

RDA Impacts - Meeting the Defra Requirement

Assessing the impact of the RDAs on
themes relevant to Defra objectives

A Final Report to EEDA

30th April 2010

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Contact:	Geoff White Rebecca Pates	Tel: 020 73077140 0161 475 2112	email: gwhite@sqw.co.uk rpates@sqw.co.uk
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Approved by:	Geoff White Director	Date: 30/04/10
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Executive Summary

Purpose of the review

1. The East of England Development Agency (EEDA), on behalf of England's RDAs commissioned SQW Consulting (SQW) to provide the Department for Environment, Food and Rural Affairs (Defra) with highlights of the evidence on the economic – and wider - impacts of the work that the RDAs¹ have carried out in the English regions that are relevant to its priority areas of interest, namely:
 - **Work with the food industry** - for instance, cluster evaluations which include food sector interventions and programmes focusing on sustainable farming and food
 - **Sustainable consumption and production (SCP) interventions** – all such interventions, including business resource efficiency programmes, regardless of whether they are located in rural areas, or whether their outputs/outcomes are generated in rural areas
 - **Core economic ‘rural’ interventions** that are explicitly rural in their purpose or in some aspect of their purpose
 - **Response to major shocks** such as flooding or foot and mouth disease (FMD) in rural areas.
2. It is important to emphasise that the review highlights the main evidence on these matters from the evaluations carried out on programmes and projects funded by the RDAs since 2002/03 (including those completed after the PwC Impact Report) assigned to the above four categories. However, the evidence is not available in a consistent form from all RDA interventions to provide Defra with an assessment of what impact RDAs have had in rural places in total.
3. The report has focused on rural-specific RDA interventions, whereas to gain a full understanding of RDA impact in rural areas, evidence of the impact of the RDAs' mainstreaming approach would also need to be reviewed. Evaluation of rural mainstreaming is only just starting to emerge, but we have included a couple of examples in this report, Business Enterprise North East and EEDA's early work to mainstream rural into Business Link, which provided an indication of the potential effectiveness of the rural mainstreaming approach. Supplementary evidence will be provided in a ‘companion piece’ to this report, which will further reflect on the RDAs' more recent contributions to delivering Defra's agenda through mainstream activities.

¹ The London Development Agency was not included in the review because of its unique governance structure as part of the GLA administration reporting to the Mayor who sets priorities and targets with an elected Assembly which monitors performance.

Headline messages

4. The evaluation evidence reviewed for this report suggests that the RDAs intervened in support of rural development and sustainable production and consumption in ways that achieved additionality and positive GVA returns on their investment which were on a par with available benchmarks from more general regional development initiatives.
5. Moreover, according to the evaluation evidence reviewed, they have secured additionality in another more strategic sense as well. They provided a dedicated resource which exercised strong leadership and direction in credible and flexible ways. This was especially so in response to shocks but was also more generally the case:
 - identifying long-term rural development needs and opportunities
 - promoting knowledge sharing to help align partners objectives and reduce duplication
 - raising the awareness amongst businesses of the benefits of resource efficiency
 - influencing the scale and nature of partner funding, activities and outputs in rural areas.
6. This seems to have been done with mutual understanding and respect of the respective roles of partners and stakeholders especially where economic geography cuts across administrative boundaries.

Coverage

7. The evidence on impact was taken from evaluations carried out of 45 interventions involving RDA spend since 2002/03 selected by SQW and the RDAs as being those most likely to be relevant to Defra's area of interest.

Table 1: Coverage of the Defra policy areas by interventions involving RDA spend since 2002/03

Defra policy area	Number of RDA interventions	Total RDA spend (£m)	Average spend per intervention (£m)
Work with the food industry	7	35.7	5.1
Work with clusters including the food industry but not separately identified	2	48.9	24.4
SCP	7	18.1	2.6
Core rural development	23	263	11.4
Response to shocks	6	72.4	12.1
Total (exc broader cluster work)	43	389.2	9.1
Total	45	438.1	9.7

Source: RDA evaluations which did not provide spend figures for two programmes included in core rural development

8. The total spend figures presented in Table 1 were for different time periods and only include spend that was subject to evaluation. The table disguises variations in the scale of spending as shown in Table 2. The big spending interventions were on the rural development

programmes, the broadband development and access programmes, the higher education programme, some of the initiatives responding to shocks, the market town initiative and some of the cluster development work.

Table 2: Variations across the RDA interventions

- The interventions directed at working with the food industry include two specific projects involving RDA spend of about £0.6m each – the food cluster work was funded at much higher levels ranging from £2.0m to £18.6m.
- The SCP interventions involved RDA spend in a range from £0.4m to £4.1m for different time periods but not exceeding about £1.5m per annum.
- The core rural development interventions can be broken down into some clearly differentiated segments:
 - Two regeneration programmes with a rural strand with total spend of about £35m each over 2002 – 2006
 - Five rural development programmes/projects with spend in a range from £6.8m to £24.3m, and one outlier at £49.8m
 - Eight interventions in support of business development in rural areas – often of a pilot or innovative kind and involving modest levels of spending in a range from £0.8m to £3.8m, and one considerably higher at £7.1m
 - Four market town initiatives where the only spend data available was for two programmes – at £11.4m and £2.0m
 - Three initiatives to support broadband development and access – with spend of £0.1m, £6.9m and £19.8m
 - One higher education initiative with total spend of £15.7m.
- The RDA spending across the six initiatives in response to shocks varied from £2.0m (the Gloucestershire floods) to £41.2m for the Cumbria recovery programme.

Source: RDA evaluations

The rationale for intervention

9. The rationale underpinning the interventions was that they addressed market failures or equity/distributional issues in ways that brought about monetary or wider benefits that exceeded their costs and laid the foundations for longer term and sustainable gains. The mix and forms of rationale for the four categories of intervention are summarised in Table 3.

Table 3: Rationale for intervention

Defra policy area	Information failures	Externalities	Coordination failures	Equity issues
Work with the food industry	Businesses unaware of the opportunities from cluster development	Sectoral and spatial agglomeration economies – local multipliers and social benefits	Lack of incentive and mechanisms to deliver actions with collective benefits	Cluster developments in specific places to deliver employment & training opportunities
SCP	Businesses lack information, awareness & skills to gain benefits from resource efficiencies	Internalisation of external environmental costs and benefits not priced by the market	Lack of coordination in provision of business services relating to resource efficiency	
Core rural development	Businesses lack information on opportunities to improve efficiency and access markets	Securing longer term viability of rural communities through provision of public realm and other infrastructure	Lack of coordinated and adequate services for business support in peripheral rural areas	Addressing the potential for people and businesses to be disadvantaged because of their location
Response to shocks	Lack of information, skills, capacity and confidence to respond to shocks in the short term and to invest in longer term	Addressing negative externalities associated with the shocks for firms, communities and people and building	Lack of capacity for rapid coordinated response and for investment in diversification	Addressing the adverse effects on people, employers and communities because of their location and

Defra policy area	Information failures	Externalities	Coordination failures	Equity issues
	diversification	the foundations for alternative and less vulnerable futures		dependence on particular sectors

Source: RDA evaluations

Outputs and outcomes

Additionality

10. There was a substantial variation across the interventions both between and within the categories of Defra policy interest in terms of the additionality of their outputs – i.e. the extent to which they produced outputs that would not otherwise have been generated. Therefore, it is not possible to provide an average estimate of the additionality of the outputs from the RDA interventions in total or for each of Defra’s areas of interest.
11. However, Table 4 provides a summary assessment of the additionality ratios where they were available (couched in terms of the ratio of net to gross outputs once allowance has been made for deadweight, displacement, leakage, substitution and/or multiplier effects).

Table 4: Assessment of the additionality ratios of the RDA intervention outputs

Defra policy area	Additionality assessment	Commentary
Work with the food industry	<ul style="list-style-type: none"> • The ratios were 35-40% for three of the cluster interventions and one was 68%. • The estimated supplier and income multipliers were in the range 1.4 – 1.9 	<ul style="list-style-type: none"> • The range around the mean for the ratios for sector/cluster development was 33-51% across the 61 cluster interventions reviewed in the recent additionality report for BIS.² • The average multiplier was 1.6.
SCP	<ul style="list-style-type: none"> • The ratios ranged from 43% to 73% as estimated in the evaluations reviewed • The ratios inferred by SQW from evidence in three other evaluation reports ranged from 45% to 57% 	<ul style="list-style-type: none"> • The mean ratio in the BIS report was 56% but only from 7 evaluations – hence with a large variation around the mean of +/- 13%
Core rural development – rural and business development and broadband programmes	<ul style="list-style-type: none"> • The range was 30% for business development and 40% for business creation and workforce development with a couple of outliers at 80-90% • Multiplier effects were significant – at 1.3 to 1.6 	<ul style="list-style-type: none"> • No benchmark is available from the BIS study but the overall business development ratio was 36% (+/-13%) and workforce development 49% (+/-5%) • The average multiplier for business development was 1.2 (+/-4%)
Response to shocks	<ul style="list-style-type: none"> • The ratios varied significantly across the initiatives – from 32% to 74% • Multipliers in the FMD initiatives ranged from 1.2 to 1.3 	<ul style="list-style-type: none"> • As above

Source: RDA Evaluations

12. The evidence in Table 4 suggests that the additionality of the interventions across or within the categories was broadly in line with regional and sub-regional benchmarks drawn from a

² BIS Occasional Paper No 1 (2009), *Research to improve the assessment of additionality*. Note that the ratios quoted for comparison purposes are regionally based for the food industry and SCP categories but sub-regional for the categories concerned with rural development and responding to shocks which were targeted below regional level.

much wider body of evaluation evidence. If anything, there was a tendency for additionality to be somewhat higher and this may be because the supplier and income multipliers tended to be higher than the benchmarks. This was as expected for the food industry interventions based on cluster development because the potential for agglomeration economies was part of the rationale for the interventions. However, higher multipliers have also been estimated for other interventions – suggesting that this might be a characteristic of interventions in rural areas and/or that the programmes and projects in question were effective in generating multiplier effects.

Gross value added contribution

13. The additional gross value added (GVA) contributed by RDA interventions was a key metric used in the PwC report for BIS on the impact of the RDAs.³ However, because the evidence from the evaluations was not consistently generated or presented in terms of the rural dimension, it has not proved possible to provide an estimate of the total GVA generated in rural areas by RDA interventions. The review has, therefore, focused on assessing the estimates of GVA relative to the RDA costs involved. Comparisons of the GVA/cost ratios for the interventions in each of the four categories of Defra interest with the equivalent (where available) in the PwC report will indicate the extent to which they are more or less cost-effective in contributing to GVA.
14. The results are summarised in Table 5. It should be noted that the GVA/cost ratios in the evaluation evidence take a variety of forms and inferences have had to be made in order to bring them onto more or less the same footing. The estimates that appear in Table 5 should therefore be treated with caution.

Table 5: GVA/RDA cost ratios from the RDA interventions

Defra policy area	GVA/RDA cost estimates	Commentary
Work with the food industry	<ul style="list-style-type: none"> • Achieved and potential GVA/cost ratio of 7.5:1 (AWM) • A GVA/cost ratio of about 3.0:1 for both actual and potential GVA = 6.0:1 taken together (SWRDA) • A range of actual and potential GVA/cost ratios from 1.2 to 27.4:1 for different net/gross output ratios (NWDA) • A sales/cost ratio to date of 11.1:1 (assuming a GVA/sales ratio of 0.3⁴ = 3.3:1) (ONE) 	<ul style="list-style-type: none"> • The GVA/cost ratios for cluster work on food and drink or for clusters involving food and drink are equivalent to or better than the ratios produced in the PwC impact report. • The average achieved ratio was 3.2:1 and the average cumulative ratio was 7.7:1 rising to 8.7:1 if future gains are factored in.
SCP	<p>The evaluation reports considered for this review did not generally produce GVA estimates. The PwC impact report generated its own estimates for SCP based on jobs created or safeguarded ranging from cumulative GVA/cost ratios of 0.2:1 to 3.4:1.</p> <p>SCP interventions were not designed to generate jobs but to induce resource efficiency gains. Therefore, these PwC figures are likely to under-estimate significantly the GVA gains from SCP programmes.</p> <p>For example, the evaluation of the EEDA SCP programme suggested that the GVA gains it generated per annum through cost savings increased the GVA from jobs created or safeguarded by at least one third.</p>	

³ BERR (2009), *Impact of RDA spending – National report – Volume 1 – Main Report*

⁴ As reported in the Annual Business Inquiry

Defra policy area	GVA/RDA cost estimates	Commentary
Core rural development – rural development programmes	<ul style="list-style-type: none"> GVA/RDA cost ratios were derived in or could be inferred from the evaluation reports. The annual GVA/cost ratios range from below 1.0:1 to 1.5:1 which, although low, is higher than for hybrid⁵ area programmes 	<ul style="list-style-type: none"> There is no directly equivalent benchmark from the PwC impact report. The closest is likely to be for the eight hybrid area development programmes with an annual GVA/cost ratio of 0.9:1 and the achieved and future potential cumulative GVA/cost ratio as 2.5:1
Core rural development – broadband programmes	<ul style="list-style-type: none"> Annual GVA/cost ratio of 2.0:1 (NWDA) Cumulative GVA/cost ratio of 4.3:1 over two years (YF) – roughly equivalent to the NWDA estimate in annual terms 	No benchmarks available from the PwC report
Response to shocks	<ul style="list-style-type: none"> The only evidence on GVA/cost ratios was from the flood evaluations where they were below 1.0:1 	No benchmarks available

Source: RDA Evaluations. A GVA:cost ratio of 7.5:1 means that for every pound of RDA investment, the intervention generated £7.50 of GVA in return.

15. From the evidence displayed in Table 5, it can be inferred that the interventions reviewed for this report are as cost-effective in generating GVA as the equivalent interventions covered by the PwC RDA impact report.
16. Where some interventions are less cost-effective than others according to GVA:cost measures, there are explanatory factors:
 - In the case of the SCP interventions, this is probably because the basis on which the GVA estimates were made (i.e. from jobs created or safeguarded) is likely to severely under-estimate GVA gains from interventions designed to improve resource efficiency.
 - As for the rural development programmes, they share relatively low GVA/cost ratios with the hybrid area interventions in the PwC report. The inclusion of land remediation and worklessness interventions tends to reduce the average ratio because of the high costs of the first and the generally low GVA returns associated with the second.

Wider and longer term benefits

17. The wider benefits from the interventions are largely generated from their non-core outputs. Table 6 demonstrates the nature of the wider benefits but these have not generally been converted into GVA or monetary values in the evaluation reports.

Table 6: Wider and longer term benefits

Defra policy area	Benefits
Work with the food industry	<ul style="list-style-type: none"> introducing new and innovative products building a collective reputation amongst sector suppliers with potential customers improved export links and entry into new overseas markets

⁵ 'Hybrid' programmes were defined in the PwC RDA Impact Report as 'RDA expenditure on projects and programmes which either span the main themes or which do not fit within any of the main themes'.

Defra policy area	Benefits
	<ul style="list-style-type: none"> developing networks/partnerships to allow firms to share non-competitive information between and across sectors
SCP	<ul style="list-style-type: none"> improved process efficiency, entry into new markets and greater networking/information sharing between businesses and supply chains environmental benefits such as diversions from landfill, water saved and carbon emissions reduced changing mindsets within businesses around the opportunity to cut costs/make money whilst reducing environmental impacts
Core rural development	<ul style="list-style-type: none"> build networks, infrastructure and capacity for business development improve the coherence of business support services and their take-up improve HE participation rates
Response to shocks	<ul style="list-style-type: none"> public realm improvements encouraged more firms to develop a flood plan restored confidence after the crisis in the case of FMD – helped to strengthen the economic base to ensure future resilience and self-sustainability.

Source: RDA Evaluations

Strategic added value

18. The RDAs did not just provide funding but also exercised strategic added value (SAV) to bring about the benefits from the interventions. This took broadly three forms as shown in Table 7 – strategic leadership, coordination and networking, and influence and leverage on partner priorities and resource allocation.

Table 7: The strategic added value of the RDAs

Defra policy area	Strategic added value
Work with the food industry	<ul style="list-style-type: none"> providing strategic leadership for sector development improving coordination and networking amongst businesses and other organisations in the sector influencing the priorities and spending of sector partners and stakeholders
SCP	<ul style="list-style-type: none"> exercising strong leadership role – and acting as a catalyst to get resource efficiency on the agenda helping embed resource efficiency issues amongst businesses levering funds from businesses themselves in support of resource efficiency
Core rural development	<ul style="list-style-type: none"> demonstrating leadership and catalytic functions, for example by identifying and piloting forms of business support where there is a clear market failure and raising the profile of broadband need in rural areas co-ordinating networks/multi-agency working in pursuit of rural development priorities exerting influence and leverage for example by lobbying for improved broadband access and creating positive conditions for private investment
Response to shocks	<ul style="list-style-type: none"> providing strategic leadership in the face of major crises acting “quickly and decisively” to mobilise the support of all affected local partners (in the immediate aftermath of the floods). providing high level of engagement with and understanding of rural business needs generating co-operation and partnerships between funding partners (in the case of FMD)

Source: RDA Evaluations

19. In the selection and implementation of the interventions reviewed for this report and in the way they exercised their SAV functions, the RDAs have worked in ways that are strongly supportive of Defra's current concerns to:
 - integrate economic development with environmental and social benefits in rural areas
 - encourage good 'management' in the allocation and use of natural resources.
20. This is most strikingly evident with regard to the SCP interventions, some aspects of the core rural development programmes and projects, and in the RDAs' responses to shocks to the rural community and economy.
21. What is less clear-cut from the evaluation evidence is that the RDAs intervened and exercised SAV in support of the third of Defra's concerns, namely managing and mitigating longer term environmental and other risks. This is partly because the review has only included evidence from evaluated programmes and projects and hence excludes more recent interventions and perhaps because it falls outside the remit of the RDAs to an extent that is not the case with Defra's other two concerns.

1: Study purpose and method

Purpose

- 1.1 Defra makes a £60m contribution to the Single Pot of RDAs, and whilst Defra recognises the value and benefits of this investment, it is seeking further evidence to demonstrate how RDA interventions have impacted upon Defra's priority areas of interest. Therefore, as part of its Defra lead role, the East of England Development Agency (EEDA) commissioned SQW Consulting (SQW) to produce this pilot cross-RDA document to provide Defra with a sample of evidence on the economic – and wider - impacts of the work that the RDAs have carried out in the English regions that are relevant to Defra's priority areas of interest in both quantitative and qualitative terms. LDA has been excluded from this study due to the unique governance structure of the RDA⁶.
- 1.2 It is important to emphasise that this exercise is of a pilot nature (given the nature of the current evaluation evidence available), and this study should be regarded as providing highlights from the evidence base. This report will *not* tell Defra what impact RDAs have had in rural places in total. This is predominantly because, at present, evaluation evidence on their interventions (that apply to rural and urban areas) is not sufficiently disaggregated on a spatial basis to consistently provide a view of impacts in rural areas.
- 1.3 Rather, this study is intended to provide more robust, quantified evidence on the impacts of RDA investments to complement existing evidence of a qualitative nature and provide a better understanding of what has worked well and why.
- 1.4 For the purposes of this study, RDAs working with Defra have identified the following priority areas for examination:
 - **Work with the food industry** - for instance, cluster evaluations which include food sector interventions and programmes focusing on sustainable farming and food
 - **Sustainable Consumption and Production** - including business resource efficiency programmes. All such programmes have been included in this exercise, regardless of whether they are located in rural areas, or whether their outputs/outcomes are generated in rural areas
 - **Core economic 'rural' interventions** - i.e. projects/programmes that are explicitly rural in their purpose or in some aspect of their purpose (e.g. some business support may be focused specifically on firms in rural areas).
 - **Response to major shocks**, such as flooding or foot and mouth disease (FMD) in rural areas.

⁶ i.e. LDA is part of the GLA administration/reporting to the Mayor who sets priorities and targets with an elected Assembly which monitors performance.

- 1.5 For each of the four categories of RDA interventions in support of the food and drink sector, sustainable consumption and production and core rural development and in response to rural shocks, the study provides the following:
- A view on the alignment of interventions with Defra’s current concerns relating to the economic role of Defra, good resource management (of water, land, food etc), and long-term risk mitigation and resilience to protect the economy and environment, and de-risking growth in the future from environmental change
 - Rounded quantitative and qualitative assessments of outcomes, robustly evidenced and related to Defra’s priorities to include social, environmental and economic outcomes as well as benefits in the form of improved partnership and joined-up working and Strategic Added Value (SAV)
 - Examples of rates of return on investments that demonstrate the consequences of RDA interventions in terms of net benefits and costs - captured, where possible, in monetary terms
 - An account of RDA interventions (or aspects of interventions) that worked well and why – where possible identifying the characteristics of the intervention and its context that contributed to success.

Method

- 1.6 The first step in this exercise was to identify relevant RDA project/programmes to be included in the review, which is focused on evaluated RDA spend since 2002/03 that is relevant to the four themes above. For the purposes of this study, projects/programmes could only be included if all the outputs/outcomes from the interventions (and their evaluation) can be counted in their entirety towards one of the four themes, with the exception of food and drink (where cluster/sector programmes were disaggregated as far as possible to pull out relevant food and drink results). It has not been possible to identify the value added that arises from all RDAs’ expenditure accruing to beneficiaries in rural areas. This would require all outputs and outcomes to have been consistently tagged according to rural/urban classifications in a format which is straightforward to synthesise.
- 1.7 A total of 45 projects/programmes were included, which comprised 23 core economic rural interventions, seven SCP interventions, nine food and drink interventions and six interventions which were in response to shocks. A full list of all projects/programmes is presented in Annex B. This list was reviewed and agreed by the participating RDAs and study steering group. It is important to note that the national Rural Development Programme for England (RDPE) and its funded projects are not included in the evaluation review as these are subject to separate processes.
- 1.8 Each evaluation report was reviewed to provide an overview of project/programme purpose and activities, spend, outputs and additionality, wider outcomes/impact, Strategic Added Value (SAV) and lessons learned. A review template was used to ensure consistency of treatment of each project/programme evaluation.

- 1.9 In addition, 17 case studies have been produced for a selection of projects/programmes to illustrate in more depth how projects have made an impact in certain policy areas, particularly in terms of Strategic Added Value. These projects/programmes were selected by SQW and the participating RDAs based on pre-defined criteria (set out in Annex A) to ensure a good spread across England's RDAs and the four themes.

