

England LEADER+ Programme 2000-2006

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ENGLAND LEADER+ PROGRAMME

SECTION 1 - INTRODUCTION AND AREA IN WHICH THE INITIATIVE WILL APPLY.....	1
Introduction.....	1
Areas concerned.....	1
SECTION 2 – ANALYSIS OF THE SITUATION IN RURAL ENGLAND.....	3
Introduction.....	3
Summary analysis.....	3
<i>Change and key influences for change.....</i>	<i>4</i>
<i>Economic issues.....</i>	<i>5</i>
<i>Social issues.....</i>	<i>11</i>
<i>Environmental and cultural assets.....</i>	<i>13</i>
<i>Strengths, weaknesses and potential.....</i>	<i>16</i>
<i>Conclusion.....</i>	<i>23</i>
Lessons learnt from other community-led rural development schemes.....	24
<i>Implementation of previous LEADER Programmes.....</i>	<i>24</i>
<i>Lessons learnt from previous LEADER Programmes.....</i>	<i>25</i>
SECTION 3 – EX-ANTE EVALUATION.....	28
Process.....	28
Summary of the <i>ex ante</i> evaluation.....	29
SECTION 4 – OBJECTIVES, STRATEGY AND LINKS WITH OTHER RURAL DEVELOPMENT PROGRAMMES.....	33

Objectives for implementation of LEADER+	33
Strategy.....	34
Links with other rural development programmes	35
SECTION 5 – OBJECTIVES AND MEASURES PROPOSED FOR EACH ACTION.....	38
Introduction.....	38
Action 1 – Integrated, pilot rural development strategies.....	38
<i>Purpose</i>	<i>38</i>
<i>Local action group development plans</i>	<i>38</i>
<i>Measures</i>	<i>44</i>
Action 2 – Co-operation between rural areas	48
<i>Purpose</i>	<i>48</i>
<i>Measures</i>	<i>48</i>
<i>Access to co-operation</i>	<i>49</i>
Action 3 – Networking	49
<i>Objectives.....</i>	<i>49</i>
<i>Role and organisation of the network in England and the United Kingdom.....</i>	<i>50</i>
<i>Participation</i>	<i>51</i>
<i>Measures</i>	<i>52</i>
4th priority – Programme management, monitoring and evaluation	52
<i>Measures</i>	<i>52</i>
Impact of the Programme	53
<i>Helping rural communities to help themselves</i>	<i>53</i>
<i>Sustainable rural economies.....</i>	<i>54</i>
<i>Improving the quality of life.....</i>	<i>54</i>

<i>The natural and cultural heritage</i>	54
Equal opportunities under the LEADER+ Programme	55
SECTION 6 – FINANCIAL PLAN	56
EU contribution	56
Annual funding profiles – all sources	57
<i>Summary table (all funding sources)</i>	<i>60</i>
SECTION 7 – SELECTION OF LOCAL ACTION GROUPS	61
Application procedure and timing	61
<i>Call for proposals</i>	<i>61</i>
<i>Expressions of interest</i>	<i>61</i>
<i>Selection procedure</i>	<i>62</i>
<i>Cross-boundary applications</i>	<i>63</i>
<i>Content of applications</i>	<i>64</i>
Eligibility conditions	64
Selection criteria	65
<i>A. Quality of local action group partnership</i>	<i>67</i>
<i>B. Local action group area</i>	<i>68</i>
<i>C. Quality and realism of development plan</i>	<i>69</i>
<i>D. Quality and realism of commitment to Action 2 co-operation</i>	<i>70</i>
<i>E. Quality of innovation in development plan</i>	<i>70</i>
<i>F. Quality of commitment to sustainability</i>	<i>71</i>
<i>G. Complementarity with and added value to other programmes</i>	<i>71</i>
<i>H. Quality of administrative arrangements</i>	<i>72</i>
<i>I. Quality and realism of financial arrangements and financial plan</i>	<i>73</i>
<i>Project Selection Criteria</i>	<i>73</i>

**SECTION 8 – PUBLICITY – ARRANGEMENTS FOR INFORMING
POTENTIAL BENEFICIARIES AND THE GENERAL PUBLIC 74**

**SECTION 9 – MANAGEMENT AND MONITORING OF THE INITIATIVE
..... 75**

Managing authority 75

Paying authority 76

Programme monitoring 77

Programme Monitoring Committee 77

Regional Programme Monitoring Committees..... 79

Local action group and project monitoring 80

Routine monitoring 81

On-the-spot inspections 81

**SECTION 10 – OTHER ADMINISTRATIVE AND CONTROL
ARRANGEMENTS 82**

National Administration of the Programme 82

Regional administration of the Programme 83

Local action group administration 84

The Action Plan approach 84

The individual application approach for projects..... 85

Financial administration and control arrangements..... 85

Control arrangements – Scheme Implementation Plan..... 86

Claim processing..... 87

On-the-spot inspections 87

Penalties 89

Reporting procedures..... 89

SECTION 11 – EVALUATION 90

SECTION 12 – CONSULTATION.....	91
SECTION 13 – COMPATIBILITY WITH OTHER COMMUNITY POLICIES	92
Common Agricultural Policy.....	92
Links with other Community initiatives	92
Compatibility with Community competition policy - state aid rules	93
<i>Agricultural state aids</i>	<i>93</i>
<i>Non-agricultural state aids</i>	<i>95</i>
Protection of the environment	96
ANNEX 1 - DATA ON THE SITUATION IN RURAL ENGLAND	99
ANNEX 2 – EX ANTE EVALUATION CHECKLIST FOR THE NATIONAL PROGRAMME AND REGIONAL APPENDICES.....	103
National Checklist	103
<i>Introduction</i>	<i>103</i>
<i>Themes from the National Checklist</i>	<i>103</i>
Synthesis of the Regional Checklist	113
<i>Introduction</i>	<i>113</i>
<i>Themes from the Regional Checklist.....</i>	<i>114</i>
ANNEX 3 - OTHER KEY RURAL DEVELOPMENT PROGRAMME MEASURES AND LINKS WITH LEADER+	123
Section A - Non- England Rural Development Programme Measures....	123
Section B - England Rural Development Programme Measures.....	127
ANNEX 4 - RELATIONSHIP BETWEEN OBJECTIVES, ACTIONS AND LOCAL ACTION GROUP DEVELOPMENT PLANS.....	129

