uk](http://www.peak-experience.org.uk)) which helps promote the trails to visitors and local people and market local businesses that are engaged in offering trail associated services. Five of the trails have been launched to date (churches, time travellers, geology, film & literature, and 'bloody' Peak), with the others being rolled out by end of June 2007 (antiques, wild Peak, industrial Peak, water, and foods). The project has been extremely well received and has delivered all the ERDF targets, especially in terms of promoting landscape and cultural heritage through literature, website and events, and in terms of businesses engaged and hence net employment safeguarded.

This four year project is funded until 2008 is substantially funded by ERDF with an overall budget of £591 264 which includes an Authority contribution of £10 632 per year.

- 20 Funding for each of these comes to an end in 2008 and it is imperative that the Authority has a clear strategy for taking forward this work. We need to decide if, and at what level we provide funding for each project; whether we wish to be the lead (accountable) partner for each project; whether we wish to merge any project with another; whether we wish to cease the project; and what overall policy lessons for the Authority and others there may be from the projects. We need to do this taking into account the lead-in times for successful grant applications; that these are partnership projects; and that staff are employed and customers have expectations that projects will continue to deliver. Clearly, we must also be realistic about the degree to which we are able to make substantial financial commitments for periods of up to 5 years from 2008-13. Following discussion with members informally 23 February, the following overall strategy is proposed with the consequent actions listed subsequently.
- 21 We propose that within the overall scope of a more integrated Peak District rural delivery framework that two major principal schemes are pursued by the Authority and that funding for these is allocated at sufficient a level for their duration 2008-2013. These are:
- A mainstream community-based, strongly sustainable programme based around the current New Environmental Economy Programme. This would be aimed at supporting community and environmentally-driven projects and would be funded from a range of sources, including part of the Peak District Leader-style programme, commissioned by the RAZ and emda. The Authority would offer to partners to continue to play a leading role in this comparable to that played today for NEE. As an umbrella project, it would continue to develop its enabling role in supporting sustainable businesses, the local foods sector and the environmental economy. In order to ensure maximum success, a range of future external funds should be targeted for this
  - The Peak District and Derbyshire Destination Management Partnership (working as appropriate with other DMPs eg in Staffordshire and South Yorkshire). This would be an umbrella project to which the Authority would contribute both some core resources and, as now, substantial in kind support, but the DMP would retain an independent status with its own governance arrangements at arms length from the Authority. It would commission and, as necessary, seek support for subsidiary projects such as Peak Connections and Peak Experience.
- 22 Currently, £125 000 per year is allocated for the NEE, EQM and BESST plus £ for the DMP. In addition, individual projects supported by these schemes are part-funded occasionally with Sustainable Development Fund and there is the potential in future to use SDF resources more strategically to support these approaches. For both of these projects we need to have a clear projection of the likely core costs to which we would be expected to find Authority resources over the next 5 years and commit to providing these in budget planning 2008/9 and beyond. Other projects, such as BESST, EQM and Peak Experience will have to be lower overall priorities for the Authority, unless fully integrated within the two principal schemes. As EQM has been a pilot for a national programme there is a strong case that we should advocate the continued development and funding of EQM by national bodies so that benefits of the EQM pilot can be fully capitalised on.
- 23 Amalgamating funding streams into a single programme is sometimes possible (eg NEE has used 17 different funding sources) but sometimes the rules prevent this (eg you cannot use two different EU funds for the same programme). Creative links have nevertheless been forged between separate projects. All three of our schemes come



to an end on the same date – 31 March 2008. One idea would be to link all three together. The inter-relationships can be strengthened and the funding packages for each can reinforce each other to generate more external resources to the Peak District than would be possible if each were operated separately from the others or by different organisations. If agreed, it is a proposal for this is brought forward alongside specific applications for external funding.

- 24 The Peak District and Derbyshire Destination Management Partnership has, to date, been a virtual organisation that the Authority has put varying and complex levels of support toward, including funding for projects, in kind support and considerable management input. At one level this should continue as the DMP develops and we will need to continue to help shape and develop the DMP, especially helping to secure National Park outcomes from an emerging tourism industry. However, it is important for medium-term planning that we identify an affordable sum that is the Authority's financial contribution to the DMP such that this can be planned for in medium-term financial planning. In future, it is proposed that this sum will be one of our main financial contributions to tourism. We will, of course watch especially carefully to ensure that connections are made with DMPs elsewhere in the Peak District, especially in South Yorkshire and Staffordshire.
- 25 BESST has generated considerable goodwill amongst partners and participating businesses and some successful outcomes. Operating on modest budgets, it has generated some high quality successes in a short time. There are inherent complexities in managing international partnership projects, but existing staff on the project have overcome these. However, there is a question mark over our future capacity to deliver a further iteration of the project that Management Team has concerns over. It is possible that we may consider participating in a phase 2 led by another partner. Our relationship with the Interreg secretariat is currently good because of the high quality project management of the current BESST project and if we wished we could use this as the basis for developing Interreg funding within the scope of the integrated rural scheme identified as a priority within paragraph 21 and 23. Current discussions with other potential partners may lead to another partner developing the capacity to take a lead and if that were to be the case we would need to consider that option. Otherwise, we need to pursue an exit strategy for this project which could include its management being taken on by the DMP and should not otherwise plan to develop as a stand alone project beyond 2008.
- 26 The Environmental Quality Mark is truly innovative and has established the concept of a place-based environmental standard. This is a significant achievement of national value and we should capitalise on this success to explain to national agencies this success. The project was, after all, initiated by a national agency. Recent interest has been shown in this approach by Environment Secretary of State David Miliband. It is this proposed that prior to our developing an exit strategy or subsuming the project that we write to national and regional agencies and the Secretary of State seeking their direct support for this national pilot. Ref recommendation.

## **APPENDIX**

### **Resources**

- 1 The strategic approach suggested in this document will require further work as part of budget planning 2008/9 and beyond to ensure sufficient financial support is available to develop the projects. This will be incorporated within financial planning.

### **Risk Management**

- 2 Risk of project continuity, reputation, impacts on staff and customers and others to be developed further...

### **Human Rights, Equal Opportunities, Health & Safety**

- 3 None evident

### **Consultees**

- 4 Management Team, Chief Finance Officer, Director of National Projects, Heads of Service for Sustainable Tourism and Policy, Strategy and Partnerships and the External Funding Officer

### **Enclosures**

- 5 Briefing papers for member seminar 23 February will be made available to members who did not receive them at the seminar.

### **List of Background Papers** (not previously published)

- 6 None

### **Report Author**

- 7 Jim Dixon

### **Publication date**

- 8 Thursday 22 March 2007