Limitations

- 1.10 This review is based entirely on existing evaluation evidence, and whilst the majority of reports are compliant with the Impact Evaluation Framework (IEF), it has been limited to some degree by the quality and consistency of reporting in the evaluation reports. The review also includes evaluation reports beyond those included by PwC in the national impact report (for example, those completed since) where compliance with the IEF has not yet been independently assessed by a third party.
- 1.11 Furthermore, as mentioned above, it has not been possible to identify the impact arising from all RDAs' expenditure accruing to beneficiaries in rural areas due to the extensive data collection that would be required. For example, Business Link interventions serve rural businesses, but beyond capturing the number of businesses supported that are located in rural areas, there is limited evidence of quantitative or qualitative outcomes and impacts that specifically apply to rural businesses currently available on a consistent basis. Likewise, evaluations of other thematic interventions by RDAs (such as those relating to innovation for example) that cut across rural and urban areas often do not disaggregate GVA impacts by location.
- 1.12 Given the nature of the evidence available, it was not appropriate to try to provide an aggregate estimate of the impact of RDA investments in total or against each of Defra's priority areas. Some of the evaluations, for example, did not provide GVA estimates, and many of the projects included in this review are extremely diverse in nature, making any kind of aggregation of impact both difficult and potentially misleading.
- 1.13 It was also not always appropriate to make comparisons with the aggregate benefit/cost ratios derived by PwC in its report for BIS on the impact of RDA spending. Whereas the PwC Report used the number of jobs created to calculate GVA impacts, many of the interventions included in this review are not designed to be primarily "job-creating" interventions, and therefore any GVA estimates based on jobs created alone will significantly under-estimate the wider (and often non-quantifiable) impacts of these interventions that cannot be readily converted into GVA. The projects/programmes included under the SCP theme are a case in point – here, most of the interventions were designed to achieve environmental benefits and cost savings, but none of the evaluation reports converted these benefits (such as carbon reductions) into GVA gains. Furthermore, interventions in rural areas will often be more expensive than those delivered in urban areas purely due to the spatially distributed nature of target beneficiaries in the former and economies of scale due to concentrated needs in the latter.

Report Structure

- 1.14 This report is divided into six Sections. Following this introduction, each theme is taken in turn to introduce the evaluation evidence and provide an overview on what can be drawn from it with respect to the characteristics of the intervention, quantitative and qualitative assessments of outcomes, rates of return on investments, and what worked well and why. The report concludes with a summary of the RDA interventions under each theme and implications for the future.
- 1.15 The report is supported by two annexes: Annex A provides short case studies on a selection of 17 projects/programmes; and Annex B lists all projects/programmes considered in this study.

2: RDA interventions in support of the food and drink sector

Coverage

- 2.1 There were eight evaluated RDA interventions classified as being in support of the food and drink sector as shown in Figure 2-1. As will be evident from the table, six of these interventions were associated with cluster development either of a generic kind with a food and drink cluster component (e.g. the NWDA programme) or focused specifically on this sector (e.g. the SWRDA programme). There were two small scale interventions – in support of strategy development and implementation planning in one case and specific support for overseas trade and investment in the other. Therefore, this account of the RDAs’ contribution to Defra objectives and requirements with respect to the food and drink sector is essentially to do with their support for cluster development in five regions and in adding value to strategy development and trade/inward investment promotion.

Figure 2-1: Interventions in support of the food and drink sector:

RDA	Intervention name	Type of intervention	Period covered by evaluation	RDA spend
YF	Cluster programme	Food Cluster development involving a range of projects – skills, innovation, sites and premises and supply chains	2002 - 2007	£18.6m (specific to Food)
AWM	Cluster programme	Food/drink (F&D) and environmental technology (ET) cluster development	2002 – 2007	£7.9m on F&D £10.3m on ET
AWM	West Midland's Food Partnership (WMFP)	Common identity for branded services associated with cluster funding	2005 – 2006	£2.0m
NWDA	Cluster programme	Food cluster support to develop higher value activity and improve productivity	2002 – 2007	£25.9m (whole programme)
ONE	Sector programme	A sub-set of the programme devoted to the food and drink sector	2002 – 2007	£23.0m (whole programme)
SWRDA	Food and drink sector	A range of projects on network and supplier development, developing markets and enhancing skills	2002-2008	£5.9m
NWDA	Strategy for Sustainable Farming and Food	Regional strategy and implementation plan and associated projects	2003-2008	£0.67m
AWM, EEDA & SEEDA	International Agri-Technology Centre	National resource for promoting UK sector produce and acting as the inward investment arm for the sector	2007 - 2009	£0.64m

Notes: "RDA spend" refers to RDA spend subject to evaluation

- 2.2 The account comes in two parts. The first considers the impacts associated directly with cluster development and the second with the strategic added value contribution of the RDAs both within their cluster development activities and in the two other, small scale interventions.

Cluster development

The rationale for intervention

- 2.3 The rationale for cluster development support was in line with national policy thinking in the early 2000s which acknowledged the potential importance for global competitiveness of cluster development in some sectors of economic activity.

A cluster was defined by Porter as “geographical concentrations of interconnected companies, specialised suppliers, firms in related industries and associated institutions (e.g. universities, standards agencies and trade associations) in particular fields that compete but also cooperate”.⁷

- 2.4 The then DTI was advised in a major report on cluster development⁸ that *Food and Agriculture* was a relatively tight cluster but linked loosely with retailing and rather more tightly with hotels and catering. The report also suggested that the food sector might be an example of a tight cluster that was now unravelling and losing its linkages primarily because of increased globalisation in the supply chain and producer networks.
- 2.5 As the report for DTI pointed out, an issue for regional policy was whether it should focus on the development of embryonic sectors or the strengthening of existing clusters especially where they were large employers and important in term of overseas trade. Even though the food and drink cluster could be categorised in this latter category, the evaluations demonstrated that RDA cluster support was justified on further grounds. The rationale for intervention also appealed to the potential for it to overcome market and other failures and bring about productivity and other improvements that would be sufficient to offset the costs of the intervention. Figure 2-2 provides examples of the problems that the RDAs were seeking to address through their cluster support.

Figure 2-2: Rationale for cluster support:

Rationale for cluster programme support (NWDA)

- Imperfect Information – Companies have imperfect information about the prices and quality of services which are present within the region. Acquiring this information can - at a firm level - impose costs and deter activity or lead to sub-optimal choices.
- Externalities – Cluster development has the potential for agglomeration economies which individual firms cannot secure on their own but can improve the competitiveness of the region, enhancing local multiplier effects, and bringing about wider social benefits.
- Equity – Cluster development in Merseyside was based on equity grounds with the expectation that it would provide employment and training opportunities and enhance the competitiveness of an area - one of the most deprived in the UK.

Rationale for cluster programme support (ONE)

- The rationale behind One NorthEast's intervention (the development of intermediary bodies responsible for promoting the sector in question) was based around two market failures:
 - informational failures – businesses are unaware of the opportunities available to them in the region and intermediaries can help to overcome this by acting as an information conduit
 - collective action failures – actions that are in the collective interests of businesses do not take place as businesses cannot articulate their collective needs
-

⁷ Michael Porter (1990), *The Competitive Advantage of Nations*

⁸ These descriptive terms were used in the report for the DTI by Miller P et al (2001), *Business Clusters in the UK – a first assessment* in which ‘established’ meant that a well-defined cluster already existed but with room for more growth and ‘deep’ signified a considerable number of linkages both amongst businesses and infrastructural institutions. An embryonic cluster, on the other hand, meant a cluster with substantial room for growth and one that was shallow had limited linkages.

Rationale for food cluster support (West Midlands Food Partnership)

The need and demand for the support was closely linked to the Food and Drink Cluster Action Plan. The particular areas the intervention (not just the RDA) sought to address were:

- limited transfer of knowledge and food science expertise
- weak networking culture
- limited engagement between the private and public sectors
- vertical power in the supply chain (dominant supermarkets)
- lack of general coordination
- significant evidence of demand.

Source: Evaluation Reviews

Cluster development spend and activities ...

- 2.6 The evaluations of the cluster development programmes did not always separately analyse their food and drink components. So, it has not proved possible to provide an overall picture of the food and drink cluster programmes with regard to aggregate RDA spend.
- 2.7 However, it is clear from Figure 2-1 that the support exceeded £ 30 millions. The YF spend on cluster development specific to food and drink was £18.6m over 6 years from 2002, the AWM spend £7.9m over the same period and SWRDA spend was £5.7m over a slightly longer period. The NWDA and ONE spent, respectively, £25.9m and £23.0m over a 6 year period on their cluster development programmes as a whole.
- 2.8 Cluster development involved a wide range of activities – support for skills development, innovation through collaboration with the knowledge base, supply chain and wider network development, improvements in overseas trade and investment and promotion of sectoral strengths through common messaging and branding. This diversity of activities was given coherence and focus through coordinated business engagement often in formal ways.

... and their outcomes and impacts

- 2.9 An aggregate assessment of the impact of the specific food and drink cluster programmes was not possible because, as noted above, the evaluations did not always provide a separate treatment of their outputs or outcomes within the overall cluster initiatives. Therefore, unless otherwise specified, the account that follows should be taken to refer to the results from the cluster programmes taken as a whole.

The nature of the outputs

- 2.10 The range of outputs cited in the evaluations extended beyond the core outputs of businesses supported or created, jobs safeguarded or created and skills development assisted. The nature of these outputs is shown in Figure 2-3. They are all intermediate in the sense that they may not yet have led to increased turnover, employment, gross valued added and productivity but can be expected to do so in the future. Some are closer to achieving this than others. For example, the introduction of innovative products and entry into new overseas markets both have the potential for commercial pay-off in the relatively short-term. On the other hand, collaborations with the knowledge base are uncertain and may take some time to come to commercial fruition.

Figure 2-3: Non-core outputs cited in the evaluations of the cluster programmes:

- Better joining-up in the delivery of support services
- Collaborations with the knowledge base in the food sector
- Networks and partnerships established and/or developed (e.g. UKTI networks)
- Increased level of business engagement in existing and new networks
- Improved contacts with buyers and procurement executives
- Introduction of new or significantly improved products
- Improved export links and entry into new overseas markets

Source: Evaluation Reviews

The extent of additionality

- 2.11 The extent to which the outputs were additional to what otherwise might have been generated was estimated in four of the evaluations. But, for some of these, the overall additionality ratio had to be inferred from the evaluation estimates of the component elements in the conversion from gross to net outputs (i.e. deadweight, displacement and so on).
- 2.12 This is clearly not enough observations on which to draw general conclusions. What can be said is that the overall net/gross output ratios (i.e. 35-40%) for three of the interventions were towards the upper boundary of the range around the mean for sector/cluster development (33%-51% across 61 cluster interventions) identified in the recent report for BIS⁹ and one was substantially higher (at 68%¹⁰).
- 2.13 As might be expected from cluster development support designed to strengthen linkages (especially in the supply chain), the multiplier ratios¹¹ associated with this form of support were found by the BIS report to be the highest amongst all the forms of intervention it examined (1.6 at the regional level). The cluster programmes examined here shared the same characteristic – the estimated multiplier ratios ranged from 1.4 to 1.9.
- 2.14 These results are for the cluster programmes as a whole with the exception of the SWRDA food and drink programme evaluation. The latter suggested higher deadweight than the other generic cluster programme evaluations but a much higher multiplier – with an overall net additionality that was slightly lower.

Contribution to gross value added

- 2.15 A critical performance measure for any business development intervention is the extent to which it generates additional gross value added (GVA) that exceeds the cost of the intervention (the GVA:cost ratio). This measure has its drawbacks - not least that it can be estimated in a variety of ways some of which do not capture the diversity of means by which GVA can be generated. But it is to be preferred to cost per job estimates which are likely to be inappropriate for a business development intervention (such as cluster support) intended to improve productivity.

⁹ BIS Occasional Paper No 1 (2009), *Research to improve the assessment of additionality*

¹⁰ This has been calculated by SQW using data on gross and net jobs created in the food and drink sector provided by the report (i.e. total net jobs of 3996 as a proportion of total gross jobs of 5873 in the food and drink sector)

¹¹ Multiplier effects are the second round effects on the level of economic activity (output, income or employment) associated with a policy intervention (e.g. when the employees of a new project spend their earnings and so increase consumer demand).

- 2.16 The evaluations of the cluster programmes derived the GVA/cost ratios in different ways. The evaluation of AWM's programme, for example, took account of achieved and potential GVA generation when estimating a GVA/cost ratio of 7.5:1. The estimated ratio for the SWRDA food and drink programme was around 3.1:1 for both achieved (annual) and future (annual): cost ratios with an overall GVA (annual):cost ratio of 6.0:1¹². The evaluation of the NWDA programme provided estimates based on a range of potential net annual GVA gains (a range of 1.2 – 27.4:1¹³). The benefit/cost ratio from the ONE cluster programme was calculated in terms of additional sales turnover (rather than GVA) achieved to date and, for the food and drink component of the programme, was estimated at 11.1:1 (the equivalent ratio in GVA terms being something like 3.3:1 if GVA was about 30% of turnover¹⁴).
- 2.17 Taking this range of estimates as a whole suggests that they are in the same ball-park as those quoted in the BERR report on the impact of the RDAs¹⁵ with regard to sector and cluster support.¹⁶ The report estimated that, for this kind of support, the average achieved GVA (annual):cost ratio was 3.2 (i.e. much the same as for the SWRDA and ONE food and drink programmes). It suggested an average achieved cumulative GVA:cost ratio of 7.7 rising to 8.7 if future gains are factored into the cumulative total (i.e. similar to the AWM programme). The estimates for the NWDA programme indicated that they might be significantly higher than the average estimated in the BERR report especially with regard to the achieved and future cumulative GVA total.
- 2.18 The evidence from the evaluations is that the RDA cluster programmes with a food and drink component or focused solely on food and drink achieved GVA/cost ratios that were on a par with or exceeded those that were reported in the BERR impact assessment for generic sector/cluster support.

Wider and longer term benefits

- 2.19 Recent research and evaluation evidence suggests that wider and longer term benefits can come from building a collective reputation amongst sector suppliers with their potential customers (especially overseas), and a set of social networks which allow firms in a sector to share non-competitive information. Individual firms are unlikely to have the interest, inclination or resource to contribute to this capacity building. And they are likely to want to free-ride on the back of any collective initiatives that are launched.
- 2.20 In these circumstances, the primary role of RDA intervention is to overcome the market failure that hinders investment in collective benefit¹⁷ and to provide a trusted intermediary that enables the development of a collective sectoral reputation that strengthens the capability

¹² This has been sourced from the PwC analysis of this evaluation report for the national RDA impact assessment

¹³ This is based on a calculation of GVA impacts ranging from £49-113m pa (depending on different gross-to-net co-efficients applied)

¹⁴ The GVA/turnover ratio for food and drink was about 0.3 according to the Annual Business Inquiry - http://www.statistics.gov.uk/abi/downloads/Section_C_2008.xls

¹⁵ BERR (2009), *Impact of RDA spending – National report – Volume 1 – Main Report*

¹⁶ The report for BERR was based on 24 evaluations of RDA sector/cluster support initiatives which included those reviewed here.

¹⁷ <https://www.uktradeinvest.gov.uk/ukti/fileDownload/sectorsgroup1.pdf?cid=416074>

of firms to access new markets more easily than when they have to rely on their own efforts and reputation.¹⁸

- 2.21 This kind of wider benefit was evident from the evaluations of the RDA cluster initiatives as the examples in Figure 2-4 demonstrate.

Figure 2-4: Examples of wider benefits from the cluster programmes

AWM Cluster Programme

The programme was assessed to have brought together key partners and stakeholders through the Cluster Opportunity Groups and via Cluster Chairs and one of its most significant achievements had been the establishment and development of networks and partnerships – nearly half of the businesses surveyed stated they had improved as a result of the programme.

The cluster interventions were generally well endorsed by business and the results imply businesses are getting benefits from the clustering beyond the principal activity supported – improved networks, increased skills development and, to a lesser degree, entry into new markets, new product development or increased orders.

NWDA Cluster Programme

The Cluster Programme generated a range of longer term 'spill over effects' for beneficiaries that reflect:

- An increased recognition of the importance of clusters to promoting and consolidating networks and (industry based) competitive advantage
- The potential to utilise the skills and knowledge - acquired through Clusters programmes – more widely within firms
- Improved export links and sales opportunities in previously untapped markets
- An increased awareness of environmental issues
- Increased awareness – by participant firms – of additional funding sources
- Improved networking across and between Clusters.

YF Cluster Programme

- The YF funded *Cluster: Food & Drink. Project: Focus on Food* worked very well in developing and sustaining partnerships, through for example university visits, PR events, regional food group events, food and drink festival and also through schools.

Source: Evaluation Reviews

Strategic Added Value

- 2.22 The strategic added value (SAV) of the RDAs was assessed in the evaluations in various ways but all used a formulation of SAV that acknowledged the potential contribution of the RDAs in providing strategic leadership for sector development, improved coordination and networking amongst businesses and other organisations in the sector, and influence on the priorities and spending of sector partners and stakeholders. Evidence on the presence of these SAV factors was invariably qualitative but was nevertheless forthcoming from many of the evaluations reviewed for this theme (as demonstrated in Figure 2-5).

Figure 2-5: The strategic added value of the RDAs in the development of the food and drink sector

AWM Cluster Programme

The RDA exercised Strategic Added Value through the programme particularly in terms of strategic leadership and influence and strategic co-ordination. It brought together key partners, especially through the Cluster Opportunity Groups and via Cluster Chairs and helped develop new relationships. The cluster groups it helped to establish set the strategy and agendas for the sectors and helped shape regional and national policy. Strong co-ordination of business/ industry engagement has been achieved across clusters.

¹⁸ Andrew Tucker (2008) Trade Associations as Industry Reputation Agents: A model of reputational incentives, School of Public Policy Working Paper Series 27, University College London.

ONE Cluster Programme

Examples of SAV were found in the six case studies carried out for the evaluation as follows:

- strategic leadership – sector organisations had provided leadership to firms within their respective sectors
 - synergy – evidence of cross agency working was found
 - leverage – many of the projects reviewed had levered funds from the private sector
 - intelligence and awareness raising – sector organisations were found to have been working as a middleman or as a conduit to ensure that businesses were aware of strategic or business development opportunities.
-

YF Cluster Programme

The evaluation found evidence that the programme has been successful in providing leadership in terms of shaping the region's cluster activity to communicate and begin to address the industries' needs, and in providing the region's industry with direction and a shared understanding of strategic objectives. One of the strongest areas of SAV within the cluster programme is creating synergy and there is much evidence of organisations working together to optimise support delivery and to ensure effective knowledge and technology transfer.

SWRDA Food and Drink Sector

Through its programme of support to the sector, SWRDA had provided and fostered:

- Strategic Leadership:
 - Strategic relationships established by the Skills Network project have led to actual and potential joint initiatives.
 - Supplier Development Project influenced Taste of the West's Activity
 - Public Procurement Officer provided specific tendering support
 - The Export Project raised awareness of the importance of exporting
 - Engagement:
 - Skills network achieved high levels of engagement
 - Synergy
 - Demonstrated by relationship between the core funding for the SWFD and a range of other core activities which are based within the SWFD office.
 - Strategic influence
 - SWFD identified new opportunities for the economic development of the food and drink sector in the region
-

The International Agri-Technology Centre (IATC)

The role of the RDA was seen to be crucial to success in:

- Providing strategic leadership and a catalyst for change:– AWM recognised from the outset the potential of the agri-technology sector and believed strongly in developing the sector. There was clear buy-in to IATC from regional stakeholders. In addition, the development of initiatives such as Stoneleigh Park were thought to, in the future, rely strongly on making sure the support mechanisms and partnerships are in place to support the growth of new innovative sectors.
 - Exercising strategic influence and leverage:– AWM funding displayed strategic influence through encouraging the involvement of further RDAs and Campden BRI.
-

Strategy for Sustainable Farming and Food (SSFF)

Through the SSFF, the NWDA sought to tackle a fragmented approach to advice and service delivery to the farming and food sector and to reduce duplication of rural/farming initiatives in order to address a lack of knowledge within the farming and food sector on how to restructure, the unravelling of the connections in the farming and food chain, and the constraints that made it difficult for public sector agencies to deal with issues of economic development of the sector even though their influence on it could be significant (e.g. in public health).

The RDA had been successful through SSFF activity at a strategic level and had developed synergies amongst RDA partners, stakeholders and target audiences and provided strategic leadership in the sector. Its influence had been particularly marked amongst other public sector agencies but less so with respect to the private sector.

This had led to tangible outcomes in the form of commercial pay-offs not just for the food sector (e.g. catering providers winning new business because of they were able to offer healthy options) but also for the tourism sector.

Source: Evaluation Reviews

Lessons learned and good practice

2.23 The lessons highlighted in the cluster evaluation report apply to all sectors, rather than just food and drink specifically, but there are nonetheless useful findings for this theme:

- Sector/cluster programmes need strong direction and credibility, and efforts should focus on high impact interventions
- Engagement of the private sector and influential partners is essential
- Interventions work better if linked effectively with mainstream providers of business support
- Interaction between sectors/clusters (and hence networking and sharing of best practice) should be encouraged, and sector activities should avoid operating as a series of stand-alone projects operating in thematic silos – some kind of overarching structure is important to ensure synergies are delivered across sectors
- Where new collaborations are formed, the time taken to develop relationships should be taken into account, and interventions work better where sufficient work is done to build strong collaborations prior to the project starting
- The investment of sufficient resources to collaborate on marketing is recommended to actively promote collaborations 'offer' vertically through the supply chain
- There is also a need for horizontal collaboration, and how precision farming (better utilisation of land and input resources) and sharing equipment etc are considered in food and drink interventions.

3: Sustainable Consumption and Production

Coverage

- 3.1 A total of seven evaluations fall under the Sustainable Consumption and Production (SCP) theme, which are detailed in Figure 3-1. As demonstrated by the table below, the majority of projects were associated with making improvements to the efficiency and sustainability of the way in which businesses manage land, water, waste and energy resources. Each RDA took a broadly similar approach to SCP interventions, providing support and/or grants to businesses, in line with Defra policy in this area. These projects tended to be modest in size, generally below the £4m mark.
- 3.2 The SCP interventions clearly fit extremely well with two of Defra's current priorities: first, the aim to reduce business costs and improve efficiency contribute to Defra's core economic role; and second, the focus on sustainable resource management is aligned with Defra's focus on good resource management (spanning water, energy, land and food). The interventions also fit with Defra's third area of concern to help to mitigate long-term risk from environmental change and protect the environment, although these interventions focus on generic business support services to improve resource use rather than indentifying specific environmental risks that apply to each region and mitigating these.

Figure 3-1: Interventions in support of SCP

RDA	Intervention name	Type of intervention	Period covered by evaluation	RDA spend
EEDA	Sustainable consumption and production	Supply and demand side intervention in renewables sector, resource efficiency and waste management.	2003/04-2007/08	£3.2m
EMDA	East Midlands Programme for Implementing Resource Efficiency (EMPIRE)	Support provided to businesses to adopt resource efficiency best practice	2005-2008	£4.1m
NWDA	BREW	Support to businesses in waste management and resource efficiency	2005/06-2007-08	£3.6m
NWDA	Enworks	Waste minimisation and resource management amongst SMEs to reduce environmental risk	2003/04-2007/08	£1.3m
SEEDA	Projects and programmes supported by SEEDA to achieve sustainable use of natural resources	Focused on securing sustainable management of land, water, waste and energy	2004-2007	£1.7m ¹⁹
YF	Resource efficiency	Support to businesses to reduce environmental impacts and improve resource efficiency	2002/03-2006/07	£3.8m

¹⁹ This programme received £5.8m in RDA/Defra spend in total, but economic outputs are only associated with £1.7m. The remit of the evaluation was to focus on economic impacts, therefore this review has been limited by this remit to the £1.7m of spend and the impacts associated with this.