ANNEX 5 - PRIORITY TARGET GROUPS FOR EACH REGION IN ENGLAND.....	131
ANNEX 6 - REGIONAL OBJECTIVES FOR ACTIONS 1 AND 2	133
<i>Theme 1- the use of know-how and new technologies to make the products and services of rural areas more competitive.....</i>	<i>133</i>
<i>Theme 2- improving the quality of life in rural areas.....</i>	<i>134</i>
<i>Theme 3- adding value to local products, in particular by facilitating access to markets for small production units via collective actions.....</i>	<i>136</i>
<i>Theme 4- making the best use of natural and cultural resources, including enhancing the value of sites of Community interest selected under Natura 2000.....</i>	<i>138</i>
ANNEX 7 - MEASURES UNDER THE LEADER+ PROGRAMME.....	141
ANNEX 8 - MEMBERSHIP OF THE PROGRAMME MONITORING COMMITTEE.....	143
ANNEX 9 - LEADER+ MANAGEMENT AND ORGANISATION STRUCTURE	145
ANNEX 10 - NATIONAL AND REGIONAL STEERING GROUPS: MEMBERSHIP AND TERMS OF REFERENCE.....	147
A. National LEADER+ Steering Group.....	147
B. Regional LEADER+ Steering Groups	148
(i) <i>Publicity and consultation:.....</i>	<i>148</i>
(ii) <i>Drafting the regional appendix to the Programme and feeding into the over-arching national Programme.....</i>	<i>148</i>
(iii) <i>Operational arrangements</i>	<i>149</i>
ANNEX 11 - LEADER+ CONSULTATION EXERCISE.....	151
<i>Market towns.....</i>	<i>152</i>
<i>LEADER+ Network.....</i>	<i>152</i>

Availability of LEADER+..... 153

Local action group criteria..... 153

Themes..... 153

Target Groups 154

Funding..... 154

**ANNEX 12 - TYPES OF AGRICULTURAL STATE AID ELIGIBLE
FOR SUPPORT**..... 155

MAPS ANNEX..... 157

SECTION 1 - INTRODUCTION AND AREA IN WHICH THE INITIATIVE WILL APPLY

Introduction

1.1 This Programme sets out proposals for involving local communities in developing and testing innovative approaches to integrated and sustainable rural development. The focus will be on local development strategies drawn up and implemented by local action groups, essentially local partnerships, involving representative sectors of the local community. Implementation will be through small-scale, innovative projects addressing local rural development issues in socially, economically and environmentally sustainable ways.

1.2 This document sets out the over-arching Programme for the LEADER+ Community Initiative in England. The Programme has been drawn up in accordance with the relevant European Community legislation¹, including the Commission guidelines² for LEADER+. Its structure follows that set out in the Commission guidelines. It is one of the four Programmes for the United Kingdom: the other three are being submitted by the devolved administrations in Wales, Scotland and Northern Ireland. As indicated in the letter to Mr Silva Rodriguez, Director General Agriculture, of 17 November 2000, it is the intention of the United Kingdom authorities to select in the region of 57 local action groups across the United Kingdom (compared with 67 under LEADER II). This figure was, however, an estimate based on the best information available at the time and may vary slightly once the United Kingdom authorities have selected the groups, while respecting the need for strong targeting on the most promising local action groups.

1.3 This document is supported by eight regional appendices which cover every region of England except Greater London. Map 1 in the Map Annex shows the regional boundaries in England. These analyse the regional situation in more detail and identify potential areas for action for LEADER+ in the region. Implementation of LEADER+ within each of the regions of England will be within the terms and conditions specified in the over-arching Programme approved by the European Commission. These documents have all been drawn up in partnership and take account of consultation at national, regional and local level (see Section 12).

Areas concerned

1.4 A key purpose is to support the best and most original strategies and projects which will promote sustainable rural development. As envisaged in the Commission guidelines, this will best be met by opening this Initiative up to all

¹ Article 21 of Council Regulation (EC) No 1260/1999, which lays down general provisions on the Structural Funds

² Commission Notice to Member States of 14 April 2000 published in the Official Journal of the European Communities on 18 May 2000 (2000/C 139/05)

rural areas in England. This will also help to embed the LEADER method of integrated local partnerships across a wider area than hitherto.

1.5 LEADER+ is applicable only to rural areas. This Programme is therefore driven by the needs and priorities of rural England. However, there is no satisfactory single definition of rural areas¹. This Programme does not, therefore, define 'rural areas' in a restrictive or rigid way which would run counter to the Government's wider rural development objectives. Any plan for sustainable rural development must take account of the interdependence of town and country and the importance of local service centres, such as market towns, to rural areas.

1.6 Section 5 sets out the detailed criteria which local rural areas will need to meet to be eligible under LEADER+. In addition, the administration of the Programme will ensure that its benefits are targeted at rural areas and people living in these areas.

¹ See also The Countryside Agency report - The State of the Countryside 2000; and the Cabinet Office report to the Prime Minister – Sharing the Nation's Prosperity: Economic, Social and Environmental Conditions in the Countryside (February 2000).

SECTION 2 – ANALYSIS OF THE SITUATION IN RURAL ENGLAND

Introduction

2.1 The situation in rural areas of England has been analysed in detail in recent documents such as the England Rural Development Programme (approved by the Commission on 11 October 2000¹); the report by the Countryside Agency, *The State of the Countryside 2000* (published April 2000); the report by the Cabinet Office to the Prime Minister on economic, social and environmental conditions in the countryside ‘Sharing the Nation’s Prosperity’ (published February 2000); and the Performance and Innovation Unit Report ‘Rural Economies’ (published December 1999). The Government has set out its vision for creating and maintaining sustainable rural communities in the Rural White Paper ‘Our countryside: the future’² published in November 2000.

2.2 The regional appendices to this Programme provide a detailed analysis of regional strengths, weaknesses and potential in the context of LEADER+. From these are derived the regional objectives and priority target groups which LEADER+ is expected to address in each region. The appendices, therefore, provide the detailed analysis against which the relevance of proposals by local action groups will be assessed.

2.3 This section draws on the regional appendices and the major analyses referred to above by providing a summary analysis of the situation in England’s rural areas. It identifies the strengths, weaknesses and potential for rural England as a whole. In particular, it identifies those areas where LEADER+ is expected to make a significant input into sustainable rural development. Finally, this section summarises the key lessons learnt from implementation of earlier community-led, rural development schemes and identifies how these have been addressed in developing this Programme.

Summary analysis

2.4 People throughout England value rural areas for their environmental, cultural and social features. Rural areas also provide a base for economic activity: this contributes to the wealth of the nation and helps to sustain rural communities. Using a broad definition (based on classification of local authority areas as ‘remote rural’, ‘accessible rural’ or ‘former coalfield’), rural areas account for over 80 per cent³ of the area of England. They are home to nearly a quarter of the population.

¹ Commission Decision C(2000)3003

² *Our countryside: the future – A fair deal for rural England*, a joint DETR and MAFF publication, November 2000

³ Cabinet Office, PIU report – *Rural Economies*, December 1999

2.5 England's countryside is distinctive for its diversity both in landscape and cultural heritage. A similar diversity is apparent in looking at the socio-economic situation in rural areas: analyses present a complex picture with apparent prosperity often existing alongside, and sometimes masking, pockets of severe rural deprivation.

Change and key influences for change

2.6 Rural areas and communities are undergoing great change. There are many causes for this change and sometimes the relationship between them is complex. Social exclusion is an increasing problem in some areas (for example, in parts of the North East such as the former rural coalfields – see Appendix C) and patterns of rural employment are changing. Certain types of crime are increasing disproportionately in rural areas: between 1991 and 1995 there was a 24 per cent increase in vehicle crime in rural areas compared with 4 per cent in urban areas and 10 per cent in inner cities¹.