RDA	Intervention name	Type of intervention	Period covered by evaluation	RDA spend
YF	Business Resource Efficiency Improvement Grant (BREIG)	Provision of grants to improve business resource efficiency	Nov 2007 – March 2008	£0.37m ²⁰

Notes: “RDA spend” refers to RDA spend subject to evaluation. Please note, SWRDA’s BREW project has not yet been subject to an IEF evaluation and is therefore not included in the table above. The table above also does not include LDA’s Enhance project, which was included under SCP in the PwC report, but has not been included here for the reasons set out in Chapter 1.

- 3.3 Below we consider the impacts associated directly with SCP interventions and the strategic added value contribution of the RDAs.

Sustainable production and consumption

The rationale for intervention

- 3.4 The primary “high-level” rationale for intervention in SCP is one of negative externalities, whereby the longer-term environmental consequences of economic activity are not fully priced into the market. Therefore the prices of resources, energy or waste production do not reflect the real environmental cost of their use. At the business level, evidence of information failure and/or a lack of awareness of the potential benefits available or lack of skills or capacity to maximize opportunities result in slow take-up of resource efficiency measures. There is also considerable uncertainty around new technologies, creating often unacceptable levels of risk for businesses in making investments.
- 3.5 At the regional level, the evaluation evidence also point towards pre-existing coordination failures of organisations promoting resource efficiency in the region, and a need to influence regional policy to ensure, for example, regional biodiversity objectives are reflected in key regional policy documents such as the RES.
- 3.6 The majority of projects included under this theme have the dual aim of reducing carbon/environmental impacts and maximising the economic opportunities presented by environmental/fiscal legislation, and consequential demand for renewable energy and environmental technologies. This aligns well with Defra’s priority to link environmental benefits to economic gains. In the figure below, we provide some examples of the rationales used in evaluation reports to justify interventions in SCP.

Figure 3-2: Rationale for SCP interventions

EEDA SCP Bundle²¹

Externalities and imperfect information are the primary rationales for intervention in the three core elements of the SCP bundle:

- BREW programme – Prices don’t reflect the true cost of resource use and waste production. The BREW programme supports resource efficiency initiatives, enabling businesses to make the transition to a low carbon economy. It also supports the development of markets for waste.
- CRed programme - Businesses, individuals and communities face information barriers in seeking to reduce their carbon emissions. There is imperfect information associated with the sources of carbon emissions and behavioural or technological ways to address them
- Renewable East - Renewable energy generation is supported by through a mechanism of subsidy to recognise its contribution to reducing carbon emissions. The industry is relatively new and growing but still faces barriers in

²⁰ This refers to total programme spend subject to evaluation – evaluation report does not state RDA contribution, so this is assumed to be 100%

its development associated with the national and regional policy framework, supply chain networks and awareness of the opportunities.

NWDA - Enworks²²

- **Co-ordination failures** on the supply-side, where business support in the region from the public sector, especially in the waste minimisation and environmental sphere, was un-coordinated, and not tailored to address specific issues experienced by regional businesses, especially SMEs.
- **Information failures** on the part of regional businesses who did not know the benefits that would accrue to them (and the environment) if they engaged in activity to reduce waste and improve resource efficiency. A business survey found that *'the majority of businesses simply being unaware of the ... benefits of resource efficiency and as such will not pay for support which they perceive as not being relevant to them.'*
- **Negative environmental externalities**, referring to the benefits that the region might enjoy from improved environmental outcomes. Businesses do not engage in resource efficiency/waste minimisation either because they were unaware, unwilling, or more importantly in the case of SMEs do not have the capacity/finance to do so even though doing so is beneficial for the environment and their business.
- **Public good arguments** as the private sector is reluctant to invest in resource efficiency activity to the necessary extent as they fear that they will not capture all of the gains from their investment (such as the beneficial impact on the regional economy, environment, health, and general well-being of residents).

Source: Evaluation Reviews

Spend and activities ...

- 3.7 The (evaluated) RDA spend on SCP interventions amounted to around £36m in total. EEDA spent £3.2m on SCP interventions over a four year period, and EMDA spent £4.1m over a slightly shorter time period. NWDA spent a total of £4.9m over four years, with the majority of spend taking place after 2005/06. YF spent a similar amount (£4.2m) over the same time period, which includes a £0.37m grant boost to their main SCP programme during 2007/08. SEEDA spent the least on SCP (£1.7m) between 2004 and 2007.
- 3.8 The majority of SCP interventions adopted a similar approach to activities, focusing their support primarily on the business community. These activities can be summarised into four broad categories:
- **Supply side** support: supporting the commercialization of new technology; investment in renewable schemes; development of supply chains in the waste management and recycling sectors; supporting the development of CVS suppliers of recycling services; creating a network for existing providers of environmental support to businesses
 - **Demand side** support: undertaking diagnostic reviews; providing onsite mentoring and training; helping business to generate energy from biomass, reduce waste and redundant stock, and improve resource efficiency; increasing the skills and capacity of businesses in environmental management or carbon reduction; developing resource management action plans and providing continuous follow up support to help ensure action plan implementation
 - **Financial grants to business:** for example, grants for Biomass Exemplars, support of New Recycling Infrastructure, company training, small scale capital investments, or the purchase of equipment

²¹ SQW (2008) Evaluating the impact of EEDA - Final report on Bundle Y: Sustainable Consumption and Production (SCP)

²² SQW (2008) Evaluation of ENWORKS NW Waste Minimisation project

- **Co-ordination and promotion of regional activities:** providing a central co-ordination point to ensure delivery of support is not duplicated and synergies are achieved, and to ensure that businesses are aware of the support available (for example, through the use of seminars, events, case studies and speeches).

... and their outcomes and impacts

The nature of the outputs/outcomes

- 3.9 The evaluation evidence reported a range of core outputs, including intermediate outputs of businesses supported (for example with resource efficiency improvements) and people assisted with skills development. However, due to varying levels of monitoring information available in the evaluation reports, and the lack of a gross-to-net assessment in some, it has not been possible to sum these outputs (gross or net) consistently across the SCP theme.
- 3.10 The evaluations also reported evidence that the activities had led to downstream benefits, such as new jobs and businesses created, diversions from landfill and carbon emission savings. For example, the NWDA's two SCP projects delivered a net saving of 49,500 tonnes of carbon emissions and over 11,000 tonnes (net) of waste diverted from landfill.
- 3.11 There were also a range of wider non-core outputs recorded, which covered economic benefits (such as increases in business investment and sales, reductions in costs) and environmental benefits (such as water saved). The interventions were particularly successful in enabling cost savings within businesses – for example, EEDA's SCP programme delivered net cost savings of £1.7m per annum, the NWDA's Enworks programme produced net cost savings of £17.2m (2003/04-2007/08), and YF achieved a total net cost saving of over £7.5m through its Business Resource Efficiency Improvement Grant project (2007/08). These non-core outputs are listed in the table below.

Figure 3-3: Non-core outputs/outcomes cited in the evaluations of SCP interventions

- increase in sales and turnover
- increase in investment
- reduction in costs
- businesses engaged in new collaborations
- businesses involved in supply chain projects
- innovation support initiatives
- businesses gaining ISO 14001 standard for environmental management systems
- water saved
- reduction in hazardous materials

Source: Evaluation Reviews

The extent of additionality

- 3.12 Evidence on the level of additionality delivered by the SCP interventions has not been recorded in five of the seven evaluation reports reviewed for this study.

- 3.13 Where evidence is available, the gross/net output ratios ranged from 43% (this was an average of EEDA's three SCP projects²³) through to 47% (an average of the five workstreams of the YF Resource Efficiency project) up to 73% (NWDA's Enworks programme). The first two are within the median range for additionality quote for SCP projects in BIS' Occasional Paper on additionality (33%-60% based on seven projects)²⁴ whereas the NWDA's Enworks programme was considerably higher. Three of the other evaluations did provide sufficient information for SQW to infer the level of additionality achieved, which shows that the gross/net output ratio varied from 45% to 57% (using gross and net jobs)²⁵. Again, this is in line with the BIS benchmark for SCP interventions.
- 3.14 Where multiplier figures were provided, the evidence shows these were relatively high, averaging 1.44 (with a range of 1.25 to 1.6).

Contribution to gross value added

- 3.15 GVA calculations were undertaken in very few of the SCP evaluations reviewed. It has therefore been necessary to refer to the PwC national report's regional annexes to source information on GVA returns on investments (RoIs) where possible. This shows that cumulative GVA:cost ratios achieved ranged from 0.2:1 (NWDA), through to 2.4:1 (YF) and 2.5:1 (NWDA), rising to 3.4:1 (SEEDA).
- 3.16 However, in all of the SCP projects, it is important to emphasise that their primary purpose was also to achieve environmental benefits and generate resource savings, which none of the evaluation reports have converted into GVA. Therefore none of the figures results above fully take account of the GVA (and wider) impacts of SCP interventions – if they did, they would be very likely to show a much greater return on investment.
- 3.17 For example, the evaluation of EEDA's SCP programme estimated GVA cost savings of £1.2 million per annum that were regarded to be over and above those GVA gains estimated either from jobs created/safeguarded (£3.6 million per annum) or from increased turnover (£2.2 million). In other words, inclusion of the cost savings would increase the annual GVA generated by the programme by at least one-third.

Wider and longer term benefits

- 3.18 In addition to the non-core outputs/outcomes listed above, the RDA interventions in SCP have also brought about wider economic and environmental benefits. These are summarised in Figure 3-4.

²³ Individual additionality ratios were 18%, 37% and 74%

²⁴ <http://www.berr.gov.uk/files/file53196.pdf>

²⁵ Whilst SQW has taken account of differences between the estimates in making these inferences, nuances in the estimation procedures may have been missed and, therefore, the inferred additionality ratios should be treated with caution. It is also important to note that the BIS Occasional Paper on additionality includes a wider number of evaluations than used in the PwC report.

Figure 3-4: Examples of wider benefits

- Giving “legitimacy to linking environment to the economy”²⁶, and changing mindsets within businesses that they can make money and reduce environmental impact by being more resource efficient.
- Businesses have been able to implement larger scale efficiency improvement measures than would have been possible without RDA support, and have been able to use toolkits to monitor resource efficiency in future and provide evidence to help them make the case for further investment in the future
- Businesses have an enhanced awareness and understanding of environmental issues such as fly tipping, sustainability/resource efficiency and relevant legislation
- Improved production processes and times, resulting in improved process efficiencies, entry into new markets and greater capacity to accept more orders or provide new products/services with new equipment. For example, one beneficiary of YF’s BREIG programme stated that “*instead of material going to landfill or being charged to be taken away, we are now able to collect recycled material centrally, bale and sell, so not only saving on landfill but making money and ensuring that it all gets recycled*”²⁷
- Improved knowledge and skills of businesses’ workforces, and greater information sharing within businesses
- Greater networking taking place between businesses, leading to partnership working and information sharing. Participating businesses have subsequently made recommendations to their clients and distributors on resource efficiency improvements
- Knock-on benefits of substantial reduction in CO2 emissions for the local surroundings and the wider regional environment.

Source: Evaluation Reviews

Strategic Added Value

- 3.19 Strategic Added Value (SAV) was considered in all but one of the evaluation reports for SCP interventions. This shows that the RDAs have played a strong **leadership role** and acted as a **catalyst** in the SCP arena. For example, they have commissioned studies which have informed the region’s ability to plan, develop and deliver improvements in a number of areas (e.g. agri-waste), and mobilised business champions to provide business-to-business advocacy of what can be achieved through increased resource efficiency. RDAs have also been successful in catalysing significant activity which in many cases has gone on to become self-sustaining.
- 3.20 There is also evidence of **strategic influence**, whereby RDA interventions have embedded resource efficiency issues amongst Business Link and businesses, and helped to make it a “mainstream issue”, and delivered **leverage** (for example, funds have been levered from businesses themselves in support of resource efficiency).
- 3.21 The RDAs have played a significant role in establishing an economic agenda around environmental issues (both in terms of raising the profile of the associated costs/risks and opportunities), and generated partner and stakeholder interest, activity and co-operation in SCP. There is evidence to suggest that RDA interventions have resulted in partners now working together on the SCP agenda who would not have done at all/so effectively in the past.

²⁶ GHK (2008) Evaluation of the Projects and Partnerships Supported by SEEDA to Achieve Sustainable Use of Natural Resources Final Report

²⁷ Eko-Gen (2008) Evaluation of Yorkshire Forward's Yorkshire and Humber Business Resource Efficiency Improvement Grant 2007-08

Figure 3-5: Examples of strategic added value of RDAs interventions in SCP

NWDA – BREW programme²⁸

- **Strategic influence:** The coordination role of the NWDA has displayed a great deal of strategic influence and encouraged a range of partners already active in the resource efficiency field to come together and unite under the BREW banner. In this way, the NWDA has been able to influence the interventions that have been made and steer the policy agenda for the future.
- **Synergy:** Supporting development of the Online Toolkit and subsequently allowing this to be taken up and used by other RDAs has displayed a good approach to synergy at the sub-national and national level. A standardized output measurement framework that is adopted across the country will allow for greater synergy in measurement and assessment of outputs as well as enhancing the profile and importance of monitoring.

YF – Business Resource Efficiency Improvement Grant (BREIG)²⁹

- **Strategic leadership and catalyst** – the programme acted as a catalyst for business growth and realised the potential for growth. The project demonstrated the case for businesses investments. The business survey indicated that confidence had been created in the capacity of Yorkshire Forward and the managing agent to realise improved regional performance.
- **Leverage** – the business survey indicated that funds had been levered from businesses in support of resource efficiency improvements. The grants nature of the project meant match funding was required.
- **Synergy** – the programme made good use of consultants' capacity to engage with many businesses in a short period of time. BREW partners were engaged in the project. The programme increased client understanding of interventions around resource efficiency, funding sources and bid writing.

Source: Evaluation Reviews

Lessons learned and good practice

3.22 A number of lessons can be drawn from the evaluation evidence in relation to SCP interventions, which are summarised as follows:

- The need for general promotion and marketing has changed since the interventions began partly because of their success in raising awareness that being green can be profitable. Promotional messages need to be more nuanced or better segmented depending on progress made in different sectors whilst acknowledging that there is still a need to raise awareness amongst businesses of the benefits of resource efficiency
- Programmes are more effective if they are needs-led – for example, YF found that businesses would like to receive greater support for recycling and waste management
- RDAs have benefitted from external specialist support to inform the selection of projects for funding, where there has been a novel or innovative dimension to support
- Partnerships focused on resource efficiency tend to be more effective when there is greater business input, In terms of good practice, the NWDA has demonstrated “supra-regional” influence through the development of a monitoring toolkit, which is widely recognised as best practice and has been adopted by other regions. This RDA has also had part of its SCP intervention mainstreamed into the work of Business Link. This was the “Environmental Connect” project (part of BREW), which provided businesses with one number to call for environmental support and then signposted them to the appropriate service from BREW partners, and now Business

²⁸ Atkins (2008) Evaluation of the BREW Programme in the Northwest

²⁹ Eko-Gen (2008) Evaluation of Yorkshire Forward's Yorkshire and Humber Business Resource Efficiency Improvement Grant 2007-08

Link are able to signpost businesses to environmental support even if they contact them with a separate enquiry. Furthermore, YF's Green Business Support Organisation project features as a case study on Vaderigio - a European website that highlights current practice with regard to corporate social responsibility – and other core interventions funded by YF's Resource Efficiency programme have generated interest from other RDAs who are interested in developing similar systems (such as the Why Waste project).

4: Core rural interventions

Coverage

4.1 The evaluated interventions selected to capture the contribution of the RDAs to rural economic development are listed in Figure 4-1 where they have been categorised into six groups. These comprise:

- regeneration programmes with a rural strand which may not have been separately analysed in the evaluation
- rural development programmes which involved support for land and property, skills and business development
- rural business development programmes including pilot initiatives to improve delivery of services to businesses in rural areas
- support for the renaissance of market towns
- interventions to enable easier and wider access to broadband in rural areas
- support for higher education.

4.2 The account of the impact of the RDA interventions in this chapter is organised according to these categories with a final section devoted to consideration of the strategic added value contribution and outcomes of the RDAs' activities across all the categories.

Figure 4-1: Interventions in support of rural economic development

RDA	Intervention	Type of intervention	Period covered by evaluation	RDA spend
Regeneration programmes with a rural strand				
AWM	SRB – part focused on Herefordshire, Shropshire, Worcestershire and Telford	Addressing skills, enterprise and manufacturing challenges especially to reduce social exclusion	2002 – 2006	£35.4m in rural sub-region
AWM	Regeneration Zones of which one was focused on rural - RRZ	Preparing strategy, shaping projects for approval by AWM and enabling their delivery	2002 – 2006	£36.9m on the RRZ
Rural development programmes				
Emda	Rural development	Boosting demand for regional agricultural products, supporting business, assisting with skills and property development and improving rural service delivery	1999 – 2006	£24.3m
SWRDA	Rural Renaissance (RR) and Modernising Rural Delivery (MRD)	Investing in the regeneration and economic development of rural areas, including improving the accessibility of services for rural people	2002 – 2007	£11.8m (RR) £4.8m (MRD)

RDA	Intervention	Type of intervention	Period covered by evaluation	RDA spend
NWDA	Regional Rural Programme	Enabling the diversification of the rural economic base in the region	2002 – 2006	£6.8m
ONE	Northumberland Strategic Partnership (NSP) Single Programme Investment Plan	Designed to improve the productivity of rural areas and improve access to services	2005-2008	£49.8m
SWRDA	Eden project	Designed to improve understanding of sustainable land use, remediate land, increase jobs and visitor numbers to the rural area	2000-2008	£17.9m
Business development support in rural areas				
EEDA	Rural Business Support	Providing business support to the agri-food sectors and in rural areas	2002 – 2006	Planned EEDA contribution of £4m – spend in evaluation period = £2.8m
ONE	Business & Enterprise North East (BENE)	Business support, investment, training and skills	2008 – 2009	£7.1m (rural proportion)
YF	Rural Opportunities for Self Employment (ROSE)	Promoting self employment opportunities amongst young people - outreach and enterprise support; access to competitive loans; start up grants; mentoring support; training; website; communication support.	2005 – 2008	£1.2m
emda	The Welland Project	Running a Pathfinder to improve experience of customers in the Welland wishing to access business services	2005 – 2006	£3.0m (although not all from emda)
SWRDA	Beacon South West	Facilitating networking, sharing of knowledge and best practice in 'Beacon' companies in the region	2004 – 2007	£1.0m
NWDA	Strengthening rural communities	Improving rural service provision and increasing productivity of social enterprise, cooperatives and voluntary organisations in targeted rural areas	2007 – 2008	£0.8m
SEEDA	Redundant Buildings and Farm Diversification	Providing financial and other assistance to facilitate diversification to different forms of economic activity	1999 – 2007	£3.8m
EEDA	Trinity Lighthouse	Retaining major employer in hard-pressed area and developing brownfield land	2002 – 2006	£2.5m
Market town programmes				
AWM	Market Towns Initiative	Enabling healthchecks and action planning in selected towns and implementing partnership development, capacity building, succession planning and strategic funding of key projects	2000 – 2008	£11.4m
AWM	Craven Arms project within the	Supporting the long term viability of the market town by securing a site for	2002 – 2006	Spend on rural development not

RDA	Intervention	Type of intervention	Period covered by evaluation	RDA spend
	land and property programme ³⁰	employment and in other ways building confidence in the location		available
ONE	Durham Market Towns & Settlement Renewal Initiative	Creating strong and diverse local economies through enterprise and investment, increasing community engagement and improving quality of environments and accessibility	2002 - 2005	£2.0m
YF	Renaissance Market Towns	Enabling capacity development and master-planning in selected market towns and delivery of regeneration	Not specified	Not specified
Broadband programmes				
NWDA	The Access Project	Enabling the provision of broadband services in Cumbria and parts of North Lancashire to address the digital divide	2004 -2008	£19.8m
ONE	Satellite and Wireless Broadband Project	Pilot programme to provide low cost satellite broadband access for small businesses in remote rural areas	2007 - 2008	£0.1m
YF	The Broadband Programme – Broadband Gap project (BBG) and N Yorkshire net	Enabling remaining rural BT exchanges to offer ADSL (BBG) and procuring a 'carrier class' high capacity fibre ring in N Yorkshire (NYnet)	Not specified	£2.9m to BBG £4.0m to NYnet
Higher education development				
SWRDA	Combined Universities of Cornwall	Increasing HE provision in Cornwall, developing capacity for research and innovation to underpin development of the knowledge base in the sub-region	2002 – 2007	£15.7m

Regeneration programmes with a rural strand

- 4.3 The two programmes allocated to this category involved substantial funding of which the rural component (defined according to area) was about £35m over 5 years. Whilst significant, this spend was relatively small compared with the total programme spend – 15% of the £230m spent on the SRB programme and 14% of the £257m spent on Regeneration Zones (RZ).
- 4.4 The evaluations of the two programmes were not required to analyse the rural strand separately. This would have been difficult in any event in the case of the SRB evaluation which relied on evidence from secondary sources (e.g. different sub-programme evaluations). And, whilst the RZ evaluation estimated gross and net outputs for the Rural Regeneration Zone (RRZ), it did not derive a separate estimate of its GVA contribution.
- 4.5 So, it is only possible to draw inferences from the evaluation evidence on the extent to which the rural strands of the two interventions differed significantly from the programmes as a whole in terms of their impacts. It must be emphasised that these inferences have been drawn for this exercise alone. Bearing this caveat in mind, it can be inferred that:

³⁰ This project could have been allocated to the generic category of 'regeneration programmes with a rural strand' but it was positioned here because it comprised a single project in support of market town renewal.

- The RRZ outputs (including jobs created and safeguarded) relative to RZ outputs were generally proportionate to its share in total RZ funding (i.e. at 14%). From this it can be inferred that the cost per job created and safeguarded was much the same in the RRZ as for RZs as a whole (at around £35k per job created and £22k per job created/safeguarded).
- The main exceptions were that the RRZ created proportionately fewer businesses (6%) and supported proportionately more businesses (18%) and community enterprise initiatives (17%) compared with its share in total RZ spend. This perhaps demonstrates the relative difficulty of setting up businesses in rural areas and the effort put into supporting businesses and community enterprises in such areas.
- 14% of the total SRB programme spend was directed to rural areas. The proportion of total net jobs created that were in rural areas was 12% and the proportion of total businesses supported that were in rural areas was 40%, which again suggests relative difficulty in creating jobs in rural areas.
- The net/gross output ratios in the rural parts of the SRB programme were in the range of 40-45% for jobs created and safeguarded, skills assisted and businesses created / supported and higher (50%) for brownfield land remediated and higher still (at 100%) for community organisations supported. This is broadly in line with, or better than, the net/gross ratio for the SRB programme as a whole of 41-47% for jobs created and safeguarded, skills assisted and businesses created, 49% for brownfield land, and 65% for community organisations supported.
- Of the total £4.49m planned MRD investment from SWRDA, 18% related to productivity and the rest was spent on improving access to services. MRD directly related to Defra's Public Service Agreement 4 (2005-2008) which formed part of the RDAs Tasking Framework with Government Departments, and brought about improved access to services that was often combined with other economic development activity, such as training or workspace, and generated a high level of job creation and leverage of private sector funding.

Rural development programmes

4.6 Three of the five rural development programmes (those funded by SWRDA and NWDA) were broadly similar in their focus on business and skills development and the up-grading or creation of business workspace. The fourth – the emda Rural Development Programme - also included land remediation and a stronger element of new build for employment and housing purposes. The fifth – SWRDA's Eden Project – was also focused on land remediation and capital development, but focused on one specific site converted into a major tourist attraction. This is reflected – at least to some extent - in the differences between the emda programme and Eden project, and the other three in terms of impact performance measures.

- The emda programme involved expenditure that was at least a third higher than for the business/skills development programmes by SWRDA and NWDA, due to the costs associated with land remediation. ONE's NSP programme incurred the greatest

RDA spend by a considerable margin, which covered a range of individual projects covering business, people and place.

- There was a wide range in the net/gross jobs created/safeguarded ratios – from 30% for businesses supported and for physical developments designed for business use to around 40% for business creation and skills development and much higher at 90% for the SWRDA business/skills development intervention where the multiplier effects were assessed to be significant.
- The contribution of multiplier effects was important in determining the net/gross output ratios. They were in the range of 1.3 (the NWDA programme) to 1.6 (the SWRDA business/skills development programme) compared with the mean estimated in the BIS additionality report³¹ of 1.2 (4% variation around the mean at the 95% confidence level) from 117 evaluated business development interventions and 1.3 (10% variation around the mean) from 35 evaluated physical regeneration interventions.
- The cost per job created/safeguarded was higher, as expected, for the emda programme involving land remediation (at about £35k per net job) compared with the other programmes where the cost per job was broadly similar (an average of £25k) and much the same as for the RRZ (at £22k – see paragraph 3.5, first bullet). Cost per job was lower than we might expect for the Eden project, given its capital nature, at just under £24k per net job.
- GVA/RDA cost ratios were derived by or could be inferred from the evaluations. The business/skills development SWRDA programme was evaluated as having generated an achieved GVA/cost ratio of 1.5:1; whereas the Eden project generated a return of 1.0:1 alongside a range of strategic benefits (which cannot be quantified). The evaluation of the NWDA programme reported its annual GVA return to be between £5m and £8m compared with NWDA spend of £7m. And the evaluation of the emda programme estimated on-going GVA generation of £23.6m compared with the £24.3m expenditure by the RDA. Whilst these estimates were made in different ways, they suggest a relatively modest set of GVA/RDA cost ratios.
- There is no equivalent benchmark from the PwC impact report. The closest is likely to be for hybrid area development programmes. The annual GVA/cost ratio was 0.9:1 across 8 interventions and the cumulative GVA/cost ratio as 2.4/2.5:1 – i.e. suggesting that, here too, the return on investment from area development programmes was positive but relatively modest.

Business development support in rural areas

4.7 The evaluated interventions in this category fall into different sub-categories as follows:

- **Mainstream business support services:-** Two programmes included here were EEDA's Rural Business Support with £4m of planned spend over four years and

³¹ BIS (2009)

ONE's BENE programme with £7.1m of funding apportioned to rural businesses over the evaluation period (2008-2009).

- For EEDA, the net/gross jobs created/safeguarded ratio was 36% - i.e. within the range estimated for the rural development programmes.
 - The multiplier used by EEDA in the conversion to net outputs was higher – at around 1.6 – than suggested in the BIS additionality report and at the top end of the range used for the rural development programmes.
 - The cost per net job for EEDA was about £17k – somewhat lower than estimated for the rural development programmes.
 - EEDA's evaluation estimated that annual turnover had been increased by £5m for every pound spent on the intervention.
 - For ONE, the additionality ratio for turnover was 27%. BENE generated net additional and attributable GVA of £9.6m for rural businesses, which gave an annual RoI of GVA:cost of 1.35:1, which was above the programme average for rural and urban areas (£1.07:1). BENE will generate an estimated RoI over five years of £5.86:1 for rural beneficiaries, which again is higher than the programme as a whole (£4.63:1).
- **Innovative business support services:-** The four projects in this category were modestly budgeted initiatives designed to tackle specific constraints on business development in remote rural areas. To an extent, they were experimental projects to help build the networks, infrastructure and capacity for business development in rural areas. Consequently, the evaluations did not rely on conventional performance metrics (such as the unit cost of net job and GVA generation).
 - The purpose of the Welland project was to learn about the effectiveness of mechanisms for engaging with enterprises in rural locations and with firms that had not previously engaged in business support. The evaluation concluded that the delivery model was effective in reaching and supporting new businesses and in improving the coherence of business support services and generated high additionality (70%) with regards to improving the take-up of services.
 - The ROSE initiative was intended to complement Business Link services, in providing targeted support to a specific beneficiary group, namely young people in rural areas who had not been taking up existing support at desired levels.. It helped nearly 1400 young people to consider self-employment as a way forward and about 320 to become self-employed. It facilitated the start-up of some 230 enterprises that survived for more than twelve months. 74% of beneficiaries surveyed now running their businesses said the support received had been 'crucial' (51%) or 'a major influence' (21%) in starting up their business.

- The Beacon project was an initiative that established and nurtured a network of nearly 200 Beacon businesses that shared knowledge and best practice amongst members of the network but also reached out to the wider business community. The evaluation concluded that “about half the canvassed Beacon businesses claimed that there had been some form of fundamental benefit derived from their participation in Beacon events and activities” – and 70% claimed they would not have secured these benefits without this participation.
- The NWDA initiative was an acknowledgement that:
 - the voluntary sector needed support in its vital role of providing ongoing resources in rural communities to keep essential social and economic services going
 - social enterprises needed assistance if they were to make a contribution to sustaining economic development in rural areas.
- It provided a mixture of support – assistance with skills development, business start-ups and growth, and provision of new or upgraded workspace. Additionality was estimated at about 70%, the cost per job was of the order of £14k and the net GVA generated to date was on a par with the cost of the initiative. The evaluation also pointed out that participants in the programme were clear about its benefits in increased vitality and cohesion of the rural communities.
- **Diversification initiatives:-** Redundant Buildings Grants (RBG) of between £2.5k and £60k (capped at EU state aid de-minimise level1) were provided to a maximum of 25% of the project costs with an annual budget of £800k. The Farm Diversification Programme had a budget of £500k to support farms to increase diversification of their produce, for example to multiple types of crops or to caravans and tourism (introduced in 2000). The two programmes created and safeguarded about 1600 jobs with a high level of additionality (73%) and also invested in longer-term economic development through the creation of 100,000 sq m of productive floorspace in rural areas. The costs per job were very low – at no more than £5k per net job.
- **Trinity Lighthouse** was a specific project designed to retain a large employer in Harwich (which already had a high unemployment rate) and to maintain confidence in the local area. The rationale for intervention was to avoid the negative externalities that were thought likely to be generated by the loss of a major employer – the potential loss of investment and development activities, loss of local expenditure and negative knock on implications for local businesses & services in Harwich. So, in addition to the direct safeguarding of jobs and the remediation of brownfield land (with additionality estimated at about 58% and a regional cost per job of £8k and a local cost per job of £33k), the intervention was designed as part of a package to open up new opportunities for further investment – through the masterplan for Old Harwich which is now in the process of implementation.

Market Town Programmes

4.8 There are three evaluated programmes (from AWM, ONE and YF) in this category and an AWM land and property project that effectively supported market town renewal.

- YF's Renaissance Market Towns (RMT) programme (with YF funding of £32m over 5 years to 2008) was the successor to the Market Towns Initiative and was developed as a response to the fragility of the rural economy. The RMT programme worked with identified market towns through an initial year of community consultation, capacity development and masterplanning to establish a long term vision and masterplan/strategic development framework for each town. Each vision/masterplan contained a range of projects/interventions to be delivered over a 25 year period. 'Town Teams' were established to work in partnership with local authorities and other organisations to deliver sustainable change with a positive economic impact thereby supporting the regional economic strategy.
- ONE's Market Towns and Settlement Renewal Initiative in Durham saw RDA investment of £2.4m between 2002 and 2005 in order to diversify the local economy, promote enterprise and investment, improve skills, increase community engagement, improve the quality of the environment and enhance access to services. The project supported 580 businesses, created 13 jobs, assisted 16 people with skills development and created 4 businesses (gross figures).
- AWM's West Midlands Market Towns Initiative (MTI) was a programme of investment (of £11.4m over 8 years to 2008) that, in three stages, assisted 34 towns to undertake health-checks and action planning, and for 29 of these towns to operate full programmes of partnership development, capacity building, succession planning and strategic funding of key projects. One of these was in Craven Arms, a small market town dependent upon agriculture, which suffered significantly from BSE and FMD, and lost its auction yard as a result. There were major concerns about the future viability of the market town – the visual image was poor, large employers had migrated away and the retail sector had declined significantly. The intervention secured a site for employment rather than the housing use anticipated through the operation of market forces.

4.9 Whilst conventional performance metrics can be generated for this type of intervention, the evaluations made clear that cost per job measures would be higher and GVA/cost ratios lower than the final outcome if the benefits were confined to those that materialised in the short term. So, for example, the evaluation of the RMT estimated a cost per net job of £32k and of the MTI assessed the GVA/RDA cost ratio to be 2.9:1. These metrics did not allow for the wider and longer term benefits that flowed from:

- public realm improvements benefiting businesses located in a market town but not immediately adjacent to the improvements through a general increase in the level of footfall (and therefore trade) arising.
- the effects of the projects in attracting visitors and their associated spend from marketing and other revenue support through to capital investments and

infrastructure. For example, ONE's market towns project attracted 4,746 additional visitors.

- Engaging communities to participate in activities and access services. For example, ONE's intervention engaged 459 community participants and encouraged 700 people to use new and improved services.
- the downstream effects of bringing brownfield land back into use as part of a wider investment and regeneration package.

Broadband Programmes

4.10 The three programmes in support of broadband development and access had much the same rationale, namely to fill the digital divide between the peripheral, rural areas and the rest of the region more effectively and quickly than would otherwise be the case.

- The NWDA ACCESS project (NWDA funding of £19.8m over 4 years) sought to address the 'digital divide' between the roll out of high speed broadband across the North West in general and the anticipated more restricted delivery of services in rural Cumbria.
- ONE's pilot Satellite and Wireless Broadband project (ONE funding of £100,000 between 2007 and 2008) sought to address gaps in broadband provision in remote rural areas of the North East and prevent a widening of the rural/urban digital divide. This project built upon a Defra funded project from 2002 to provide satellite wireless broadband services to business. The model developed has since been rolled out and applied more widely in the region, providing affordable and sustainable broadband.
- YF's Broadband project (YF funding of £6.9m) had two key components: the Broadband gap project (BBG) which aimed to enable 24 remaining rural BT exchanges to offer ADSL; and NYnet (North Yorkshire NET) project which involved procuring a 'carrier-class' high capacity fibre ring around the county.

4.11 These programmes involved significant levels of RDA funding. Their justification is critically dependent on the assessment of what might otherwise have happened and how quickly and completely the 'divide' might have been closed. Moreover, these considerations have to be placed in the wider economic development context of poor performance and prospects in the relevant rural parts of the region and the potential for any delay in the provision of and access to broadband causing the areas in question to fall further behind.

4.12 This importance (and difficulty) of assessing the 'counterfactual' was acknowledged in the evaluation of ACCESS. It concluded that BT fell short of converting 14 exchanges (even after intense lobbying) suggesting that, without Project ACCESS, some areas would not have achieved broadband access. However, nearly 40% of respondents to the supplementary business survey indicated that it had made no difference to their business. Overall, the evaluation report suggests a level of deadweight of 50% and estimated a net/gross output ratio of about 40%.

- 4.13 ONE's evaluation report found that the intervention had increased broadband take-up, filled remote rural broadband gaps in the region, and improved collaboration between SMEs in clustering to access more affordable services. As a result, the productivity and sustainability of rural SMEs were thought to have increased. However, the evaluation was not able to provide an assessment of additionality, or net output figures.
- 4.14 The evaluation of the YF broadband project similarly concluded that it had accelerated and also lowered the cost of broadband provision (see below).

Figure 4-2: Achievements of YF broadband interventions

BBG:

Retail service providers

- ADSL enablement, now enabled LLUs to invest in exchanges

Consumers

- Entry-level ADSL broadband services could be purchased on average just over 2 years sooner from BT and resellers
- Price and quality of BT (and reseller) service same as elsewhere in UK

NYnet:

Retail service providers

- Backhaul for LLUs to deploy ADSL 2 and 2+ via BT exchanges
- NYnet enables provision of this earlier – BT will provide the required backhaul via deployment of CN21 but although initially due 2008, has been delayed and final deployment date uncertain, particularly for remote rural exchanges
- NYnet provides at c. one third the cost (est. based on lease line charges because CN21 pricing not yet available)

Backhaul to leased line providers

- For 2 Mbps service – provided at c. one third the cost of BT standard product backhaul
- Similar savings for other service levels (10/100 Mbps) where these are available from BT

Source: Evaluation of YF Broadband Programme

- 4.15 The positive assessment of the impact of the programmes in the above terms translated into positive GVA/RDA cost ratios. These were estimated differently in two of the three evaluations. It can be inferred from the ACCESS evaluation's estimate of an additional £38.2 million GVA per annum³² that the GVA/NWDA cost ratio was of the order of 2.0:1. The evaluation of the YF programme estimated the GVA effect as cumulative over two years (the period by which it was assumed the introduction of broadband had been accelerated) and expressed the result as an RDA cost per £ net GVA of 23p – the equivalent of a GVA/cost ratio of 4.3:1 and broadly the same as estimated by the ACCESS evaluation in annual terms.

Higher education initiative

- 4.16 The Combined Universities of Cornwall (CUC) was a partnership initiative to increase higher education (HE) provision in Cornwall to underpin the development of a knowledge-based economy, widen HE participation in Cornwall, develop capacity for research and innovation, enable CUC partners to support economic growth and create 4,000 student places by 2010. The benefits of this form of intervention are dependent on building a critical mass (over and above existing HE provision and facilities) and generating agglomeration economies that

³² At current prices taking net additional jobs by GVA per employee.

encourage the recruitment and retention of students, teachers and researchers and organisations – research units, supplier firms and knowledge-based firms.

- 4.17 Given the interim nature of the evaluation, it was too early to assess these kinds of wider benefits and their impact on the Cornwall economy. However, the evaluators concluded that the foundations were now in place on which to build sustained economic development and that there had already been a discernible impact on HE participation rates. The total GVA impact generated by CUC expenditure was estimated to have reached about £23m in 2006-07 and yearly GVA impacts were estimated at £114m since 2000/01. Even though these are gross figures, they are significant when compared with the SWRDA expenditure of about £16m – and with more benefits to follow.

Strategic Added Value

- 4.18 Despite the range of different types of interventions represented by the contributions the RDAs made to rural development, it was evident from the evaluations that the additionality they brought was not only through their investment funding but also by the way they exercised a leadership and catalytic function, influenced partners in their priority setting and resource allocation, and engineered improved networking, coordination and multi-agency working. Examples of each of these Strategic Added Value contributions are set out in Figure 4-3 which are taken from the evaluation reports on the RDA actions.

Figure 4-3: Aspects of the RDAs' SAV contribution to rural development

Leadership and catalytic functions

- developing an innovative and ambitious policy response to tackling regeneration issues in deprived parts of the region through linking opportunity and need
- focusing on rural issues and selecting priority interventions
- identifying and piloting forms of business support to ensure benefit to rural areas
- raising the profile of the need for better and more competitive high capacity broadband services for rural areas
- leading and justifying the case for state aid
- helping partners to articulate their needs
- putting concentrated pressure on BT and other stakeholders as appropriate
- develop 'raising aspirations' toolkits and applications to help foster more enterprising approaches within organisations and communities

Influence and leverage

- strengthening the thinking behind sub-regional needs and opportunities and the appropriate response
- encouraging partners to broaden their horizons beyond traditional boundaries
- bringing partners together, assisting them to commit to shared strategic objectives and to allocate resources accordingly
- creating a positive climate and the conditions for private sector investment – to the extent that rural development interventions had successfully levered in funds in over 50% of projects
- informing and influence partner activities by providing knowledge and 'intellectual capital'
- persuading partners and stakeholders to aggregate broadband spend in order to collectively procure a better and more competitive backhaul service
- leveraging in investment from both the public and private sectors - to enable 80 of 94 exchanges for broadband
- stimulating the scaling up of beneficial activities and enhancing their quality
- mainstreaming approaches, such as 'raising aspirations' across schools

Networking, coordination and multi-agency working

- engaging stakeholders through a number of routes in pursuing its rural development priorities – e.g. to rationalise and agree the list of public buildings that would benefit from the provision of broadband through a comprehensive programme of delivery
- providing a neutral forum where various interests can come together (often for the first time) to consider strategic development issues
- establishing and sustaining sub-regional partnerships with a strong public and private composition
- developing synergies between different services and interventions
- joint marketing and PR activities to raise the profile of food in the region
- introducing more effective governance arrangements through local partnership engagement
- engaging with and enabling local authority stakeholders develop and deploy more advanced and specialist IT applications and services
- creation of networks, such as the 'enterprise ambassadors' to act as role models and mentors to individuals, communities and employers
- taking a co-ordinated approach to reducing barriers to work in rural areas, such as skills development, childcare provision, accessibility to jobs etc

Source: Evaluation Reviews

Lessons learned and good practice

4.19 The summary of the SAV aspects contributed by the RDAs suggests that they needed to be innovative to generate the positive GVA impacts in rural areas. The innovations they initiated were largely in the form of developing partnerships and fostering aligned and sustained investment between key stakeholders, through a mixture of methods:

- identifying long term development needs and opportunities, articulating the RDAs' role in responding to them and inspiring confidence in their ability to delivery and, in the process, defining the distinctive contributions needed from partners
- promoting intelligence and knowledge sharing through networking, setting up formal and informal governance arrangements to enable stakeholders to work together, aligning partners' objectives and interests, promoting a consistency of approach, and facilitating mutual trust, innovation, adoption of best practice and reduced duplication
- influencing the scale and nature of partner funding, activities and outputs.

4.20 The mechanisms and practices that were effective in doing this were explicitly stated in the evaluation of AWM's Regeneration Zones but the messages there resonated across the other evaluations and are summarised in Figure 4-4.

Figure 4-4: Key lessons for effective rural development interventions

An effective approach to rural development is to match areas of opportunity (primarily physical developments) and areas of need (primarily areas of significant deprivation), and to cut across traditional administrative boundaries and align with functional economic geographic characteristics on the ground. This requires the following:

- A regeneration strategic framework is important with a clear focus and limited objectives – as is allowing a sufficient lead time for strategy development in a disciplined and managed process (even perhaps through contractual obligations).
- There has to be mutual understanding and clarity about the respective roles of partners and stakeholders especially where economic geography cuts across administrative boundaries and/or partners' boundaries are not coterminous - so that there can be no doubt about their respective spheres of influence and authority.
- At the same time, there needs to be strategically directed and managed interactions between partners and their interventions

- A 'critical friend' approach is helpful in assessing and developing projects
- The crucial role of delivery support, particularly at the local level, and high quality professional support
- Regular and well thought through communication with SMEs, which includes providing and receiving regular feedback
- Interventions benefit from strategic commissioning of projects, focusing on fewer, higher (regional) impact programmes, groups of projects or specific projects that are transformational in nature integrating capital and revenue funding to bring together land and property, business, people, and community related developments.
- The strategic framework and associated governance and management arrangements need to be flexible but built for the long-term with a constancy of purpose and with formal systems and protocols that can survive the passage of time and people – the engagement of mainstream public service providers and the private sector being essential for this longer term purpose.

Source: Evaluation Reviews

5: Response to shocks

Coverage

- 5.1 A total of six RDA interventions fall under the category of a RDA “response to shocks”, as shown in Figure 5-1. These are clearly split into two groups: the first group relates to RDA responses to the floods of 2007 (in Gloucestershire and Yorkshire); and the second group focuses specifically on the NWDA’s response to Foot and Mouth Disease (FMD) in the North West of England. The former are short term interventions, implemented in direct response to the immediate needs of businesses after the floods; whereas the latter are much larger in scale – especially in Cumbria – which were implemented over a five year period in response to the FMD outbreak in 2001 and the longer-term structural changes required as a result.

Figure 5-1: Interventions in support of RDA responses to shocks

RDA	Intervention name	Type of intervention	Period covered by evaluation	RDA spend
SWRDA	Gloucestershire Floods	Response to flooding in 2007, which impacted most upon rural parts of Gloucestershire	July 2007	£2m
YF	Floods response	Response to flooding in 2007, which impacted upon businesses across South Yorkshire (in urban and rural locations)	2007/08	£4.1m
NWDA	Lancashire rural recovery programme	Response to the FMD crisis	2002/03-2007/08	£9.6m
NWDA	Cheshire rural recovery programme	Response to the FMD crisis	2003/04-2007/08	£10.7m
NWDA	Cumbria rural recovery programme	Response to the FMD crisis	2003-2008	£41.2m
NWDA	Distinctly Cumbrian	Response to the FMD crisis	2002-2008/09	£4.8m

Notes: “RDA spend” refers to RDA spend subject to evaluation

- 5.2 Below we consider the impacts associated directly with interventions in response to shocks and the strategic added value contribution of the RDAs.

RDA responses to shocks

The rationale for intervention

- 5.3 According to the evaluation evidence, the floods caused more severe damage in Gloucestershire than any other region in the UK, with serious consequences on infrastructure and public services. In Yorkshire (specifically South Yorkshire), flooding caused huge physical damage to business premises, stock, machinery and equipment, resulting in major cash-flow problems for the businesses affected. Whilst the majority of firms had insurance, not all costs nor loss of turnover was covered and, without intervention, both small and large companies would have struggled to resume trading. The rationale for intervention was,

therefore, to reduce the negative impact or “negative externalities” of the flooding on businesses and the wider economy in Gloucestershire and South Yorkshire.

- 5.4 As noted in the evaluation reports, the North West was severely affected by the FMD crisis, especially Cumbria which accounted for 44% of all cases in the UK. The rationale for RDA intervention following the FMD outbreak was the improbability that economic markets would be able to self-correct in the aftermath of FMD, and to address longer term challenges of an over-reliance on tourism and agriculture sectors – which the FMD crisis highlighted pointedly - and the consequential need for economic restructuring in the region’s rural areas (which firms had been slow to respond to in the past). In recognition that moving away from agriculture and tourism was not an appropriate option for all, the interventions also focused on the need to move away from low value added activities, move up the value-chain, and raise overall productivity in these sectors. As a result of the interventions, the RDA intended to improve economic productivity in rural areas (in the agricultural sector, but also diversifying into wider sectors), and ensure social and environmental sustainability.

Figure 5-2: Rationale for RDA intervention in response to shocks:

Flooding	Foot and mouth
<ul style="list-style-type: none"> Equity arguments on the basis of place – the 2007 floods disadvantaged businesses based on where they were based Negative externalities – the RDA interventions aimed to reduce the extent of negative externalities associated with the economic impact of the floods, and reduce the external costs incurred by businesses 	<ul style="list-style-type: none"> Distributional/equity arguments – firms were disadvantaged by their location (for example, tourism firms) and the sector in which they operate (i.e. agriculture) which was hit by this external shock. This had knock-on implications for incomes in rural areas. Imperfect information – lack of information, skills, capital and confidence and risk aversion amongst rural businesses to invest in diversification and restructuring away from agriculture and tourism

Source: Evaluation Reviews

Spend and activities ...