2.7 Agriculture occupies 70 per cent of the land area of England²: It is a major determinant of the appearance and quality of the countryside. However farming and farm-related industries have suffered from a variety of factors including low world commodity prices and the high value of sterling. The changing role of agriculture impacts on the economic, social and environmental fabric of rural areas.

2.8 Rural areas are subject to the wider influences for change which affect all areas. Their ability to deal effectively with these wider influences will vary substantially at local level. Key influences for change include:

- wider economic trends;
- increased demand for leisure and tourism activities;
- cultural and lifestyle changes;
- developments in information and communications technology and other technologies;
- changing needs, aspirations and expectations e.g. in access to services; and
- increasing population levels in rural areas placing pressures on local housing, infrastructure services, the natural environment and biodiversity and increasing traffic on rural roads.

¹ Countryside Agency – State of the Countryside 2000

² England Rural Development programme, September 2000

2.9 Change is inevitable: it is not optional. The key issue is how to manage that change to ensure it takes account of the need to preserve the distinctiveness of rural areas and supports sustainable rural development.

Economic issues

2.10 Agriculture's contribution to the economy (GDP) has declined from 3% to 1% over last 25 years. Total Income from Farming¹ is at the lowest level in the last 25 years (falling by 70% in the last 5 years) as a result of the strong pound, weak world commodity prices and the after effects of BSE². This has been compounded in the last year with the outbreak of swine fever in East Anglia, widespread flooding during the winter and, most recently, by the outbreak of foot and mouth disease.

2.11 Farm numbers and farm workers have decreased as technological improvements and commercial pressures have caused shedding of labour and farm expansion. Between 1968 and 2000 the UK agricultural labour force fell from 763,000 to 556,000³. The industry is now characterised by an ageing workforce. But the pattern of agricultural employment varies greatly: agriculture is still a major employer in some localised areas. Map 2 in the Map Annex shows the varied pattern of agricultural employment across England. For example, in the North West, 1.7 per cent of the region's total workforce works in agriculture; but, in many of its rural areas, agriculture accounts for over 25 per cent of the workforce⁴. In the West Midlands 1.7 per cent of the total working population are engaged in agriculture and forestry; but this increases to more than 33 per cent in some localised rural areas⁵. These substantial variations in dependence on agriculture mean that the severe problems faced by the industry, and the need for restructuring, impact very differently not just on different regions, but, more particularly, on different local areas within regions.

2.12 Underlying economic trends have prompted progressive restructuring of the agricultural industry over recent years. A key aspect of this is the increasing importance of diversification – to both on farm activities such as farm shops, or work off farm. Diversification provides a significant source of income for a growing number of farmers as illustrated in Table 2.1 showing the proportion of full-time farms with diversified income in England.

Table 2.1: Proportion of full-time farms with diversified income 1999/2000 (England)

¹ Total Income from Farming is defined as the returns to the entrepreneurial capital and labour of farmers, their families and partners

² England Rural Development Programme, September 2000 and England Rural Development Programme Annual Report 2000

³ England Rural Development Programme, September 2000 and England Rural Development Programme Annual Report 2000

⁴ See Appendix D

⁵ See Appendix G

	Total number of farms (a)	Farms with diversified income (b) (separately recorded)	
		Number of farms	Percentage of total
All full-time farms	69,300	19,600	28%
North	19,300	4,900	25%
East	26,300	6,800	26%
West	23,700	7,900	33%
Small	28,400	9,700	34%
Medium	24,600	7,000	28%
Large	16,300	2,900	18%

Source: MAFF, Farm Business Survey

Notes: (a) As represented by the FBS sample. This is less than the number of full-time farms recorded by the June Agricultural Census, mainly due to the exclusion of some specialist farm types from the FBS.

(b) Diversified incomes include on-farm activities and employment (and self employment) income earned off the farm by the farmer and spouse; diversified incomes do not include pensions, investments or social payments.

The Farm Business Survey is believed to under-record some items of diversified income because of difficulties in some cases of separating this from main farm incomes.

2.13 Market towns are an indicator of the health of the wider rural hinterland and at present they mirror the decline in agriculture which is generating a progressive restructuring of the economy in rural areas. Traditionally market towns have been at the heart of life in rural England, a focal point for commercial and social activity. However, many of these functions, especially in small towns, have been undermined by social, industrial and agricultural change such as the decline in land based industries, the increase in mobility, and changes in consumer expectations. For example surveys show that only 20 percent of long-term residents in rural areas shopped in their immediate neighbourhood, the majority doing their weekly shopping in neighbouring towns or out-of-town shopping centres¹. The decline in traditional industries is causing particular problems of early retirement, redundancy and low-income for men in some regions. These factors all mean reduced opportunities for the entire population in rural areas.

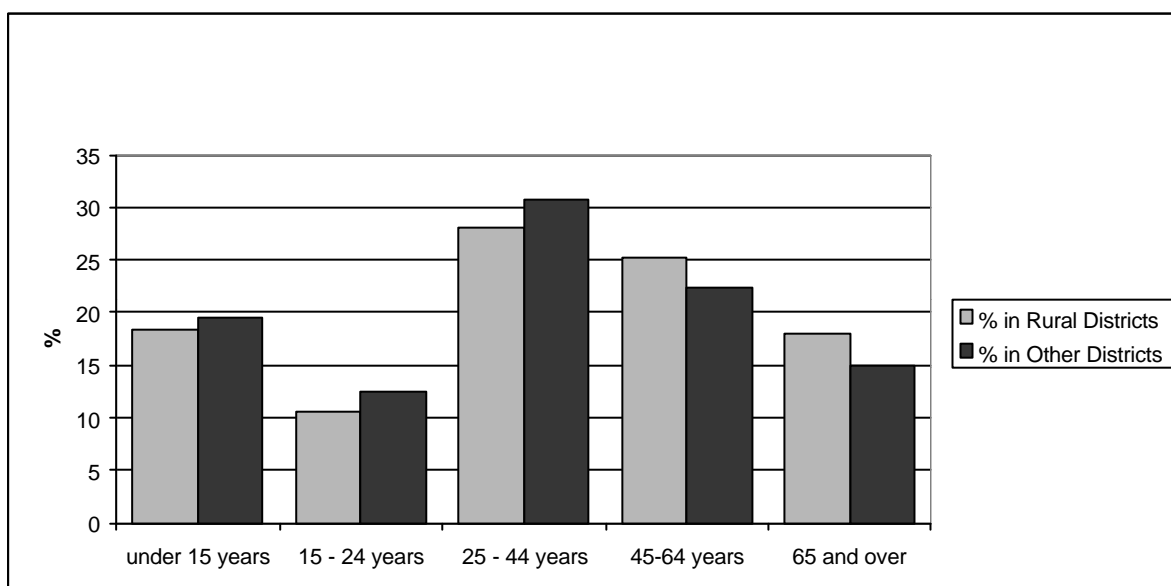
2.14 Rural areas are widely perceived to have a strong sense of community and distinctiveness. This is one of the reasons for the marked population movement from urban to rural areas over the last thirty years (between 1971 and 1996 the population in rural England increased by around 24 per cent compared with 10 per cent for England as a whole²). This movement has slowed over recent years; but it still continues.