- 5.5 In total, the (evaluated) RDA spend in response to shocks amounted to £72m. Of this, some £6m was spent in response to the 2007 floods in Gloucestershire and South Yorkshire. The majority of spend (£66m) was spent across three sub-regions in the North West in response to FMD, which covered a much longer time period and broader remit as its purpose evolved to address not only the immediate impact of FMD but also the need to restructure rural economies as a result.
- 5.6 The RDAs adopted a similar approach in response to the floods, providing a “response fund” or “grant” to small, medium and larger businesses in the immediate aftermath of the floods. Above and beyond providing funding, the RDAs also played an important leadership and co-ordination role to mobilise support from the affected local authorities, Business Links and Chambers of Commerce and use these channels to raise awareness of the grant schemes available.
- 5.7 The interventions in response to FMD involved a much wider array of activities, although these followed a similar pattern across the three regions involved. Activities focused on the sectors hit hardest by FMD (agriculture and tourism), providing one-stop-shops for rural businesses for advice and guidance, and supporting the conversion of redundant buildings into

new workspaces, the revitalisation of images and green infrastructure in rural towns and villages, the production and marketing of local products.

... and their outcomes and impacts

The nature of the outputs

- 5.8 Given the nature of these interventions, and the activities implemented by the RDAs, the predominant output captured by these interventions was “businesses supported”. For example, the two RDA interventions in response to the floods supported a combined total of almost 1,500 businesses (gross) over a very short period of time, and the four FMD programmes supported nearly 5,500 businesses (gross) since 2002/03. Other core outputs delivered by the FMD interventions included jobs created and safeguarded, new businesses created and the provision of support to develop new skills – all of which are well aligned with the problems the interventions were designed to address.
- 5.9 Above and beyond core outputs, the evaluations of these interventions identified the delivery of wider outputs which are summarised in Figure 5-3 below. In the case of the response to floods, these outputs relate directly to quantifiable turnover benefits, whereas for the interventions in response to FMD, the outputs are more intermediate (intended to lead to economic benefits in terms of turnover and value added over the longer term).

Figure 5-3: Non-core outputs cited in the evaluations of interventions in response to shocks

Floods response

- Additional turnover generated by businesses due to ability to return to trading
- Number of days that businesses returned to trading in
- Safeguarded and additional sales

FMD response

- Private and public sector investment leverage
- New or upgraded floorspace
- Brownfield land reclaimed/developed
- Broadband connections
- Provision of tourism facilities
- Public realm improvements

Source: Evaluation Reviews

The extent of additionality

- 5.10 In the case of RDA responses to floods, the net/gross output ratios were 44% (of safeguarded sales/turnover) in both Gloucestershire and South Yorkshire. Where outputs were not additional, beneficiaries stated they would have used personal or business funds to finance the clean-up. However, it is also recognised that the losses in sales experienced could have been much higher without the prompt support by the RDA. This emphasises the importance of considering the counterfactual to intervention.
- 5.11 A gross-to-net assessment was undertaken in three of the four FMD response evaluations, which showed that (based on jobs created) net outputs represented 32%, 61% and 74% of gross outputs. This compares to a PwC average level of additionality for jobs

created/safeguarded across all RDA projects of 45%. Estimated multiplier ratios used in the FMD evaluations ranged from 1.18 to 1.3.

Contribution to gross value added

- 5.12 As in previous themes, the evaluations reviewed under RDA “response to shocks” calculated contributions to GVA and returns on investment (benefit/cost ratios) in different ways. However, it is important to note that the primary objective of these interventions was to respond to a crisis rapidly in order to safeguard turnover and jobs. Measures of GVA are therefore likely to be below what we might expect for more ‘traditional’ RDA interventions – understandably so given the nature of these interventions – and consideration of the counterfactual of *not* intervening in these situations is essential. Furthermore, none of the evaluation reports account for wider economic and strategic outcomes in their GVA calculations.
- 5.13 Both flood evaluations use “additional turnover per business” and compare this against RDA investment/grants per business. In Yorkshire, the intervention generated a total of £7.4m in net sales which, when compared to an RDA investment of £4.1m, gives a return on investment of 1.8:1 (the equivalent ratio in GVA terms would be 0.6:1 if we assume that GVA is around 35% of sales turnover). In Gloucestershire, the intervention generated an additional £1,905 in turnover per business, compared to an average grant per business of £2,120. This gives a return on investment of 0.89:1 (or 0.3:1 in GVA terms).
- 5.14 GVA information is only available in two of the four RDA interventions in response to FMD, and what is available is varied, with no GVA:cost ratios provided. Where there is evidence, this shows that the NWDA’s Rural Renaissance programme generated around £650,000 p.a. from new businesses, £5-8m through jobs created and £1m through businesses supported, and the ‘Farming Connect’ element of the Cumbria Rural Action Zone generated an estimated £13.4m (gross figures).

Wider and longer term benefits

- 5.15 The primary role of the RDA in responses to floods was to provide immediate short-term assistance to businesses, but the evaluation evidence also suggests that more firms now have a flood plan in place to minimise negative economic impacts in the future and, in the case of YF, have established a relationship with the RDA to enable them to source support more quickly in future.
- 5.16 The FMD interventions addressed short-term issues by restoring confidence and perceptions of visitors after the crisis, but also helped to achieve longer-term objectives around strengthening the economic base to ensure future resilience and self-sustainability. This has helped to improve firm growth (through exploiting new markets), efficiency and productivity.
- 5.17 The wider benefits evident from the evaluations of the RDA responses to shocks are summarised in Figure 5-4.

Figure 5-4: Examples of wider benefits

Floods response

- Nearly one third of businesses now have a flood plan in place (YF)
- Many businesses established a relationship with the RDA for the first time (YF)
- 30% of businesses were helped to minimise their potential turnover loss (SWRDA)

FMD response

Promotion of private sector confidence – for example, a number of projects funded in Cumbria have levered in private sector investment and boosted confidence.

Image enhancement through investments in events, festivals and marketing at the regional and national level, which has boosted visitor numbers to the sub-region.

- Strengthening the economic base – The interventions have enhanced the growth of existing businesses through new market exploitation and businesses are operating more efficiently and effectively as a consequence of the intervention. In Cumbria, the programme also sought to improve the quality of other economic activity within rural areas. Although a number of these projects are still in their infancy, they are expected to have the potential to support future economic activity.
- Development of knowledge networks, which are now business used by the business community

Source: Evaluation Reviews

Strategic Added Value

- 5.18 Strategic Added Value (SAV) was assessed in all six of the evaluations under this theme, which pointed towards strong performance of the RDAs in providing strategic leadership for rural people/businesses in the face of major crises. The RDAs also demonstrated effective strategic influencing and co-ordination capabilities, and were able to generate co-operation and partnerships between funding partners (in the case of FMD) and act “quickly and decisively” to mobilise the support of all affected local partners (in the immediate aftermath of the floods). The FMD projects also secured significant levels of leverage – in Cheshire, for example, the RDA’s spend of £10.17m levered match funding of £28.5m from public and private sector sources.
- 5.19 In both types of crises, the RDAs were commended for their high level of engagement with and understanding of rural business needs (for example, in Distinctly Cumbrian), and for taking a lead on presenting the business perspective at a national level (Yorkshire Forward’s flood response).
- 5.20 Examples of SAV generated by some of the projects under the “response to shocks” theme are detailed in the figure below.

Figure 5-5: The strategic added value of the RDAs interventions in response to shocks

Yorkshire Forward – Flood response

- Consensus amongst stakeholders that Yorkshire Forward acted quickly and decisively in the immediate aftermath of the floods. It made a prompt decision to make funds available to small companies and then on the basis of new information coming to light, it decided to extend this to larger companies
- Yorkshire Forward displayed leadership qualities in the way that it effectively mobilised support from all the affected local authorities, Business Links, and the Chambers of Commerce. Specifically, it empowered them to act on its behalf and find out what was happening on the ground, to raise awareness of the grant schemes on offer and ensure their take-up.
- Yorkshire Forward was able to influence the Pitt Review (independent review of the 2007 flooding and its consequences) in a significant way. In particular, it took the lead on presenting the business perspective and the types of support they may benefit from, and in the longer term, potential flood prevention activity.

Cheshire Rural Recovery Programme

- The contribution of the NWDA can be identified through the ways in which the Programme has influenced the behaviour and performance of partners and stakeholders. The leveraging in of £28.5m of match funding from private and other public sources is a key example of how SAV has been created.
- Additionally, the community and environment partnerships, business networks and synergies supported by the Programme are other examples of how SAV has been brought about.
- Thirdly, the growth of regional delivery structures, of which the Programme is an important component has supported the growth of enterprise, rural development and tourism in Cheshire.

Source: Evaluation Reviews

Lessons learned and good practice

- 5.21 The evaluations found that the “direct and indirect costs of disaster recovery should not be under-estimated”, and the effects on health and well-being can be quite pronounced (with knock-on implications for the economy downstream).
- 5.22 A number of useful lessons have been learned from the evaluations undertaken here, and these apply to a range of “shocks” to rural areas (and businesses more widely in the case of flooding). These include:
- Responses should be co-ordinated with other regions as far as possible to provide a coherent and consistent response to beneficiaries
 - Programmes should be highly targeted on greatest need to ensure significant net impacts
 - The transparency of the system is important, combined with a 'personal touch'
 - A single point of contact avoids duplication
 - Programmes should be realistic in terms of the type and scale of outputs achievable against the scale of the shock to the system
 - Quality and continuity of membership of the programme board is important, which includes committed representatives from the private sector (this particularly applies to shocks that lead to a need for longer term restructuring).
- 5.23 One evaluation also notes that the RDA should not under-estimate the strategic influence it is able to exert in these kinds of situations to marshal local partners and play a key role in protecting and promoting the interests and needs of regional businesses. The evaluation evidence suggests the importance of focusing on strengthening networks of businesses (i.e. collaboration with and between sectors of the rural economy) as well as investing in individual businesses themselves.

6: Summary and Implications

- 6.1 This final chapter draws together general conclusions and lessons that can be derived from across the four intervention themes, particularly with regard to the rationales for the interventions in each theme and the outcomes and impacts they generate.

Conclusions

- 6.2 The RDA projects and programmes covered in this review address a diversity of market and other failures and span a wide range of activities, including building business resilience (and helping business capitalise on opportunities in order to build sustainable future-proofed businesses), valuing environmental assets, responding to shocks e.g. flooding, and addressing the need for longer-term economic diversification in rural areas. These projects are on a continuum from core rural interventions which specifically target rural places and businesses, to food and drink interventions which by their nature largely take place in rural areas but impact upon the whole region, through to SCP interventions and responses to shocks which cut across all businesses in the region.
- 6.3 Across the themes it can be demonstrated that:
- In general, the interventions examined have provided a positive return on investment, in many cases at or above appropriate benchmarks
 - interventions focused on cluster and sectoral growth, business support and business resource efficiency have contributed to increased GVA
 - RDAs provided significant leadership and strategic added value
- 6.4 It is difficult to make further generalised or aggregate conclusions across the intervention themes, and so the summary below comments on each theme separately.

Table 6-1: Conclusions and lessons

Theme	
Food and Drink Sectors/Clusters	
Rationale for intervention	<p><i>Positive externalities</i> – the potential for agglomeration economies within the sector and opportunity to improve competitiveness, productivity, local multipliers and social benefits</p> <p><i>Imperfect information</i> – businesses are unaware of the opportunities available to them in the region</p> <p><i>Collective action failures</i> - actions that are in the collective interests of businesses fail to take place because businesses cannot articulate their collective needs, or are unlikely to have the inclination or resource to contribute</p> <p><i>Equity</i> – cluster development in a specific place provides employment and training opportunities</p>
Outcomes and impact	<p><i>Intermediate outputs</i> - introducing new and innovative products, increased skills, new collaborations and partnerships, improved export links and entry into new overseas markets</p> <p><i>Wider, longer-term benefits</i> – these focused on building a collective reputation amongst sector suppliers with potential customers (especially overseas), and developing networks/partnerships to allow firms to share non-competitive information between and across sectors</p> <p><i>Strategic Added Value</i> – RDAs provided strategic leadership for sector development, improved coordination and networking amongst businesses and other organisations in the sector, and</p>

Theme	
influence on the priorities and spending of sector partners and stakeholders	
Sustainable consumption and production	
Rationale for intervention	<p><i>Negative and positive externalities</i> - whereby the longer-term environmental consequences of economic activity are not fully priced into the market, and so resource prices do not reflect the real environmental cost of their use. There are also positive externalities in the opportunities presented by demand for renewable energy and environmental technologies.</p> <p><i>Information failures and risk</i> – businesses lack awareness of, or skills to realise, the potential benefits available from resource efficiency measures. There is also considerable uncertainty and risk around investing in new technologies.</p> <p><i>Co-ordination failures</i> – on the supply-side, whereby business support was un-coordinated</p>
Outcomes and impact	<p><i>Outputs and outcomes</i> – these included intermediate outputs such as businesses supported and skills development, and also downstream benefits of new jobs and businesses created, diversions from landfill and carbon emission savings.</p> <p><i>Wider, longer-term benefits</i> – economic benefits (such as increases in business investment and sales and reductions in costs), and environmental benefits (such as water saved). Also, evidence on changing mindsets within businesses around the opportunity to cut costs/make money whilst reducing environmental impacts, improved process efficiency, entry into new markets and greater networking/information sharing between businesses and supply chains</p> <p><i>Strategic Added Value</i> – RDAs have played a strong leadership role, acted as a catalyst, demonstrated strategic influence to help embed resource efficiency issues amongst businesses and helped to lever funds from businesses themselves in support of resource efficiency</p>
Core rural interventions	
Rationale for intervention	<p><i>Positive externalities</i> –this includes initiatives to ensure rural community/economy sustainability and competitiveness, for example through diversification and boosting demand for agricultural products</p> <p><i>Land and property failures</i> – action planning, supporting long-term viability of market towns and building investor/business confidence in rural locations</p> <p><i>Equity (place-based)</i> – this relates to interventions that ensure people/businesses are not disadvantaged or excluded by where they live, and includes programmes addressing the digital divide, SRB, promoting self-employment opportunities for young people through out-reach support, and ensuring access to Higher Education</p>
Outcomes and impact	<p><i>Outputs and outcomes, and longer term benefits</i> – above and beyond core outputs such as jobs created, businesses supported, land remediated etc, these interventions helped to build networks, infrastructure and capacity for business development, improve the coherence of business support services and their take-up, and improve HE participation rates. The intervention also helped to fill the digital divide in peripheral rural areas more effectively and quickly than would otherwise be the case</p> <p><i>Strategic Added Value</i> – RDAs have demonstrated leadership and catalytic functions, for example by identifying and piloting specialist forms of business support, and raising the profile of broadband need in rural areas. Influence and leverage has also been exerted, for example by creating positive conditions for private investment, and RDAs have co-ordinated networks/multi-agency working in pursuit of rural development priorities.</p>
Response to shocks	
Rationale for intervention	<ul style="list-style-type: none"> <i>Equity/distributional failures (place-based)</i> – the 2007 floods disadvantaged businesses based on where they were based. In the case of FMD, firms were disadvantaged by their location and the sector in which they operate (i.e. agriculture). <i>Negative externalities</i> – the RDA interventions aimed to reduce the extent of negative externalities associated with the economic impact of the floods, and reduce the external costs incurred by businesses <i>Imperfect information</i> – lack of information, skills, capital and confidence and risk aversion amongst rural businesses to invest in diversification and restructuring away from agriculture and tourism in the medium- to long-term
Outcomes and impact	<p><i>Outputs and outcomes</i> – given the nature of these interventions, the core output delivered was businesses supported, but the projects also created jobs and businesses, enabled skills development, safeguarded sales, levered investment (public and private), created new/upgraded floorspace and generated public realm improvements</p> <p><i>Wider, longer-term benefits</i> – in addition to the outcomes above, the interventions also encouraged</p>

Theme
more firms to develop a flood plan, restored confidence after the crisis, and – in the case of FMD – helped to strengthen the economic base to ensure future resilience and self-sustainability. <i>Strategic Added Value</i> – RDAs demonstrated strong performance in providing strategic leadership in the face of major crises, and effective strategic influencing, leverage and co-ordination capabilities. They were able to generate co-operation and partnerships between funding partners (in the case of FMD) and act “quickly and decisively” to mobilise the support of all affected local partners (in the immediate aftermath of the floods). In both types of crises, the RDAs were commended for their high level of engagement with and understanding of rural business needs.

Source: Evaluation reviews

Implications and lessons for future interventions

6.5 The evaluation evidence reviewed for this report suggests that interventions work best where there is:

- dedicated resource to intervene where failures or gaps exist in the market and/or mainstream service provision (for example in services, FE/HE provision) in rural areas, leading to distributional/equity failures, or where flexible resources are available to provide a rapid response to shocks
- strong leadership, direction and credibility – especially in response to shocks, raising the awareness amongst businesses of the SCP agenda and benefits of resource efficiency, and identifying long-term rural development needs and opportunities, promoting intelligence and knowledge sharing through networking to help align partners objectives and reduced duplication, and influence the scale and nature of partner funding, activities and outputs in rural areas
- mutual understanding and clarity about the respective roles of partners and stakeholders especially where economic geography cuts across administrative boundaries and/or partners’ boundaries are not coterminous
- engagement of the private sector and influential partners, and links with mainstream providers of business support to influence mainstream agendas and practices, which are all essential for longer term purposes - in addition, quality and continuity of membership of programme management boards, including from the private sector, are important (particularly where shocks lead to a need for longer term restructuring).
- collaboration in marketing the vertical supply chain
- external specialist advice is sought to inform the selection of particularly innovative projects for funding
- dissemination and utilisation of good practices across the regions (for example in SCP), and co-ordinated responses across regions (e.g. in response to shocks)
- strategic and transparent commissioning of projects, and highly targeted interventions towards greatest need to ensure significant net impacts

6.6 In evaluating these kinds of intervention, recognition of the counterfactual (and associated long-term implications) is important, especially in programmes such as SCP and responses to

shocks which take preventative action and where the cost of doing nothing would be significantly higher. Furthermore, many of the projects were successful in addressing clear market and equity/distributional failures, and in their ability to generate strategic added value which is not captured in GVA assessments but are nonetheless important - especially over the longer term.

Annex A: Case studies

A.1 In this Annex, we present 17 case studies of projects/programmes across the four Defra themes and the region's RDAs, which were selected using the following criteria:

- Scale and nature of outcomes – qualitative and quantitative – that relate to Defra's priority areas of interest:
 - Economic role of Defra
 - Good resource management – water, land, food etc
 - Long-term risk mitigation and resilience – protecting the economy and environment, and de-risking growth in the future from environmental change
- Evidence of joining up environmental and economic aims
- SAV delivered by the RDA, collaborative working across RDAs
- Good practice – what works and why, and positive learning lessons (for example, how to best set up projects to maximise additionality)
- Coverage across the RDAs and themes.

A.2 Following an initial review of all the evaluation reports included in this exercise, SQW produced a list of case studies which were subsequently agreed with the RDAs. These are as follows:

Table A-1: Selected case studies

Title	RDA	Theme
Clusters	AWM	Food and drink sector
International Agri-Technology Centre (IATC)	AWM (lead RDA)	Food and drink sector
Sustainable consumption and production	EEDA	Sustainable Production and Consumption
Rural business support	EEDA	Core rural intervention
Sustainable farming	<i>emda</i>	Food and drink sector
Rural strand	<i>emda</i>	Core rural intervention
BREW	NWDA	Sustainable Production and Consumption
Project ACCESS	NWDA	Core rural intervention
Sustainable use of natural resources	SEEDA	Sustainable Production and Consumption
Gloucestershire floods	SWRDA	Response to shocks
Rural renaissance	SWRDA	Core rural intervention

Title	RDA	Theme
Investment in the food and drink sector in the SW	SWRDA	Food and drink sector
Eden Project	SWRDA	Core rural intervention
Floods response	YF	Response to shocks
Investment In Clusters Initiative	YF	Food and drink sector
Resource efficiency	YF	Sustainable Production and Consumption
Broadband Programme	YF	Core rural intervention

AWM – Clusters

- A.3 Cluster development programmes have become a key feature of regional economic development strategies over the last fifteen years. In the West Midlands clusters, alongside regeneration zones and high technology corridors have become one of the three key mechanisms that AWM is using to pursue and deliver the Regional Economic Strategy.
- A.4 The business clusters identified for the West Midlands were across ten broad sectors - of relevance to Defra are the Food and Drink and Environmental Technologies sectors; food and drink was viewed as an established business cluster that could be modernized and diversified for full regional economic benefit whilst Environmental Technologies was seen as a growing cluster which should be supported in its development by the RDA. The programme therefore falls under Defra’s remit with regards to the food sector and sustainable consumption and production and is relevant to emerging Defra policy concerns surrounding the integration of economic development with environmental and social benefits in rural areas and more generally and good resource management in the allocation and use of natural resources – in this case food.
- A.5 In the region’s second economic strategy *Delivering Advantage*, clusters were credited with the ability to disperse ‘know-how’, in turn, helping to generate growth. It identified a wide range of benefits expected to occur as clusters develop, namely:
- Increasing employment opportunities with a target of creating and safeguarding 35,000 jobs;
 - Supporting new and existing businesses (a target of 16,000); and
 - Facilitating vocational qualifications (with a target of achieving 22,000 by 2010)
- A.6 Within each identified cluster there have been different projects aimed at maximizing the economic benefit of the industry. In the Food and Drinks sector The West Midlands Food Partnership’s has helped develop new product development grants, resource efficiency clubs, a market/technical information service bite sized skills and an innovative schools and hospitals healthy snack. In addition, the Heart of England Fine Foods (HEFF) project worked with suppliers to promote regional food and drink. The environmental technologies sector and

and strategy and helped shape regional and national policy. Strong co-ordination of business/industry engagement has been achieved across clusters.

- A.10 One of the key lessons emerging from the clusters was that where it had worked well there was evidence of a good mix of individuals, strong direction and credibility and engagement of the private sector.
- A.11 Of the 18 report recommendations there are several which resonated particularly with the cluster managers. These include maintaining the COG leadership and focusing efforts on high impact interventions as well as working with influential partners and enhanced marketing and communications – if these can be taken in to account the cluster programme can help fulfill its promise and goals of contributing significantly to the long term economic development of the region.

AWM - International Agri-Technology Centre

- A.12 The International Agri-Technology Centre (IATC) was launched in 2003 by a partnership of national and regional organisations including Advantage West Midlands (AWM). The Centre provided a national resource to promote UK skills and expertise in the agri-technology sector. The IATC acquired Defra’s former role in promoting UK produce, and acted as the inward trade and investment arm of the sector on behalf of UKTI. Strategically, the focus of the IATC was on the high technology and high value end of the sector as well as the positioning of resources with identified UK strengths and target markets.
- A.13 The Centre aligns with Defra’s food and drink sector thematic focus but also with the Department’s emerging policy concerns around the integration of economic development with environmental and social benefits in rural areas and more generally.
- A.14 The core objective of the IATC was to ‘enhance the competitiveness of the UK agri-technology, sciences and related sustainable technologies sector through overseas trade and investments and by attracting a continuing high level of quality foreign direct investment’. Regionally, the IATC sought to deliver against the respective Regional Economic Strategies (RES) of its stakeholders and engage with, and support, businesses in partnership with regional international trade teams. As such, the Centre provided, amongst other things: advice and information to businesses; specialist technical and industry knowledge; a team of industry specialist advisors, sectoral representation at trade shows; and promotion of the UK’s capabilities in the agri-technology sector.