¹ Migration impacts in Rural England, survey undertaken by Findlay et al, 1999

² OPCS, Population censuses

2.15 On average, the rural population is older than the urban one. Figure 2.1 below and Table 1 in Annex 1 show the age structure of the rural population: in 1998 18 percent were 65 or over compared with 16 percent nationally. This is a key issue in all regions: many young people are leaving rural areas, probably because of lack of quality employment, lack of affordable housing and poor service infrastructure. For example, in the more rural parts of the East of England, less than 27 per cent of the population are aged under 29, which is significantly below the regional average of 40 per cent. In the rural county of Norfolk 31 per cent of the population is over 60¹, nearly 10 per cent above the national average. Similarly, in parts of the Lake District (North West Region), pensioners account for over 30 per cent of the population². In-migration of the retired and out-migration of young is changing the character and needs of rural communities.

Figure 2.1: Comparison of the Age Structure of the Population of Predominantly Rural Districts and Other Districts of England: 1998



Source: The State of the Countryside 2000, Countryside Agency

2.16 Analyses suggest that at most key stages (Key Stages 2, 3 and GCSE/GNVQ) pupils in schools in accessible and remote rural areas tend on average to perform better than pupils in other areas³. This is mirrored by slightly better qualified workforces in rural areas: on average 12.8 per cent of economically active working age adults in rural areas have no qualifications compared with 14 per cent in urban areas⁴.

¹ See Appendix A and ONS, 1999, Population Census, projected figures

² See Appendix D

³ Cabinet Office report to the Prime Minister – Sharing the Nation’s Prosperity: Economic, Social and Environmental Conditions in the Countryside (February 2000).

⁴ Labour Force Survey 1997

2.17 However, these averages mask very significant differences within the rural and urban areas concerned. For example, a recent report¹ mapped (see Map 3, Map Annex) the proportion of economically active working age adults with a National Vocational Level 3 qualification or equivalent (or higher) by local authority district. This highlighted a number of districts with a large rural population where less than 25 per cent were qualified to this level : Berwick-upon-Tweed (North East); Torrington (South West); Boston (East Midlands); and Forest Heath (East of England). This compared with a rural average of 40.6 per cent. There are also weaknesses in the capacity of communities to use the skills base of incomers.

2.18 Rural areas have higher average employment and self-employment than urban areas: in 1999 employment in rural areas was 79.3 per cent of the total working age population as opposed to 73.8 per cent in non-rural areas². However, this again masks significant variation within these areas as illustrated in Map 4, Map Annex, that shows the average unemployment rate by county. For example it shows high unemployment in the former mining areas in the North East; and the remoter parts of Cumbria, Cornwall, East Sussex, Kent, the Isle of Wight and Northumberland.

2.19 Studies also point to higher levels of hidden unemployment in rural areas compared with urban areas³. This is often a highly localised phenomenon (for example in upland rural areas of Yorkshire and Humber – see Appendix H); and it requires local and novel solutions which are currently not adequately addressed by mainstream programmes.

2.20 Rural areas are also seeing changes in employment patterns. Over the last two decades, economic activity has shifted from agriculture, other primary industries and manufacturing to the service sector: this now accounts for 71 per cent of rural employment⁴. This is illustrated in Table 2.2 below, which shows the employment in rural areas, by sector in 1996.

¹ Cabinet Office report to the Prime Minister – Sharing the Nation’s Prosperity: Economic, Social and Environmental Conditions in the Countryside (February 2000).

² ONS Labour Force Survey, NOMIS, January 2000; and England Rural Development Programme, September 2000

³ Countryside Agency – State of the Countryside 2000

⁴ England Rural Development Programme and Countryside Agency – State of the Countryside 2000

Table 2.2: Employment in rural areas in England, 1996 – by sector¹

	%
Primary industries	9
<i>Of which:</i>	
<i>Agriculture</i>	4
<i>Energy & water</i>	1
<i>Construction</i>	4
Manufacturing	20
<i>Of which:</i>	
<i>Food & beverages</i>	3
<i>Textiles, apparel & leather</i>	1
<i>Wood, paper & other</i>	4
<i>Chemicals, rubber, plastic, etc.</i>	3
<i>Metal & machinery</i>	8
Services	71
<i>Of which:</i>	
<i>Distribution, hotels and restaurants</i>	24
<i>Transport and communications</i>	5
<i>Banking, finance, insurance etc.</i>	13
<i>Public administration, education & health</i>	24
<i>Other services</i>	5

Source: Nomis (1996), Annual Census of Employment

2.21 Tourism is a prominent element within the service sector; in 1994 total employment directly, or indirectly, supported by visitor activity in rural England was estimated to be 380,000 jobs². Between 1993 and 2000, the number of tourist trips to the countryside grew by 50%³. By 1999 visits to the countryside accounted for 25% of total domestic tourism and £2.5 billion in visitor expenditure. However tourism brings with it a range of associated issues such as development pressure, seasonality of employment and responding to changing patterns of demand. Some areas are overwhelmed and suffer congestion and degradation, while others fail to attract visitors because of poor facilities, infrastructure or lack of product⁴.

¹ The figures for employment understate the contribution of agriculture, as agriculture has a much greater degree of self-employment. Self-employment accounts for 12% of those working (employed or self-employed) in England, and accounts for a third of those working in agriculture

² Cabinet Office report to the Prime Minister – Sharing the Nation's Prosperity: Economic, Social and Environmental Conditions in the Countryside (February 2000)

³ The state of the countryside 2001, Countryside Agency 2001

⁴ Cabinet Office report to the Prime Minister – Sharing the Nation's Prosperity: Economic, Social and Environmental Conditions in the Countryside (February 2000)

2.22 Other distinctive features of rural employment are:

- (a) average earnings are lower in rural areas (£365 per week in 1999 compared to £398 in non-rural areas¹);
- (b) rural jobs are more likely to be part-time, casual or seasonal²; and
- (c) in some areas (e.g. the North East – see Appendix C) there is evidence of a fall in the number of male employees and full-time employment and a rise in part-time working and female employment.

2.23 Difficulties in finding re-employment can also be more severe in rural areas³:

- (a) workplaces are often some distance from the home, causing difficulty in getting to work: public transport is often not an option;
- (b) there are often mismatches between the skills and the jobs available and the remoteness of some rural areas can make re-skilling more difficult;
- (c) the range of local opportunities is limited; and
- (d) the costs of taking up employment or training (e.g. transport or childcare needs) may make it prohibitive.

2.24 A high proportion of rural firms – over 99 per cent – are small or micro-businesses, employing fewer than 50 people⁴. In some areas, evidence of higher rates of business failure and lower new business creation suggests a need for better business support and re-skilling. For industry generally, local sourcing of produce is under-exploited.

2.25 The communications infrastructure is weaker in rural areas than in urban areas. This also has a serious impact on rural economies against the back-drop of the features outlined above. For example rural areas have not yet successfully fully exploited opportunities for using Information and Communications Technology (ICT) to overcome obstacles of distance from commercial centres, employment, and markets⁵.

¹ CACI, 1999

² Office for National Statistics, New earnings survey 1999; and Beatty and Fothergill 1999- Labour market detachment among men in rural England

³ See Countryside Agency – State of the Countryside 2000

⁴ Countryside Agency – State of the Countryside 2000

⁵ Countryside Agency – State of the Countryside 2000

Social issues

2.26 Rural areas are valued for their strong sense of community. However, changing demographics as described in paragraphs 2.14 and 2.15 (e.g. populations older on average and younger people leaving) are changing the pressures on, and character of, rural communities.

2.27 Lack of key services (e.g. post offices, shops, schools, health services and leisure facilities) causes serious problems in rural areas. For example, in the East of England 93 per cent of rural parishes have no childcare provision and 91 per cent have no day care for elderly¹. These problems are compounded by the fact that 21 per cent of households in the region have no access to a car². Table 2.3 below sets out the provision of key services in rural parishes across England.

Table 2.3: Provision of key services in rural parishes

Key service	Proportion of parishes lacking access %
Permanent shop of any kind	42
General Store	70
Post Office	43
Daily bus service	75
School (for an age)	49
GP (based in the Parish)	83
Job Centre	99
Village hall/community centre	28
Public house	29

Source: Rural Development Commission, Survey of Rural Services 1997

Base: weighted to all rural parishes in England, 1991 Census.

2.28 Poverty is a significant and persistent problem in rural areas although less prevalent than in urban areas. The national Index of Multiple Deprivation³ (Table 2.4) shows that for five out of six component indicators, people in rural wards are less deprived than their urban counterparts. On average, rural dwellers have better health, higher levels of education and incomes⁴, lower registered unemployment and higher levels of part-time and self employment, but poor access to services.

¹ EEDA - Moving Forward, A Strategy for the East of England, 1999-2000

² General Household Survey and Family Expenditure Survey, ONS, 1998

³ The national Index of Multiple Deprivation includes six component indices: housing, health, education, income, employment and services. It will be updated annually. The index of Multiple Deprivation was commissioned by DETR from Chandola et al., Dept. of Social Policy and Social Work, University of Oxford.

⁴ The disparity between rural earnings (paragraph 2.22) and rural incomes may be due to the number of retired and self employed people in rural areas and also that many on high incomes who live in rural areas earn that income in farms and cities.

Table 2.4: Rural deprivation and the Index of Multiple Deprivation

(lower index number indicates higher level of deprivation)

Ward types ^a	Income	Employment	Health	Education	Housing	Access to services	IMD
Non rural (4388 wards)	3253	3360	3436	3397	3209	5723	3436
Rural (4076 wards)	5224	5109	5029	5070	5270	2594	5028

^a(Oxford/ Countryside agency classification)

Source: Chandola et al.

2.29 There are, however, great disparities within regions: pockets of disadvantaged groups often co-exist alongside more affluent groups. Map 4 in the Map Annex shows the distribution by ward of the Index of Income Deprivation, illustrating the wide differences within regions. This is a particular problem in rural areas. For example, in the east and north east of the South West Region, poverty is less prevalent than in the extreme south west of the region; but it exists, in a less spatially concentrated way, among pockets of the elderly and young, especially those with a rural background or poor educational achievement.¹ Even the most affluent of the eight regions, the South East, has pockets of socially excluded people.

2.30 Social exclusion in rural areas has some distinctive features²:

- (a) socially excluded households tend to be more geographically dispersed than in urban areas, making social exclusion more difficult to locate and address;
- (b) poor access to jobs and services due to distance:
 - the number of post offices, particularly in remote rural areas, continues to reduce;
 - closures continue of smaller shops in villages and small towns and many that remain are only marginally viable;
 - childcare provision is often difficult to access;
 - the lack of, or difficulties in, access to health and community care which cause particular problems for rural areas with their increasingly aged populations (there is a clear correlation

¹ See Appendix F, LEADER+ in the South West Region

² Countryside Agency – State of the Countryside 2000

between age and the likelihood of having a long-term health problem or disability);

- (c) in remote rural areas transport costs and limited public transport are key features of social exclusion: although more rural households have access to a car (83 per cent compared to a national average of 70 per cent)¹, a car is a necessity in most rural areas; and, even in households with a car, individuals may still be left without access to one;
- (d) while many rural elderly are relatively wealthy, the elderly constitute the largest low-income social grouping in rural areas; and
- (e) low pay levels in rural areas.

2.31 Key equal opportunities issues are the lack of, or lack of access to, carers (including child-care); and the cost of and access to training. Adequate data are not available to make any rigorous assessment of equal opportunities issues in relation to disabled and ethnic minority groups. However, there is some evidence that people with disabilities may face particular difficulties in rural areas: 96 per cent of rural parishes have no day care for people with disabilities and 91 per cent have no residential care for people with learning difficulties or physical disability².

Environmental and cultural assets

2.32 The English countryside is remarkably diverse, reflecting the interplay of natural forces and human influence over many centuries. Environmental and cultural assets can support social and economic activity, which, in turn, support the maintenance of these assets. The key issue is how to support this virtuous circle.

2.33 There have been significant losses in the extent of some semi-natural habitats as the result of agricultural improvements and urban and industrial development. For example, it is estimated that lowland unimproved grassland declined by 97 per cent in the fifty years up to 1984. Between 1936 and 1985 some 45 per cent of the area of ancient woodland was cleared for other land uses or replaced by plantations, usually of non-native species. However rates of habitat loss have diminished since the mid 1980's, with just over 82,000 hectares of land area now covered by existing agri-environment agreements, and new semi-natural habitats created.³

¹ DETR, 1999 – Transport statistics bulletin. National travel survey.

² Sharing the Nation's Prosperity – Economic, social and environmental conditions in the countryside – Cabinet Office Report to the Prime Minister, February 2000

³ England Rural Development Programme, September 2000

2.34 Despite the increase over recent years in the number and extent of sites designated to protect high quality habitats and particular species, biodiversity continues to decline in the countryside. For example in 1999/2000 only 43 per cent of Sites of Special Scientific Interest were in favourable condition and 11 per cent were in a poor state and declining.

2.35 Birds are regarded as good indicators of the wildlife and health of the wider environment¹; between 1978 and 1998, the populations of 12 key species of farmland birds fell by 58 per cent². However concerted conservation efforts are beginning to have an impact, the latest figures on populations of rare birds show populations have, on average, doubled over the last 30 years. For example land management under the Countryside Stewardship Scheme has made a major contribution to reversing the decline of curlew and stone curlew³. Nevertheless, the results of the most recent Breeding Birds Survey⁴ indicate that the long-term decline in abundance of a range of common and widespread birds in the UK is still continuing.