Key facts

RDA Investment: £437,264	
Outputs and outcomes	
Jobs created and safeguarded	6
Businesses supported	89

- A.15 The IATC successfully delivered benefits directly to beneficiaries but also to the agri-technology sector as a whole – all of these benefits were largely additional in nature. In terms

of the immediate business benefits, **assistance** across a number of different areas including horticulture and environmental science and the dairy sector was delivered. The Centre also facilitated **access to, and understanding of, new markets** and the development of **contacts and networks** which firms would otherwise have struggled to tap into. However, commercial businesses were not the only beneficiaries. Research and education institutes, charities and wider industry consortiums were also supported. Given the IATC's focus on initial **business development** few impacts have been generated to date in terms of increases to firms' turnover, job creation and GVA. However, such impacts are expected to result over the coming five to ten years.

- A.16 In terms of the impact on the sector as a whole, the Centre also successfully facilitated the **development of export and target markets**, provided a source of **sector related technical expertise** and acted as an agent for **networking and signposting**. Overall, the IATC has facilitated **trade growth and commercialisation** by breaking down barriers across the sector. Further, it has enhanced UK's **reputation** which has enabled UK firms to enter previously inaccessible markets.
- A.17 AWM has successfully generated Strategic Added Value (SAV) through the IATC in two main areas:
- **Strategic leadership and catalyst** – from the outset AWM recognised the potential for, and encouraged, the development of the agri-technology sector. Consequentially, strong buy-in from stakeholders located in the West Midlands was secured.
 - **Strategic influence and leverage** – monies from AWM helped draw in funds from other Regional Development Agencies (RDAs) such as the East and South East of England RDAs as well as Campden BRI. However, the potential for AWM to lever in further funding exists.
- A.18 Overall the IATC is well regarded and highly influential nature. Given this, the programme should continue to address the identified a market failures – imperfect information and competition – going forward. The activities of the programme need to be viewed as two-fold. The IATC should be seen not only as the trade and investment arm of the UKTI but also as the developer of an emerging sector. Although this second element requires backing at the national level, AWM has the opportunity to bring together RDAs to aid the expansion of the sector. In addition to this, the following are also recommended:
- Development of a sectoral baseline through which to track progress over time linked to the goals for the agri-technology sector.
 - Development of appropriate monitoring frameworks to capture traditional and non-traditional outputs such as the development of sector expertise.
 - A review of the IATC's monitoring systems in order to provide an estimate of GVA impacts.
 - AWM should investigate and articulate a development prospectus for Stoneleigh Park which would help develop a cluster of activities related to agri-technology in the locality.

- Investigate the potential for programme funding from RDAs which would allow those RDAs with interests in the sector to drive forward development.
- Ensure the focus of the IATC remains clear in an evolving policy environment.

A.19 The IATC also demonstrated good practice in the following areas:

- Provision of industry specialists and expertise that the IATC drew upon was essential to the development of the sector.
- Movement up the value chain in conjunction with Campden BRI and HEIs worked well.
- Sector visits abroad and market visit reports focused attention on the sub-sector's competitive edge.
- Clarity in the International Trade Forum – meetings worked well and nobody else provided sectoral coordination.
- Seminars provided were beneficial although there were many interests and securing the engagement of senior people was a challenge.
- The IATC successfully kept a stable and reliable core team allowing industry knowledge and relationships with specialists to be built. It also aided the establishment and development of key export markets.

EEDA - Sustainable Consumption and Production

- A.20 The East of England Development Agency (EEDA) funded a number of initiatives from 2002/03 to 2006/07 whose core focus was on Sustainable Consumption and Production (SCP). Three main programmes were provided with monies from EEDA: the Business Resource Efficiency and Waste (BREW) and Carbon Reduction (CRed) programmes; and Renewables East.
- A.21 EEDA's SCP agenda aligns with Defra's policy concerns around the management and mitigation of long-term environmental and other risks and resilience – protecting the economy and environment, and de-risking future economic growth from environmental change.
- A.22 In terms of aspirations, in this domain EEDA's were two-fold. Firstly, the Agency sought to increase capacity in both the renewables sector and the environmental goods and services (ESG) supply chain and support the development of associated markets. Both elements intended to deliver long-term economic growth. Secondly, the 'bundle' of programmes aspired to increase awareness and take-up of measures which would achieve greater resource efficiency across the business community – thereby delivering a low carbon economy. Essentially, EEDA addressed market failures centred on imperfect information.
- A.23 A range of activities were funded by EEDA to realise their ambitions and address this market failure:

- BREW – delivered both supply and demand side interventions by assisting firms to firstly, diversify and grow in the renewables/EGS sectors and secondly, to improve their resource efficiency and/or waste management.
- CRed – supported businesses with demand side aspects to improve resource efficiency.
- Renewables East – supported the development of the renewables market through policy development and capacity building activities.

Key facts

RDA Investment: £3.2 million	
Outputs and outcomes	
Jobs created	23
Businesses created / supported	9 / 574
Skills assists	313
Carbon emissions savings	30,000 tonnes
Expected diversion from landfill	116m tonnes
Value for money ³³	
For every £10,000 of RDA expenditure in SCP activities:	2/5 of a job
	£25,100 increase in turnover per annum (pa)
	£17,800 of business investment
	£5,400 cost saving pa
	90 tonnes of carbon dioxide reductions
	370 tonnes of waste diverted from landfill.

A.24 EEDA's SCP activities have generated significant outcomes both economic and environmental in nature. Indeed, the three programmes have caused an **expansion of firms' turnover** of around £7.7m per annum (pa) whilst businesses invested a minimum of £3.8m in the **development or take-up of environmental technologies** and two companies were supported to implement the systems needed to gain an ISO 14001 standard for environmental management systems. More widely, **costs savings** of over £1.7m per annum were made along with minimum **carbon savings** of 30,000 tonnes and 116m tonnes of **waste diverted from landfill**. Perhaps most significantly, the initiatives supplied with EEDA monies have gained a **positive reputation** on a national, and in the case of CRed international, scale – a considerable achievement given the small amount of funding injected into the 'bundle' of projects.

³³ The return on the RDA's investment in terms of GVA is not available.

A.25 Positively, the SCP initiatives funded also generated significant Strategic Added Value (SAV) across a range of functions. This was particularly the case for Renewables East whose inherent focus was the development of policy and capacity building. Some instances of the delivery of SAV across EEDA's SCP agenda are presented:

- Renewables East – **engaged** local authority teams in the renewables generation agenda; exerted **strategic influence** through establishment of a regional biofuel supply chain; and played a **strategic leadership and catalytic** role through contributions to the development of the Regional Economic, Spatial and Waste Strategies.
- CRed – CRed's carbon calculator is world renowned whilst the CRed model has been adopted across the globe e.g. CRed Japan and China thereby evidencing **strategic leadership**.
- BREW – exercised a **leadership and catalytic** role through contributions to the development of improved regulation to support the progression of the waste and renewables markets.

A.26 **Organisational learning** within EEDA itself is a further and particularly significant outcome. Delivery of this menu of initiatives, within an economic development agenda, has expanded the Agency's capacity to address the imperatives associated with the SCP agenda and develop relationships with regional centres of expertise. In addition, EEDA's responsibility for Defra within the RDA network has ensured its position as a primary contributor to the national sustainable consumption and production policy development agenda.

A.27 The successes of the SCP initiatives result from a number of instances of good practice. Indeed, the support provided by the Agency to local centres of excellence and the use of proven delivery mechanisms catalysed significant activity which, in some cases, became self sustaining.

EEDA Rural Business Support

A.28 Rural and agricultural businesses are well recognised as core contributors to the East of England's economy. Their vitality has been supported by the East of England Development Agency (EEDA), from 2002/03 to 2006/07 through four programmes: Agricultural Diversification in the Eastern Region (ADER); the Eastern Region Food Initiative (ERFI); Rural Gateway (GATEWAY); and Food and Rural Economy Development (FRED). Although each programme was distinct in nature, their common focus was the improvement of business support provided to the agricultural and food sectors and rural areas.

A.29 The interventions contained within this 'bundle' of EEDA's activity are in alignment with Defra's food and drink sector and rural economies themes. They also ally with the Department's emerging policy concerns around integrating economic development with environmental and social benefits in rural areas and more generally.

A.30 Through delivering these initiatives EEDA addressed those market failures associated with imperfect information. More specifically, EEDA took the lead in the development of new

approaches which were to be implemented through ‘mainstream’ programmes. The Agency also sought to bend European funds towards regional priorities and to prime farmers and other rural entrepreneurs with the knowledge and skills required to make the best possible use of the range of funding and mainstream support available.

A.31 Although each programme delivered on a common theme the activities undertaken by each were unique:

- ADER – provided farmers with a coordinated and intensive range of skills development and business support services. EEDA’s monies helped build on initial collaborative working to establish a region-wide, integrated form of businesses support in line with the needs of the farming sector.
- ERFI – activities focused on the creation of a regional platform for the food and drink industry to pursue those priorities set out in the regional sector strategy. Processing and food chain industries, as opposed to primary producers, were the prime targets of this intervention.
- GATEWAY – this programme’s key function was to transfer specialist support provided by programmes such as ADER into mainstream support services provided by Business Link. This initiative allowed mainstream business support to engage with, and meet the needs of, farm and rural business people.
- FRED – delivered activities which responded to the priorities identified in the region’s food and drink strategy. The intervention: pushed the best performing parts of the region’s food and drink industry to take advantage of global opportunities; and demonstrated how emerging environmental constraints on land-based businesses could be successfully managed.

Key facts

RDA Investment: £2.8 million	
Outputs and outcomes	
Jobs created	165 full-time / 343 part-time
Businesses supported	1,892
Skills	1,191
Value for money³⁴	
Cost per net job	£17,000
Cost per net business assist	£437-£2,177
Cost per net skills assist	£1,569-£2,665

A.32 Those rural business support programmes funded by EEDA achieved an impressive level of **penetration** into food and farm businesses. For instance, ADER beneficiaries represented

³⁴ The return on the RDA’s investment in terms of GVA is not available.

over half of farm businesses in the East of England. Evidentially, EEDA also **filled a gap in the market for specialist forms of business support** given that almost 2,000 businesses were assisted. More widely, the initiatives induced a growth in **business turnover** in excess of £5 million whilst two **key sector groups were assisted** (an additional four were forecasted to be provided with support). Overall, **superior information delivered improvements in business performance**.

- A.33 One of EEDA's core aims was to bend funding from other programmes towards those regional and rural priorities set by the Agency and its partners. Given that ESF funding represented over half the total project spend significant **leverage** was achieved. The interventions also exerted significant positive **influence** on the regional implementation plan for the 2007-13 RDPE:
- the focus on skills and training activities is directly attributable to lessons learned from projects within the FRED
 - RDPE funding will support approaches piloted by EEDA's previous interventions.
- A.34 Further Strategic Added Value (SAV) has been delivered through actions to **mainstream** rural business support approaches. There has though been the need to complement mainstream support with bespoke interventions such as targeted intervention to help reduce and manage demand from agro-food businesses facing water shortages. Finally, an impressive amount of **partnership working** has been stimulated – EEDA successfully utilised existing regional public sector capacity and took an increasingly **strategic** role though attempts to create joint-working arrangements and to establish coordination mechanisms for food and drink promoting bodies.
- A.35 Delivery experiences suggest that those projects which **enhanced coordination, reduced duplication** and enabled **effective strategic planning** were profitable in terms of delivering outcomes.

emda Sustainable farming

- A.36 In order to influence the vitality and long-term sustainability of the farming and food supply chain the East Midlands Development Agency (*emda*), in 2006, introduced the Collaboration in the East Midlands Food Chain Programme. The programme's activities covered three commodity sectors – combinable crops (including biofuels), red meat and fresh produce – and were delivered by the English Farming and Food Partnership (EFFP).
- A.37 The initiative aligns with Defra's food and drink sector theme but also with the Department's emerging policy concerns around good resource management in the allocation and use of natural resources which includes food.
- A.38 In relation to objectives the programme aimed to develop more customer focused, collaborative supply chains for the regional food and farming sector. Although the actions undertaken across the three different commodity sectors all worked towards this core objective each had distinct set of objectives and consequentially delivered a unique set of activities. For instance:

- Combinable crops – sought to strengthen producer supply chains with key processors and retailers through the development and promotion of Centralised Grain Storage as opposed to farmers supplying the market through millers. The biofuels sector for farmer collaborations was also stimulated.
- Red meat – concentrated on: the establishment of effective supply chains with producers and processors; increased joint working between farmers to exploit new markets; and generation of demand for local and regional produce. Red meat related activities mainly focused on the beef sub-sector.
- Fresh produce – focused on expanding the market for fresh produce particularly through public procurement contracts. Activities included establishment of a Fresh Produce Forum and provision of assistance to key collaborations in the identification of new markets for growers (particularly public sector procurement).

Key facts

RDA Investment: £170,000	
Outputs and outcomes	
Businesses assisted	398
New business collaborations	8
Skills	166
Turnover generated per beneficiary business	£17,800 per annum
GVA generated per beneficiary	£5,000 per annum
Return on investment³⁵	
For every £1 of RDA spend £10 GVA per annum was created	

A.39 The RDA had substantial success through this programme with regards to **assisting businesses** and supporting people with **skills development**. The initiative also helped **businesses collaborate** and **increased firms' confidence** that investments in collaborative arrangements could secure long-term benefits. **Enhanced resource utilisation** was an additional outcome of an increased number of business collaborations. More widely, anecdotal evidence suggests that the collaboration programme had enabled firms to secure **additional sales, reduced costs** and **increased prices**. In sum this led to an average **improvement in GVA** of £5,000 per annum. However, although the programme delivered improvements in sales and productivity it was less successful in terms of helping smaller suppliers compete with the large processors and supermarkets.

A.40 Overall, the initiative added a good amount of value – the majority of activities supported by *emda's* funds would not have happened otherwise. For each business assisted the benefits equated to an impressive £17,800 **increase in turnover** per annum. In terms of the return on

³⁵ No explicit value for money statistics are available

the Agency's investment, a total of £2 million in GVA was generated by the programme – implying a **return of £10 in GVA for every £1 of *emda* monies** spent.

- A.41 The Agency's provision of support to EFFP has been the channel through which *emda* has primarily generated Strategic Added Value (SAV). More specifically, *emda's investment in EFFP* created the potential to add further value by closer working with food and farming communities. For example, one of EFFP's objectives was to 'improve the profitability and sustainability of businesses within the food and farming sector' – *emda's monies* allowed an increased focus on this objective within the East Midlands region. Further, *emda* was responsible for delivering the Regional Delivery Plan for Sustainable Farming and Food and led on 13 of the 25 identified projects thereby providing and delivering **strategic leadership and influence**. Finally, on a regional level, the programme encouraged increased **information sharing and improved communication**.
- A.42 The collaboration programme also generated wider added value. For instance, **strategic influence** was exerted to link regional cereal producers and the national 'farmer controlled business' Network Grain. A lead role was also been played with regards to **engaging** key national and European clients in the supply chain through the delivery of presentations.
- A.43 Overall, the programme was well conceived and an effective approach was initiated and implemented by *emda* which succeeded in stimulating the supply chain. The programme's impacts could be further extended through continued investment in collaboration, stronger efforts to address the relevant market failures in some sectors, penetration of the large areas of the region untouched by the programme and further integration with the Business Link offer.

emda – Rural Strand

- A.44 Rural development was one of 12 strands of the East Midlands Regional Economic Strategy (RES, 2003) which the East Midlands Development Agency (*emda*) would assist the region in addressing. Under this theme work was undertaken in relation to: boosting demand for the region's agricultural products; business support; rural skills development; property development; and rural service delivery. In addition, *emda* inherited ERDP in October 2006, and the Countryside Agency's Modernising Rural Delivery programmes were moved to *emda* in 2005.
- A.45 This programme of interventions is in alignment with Defra's rural economies and food and drink themes and with the Department's emerging policy concerns around integrating economic development with environmental and social benefits in rural areas and more generally.
- A.46 Defra's core aim was to 'reduce the productivity gap between the least well performing rural areas and the English median'. Pursuit of this overarching objective led *emda* to implement food and drink related initiatives, programmes to support ICT adoption and connectivity, skills development projects and commercial, housing, tourism accommodation and attraction development related property developments. Rural services around transport and public services were also delivered.

Key facts

RDA Investment: £24.3 million	
Outputs and outcomes	
Net construction years of employment	277
On-going net additional jobs	677
Businesses assisted to improve performance	595
Public / private sector infrastructure investment levered	£660,081 / £1,238,204
Value for money and return on investment	
GVA	£6.6m per annum based on the 277 net construction years of employment generated £23.6m of on-going GVA based on the 677 net on-going additional jobs
For every £1 of <i>emda</i> spend on training projects beneficiary earnings rose by £0.13pa leading to £0.1m in productivity gains.	

A.47 Activities delivered by *emda* under the rural development strand have generated a wide range of outputs and outcomes. In addition to those **jobs** and **construction years of employment** created a number of **businesses were assisted** and **infrastructure investment** levered in. In addition, **land remediation** outputs were delivered (18ha) whilst a substantial amount of **floorspace** was created or refurbished for employment use (30,250m²) and housing (536m²). Further to these hard economic outputs and outcomes easily captured by monitoring frameworks, a range of additional ‘softer’ benefits were generated by *emda*. Such benefits are illustrated via the following examples:

- LSEP Access to Services Programme – **sustained rural communities** by increasing residents’ **confidence** that rural areas can offer a sustainable future due to the **retaining of essential services**.
- Mayfayres in Market Towns – increased **business confidence** in market towns and **refurbished** a number of retail outlets.
- Rural Community Catalyst Fund – increased **local skills and experience** to develop funding applications and manage public funds. **Community participation** was also stimulated and **fear of crime** tackled.

A.48 The majority of the outputs and outcomes delivered by *emda* are additional in nature. Indeed, over half of the projects would have struggled to, or would not have gone ahead, without *emda*’s monies. In sum, the menu of programmes generated £6.6 million in **GVA** per annum and an additional £23.6 million of on-going GVA.

A.49 *emda* also generated a range of Strategic Added Value (SAV) outcomes through support for the rural development suite of programmes:

- **Engagement** – stakeholders were effectively engaged particularly through the development of successive versions of the RES.

- **Strategic leadership and catalyst** – clearly demonstrated through the *emda's* engagement of partners through the East Midlands Rural Affairs Forum (EMRAF) and Regional Rural Action Plan.
- **Strategic influence** – *emda* has, positively, formed relationships with partners to achieve shared goals. For instance, *emda* demonstrated strong commitment to funding 13 out of the 25 projects arising from the Regional Sustainable Farming and Food Action Plan.
- **Leverage** – *emda* has successfully levered in funds from partners as set out previously.
- **Synergy** – this has been achieved, for example, through partnership engagement with EMRAF and the resources provided by *emda* to produce the Regional Rural Action Plan.

A.50 Overall, the programme of activities was deemed to have been delivered with economy and therefore achieved good value for money. However, given that many of the projects funded were small scale it may be the case that the cost of delivering outputs is higher than it would have been in urban areas.

A.51 The interventions have successfully added to mainstream rural development funding by targeting interventions at gaps in mainstream provision and combining spend with partners to enhance effectiveness and impact. In addition, many of the projects will generate medium and longer term benefits. The future effectiveness of the initiative will be further enhanced if all projects are designed to ensure that such benefits are secured and sustained.

NWDA - BREW

A.52 The BREW (National Business Resource Efficiency and Waste) Programme was a three year programme beginning in 2005 conceived as a response to new UK legislation and taxation on business waste and recycling.

A.53 The programme was developed by Defra in order to return additional landfill tax receipts to businesses to support improvements in the areas of waste management and resource efficiency. The programme falls under Defra's remit with regards to sustainable consumption and production and is relevant to emerging Defra policy concerns surrounding environmental protection and de-risking growth in the future from environmental change. All the Regional Development Agencies (RDAs) received funding from Defra for coordination and communication of the delivery of the BREW programme within their own regions.

A.54 In the North West the NWDA managed the programme alongside regional partners and stakeholders, with the emphasis very much on the role of regional coordination.

A.55 The main objectives of the BREW programme therefore were to:

- return additional Landfill Tax receipts, (post-April 2005), to business in a way that supports businesses in improving their resource efficiency and waste management;

- support sustainable development by assisting businesses in minimising the impact on the environment through improved resource efficiency, while increasing their competitiveness; and
- assist business resource efficiency through a variety of means including: advice and support, direct incentives, removing barriers, and support for the development and use of innovative technologies.

A.56 In line with these objectives, six areas of programme activity were identified across each region these were:

- Coordination of regional activities- Acting as the central coordination point for BREW activities within the Northwest region to ensure delivery bodies are not overlapping in the type of advice and support they provide to business and to ensure that businesses are not approached in a haphazard manner.
- Regional publicity and promotion - Working with regional and national partners to ensure the BREW Programme in the Northwest is communicated effectively to organisations within the region and that businesses know where to go for the support they need.
- Identification of synergies and gaps - Act as the central coordination point to enable synergies to be identified and bodies/programmes brought together where appropriate.
- Commissioning of joint activities - Work together with regional and national partners to commission joint initiatives, which support the NWDA's coordination role under the BREW Programme, including commissioning of strategic regional projects.
- Monitoring and reporting - Provide consistent monitoring in the region to ensure businesses are getting a good service from the BREW Programmes being delivered.
- BREW facilitation - Deliver consistent coordination and management of the RDA BREW Programme in the Northwest.

A.57 As the same activities were identified across the RDAs, the overall success of the scheme at national level can be measured as well as the comparative success of the programme regionally.

A.58 The headline net outputs of the programme and its cost-effectiveness are shown in the table below.

RDA Investment: £3.6 million		
Outputs		Outcomes
Jobs created	117 (44 created, 73 safeguarded)	Turnover per annum
Businesses created / supported	1 created, 162 supported	Employment

Outputs		Outcomes	
Carbon emissions savings	20,000 Tonnes	Cost savings	£15 million
Waste diverted from landfill	546.4 Tonnes	Businesses engaged in new collaborations with UKL knowledge base	18
Value for money		Return on Investment	
Every £1 invested in the BREW NW Programme has delivered a saving of £4.21 for the Northwest economy.		Achieved GVA: cost ratio 2.5	

A.59 In addition to these quantified achievements there were wider outcomes and impact such as:

- Businesses can monitor their waste arising through the On-Line Toolkit.
- Businesses can receive advice and guidance on all environmental matters through Environment Connect.
- Businesses can receive assistance to expand markets and enter large organisation's supply chains through the Centre of Excellence Project.
- Businesses can access R&ED support through the Centre of Excellence Project
- The BREW NW Programme has raised awareness of issues such as fly tipping, sustainability/resource efficiency and relevant legislation. It has given the Northwest a collective regional responsibility for resource efficiency. The Programme has also demonstrated the economic value of resource efficiency and started to convince businesses that they can make money and reduce environmental impact by being more resource efficient.