2.36 The landscape, biodiversity and cultural assets have all been under significant threat from agriculture and other human activities. Factors adversely affecting them have been:

- (a) **agricultural intensification** – with over 70 per cent of the land area of England devoted to agriculture, this has been a major influence. Characterised by greater mechanisation and pesticide use and changes in traditional farming practices, it has led to the damage or removal of landscape features (such as woodland and hedgerows) and archaeological sites, and the loss of habitats. Grazing pressure in the uplands has contributed to the damage of heather moorland. Many features and habitats are fragile and can be safeguarded only by the continuation of farm management practices which may be increasingly uneconomic. For example between 1984 and 1990 an estimated 14% of dry stone walls were lost and the length of managed hedgerows fell by almost a quarter – this is due to field enlargement, inappropriate management or neglect as these features cease to have an agricultural function. However the latest Countryside Survey 2000 indicates that this decline has now been halted⁵;
- (b) **environmental pollution** – pollution from agriculture, industry and domestic waste has affected biodiversity of water courses; air

¹ A Better Quality of Life – A Strategy for Sustainable Development in the UK, DETR, 1999

² Sharing the Nation's Prosperity – Economic, social and environmental conditions in the countryside – Cabinet Office Report to the Prime Minister, February 2000

³ England Rural Development Programme, September 2000, and England Rural Development Programme Annual Report 2000

⁴ The Breeding Bird Survey 1999, Noble, Bashford & Baille

⁵ England Rural Development Programme, September 2000, and England Rural Development Programme Annual Report 2000

pollution arising from atmospheric emissions of sulphur and nitrogen compounds from a range of sources (including industry, traffic, urban homes and agriculture) has affected sensitive ecosystems, particularly in the uplands; similarly, soil quality has been affected in some areas;

- (c) **over-abstraction of water** – pressures have arisen from over-abstraction for agriculture and public water supply; and
- (d) **development pressure** – population movement from urban to rural areas has also put pressure on the environment with increased demand for housing, infrastructure and services. For example rural land has been lost to urban development at a rate of about 5-6000 hectares per year¹.

2.37 Table 2.5 shows the number and extent of designated areas in England. Tables 2 and 3 in Annex 1 provide further information on Natura 2000 sites, and the current stock of landscape features in England. Further details of landscape features and biodiversity issues are set out in the England Rural Development Programme². The Countryside Agency report, 'State of the Countryside 2000', also gives details of cultural monuments at risk of damage or destruction which are summarised in Annex 1.

Table 2.5: Number and extent of designated areas in England¹

Designation	Number	Area ('000ha)	Percent land area ³
Site of Special Scientific Interest	4,066	1,046	8.0
Candidate Special Area of Conservation	148	656	5.0
Special Protection Area for birds	76	510	3.9
Ramsar sites	72	353	2.7
National Nature Reserve	203	81	0.6
National Park ⁴	8	993	7.6
Area of Outstanding Natural Beauty	37	2,039	15.6
Common land	2,934	360	2.7
Scheduled monuments	18,179	41	0.3

¹ Data from a variety of sources – table shows situation as recorded at end 1999.

¹ Land use change in England No 13 (SDI 129) DETR 1998

² see also on biodiversity – English Nature, Annual Report 1999/2000

³ Some nature conservation designations cover large intertidal and estuary areas which are not included in this estimation of % land area. The designations are not all mutually exclusive

⁴ National Park designation is also being considered for the New Forest and the South Downs

Strengths, weaknesses and potential

2.38 The picture painted in the analysis of rural England above is a patchwork of often distinctive and highly localised issues. In the face of such features, top-down approaches need to be complemented by programmes such as LEADER+ with its emphasis on small-scale, bottom-up approaches targeting local issues. LEADER+ will seek to put local communities in the driving seat in identifying and addressing local issues.

2.39 The potential of rural areas is set out below, in terms of the three strands of economic, social and environmental issues. This is then summarised in Table 2.6: Strengths, weaknesses and potential of rural areas. However, these three strands overlap significantly and are mutually dependent. For example, social exclusion is closely linked to local economic issues; and the out-migration of young people from rural areas has social and economic ramifications. Policies seeking to achieve sustainable rural development must therefore take account of all three.

2.40 There are no easy or ready-made solutions to the localised and disparate challenges faced by rural areas. These challenges require the local solutions and innovative action which LEADER+ can provide.

2.41 The challenge will be to ensure that measures to tackle economic, social and environmental issues are integrated both in their development and their delivery. As a minimum, integrated sustainable development will achieve a balance between economic, social and environmental considerations. At best, it will have benefits in all three areas. It will thus ensure that rural communities can continue to thrive in a living and working countryside which is in good heart.

Economic potential

2.42 Information and communications technology is not a panacea; but it does have potential to assist with:

- (a) diversifying and strengthening the rural economy (e.g. innovative marketing and creation of new jobs in information technology related industries etc); and
- (b) improving access to services, markets, training and education.

2.43 There is also the prospect of the use of community facilities or under-used buildings for training, local service provision and alternative employment.

2.44 Agriculture will continue to have a central role: the development of sustainable agricultural practices will help to protect the environment and may contribute to conservation objectives. Agriculture also shapes the landscape and

hence provides the basic resource on which many other rural businesses, such as tourism, depend.

2.45 With changing consumer tastes there are prospects for the development of markets for distinctive, locally produced, sustainable products and crafts. As with many other rural industries, agriculture needs to become more competitive through restructuring, diversification, co-operation and collaboration (e.g. along the food chain). Adding value to products or services and taking advantage of niche markets for an increasing range of food or other rural products also offer opportunities.

2.46 There is substantial potential for revitalising market towns as service, leisure and employment centres for rural areas. This offers the opportunity to tackle social, economic and environmental issues that affect rural areas, in a sustainable and integrated manner. With strong commitment and involvement from the local community and broad public/private partnerships, they can reinvent themselves as comprehensive local service centres for the surrounding countryside.

2.47 There is scope for promoting innovative tourism. This may involve less well-known natural and cultural sites or developing new opportunities (e.g. rural retreats, teaching of rural crafts, local events or festivals or promoting historical figures). Sustainable tourism has the potential to create employment opportunities and provide resources for economic, social, cultural and environmental enhancement. It can help to maintain the viability of shops, post offices, pubs and local transport and there is scope for integrated services (e.g. transport and admission tickets).

2.48 Collaboration between tourism and food sectors could be increased. Businesses can source and promote the use of local goods and services, employ local people and offer discounts to encourage residents to use facilities provided for tourists.

2.49 Forestry also has potential: a new census of woodlands for England provides an estimate of woodland cover as being just 8 per cent, compared with the EU average of 33 per cent, with much of this resource being under-utilised. Utilisation and extension of this resource could assist other farm and rural diversification schemes such as tourism. There is also scope for adding value to woodland products such as timber and venison through integrated woodland management and better market links.

2.50 There is potential for the setting up and growth of small local businesses providing local services. Fuller use of locally supplied materials and using existing resources, for example for community based renewable energy schemes, also offer scope for sustainable economic development.

2.51 There is also scope for addressing equal opportunities-based employment issues such as child care and perhaps targeting training on particular disadvantaged groups. Other areas where LEADER+ may make some contribution are advanced business and other skills for rural businesses and increasing the provision and, particularly, accessibility of lifelong learning.

Social issues

2.52 Communities need help to assist them in developing skills and confidence to improve their prosperity. Existing strong local community organisations and facilities can provide important resources. For example, churches are often very active and play a central role in rural areas: in addition to their spiritual function, they offer important human and physical resources to their local communities. Building and strengthening community and voluntary organisations is important to help tackle social exclusion. A clear commitment to equal opportunities will be built into all aspects of the Programme, including group and project selection criteria (see paragraph 5.71 - 5.72): this will provide essential support for tackling both social exclusion and wider equal opportunities issues to ensure fairer, more inclusive communities.

2.53 There are clear opportunities to harness the skills of local populations in community development. In-migrants and older people (including the early-retired) offer potentially valuable skills for this and other voluntary work. A key challenge will be to involve sectors of the community that have not traditionally been involved in local issues.

2.54 There is a need to develop and provide a basis and reason for more young people leaving school to stay in rural areas. Information and communications technology may offer potential to harness skills of the younger population. Other ways should also be found of using their skills and enhancing their roles in rural communities.

Environmental and cultural assets

2.55 There is considerable potential for local initiatives to develop natural assets in ways which would safeguard them, with possible economic and social benefits. For example, there is scope to enhance the character and structure of some landscapes through appropriate woodland planting and management. Damaged habitats and landscapes can also be restored providing economic, social and environmental benefits. For example conservation activity can generate both direct and indirect economic benefits through the creation or maintenance of jobs in environmental services, (e.g. hedgelaying, drystone walling), or through attracting visitors to new or improved facilities (i.e. access routes or wildlife reserves).

2.56 Countryside products with clear links to environmentally sensitive land management could also be developed.

2.57 There is scope for promoting some less well-known natural, cultural and historic features by encouraging managed access for all for both recreational and educational purposes. Tourism and leisure developments, including local events and festivals, provide opportunities for developing new income streams. However, they must be developed sustainably in ways which care for the fabric on which rural tourism and leisure depend – England’s unique environment, heritage, and culture; and the diversity of its landscape and local communities.

2.58 There are also opportunities to increase awareness of the environment and environmental issues among local rural communities and to address environmental degradation in rural areas with an industrial heritage.

Table 2.6: Strengths, Weaknesses and Potential in rural areas

Strengths	Weaknesses	Potential
Economic Issues		
<p>Demographics:</p> <ul style="list-style-type: none"> • urban to rural migration • in-migration of older, skilled, affluent people <p>Education and employment:</p> <ul style="list-style-type: none"> • better qualified workforce; • a diverse skills base. • higher average employment and self-employment. • shifts in employment patterns from primary and industrial to services. <p>Economy:</p> <ul style="list-style-type: none"> • networks of small firms • agricultural diversification • support for regional/ speciality foods through farmers markets • well developed tourism industry <p>Network of market towns which provide a focus for the location of services and housing</p>	<p>Demographics:</p> <ul style="list-style-type: none"> • older population. • out migration of young people <p>Education and employment:</p> <ul style="list-style-type: none"> • significant differences in educational achievement between rural areas. • communities do not use skills base of incomers • mismatches between the skills and the jobs, difficult to re-skill the workforce • average earnings lower than urban areas • jobs more likely to be part time, casual or seasonal • difficulties and cost of taking up employment (e.g. transport or lack of suitable childcare) • difficult to find re-employment – range of opportunities limited • high levels of hidden unemployment, <p>Economy:</p> <ul style="list-style-type: none"> • decline in traditional agriculture, leading to early retirement and redundancy • over 99 percent of rural firms are small or micro businesses. • high rates of business failure and low new business creation • problems with supply chain efficiency • under-exploitation of locally sourced of produce • weak communications infrastructure 	<p>Education and Employment:</p> <ul style="list-style-type: none"> • targeting training on particular disadvantaged groups • increased provision of advanced business and other skills for rural businesses • re-skilling of unemployed and under-employed <p>Economy:</p> <ul style="list-style-type: none"> • increased competitiveness of agriculture through: restructuring, diversification, co-operation and collaboration • development of markets for distinctive, locally produced, sustainable products and crafts. • promotion of innovative, sustainable tourism • collaboration between businesses e.g. to source and promote local goods and services • scope to integrate services to help maintain the viability of local shops, post offices, pubs and local transport . • scope for forestry to assist other farm and rural diversification schemes. • innovative re-use of rural buildings • improving access to information technology to assist with diversifying and strengthening the local economy <p>Revitalising market towns as service, leisure and employment centres for rural areas.</p>

Strengths	Weaknesses	Potential
Social issues		
<p>Strong sense of community and distinctiveness</p> <p>Poverty less prevalent than in urban areas as, in general, rural areas have better:</p> <ul style="list-style-type: none"> • incomes • employment • health • education • housing <p>Voluntary sector capacity e.g. from retired persons</p> <p>Network of rural support groups.</p> <p>Family networks and stable communities</p>	<p>Changing demographics are changing the pressures on and character of rural communities.</p> <p>Poor access to jobs and services due to:</p> <ul style="list-style-type: none"> • reduction in number of post offices • closures of small shops • difficult to access childcare • difficult to access health and community care • distance, limited public transport and high cost of private transport • lack of access to retraining • particular difficulties for people with disabilities <p>Poverty a significant and persistent problem in rural areas with:</p> <ul style="list-style-type: none"> • great disparity between and within regions • socially excluded households more geographically dispersed • low pay levels • low income elderly population • low expectations and aspirations • lack of affordable housing 	<p>Use of quality of life to attract businesses</p> <p>Build current capacity levels in rural communities to increase bottom up solutions through harnessing the skills of:</p> <ul style="list-style-type: none"> • strong local community organisations and their facilities • local populations in community development. • in-migrants and older people for community development and voluntary work <p>Develop and provide a basis and reasons for more young people leaving school to stay in rural area through:</p> <ul style="list-style-type: none"> • use information and communications technology to harness their skills; • enhancing their roles in rural communities <p>Scope for shared services including use of community facilities or under used buildings for training, local service provision and alternative employment.</p> <p>Training and support for childcare</p>
Environmental and cultural assets		
<p>Environment:</p> <ul style="list-style-type: none"> • quality and diversity of the landscape • quality of environment for recreation • rich historic and cultural environments • quality of environment for living and working <p>Environmental change:</p> <ul style="list-style-type: none"> • increase of sites designated to protect high quality habitats and particular species • increase in areas covered by agri-environment schemes • rates of habitat loss slowing down • some rare species increasing due to conservation efforts 	<p>Overall biodiversity continues to decrease in the countryside due to:</p> <ul style="list-style-type: none"> • agricultural intensification • environmental pollution • over-abstraction of water • development pressure <p>Negative impacts of tourism on environmental assets</p> <p>Neglected woodlands.</p> <p>Declining rural land management skills</p>	<p>Enhance the character and structure of some landscapes and improve the environment through:</p> <ul style="list-style-type: none"> • restoration of damaged habitats and landscapes • development of sustainable agricultural practices which will protect the environment • appropriate woodland planting and management <p>Development of Countryside products with clear links to environmentally sensitive land management</p> <p>Development of sustainable tourism through:</p> <ul style="list-style-type: none"> • promotion of less well known natural, cultural and historic features. • local events and festivals developed sustainably <p>Increasing awareness of the environment and environmental</p>

Strengths	Weaknesses	Potential
		issues

Conclusion

2.59 There is, inevitably, a certain paradox in seeking to provide a framework for local solutions to rural development through a national Programme. As the above analysis shows, national statistics frequently mask significant local differences; and often detailed statistics depicting the more local picture are simply not available. A national programme cannot, therefore, fully capture local distinctiveness. However, it can draw out the issues which are common to many rural areas.