A.60 The strategic added value of the intervention for the RDA is also shown by:

- Strategic leadership: Working at the regional level the NWDA is the only body that could have took this Project forward. Nevertheless, there was also a need for the NWDA's staff to shape the Programme in-line with the characteristics and to display strong and clear leadership. This has been achieved and many of the consultees we spoke to recognise this and see the removal of BREW funding as a retrograde step by the government.
- Strategic influence: The coordination role of the NWDA has displayed a great deal of strategic influence and encouraged a range of partners already active in the resource efficiency field to come together and unite under the BREW banner. In this way, the NWDA has been able to influence the interventions that have been made and steer the policy agenda for the future.
- Synergy: Supporting development of the Online Toolkit and subsequently allowing this to be taken up and used by other RDAs has displayed a good approach to synergy

at the sub-national and national level. A standardized output measurement framework that is adopted across the country will allow for greater synergy in measurement and assessment of outputs as well as enhancing the profile and importance of monitoring.

- **Business Resource Efficiency:** The Northwest has the second greatest potential savings to be made in this field and the BREW NW Programme has assisted in attaining 15 per cent of the available savings. This is an excellent performance over the three year period of the Project when some of the time would have been dedicated to project establishment and development as well as implementation. There is much more to be achieved and the momentum of the Project is important to be carried forward as much as possible post April 2008.

A.61 According to the evaluation evidence, the project has, been particularly effective in raising the profile of the business resource efficiency agenda regionally and in supporting a supra-regional approach to national policy objectives. The NW Programme has developed a monitoring toolkit widely recognised as best practice and adopted by other regions. It has also had part of its intervention mainstreamed into the work of Business Link and this is again an element of best practice that should be applauded.

A.62 In terms of the future development of the programme, it is recognised that the need for promotion and marketing has changed since the initial BREW funding was provided. Firms now better understand that being green can also be profitable and good for business as well as the environment. As a result, the promotional messages need to move on and/or markets segmented to reflect their specific promotional and support needs.

NWDA – Project ACCESS

A.63 In 2004 the North West Regional Development Agency (NWDA) commenced delivery of the Advanced Communications for Cumbria and Enabling Sustainable Services Project (ACCESS). The project addressed the digital divide between Cumbria and parts of North Lancashire and the rest of the North West. This was principally done through delivery of broadband services to ensure a world class telecommunications system.

A.64 The project aligns with Defra's rural economies theme and with the Department's emerging policy concerns around integrating economic development with environmental and social benefits in rural areas and more generally.

A.65 The core aims of the project were two-fold. Firstly, project ACCESS aimed to enable the provision of a high quality broadband service in Cumbria to aid both public and private beneficiaries. Secondly, the initiative sought to deliver positive economic and social benefits to Cumbria's residents through the provision of a broadband service. Overall, improvements in broadband access and take-up in Cumbria and parts of rural North Lancashire were intended to enhance economic competitiveness.

A.66 In line with these objectives the NWDA provided capital investment to enable 14 exchanges to be activated (approval of the project encouraged BT to undertake the enabling of a further 80 exchanges) and aided the deployment of key fibre and radio infrastructure. In addition,

revenue monies were provided to enable a marketing team to work with businesses to ensure maximum take-up and exploitation of broadband services.

Key facts

RDA Investment: £19.8 million	
Outputs and outcomes	
Jobs created	1,128 (plus a further 3,842 projected)
Access to broadband	99.8% of Cumbria and North Lancashire's population and business population have access
Broadband service coverage	95% of businesses and private citizens (>2mbps)
Public sector buildings connected	427
Value for money and return on investment	
GVA	£38.2 million per annum
Total gross public sector cost per gross direct job	£6,851
Total gross public sector cost (job related) per net additional job	£7,593

A.67 Project ACCESS has successfully developed the **broadband infrastructure** across Cumbria and parts of North Lancashire. As a result some 1,128 **jobs** have been created with further employment creation forecast for the future. Such job creation has delivered **GVA** benefits of £38 million per annum. In addition to these quantifiable 'hard' economic benefits, the intervention has also resulted in more intangible impacts, namely:

- **Rural renaissance** – the project positively impacted on agriculture and tourism businesses. Indeed, tourism firms reported increased sales whilst broadband access allowed home working to increase thereby making Cumbria a more attractive place to live and work.
- **Competitiveness** – project ACCESS has levelled the playing field with the rest of the UK in terms of communications infrastructure. However, although this is a necessary condition it is not sufficient to ensure economic competitiveness.
- **Diversification and strengthening the economic base** – some economic restructuring across Cumbria's economy has taken place although the effects of project ACCESS in this respect have yet to be demonstrated.
- **Social inclusion** – broadband adoption has provided the population with a means by which to access mainstream society. However, it is challenging to assess the extent to which this opportunity has been capitalised upon.
- **Image** – Cumbria's image has been enhanced although some issues around connectivity are still evident.

A.68 Despite the considerable outputs, outcomes and impacts of the project demonstrated, the intervention was less efficient than was hoped at the outset in terms of cost per gross and in particular, net job. However, the NWDA, through project ACCESS, has added considerable strategic value. For instance, the Agency successfully acted as a **strategic leader and catalyst** which was backed by strong support from stakeholders. In particular, this enabled partners to articulate their needs. Secondly, the NWDA exerted **strategic influence** over regional businesses by helping them overcoming resistances to technology and by delivering broadband access. In terms of **leverage**, the NWDA's impact was fair in this domain – the introduction of another provider stimulated investments by BT in rural localities. With regards to **synergy**, the Agency's impacts were two-fold. Firstly, a team of experts in the development and implementation of broadband infrastructures was created whilst the marketing team employed encourage take-up. Finally, **engagement** of stakeholders, businesses and the public alike was highly successful. In particular, engagement with businesses was considered to be a core factor in the project's success.

A.69 The project's successes can be characterised as follows:

- no 'digital divide' opened between Cumbria and North Lancashire and other parts of the region and/or nation
- barriers to entry in the localities broadband infrastructure market were overcome through investments
- potential users were informed of the benefits of broadband and subsequently adoption is higher.

A.70 There are also a number of wider policy lessons arising which could be of use in the future. More specifically, some stakeholders felt that broadband access would have eventually been provided in the geography without the intervention. However, the fact that BT did not fund the enabling of 14 access points (subsequently undertaken by project ACCESS) demonstrates the additionality of the initiative. Further, it is felt that the telecommunications network in the area is still not of a world class standard – state aid legislation capped this achievement. Finally, firms need to take a more active role to support the development of skills and expertise to apply ICT technologies in order to fully maximise the benefits of broadband access.

SEEDA - Projects and Partnerships supporting Sustainable Resource Use

A.71 This is a case study of a group of projects and partnerships that SEEDA have supported with the intention of helping sustainable resource use in the South East of England. The projects covered in this case study are numerous and it is not possible to cover all of the objectives of each one, however as a whole, the objectives are reflected in the Regional Economic Strategy priorities discussed below.

A.72 The projects and partnerships are linked to three SEEDA priorities identified in the Regional Economic Strategy (2002-2012). The sustainable use of natural resources is a strategic objectives in the strategy with three sub priorities

- Invest in the environment
- Secure sustainable land management
- Achieving sustainable management of water, waste and energy

A.73 The group of projects and partnerships is aligned with DEFRA’s theme on Sustainable Consumption and Production. It is also aligned with DEFRA’s emerging policy concern on good resource management in the allocation and use of natural resources including water, land, and food.

A.74 The projects are varied in their scope. The key areas of activity covered by the projects include awareness raising, supporting research and feasibility studies, supporting demonstration projects and sharing best practice across regions.

Key statistics

A.75 The table below presents some key facts and statistics on the projects and partnerships supported through the RDA investment. Specific measurable outputs are not available for these projects. Only a small proportion of the projects (29%) have had any direct economic outputs. In addition the evaluation of these projects carried out by GHK concluded that it was not possible to clearly identify outputs and outcomes beyond those that were economically quantifiable due to a lack of explicit detailed rationales.

RDA Investment: £5,816,000	
Outputs	Outcomes
Specific measurable outputs are not available for these projects.	<p>NET GVA outcome (for those projects which have direct economic outputs). £5,782,000</p> <p>Break down by theme:</p> <p>Sustainable management of water and waste: £2,200,000</p> <p>Achieving sustainable management of water, waste and energy: £3,570,000 + £12,000</p>
Value for money/ Return on Investment	
<ul style="list-style-type: none"> • Given the challenge the evaluation experience in estimating impacts from the projects and partnerships, it concluded that it was difficult to identify their relative value for money. • Despite this, the evaluation states that overall benefits from the projects are likely to have been greater than costs. • Net economic impacts were estimated to be £5.788million (excluding qualitative impacts) against an expenditure of £5.8 million. 	

A.76 Again as with outputs, measureable outcomes are limited. However there are outcomes beyond the economic. The projects were found to link environmental benefits to economic benefits. However there is limited evidence of the RDA’s impact on this. More recently SEEDA has established a clearer focus for its activities based around the current RES targets, business and action plans and larger more focused projects which will enable clear outcomes and impacts in the future.

- A.77 The RDA has demonstrated Strategic Added Value through the group of projects. Interviews that were conducted as part of the GHK evaluation reveal that the RDA is highly regarded in promoting sustainable development across the region in particular through the partnerships that it has funded. The key element of SAV which SEEDA has achieved has been through their branding. By supporting environmental projects their name has provided the projects with economic credibility and authority. SEEDA has also shown more specific examples of SAV in projects, for example in particular, the Biodiversity Forum project, where it demonstrated regional leadership of organisations interested in biodiversity. In addition SEEDA demonstrated SAV through progress in investigating and tackling issues in the agriculture sector.
- A.78 There is also evidence that the RDA aimed to contribute to cross regional working through sharing best practice. One of the key planned activities of the projects and partnerships that were funded by SEEDA was sharing of best practice across regions. This was also one of the key aims of SEEDA's priority on the sustainable use of natural resources projects and partnerships. Although it was less successful in this regard than had been hoped, there were useful examples of good practice such as the South East Food Group Partnership representing the region and sharing lessons at national trade shows such as Olympia fine foods fair.
- A.79 In terms of lessons learned, there are two key lessons that can be drawn from the evaluation of the group of projects and partnerships. Firstly in terms of partnerships, a key challenge that has been faced is that they have generally been dominated by the public sector. They have struggled to get business input. The partnerships also recognise this issue themselves and this is a key area in which SEEDA could support them in the future. Secondly, the evaluation states that the RDA needs to develop clear programme logic and well defined objectives. It needs to establish a set of activities that are well defined within the programme logic with a clear monitoring and evaluation framework.

SWRDA Gloucestershire Floods

- A.80 In 2007 severe flooding affected large swathes of southern Britain from mid-June to late July. Gloucestershire was particularly affected with 55,000 homes and 6,000 businesses damaged and significant negative impacts incurred with regards to regional infrastructures and public services. In response to the impact on businesses the South West of England Regional Development Agency (SWRDA) funded three interventions: a Business Recovery Scheme; a Town Centre Recovery Scheme; and a Flood Recovery Campaign.
- A.81 The schemes and campaign relate directly to Defra's response to shocks theme and align with the Department's emerging policy concerns around managing and mitigating long-term environmental and other risks and resilience.
- A.82 Given the nature of the economic shock there was a need for a swift response. to help businesses resume trading as soon as possible and to support marketing efforts to repair Gloucestershire's image and, by inference, to reduce productivity losses and damage to the regional economy.
- A.83 The activities delivered via the three elements comprising SWRDA's response to the floods were:

- the Business Recovery Scheme – grants of up to £2,500 were made available to impacted businesses to aid their recovery. The scheme was administered by Business Link and typically monies were used by firms for marketing, stock replacement, clean up costs and staff time. The grant could also be used to employ business advisory services.
- the Town Centre Recovery Scheme – targeted those regional towns most severely affected by the flooding. A diverse range of projects were supported including promotional campaigns and events in Painswick, improvements to Christmas lighting and the provision of subsidised parking.
- Flood Recovery Campaign – delivered five distinct projects all of which sought to raise the profile of the region. Marketing schemes were administered by Gloucester First in conjunction with local authority district marketing officers.

Key facts

RDA Investment: 2 million	
Outputs and outcomes	
Jobs created and safeguarded	67
Businesses Supported	525
Additional turnover per business	£1,905
Average number of days faster businesses return to trading	3.5
Leverage	£148,000
Value for money ³⁶	
Cost per job created	£29,850
Cost per job safeguarded	£37,900

A.84 In terms of impact, the Business Recovery Grant **enabled businesses to re-start trading** an average of 3.5 days sooner than they would have done otherwise. As a result, **losses to firms' turnover were minimised** – on average, businesses turnover would have been £800 less in the absence of support. Moving to examine the impact of the tourism and town centre initiatives – whose activities concentrated on raising regional retail and tourism spend – on the whole **businesses recovered well** with some tourist attractions reported record years. More specifically, the Tall Ships funded event was highly successful and secured not only immediate but longer-term **increases in footfall**. Overall, the two marketing schemes had a **positive impact on recovery in town centres and the tourism sector**.

A.85 SWRDA also delivered more indirect Strategic Added Value (SAV) impacts, namely:

³⁶ The return on the RDA's investment in terms of GVA is not available.

- **strategic leadership and catalyst** – SWRDA’s response to the shock of the floods was rapid and decisive meaning the mitigation scheme was up and running without delay
- **strategic influence** – the fund positively influenced the behaviour of partners and galvanised partnerships. Both Business Link and Gloucestershire First offered significant resources as a direct result of SWRDA’s influence
- **leverage** – a total of £148,000 was leveraged in mainly from Business Link and Gloucestershire First. However, local authorities and business and volunteer groups also inputted substantial amounts of time
- **synergy** – SWRDA’s physical presence in the Gloucestershire First building enabled maximisation of communication flows and aided a rapid response
- **engagement** – the three partners in the recovery scheme worked together in a highly effective manner.

A.86 In sum, SWRDA’s response was significant particularly in terms of SAV. Further, the mechanisms for delivery worked extremely well and the scale of the response successfully mitigated negative impacts on firms. As such the approach taken ought to be replicated should further crises occur.

A.87 The use of Gloucester First (an established economic development partnership) and the infrastructure of Business Link demonstrate an instance of good practice. This demonstrates the benefits of the RDA working in partnership with a strong sub-regional economic development partnership or agency and the need to put continuity plans in place where such partnerships and the business support infrastructure require strengthening.

SWRDA - Rural Renaissance and Modernising Rural Delivery

A.88 The Rural Renaissance and Modernising Rural Delivery (RR & MRD) programme was one of the South West of England’s Regional Development Agency’s (SWRDA) core rural interventions. The initiative focused on the delivery of economic development projects in rural locations to help communities respond to, and influence, economic change by supporting the development and implementation of sustainable projects. These activities were delivered through seven spatial RR Partnerships which between them covered all the region’s rural areas. Such Partnerships were also the delivery mechanism for Defra’s Modernising Rural Delivery (MRD). This programme sought to improve the delivery of rural services and, in some localities, rural productivity – thereby delivering the 2004 Rural Strategy and Defra’s then PSA 4³⁷.

A.89 Both projects align with Defra’s rural economies theme and impact upon the Department’s emerging policy concerns around the integration of economic development with environmental and social benefits in rural areas and more generally.

³⁷ *Defra PSA 4: Reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008, demonstrating progress by 2006, and improve the accessibility of services for rural people (Defra Target)*

A.90 The RR and MRD programme had three core objectives namely to: create prosperity and employment; improve delivery and access to services; and realise the value of the environment as an economic asset. Two process related aims sat alongside these objectives. Firstly, the initiative was to be delivered by sub-regional partnerships acting with genuine authority and secondly, it was hoped that the programme would be a shared responsibility for rural and economic development as opposed to a mechanism to draw down funds from SWRDA. Turning to MRD, this intervention’s aims were three-fold:

- boost productivity in lagging rural areas
- improve access to services
- enhance delivery capacity.

A.91 In terms of the activities undertaken by the RR programme, projects focused on advice to businesses, skills development, networking groups, community facilities, rural transport, marketing, research, support staff and physical developments. On the other hand, the MRD intervention’s activities centred on delivering improvements in the performance of rural areas with lagging productivity (offering alignment with EU funds), improved access to services and capacity development. In addition, this initiative supported those rural transport initiatives developed by the Countryside Agency.

Key facts

RDA Investment: £16.6 million (71% Rural Renaissance (RR) and the remaining 29% MRD)	
Outputs and outcomes	
Jobs created or safeguarded	929 (RR) / 294 (MRD)
Businesses created	79 (RR) / 2 (MRD)
Businesses supported	5,390 (RR) / 1,120 (MRD)
Skills development	7,219 (RR) / 2,751 (MRD)
Value for money and return on investment	
GVA	£39.2million ³⁸ (RR) £7.2 million (MRD)
Cost per job for every £1 of SWRDA investment	£25,000 (RR) / £17,758 - £18,373 (MRD)

A.92 Evidentially, the two programmes have **created and safeguarded an impressive number of jobs**. A significant number of **businesses support** outputs were also generated leading to increased business turnover, the development of new products, services and supply chains and productivity gains. Further, a considerable number of people were assisted with their **skills development** whilst both programmes successfully **leveraged** considerable funding from both the private and public sectors (£224.6 million) and created over 17,000m² of **workspace**. More intangible benefits also resulted from the programme’s activities. For instance, communities benefited from **enhanced local services and access** to them and greater

³⁸ Accounts for deadweight, leakage, displacement and local multipliers. Figure for MRD does not account for multipliers.

provision of **ICT facilities**, whilst **volunteering** activities were also stimulated. Finally, using the environment as an economic asset also delivered outcomes although there were challenges around reporting these as economic outcomes.

- A.93 Moving to look at value for money, the RR programme generated **GVA of £39.2 million** which was considerable given the total value of SWRDA's investment. Throughout the lifetime of the two initiatives the rural economy has grown – the gap with the urban economy has closed slightly. The two programmes have had a small role in this although there is still a need for further work to be done. In terms of the cost per job to the Agency this ranged considerably between the two programmes. However, both indicate reasonable **value for money**.
- A.94 Strategic Added Value has been successfully delivered by the interventions. Indeed, together they **levered** in a sizeable amount of private and public sector funds to take forward regeneration initiatives. The RR initiative also provided **leadership** with regards to the production of the rural economic development strategy in some areas of the South West as well as the funds to implement it. Further, an important element of the RR programme was the delivery of **strategic influence** through the development and composition of the RR Partnerships. SWRDA developed the **capacity** of those Partnerships already in existence and created capacity where Partnerships had not previously existed. Finally, the **quality** of activities delivered has also improved as a result of SWRDA's investments. As an example, Partnerships were provided with training on aspects such as additionality and State Aid.
- A.95 In terms of lessons learned and instances of good practice these fell under six main headings:
- Relationships – defining the level of shared responsibility for resourcing programmes needs to be clear and agreed between the relevant parties and perhaps formally stated within a memorandum of understanding.
 - Guidance – responsibilities for working with Partnerships should be clearly defined with standardised systems for coordinating all schemes – such as joint working group meetings between scheme managers.
 - Partnership composition – lessons learned by Partnerships which have successfully engaged the private sector should be used to aid the formation of other Partnerships.
 - Targets – a consistent approach needs to be adopted which is sensitive to differing needs across sub-regions and uncertainties in the early stages of projects with targets reviewed periodically – especially as they relate to the use of environmental assets.
 - Scheme capacity – capacity building funding should be included in the early stages of programme development more widely and the potential for follow on programmes should be discussed and established to avoid capacity loss as schemes close.

SWRDA – Investment in the food and drink sector

- A.96 Since 2002 the South West Regional Development Agency (SWRDA) has made a number of investments in the food and drink industry which was identified as a priority sector. Investments were made – in line with the Regional Economic Strategy – to support the

productivity of those businesses operating in the sector, to develop a skilled and versatile workforce and to build trade and investment links to enable businesses to compete internationally.

- A.97 The initiatives align with Defra’s food and drink sector theme and also with the Department’s emerging policy concerns around good resource management in the allocation and use of natural resources including water, food and land.
- A.98 The South West Food and Drink Strategy (SWFDS) was the main driver of investments made in the industry post 2005. Indeed, the interventions delivered impacted upon the following objectives of the strategy: improved communication; the development local sourcing; improved supply chain efficiency; improved basic skills in the processing sector; ensuring processors acquire necessary industry accreditation; support for collaborations between food producers between organisations delivering related initiatives; and increased transparency between sectors in the food chain.
- A.99 The interventions delivered were of three types – supplier development, development of the market and sub-markets and skills enhancement. An umbrella organisation, South West Food and Drink (SWFD), was the accountable body which, between 2002 and 2005, facilitated the development and delivery of the food and drink projects funded by SWRDA.

Key facts

RDA Investment: £5.9 million	
Outputs and outcomes	
Jobs created	710 plus 1,900 potential future jobs
Jobs safeguarded	<5
Value for money and return on investment	
Cost per job created or safeguarded	£3,830
GVA generated through employment gains and productivity gains	£9.9 / £7.6 million per annum
GVA return per annum per 100,000 of SWERDA monies	£600,000

- A.100 Evidentially, the interventions have delivered significant benefits in proportion to the funds provided by SWRDA. To date over 700 **jobs** have been safeguarded and £9.9 million of **GVA** per annum generated. However, there are also considerable future impacts forecast in both employment creation (1,900 jobs) and GVA terms (£7.6 million per annum) reflecting firms’ views of their potential for growth. The Skills Network project has been particularly successful with regards to the number of people assisted to develop their **skills**. **Business assistance** has also been a prominent theme throughout many of the initiatives delivered. Indeed the Enterprise Development Scheme has provided advice on **business development** and **marketing issues** as well as **signposting** to further sources of support.
- A.101 In addition to this set of monitored outputs a number of non-recorded benefits have been generated. For example, 20 firms have become **aware of new export opportunities** (a

number of companies have increased their **export turnover**), 2,237 leads were generated whilst a number of **networking opportunities** for food and drink companies were facilitated through exhibition projects. With regards to environmental impacts, the strengthening of local supply chains has helped reduce **'food miles'** as have efforts to link local supply and demand. In addition, the Meat South West Communications and Workshop project has encouraged farmers to consider alternative animal feeds and alternative approaches to **sustainable** grassland management.

A.102 The interventions represent good value for money in terms of GVA created. Further, cost per job was low for business support programmes although this was not the case when considering skills enhancement activities. Overall, an improvement in the long-term competitiveness of the sector has been encouraged through increased sales and innovative activity.

A.103 Further to this set of more quantifiable benefits, the SWRDA has also generated Strategic Added Value (SAV) in the main through its support for the SWFD organisation. In particular, SAV has been delivered through the body's role in providing **strategic direction** through the development of the SWFDS. Some further instances of where SAV has been formed are set out in the following bullets:

- **strategic leadership and catalyst** – the Skills Network has established strategic relationships which have developed into a number of joint and potential initiatives
- **engagement** – again the Skills Network achieved high levels of engagement from partners such as the Learning and Skills Council, Train to Gain and the Skills for Life Unit
- **leverage** – limited funds have been levered in across the interventions in the round. However, some projects were particularly successful here. For instance, for every £1 of SWRDA funds spent on the Supplier Development Programme, £1 of private sector investment was received
- **synergy** – SWFD presents the clearest example of synergy. For example, synergies exist between the core funding for this body and the range of other 'core activities' based within the SWFD office such as database development. Further, this database has enabled SWFD to play a communication role – the Enterprise Development Scheme was marketed using this set of records
- **strategic influence** – SWFD has successfully identified new opportunities for the economic development of the food and drink industry. In addition, there is a high degree of support for the SWFDS amongst wider regional partners.

A.104 In terms of the successes of the menu of interventions, the strategy for the food and drink sector is clear, coherent and importantly, commands a high degree of support. Further to this, the arrangements used to select, deliver and monitor projects are fit-for-purpose. It is also encouraging to note that improvements to these processes have been made over time.

- A.105 Further improvements might involve transforming the strategy into a ‘living’, regularly updated document whose objectives are SMART and which clearly delineates the respective responsibilities of partners in delivering them.

SWRDA – Eden Project

- A.106 In 2000 the Eden Trust was formed to take forward the development of the Eden project which was one of the Landmark Millennium projects developed to mark the millennium. The environmental centre and visitor attraction has attracted over 10 million tourists since it opened and comprises two large rainforest and Mediterranean biomes and a temperate outdoor zone. The project is a social enterprise and an educational charity.
- A.107 The initiative aligns with Defra’s sustainable consumption and production theme and with the Department’s emerging policy concerns around integrating economic development with environmental and social benefits in rural areas and more generally.
- A.108 The core objective of the Eden project was ‘to promote a universal understanding of the critical importance of our relationship with plants; supporting and showcasing projects, and encouraging individual actions and choices that will lead to sustainable land use’.
- A.109 In accordance with the objectives of the project, the main activities taking place included: acquiring and reclaiming land; construction of key structures and supporting infrastructure; marketing and publicity; establishment of education and training programmes; community work and engagement of social partners; and the development of social enterprise activities.

Key facts

RDA Investment: £17.9 million	
Outputs and outcomes ³⁹	
FTE jobs	752
Skills development assistance / people gaining Level 2 or equivalent	1,935 / 255
Land reclaimed	15ha
Workspace created	1,950m ²
Value for money and return on investment	
GVA	£17.6m
Ratio of SWRDA cost to GVA	1:1.0
Cost per job	£23,830

- A.110 The Eden project as a whole has delivered benefits to a range of different parties. In particular, the project has generated a significant number of **employment opportunities** and

³⁹ Please note employment output is net whilst all others are gross.

assisted with **skills development**. The construction of the biomes and supporting infrastructure **reclaimed 15ha of land** and created 1,950m² of new **workspace**.

A.111 More widely, the project as a whole attracted a significant number of **visitors** (231,000) with an **associated spend** of £96.3 million. Further, the project has supported regional suppliers – over half of total spend on goods and services was paid to regional suppliers. There has also been an impact on the **image** of Cornwall and the South West reflected in visitor numbers and **inward investment**. However, regeneration impacts resulting from the project in St. Austell have been limited although there is evidence that some works are now taking place. In terms of the environment, the Eden project attempts to mitigate the negative consequences of its activities through the **Sustainable Transport Plan** which encourages car sharing and provides opportunities for staff to work from home. Further, the initiative has encouraged people to engage with the natural world by reconsidering their relationship with the environment. The implementation of sustainable technologies has also been a feature of the project. In terms of social benefits, much of the initiatives work has been concerned with **education** as demonstrated through the delivery of **school visits**. Finally, the Eden project has generated a sense of **community pride** and potentially increased **collective self-esteem** and **community cohesion**.

A.112 SWRDA, through the Eden project, has also added strategic value as set out in the following:

- **strategic leadership and catalyst** – SWRDA helped establish the project and took the lead with regards to engaging wider partners in developing a funding strategy to support the further growth and development of the project
- **strategic influence** – the Agency established an economic agenda that generated interest from wider partners as well as activity and cooperation in support of the project
- **leverage** – SWRDA's monies have been essential in terms of leveraging in funds from others in both the public and private sectors
- **synergy** – SWRDA used formal and more informal communication channels to converse with partners with regards to the establishment and development of the project. This ensured continuity of support and backing for the initiative
- **engagement** – SWRDA brought stakeholders and partners together to support the project and worked to ensure the Eden project was integrated into local partnerships.

A.113 There are a number of points of good practice as well as lessons to be learnt which can be taken from the Eden project. For instance:

- The role of a project champion is invaluable to ensuring success. A high quality management team is also needed to back-up this role.
- In terms of forward planning, at a strategic level this will be essential to ensure the project's ongoing positive impact.

- Image and public relations have been important to the Eden project’s development. Positive perceptions have pulled tourists in and allowed the attraction to become iconic and deliver significant economic impacts.
- Benefits have been gained from the fact that the project was a major investment although on-going re-investment will be needed to ensure that benefits are sustained into the long-term.
- The monitoring data generated by the project is a good example of how to set up and implement a successful system.
- The Eden project has successfully disseminated best practice and demonstrated the success of new techniques – essential if the benefits of the initiative are to be maximised.

A.114 To conclude, the Eden project is ‘of its time’ and combines sustainability and concern for the environment with a fun and enjoyable visitor attraction which has levered a high degree of buy-in.

YF – Floods response

A.115 In June of 2007 parts of the Yorkshire and Humber region were hit by severe flooding. Around 23,000 homes, 300 schools and countless people were affected. The floods also caused unexpected consequences for, and adversely impacted upon, businesses of all sizes. In response to the effects on businesses Yorkshire Forward (YF) initiated a rapid and tailored support programme to firms. One element of the intervention targeted small businesses and the other medium and large companies.

A.116 This intervention aligns with Defra’s response to shocks theme and with the Department’s emerging policy concerns around the management and mitigation of long-term environmental and other risks and resilience – protecting the economy and environment, and de-risking growth in the future from environmental change.

A.117 The core aim of the Agency’s response was to enable businesses to resume trading quicker than they would have done otherwise. As such two funds were made available to businesses:

- a small grant scheme aimed towards small businesses. This scheme had an average claim size of £1,800
- a recovery grants scheme targeted towards medium and large firms. This scheme had an average claim size of £30,000.

Key facts

RDA Investment: £4.1 million	
Outputs and outcomes	
Businesses supported	947
Impact on sales	£7,371 million

- A.118 The main outputs from YF's response to the 2007 floods was the provision of **business support**. Indeed, a total of 947 businesses were assisted via grants provided to small businesses used, in the main, to repair or replace business equipment or stock and for the payment of staff to assist with clean-up operations. Larger firms also tended to use the grant for such activities but also to cover insurance excesses. In sum, the total cost of the floods incurred by those firms accessing either grant totalled £44.7 million. However, the Agency's support allowed £7.4 million in **direct sales** to be safeguarded. Further, this excludes **non-sales related benefits** gained by firms as a result of support which could be considerable in value.
- A.119 Looking forward it is apparent that there is still some way to go with regards to businesses being prepared for further shocks – a lack of insurance and incidence planning is a concern in some cases. Despite this, nearly one third of businesses have a **flood plan** in place following the 2007 disaster.
- A.120 Overall, the scheme achieved high levels of additionality given that 30% of small businesses and 40% of larger businesses surveyed reported that they would not have been able to undertake recovery measures as quickly in the absence of support.
- A.121 In addition to the impacts set out in the former, the Agency also successfully delivered Strategic Added Value (SAV) across a number of areas:
- **Leadership** – decisive action and the mobilisation of support. The Agency acted quickly with regards to the roll out of the business support programme. This complemented Government's support for the general public thereby minimising the overall economic and social consequences of the floods. YF also led others (and empowered them to act on their behalf) such as local authorities and Business Link to provide support.
 - **Strategic influence and lobbying** – leading the business perspective. Central Government departments have been impressed with YF's professionalism as well as the effectiveness of its support and showcasing of 'what works well'. As a result, the Agency was able to influence the Pitt Review and took the lead on articulating the business perspective and types of support they might benefit from with regards to the impacts of flooding.
 - **Engagement and coordination** – gains in this area were three-fold:
 - One of the factors leading to the success of the intervention was the excellent partnership working between YF and delivery agencies. Indeed, YF's role concentrated on the establishment of those mechanisms needed to process funds whilst local authorities and others (the delivery organisations) focused their attentions on visiting businesses, raising awareness and helping access to funding. This was the kind of relationship advocated in the Sub-National Review.

- The floods also led to engagement with other agencies which would not have otherwise occurred. For example, YF undertook work with the Environment Agency relating to the costs of a range of disasters.
- Finally, engagement with businesses was also achieved (especially those of medium and large size).

A.122 Positively, the programme has met its overall aims decided upon at the outset. There are a number of wider policy lessons which can be learnt and used to inform future response to economic shocks:

- At the outset consideration of what is an appropriate response is essential. Where possible this should be justified and activities coordinated with across regions to ensure consistency and coherence.
- A highly targeted programme can deliver significant net impacts. Programmes benefit from transparency and being delivered with a 'personal touch'.
- A single point of contact is useful to avoid duplication of effort.
- The direct and indirect consequences of flooding are substantial and should not be underestimated.
- The longer-term impacts on businesses may require ongoing business development support and improvement activities.
- The effects of the floods on health and wellbeing were pronounced.

YF – Food and drink cluster

A.123 Food and drink was identified by Yorkshire Forward (YF) in 2002 as a significant cluster in the Yorkshire and Humber economy requiring a suite of interventions to enable its sustainable development. Six other clusters or priority sectors in need support were also identified by the Agency. There were two particular sub-sectors of the food and drink cluster which were given priority in terms of the stimulation of activities delivered – seafood and ethnic food.

A.124 The range of interventions delivered in support of the food and drink cluster aligned with Defra's food and drink sector theme. In addition, they relate to the Department's emerging policy concerns around good resource management in the allocation and use of natural resources which includes water, land and food.

A.125 The core objectives of those food and drink related interventions delivered were set out in the region's Food and Drink Strategy 2006 – 2010. Indeed, the vision was for the cluster to be 'the innovation and enterprise region of choice for new, emerging and established food and drink businesses'. The strategy focused on two core themes: exploitation and negation of future market trends; and collaborative working with partner networks.

A.126 Activities took place across two main domains. Firstly, specific cluster projects focused on the needs of the seafood and ethnic foods sub-sectors and secondly, more generic cluster

support projects which although also focused on the two niche markets had a wider, more generic, applicability throughout the food and drink cluster.

Key facts

RDA Investment: £ 18.6 million (food and drink cluster alone)	
Outputs and outcomes	
Jobs created or safeguarded (annual impact)	1,332
Turnover (annual impact)	£34 million
Value for money and return on investment	
Cost per FTE job created	£2,322
Additional sales generated per £1 of RDA monies	£11.12

- A.127 Initiatives delivered by YF in support of the food and drink cluster have generated a significant number of outputs and outcomes particularly with regards to the number of **businesses assisted**, people assisted with **skills development**, **jobs created and safeguarded** and **businesses created or attracted** to the region. The Focus on Food Campaign which leads and manages the region's Cooking Bus can be used as an illustrative example. The bus both initiates and improves learners' food education, their technical and manual skills and awareness of enterprise. It also helps to address the decline in recruitment to the food and drink industry. To date the project has created two jobs and assisted 893 people to develop their skills.
- A.128 More widely, when considering the interventions delivered to the cluster as a whole, key strengths have proven to be the **advice and knowledge** available as well as the **marketing and business advice** provided. **Branding** has led to positive publicity and has supported local producers. Greater **market awareness**, new **contacts**, improved **business strategy** and **business growth** were all benefits engendered by firms. Finally, **networking** activities in the food and drink sector have contributed to the **sustainable development** of the industry as a whole within the region.
- A.129 In terms of value for money the cost per job achieved was lowest in the food and drink sector in comparison to the other clusters supported by the Agency. This was also the case when considering the additional value of sales generated for every £1 of YF's spend. Overall, projects in this cluster achieved reasonable value for money.
- A.130 The Agency has also delivered in relation to Strategic Added Value (SAV). All five types of SAV, as defined by BERR, have been generated by YF across the clusters programme as a whole. However, with regards to the SAV generated through the Agency's activities in the food and drink cluster the following were delivered:
- **Strategic leadership** – the clusters programme as a whole has provided leadership in terms of shaping the region's cluster activities (which includes the food and drink cluster). This has helped to address the needs of these industries whilst delivering direction and a shared understanding of strategic objectives.

- **Synergy** – project Focus on Food is a good example of where partnerships have been successfully developed and sustained (through university visits, food and drink festivals and schools). Each organisation had a comprehensive understanding of the others’ objectives whilst common aims were well understood which avoided any duplication.

A.131 One key lesson to emerge from the evaluation was to expedite the initial project development phase by confining it to key partners and allowing time beforehand for the formation of partnership arrangements.

Yorkshire Forward – Resource Efficiency

A.132 Yorkshire’s Regional Development Agency has been keen to embrace the climate change and Resource Efficiency agenda and in 2003 became the first RDA to commit to reduction targets for greenhouse gas emissions. From 2002/03 – 2006/07 the agency funded a range of Resource Efficiency interventions, which were established to enable businesses to have a reduced environmental impact. Of particular note is the diversity of the RDA’s Resource Efficiency offer which catered for a range of business types, for example SMEs through Why Waste and larger companies who had associated energy bills of at least £50k through the Carbon Management Clubs.

A.133 The programme explicitly falls under Defra’s remit with regards sustainable consumption and production and is relevant to emerging Defra policy concerns surrounding environmental protection and de-risking growth in the future from environmental change.

A.134 The programme was made up of five large projects each with individual aims and objectives to contribute to the overarching programme goal of making Yorkshire businesses more aware of the environmental impact of their resources use and improving this. The individual projects and their place in the wider programme are outlined below:

- **Carbon Management Clubs (CMC’s):** The objective of the CMCs was to reduce CO2 emissions through improved carbon management practices. Two pilot clubs were launched focusing on technical and managerial systems and behavioural changes among participants, all of which had associated energy bills of at least £50k per year.
- **Green Business Support Organisation (GBSO):** The aim of the GBSO was to build the capacity of environmental support organisations in the Yorkshire and Humber regions and to assist SMEs with environmental support.
- **Recycling Action Yorkshire (RAY):** The RAY programme was put in place to develop the region’s recycling markets and to place a focus on waste management.
- **National Industrial Symbiosis Programme (NISP):** This programme brought together companies from a range of industrial sectors with the aim of improving cross industry Resource Efficiency through the commercial trading of materials, energy and water and sharing assets, logistics and expertise.

- **Why Waste:** This aimed to decrease SMEs landfill waste through a free online information service which provided information about redundant stock and surplus raw materials.

RDA Investment: £3.8 million			
RDA Investment: £3.8 million			
Outputs		Outcomes	
Net jobs created and safeguarded	207	Net Increase in Business Turnover	£7.5 Million
Net Carbon emissions savings (this included leakage deductions which have been agreed by the RDA network should not now be included in emissions savings gross to net calculations)	86,065 Tonnes	Cost savings	£1.9 Million
Waste diverted from landfill	206,816.8 Tonnes		
Value for money		Return on Investment	
Cost per Job created/ safeguarded: £17,464.88 For every pound spent Increased sales £2.08 For every pound spent Cost savings £0.53 For every pound spent Greenhouse gas emissions saved 0.024t For every pound spent Waste diverted 0.057t		Achieved GVA (cumulative, £m) 9.3 So ROI of 2.44: 1	

A.135 In addition to the outputs and outcomes quantified above the evaluators' review of reported outputs indicated a significant contribution toward a reduction in greenhouse gas emissions and improvements in the regional economy through job safeguarding and creation and leverage from the private sector. The beneficiary survey also highlighted that participating businesses displayed a high degree of satisfaction with the intervention they were involved in and highlighted their associated effectiveness in improving their understanding of environmental issues. Looking toward the future, a large majority of beneficiaries stated an interest in further Resource Efficiency support.

A.136 Additionally, the resource efficiency projects funded through this programme by Yorkshire Forward have sparked interest both nationally and internationally, which may lead to eventual change in performance. For instance OneNE have entered into discussion with RAY with reference to replicating the approach and North East and North West authorities are considering replicating the NISP pollution inventory. Internationally, the GBSO project features as a case study on Vaderigio - a European website that highlights current practice with regard to corporate social responsibility. The core funded interventions were identified as contributing to the transfer of good practice and the adoption of new processes and methods. For example, Why Waste has assisted GBSOs in the formation of new partnerships and joint working on common projects. The Why Waste project was also perceived to be successful in developing a system that could be replicated elsewhere and has gathered interest in the South East region, on account of its project connections there.

- A.137 The strategic added value outputs of the programme varied by intervention. The GBSO project for example demonstrated significant engagement outputs with 25 environmental support organisations providing advice to SMEs within the region; the REY project provided strategic leadership for businesses to move towards more sustainable approaches to resources whilst the NISP programme was influential in developing partnerships across business sectors.
- A.138 The Resource Efficiency programme has made significant progress with sustainable consumption and production in the Yorkshire and Humber region. It was suggested that YF can further build on this by offering needs-based future support on recycling; energy efficiency; industrial symbiosis and waste management and to continue offering support to a range of businesses from SMEs and MNCs, targeting support to the audience in question.

Yorkshire Forward - Yorkshire Broadband Programme

- A.139 This case study presents a review of the Yorkshire Broadband Programme, identifying how it is relevant to DEFRA’s themes, the key facts and statistics of the project and lessons learned.
- A.140 The Yorkshire Broadband Programme project was intended to provide broadband to rural areas in Yorkshire that did not yet have access to speedy broadband internet. The programme was split into two parts.
- **The Broadband gap project (BBG):** the aim of this project was to enable the 24 remaining BT exchanges to offer ADSL
 - **The NYnet (North Yorkshire NET) project:** The purpose of this project was to offer a more competitive backhaul to local authorities, and other public sector agencies in North Yorkshire by procuring a ‘carrier-class’ high capacity fibre ring around the county. It also involved providing a more competitive backhaul platform for private sector suppliers to offer a range of broadband services.
- A.141 The programme has a particularly rural focus and is relevant to DEFRA’s theme on economic impact on rural areas. It also has relevance to emerging DEFRA policy concerns in particular in regard to integrating economic development with social benefits in rural areas.

Key statistics

- A.142 The following table presents key facts and statistics about the programme that were identified in the evaluation.

RDA Investment: £2.9 Million to BBG, £4 million to NYnet			
Outputs		Outcomes	
Jobs created	Evaluation was unable to identify, likely to be minimal	GVA (BBG project)	£12.7m increase
Businesses supported	BBG: 424 businesses taken up broadband	TO (BBG project)	£31.8 million increase

Outputs	Outcomes
	<p>NYnet project</p> <p>Limited outcomes and impacts at time of the evaluation which was early in the project's life</p>
Value for money	Return on Investment
<p>BBG: Cost per £ net TO 9p BBG: Cost per £ net GVA 23p</p>	<p>Overall the evaluation found that the NYnet represents 50-60% service additionality.</p>

- A.143 Overall the programme has had two key impacts. The programme has provided a service that was not available before and would have not been available in the near future. It has also provided a more competitive service. The two projects that make up the programme differ in the extent of their outcomes and impacts. The Broadband Gap project at the time of the evaluation had significantly more measurable outcomes than the NY Net project. The Broadband Gap project has produced a net TO of £31.8million and a net GVA of £12.7 million. Neither project has not created any jobs as such, but the Broadband Gap Project (BBG) has supported 424 businesses that have taken up broadband locally. Take up in the 24 enabled exchanges was at around 50.1% at July 2008. In terms of outcomes of NYNet Project, there has been a higher than expected take up of the NYnet by local authorities with annual tariffs of £4.8 million secured which are anticipated to grow rapidly. However there has been relatively low take up of other elements of NYnet. Impacts of the NYnet were limited in terms of economic impacts on businesses at the time of the evaluation but are predicted to be significant in the future.
- A.144 In terms of Strategic Added Value both elements of the Programme BBG and NYnet have generated significant SAV. There is evidence of SAV in terms of strategic leadership raising the profile of need for more competitive high capacity broadband. In terms of strategic influence by bringing together NY County Council and other local authorities to aggregate broadband spend to collectively procure a better backhaul service. There is evidence of SAV in terms of leverage, with the local authorities aggregating broadband spend. In terms of synergy by the RDA acting as a technical Special Purpose Vehicle to deliver NYnet's public sector aggregated service delivery function; and finally in terms of engagement through enabling local authority stakeholders to deploy more advanced IT applications and services.
- A.145 The Broadband Gap project has reached its useful life span as BT will have by now enabled all 24 exchanges. In the long term in terms of NYnet needs to secure additional public sector contracts, secure the first global/national ISP to deploy advanced DSL across all 40 exchange PoPs and explore using these business centres and business parks as bases for wireless deployment also to explore how it might provide a platform to stimulate earlier deployment in North Yorkshire.

Annex B: Project/Programme Evaluations

B.1 The table below presents a list of all RDA projects/programme evaluations included in this study.

Table B.1: Projects/Programmes included in the study

RDA	Report title
AWM	Evaluation of AWM's clusters programme 2002/03 – 2007/08
AWM	An evaluation of the West Midlands market town programme: final report
AWM	Evaluation of the Single Regeneration Budget in the West Midlands: a report for Advantage West Midlands
AWM	AWM Regeneration Zones
AWM	Evaluation of International Agri Technology Centre
AWM	Land and Property Evaluation
AWM	Evaluation of West Midlands Food Partnership
EEDA	Rural Business Support
EEDA	Sustainable Consumption and Production
EEDA	Trinity Lighthouse
EMDA	Sustainable farming
EMDA	Rural strand
EMDA	Empire
EMDA	Evaluation of the Welland Strategic Alignment project: final report
NWDA	Clusters programme
NWDA	BREW Programme
NWDA	ENWORKS NW minimisation project
NWDA	Regional Rural Programme
NWDA	Cheshire Rural Recovery Programme
NWDA	Lancashire Rural Recovery Programme
NWDA	Distinctly Cumbrian
NWDA	Strengthening rural communities
NWDA	Cumbria Vision: final evaluation of the Cumbria Rural Action Zone (CRAZ) programme – final report
NWDA	Evaluation of the Strategy for Sustainable Farming & Food: final report
NWDA	Evaluation of Project ACCESS: revised draft interim evaluation report
ONE	A review of the ONE Sectors Programme
ONE	Evaluation of Business and Enterprise North East (BENE)

RDA	Report title
ONE	Satellite and Wireless Broadband project
ONE	Rolling evaluation of Northumberland Strategic Partnership Single Programme Investment Plan
ONE	Durham Market Towns and Settlement Renewal Initiative Evaluation
SEEDA	Interim evaluation of the Redundant Buildings Grant and Farm Diversification Programmes
SEEDA	Evaluation of the projects and partnerships supported by SEEDA to achieve sustainable use of natural resources: final report
SWRDA	Evaluation of SWRDA investment in the food and drink sector in the South West Region
SWRDA	Gloucestershire Floods
SWRDA	Rural Renaissance (RR) and Modernising Rural Delivery (MRD) Review
SWRDA	The Eden Project
SWRDA	Evaluation of the economic impact of the Combined Universities of Cornwall (CUC)
SWRDA	Evaluation of Beacon South West: a final report to the South West Regional Development Agency
YF	Investment in cluster initiatives
YF	Investment in resource efficiency
YF	Renaissance Market Towns
YF	Business Resource Efficiency Improvement Grants (BREIG)
YF	Evaluation of Yorkshire Forward's Investment in the Rural Opportunities for Self Employment (ROSE) project: final report
YF	Floods Response
YF	Yorkshire broadband programme evaluation