2.60 The summary analysis above highlights the disparate and often highly localised nature of the problems and development issues facing rural areas. The diverse and localised nature of the problems and the lack of ready-made solutions adequately to address them all point to the need for innovative actions which are locally developed and implemented. This is the niche where LEADER+ can add significant value to other rural development programmes. It does so through recognising on the one hand the distinctiveness of local issues and the need for local community empowerment to address these; and on the other hand the commonality of issues facing local communities and the need for effective co-operation and networking so that communities can learn from each other.

2.61 The Programme seeks to ensure a local and community-led emphasis in a number of ways:

- (a) it provides a framework and not a blueprint for local development: it therefore seeks to avoid over-prescription which might stifle local creativity; the national and regional objectives provide a framework within which local needs can be addressed and local solutions developed;
- (b) it has been drawn up in partnership and takes account of regional and local input: the regional appendices, which reflect local input, have, to a large extent, driven the national analysis;
- (c) it recognises that a higher level of risk inevitably attaches to locally developed innovative solutions: but that higher risk of failure is outweighed by the potential benefits of locally driven solutions and community empowerment; these benefits include the potential for wider application of successful approaches piloted under LEADER+; and
- (d) the selection procedures and criteria have all been developed to ensure that the local differences and opportunities are fully taken into account in the selection process; and they also recognise the need for new ways of measuring achievement for community-led Programmes of this type.

Lessons learnt from other community-led rural development schemes

2.62 In developing this Programme there has been wide consultation and an in-depth analysis of key issues emerging from the implementation of earlier community-led rural development schemes. The aim has been to ensure that this Programme takes account of lessons learnt. This analysis has been conducted at national and regional level. The main points arising from these analyses are summarised below.

Implementation of previous LEADER Programmes

2.63 The LEADER I Programme in England ran between 1991 and 1993. It covered the North Tamar, Devon and West Cornwall areas where two groups were selected for funding. The Programme was run on a global grant basis¹ which meant that the funds were administered by the Rural Development Commission who acted as Programme manager to the two groups. The total funding allocated to England for the Programme was 1.5 million ecus.

2.64 The LEADER II Programme was run on a considerably larger scale. A total of 32 million ecus was allocated to England for the period 1994 to 1999. A single English Programme was divided into six regional sub-programmes, covering the Objective 5b areas. A total of twenty one local action groups were established across the Objective 5b areas, as follows :

Area	Number of groups	Total EU funds (mecu)
Northern Uplands	4	7.2
Midlands Uplands	1	0.7
Lincolnshire	2	3.4
East Anglia	3	3.9
South West	7	14.2
The Marches	4	2.6

2.65 Under LEADER II, seventy per cent of the funding came from the European Regional Development Fund (ERDF) with the remaining thirty per cent split equally between the European Social Fund (ESF) and the European Agriculture Guidance and Guarantee Fund (EAGGF). This made the Programme administratively complex as the Department for the Environment, Transport and the Regions (DETR) were responsible for administering the ERDF, the Department for Education and Employment (DfEE) were responsible for the ESF and the Ministry of Agriculture, Fisheries and Food (MAFF) were responsible for the EAGGF. Overall responsibility for all the Structural Funds rested with the Department for Trade and Industry (DTI) who were also responsible for the UK LEADER II

¹ Article 9 i) of Council Regulation (EC) No 1260/1999, which lays down general provisions on the Structural Funds

network. Because of the different European and national rules governing each of the three funds, there were separate application and claim forms for each fund.

2.66 The LEADER II Programme was overseen by a Programme Monitoring Committee chaired by the DETR with representatives from the other Government Departments involved. The remainder of the committee comprised of representatives of the relevant Government Offices, local partners from each LEADER II area, the European Commission, the Countryside Agency and representatives from voluntary and environmental bodies. Each LEADER II area was administered locally through a Programme Monitoring Sub-Committee who was responsible for the overall monitoring of the Programme in their area.

Lessons learnt from previous LEADER Programmes

2.67 The main lessons learnt from LEADER I were carried forward into the LEADER II Programme. These included :

- (a) the need to define output targets for projects and establish sound arrangements for monitoring their progress; and
- (b) the time it takes to establish effective community led partnerships.

2.68 The interim evaluation of LEADER II was carried out in 1997. Many of the problems identified reflected the late start of the Programme. The final evaluation of LEADER II will not be carried out until the spend for the Programme has been completed, at the end of 2001. This is to allow the maximum time for the impacts of projects to be identified. However, an exit strategy was funded for each local action group and these identified further lessons.

2.69 Some of the key issues from LEADER II evaluations concerned the need for greater simplicity in administration (paragraph 2.65 above refers). This has largely been met through funding LEADER+ entirely from one fund and having only one Managing Authority. This will, in turn, enable one application form, one set of guidance notes and a unified administration system.

2.70 A further key issue to emerge from the evaluations was the need to establish the LEADER+ network from the outset of the Programme. The late establishment of the UK LEADER II network meant that the sharing of good practice and innovative projects was disjointed. This led to some areas, new to the LEADER approach, developing more slowly than would otherwise have been the case and resulted in a slow take up of funds and loss of potential projects. As a result of these lessons, the UK LEADER+ network will be in place by the time local action groups are selected. The English authorities will also seek to ensure wider involvement of local action group representatives in the network to ensure that it is responsive to their needs.

2.71 Other key issues emerging from evaluations of related schemes and LEADER II are:

- (a) the need to build capacity and achieve genuine local ownership: there are a whole raft of issues surrounding this. Several evaluations have emphasised that true regeneration must come from within communities and not be imposed top-down. Capacity building will therefore be a core component for LEADER+. An assessment of the extent and quality of community involvement will form a key part of the selection criteria (see Section 7). The limitations on the involvement of statutory and governmental bodies at decision-making level in local action groups will also help to ensure that local communities have a central role in these groups and genuine bottom-up ownership. This in turn will enable the statutory and governmental bodies to play their part in supporting and facilitating the groups as appropriate;
- (b) the need for effective promotion of LEADER+ to potential participants and the local community (e.g. through parish councils and involving all relevant organisations): an assessment of this aspect of groups' development strategies will form part of the selection process (see Section 7);
- (c) the need for the LEADER approach to be extended outside the objective areas: this point has been taken on board at EU and national level by opening the programme to all rural areas in England. Opening up the network to wider areas engaged in rural development will also extend the influence of the LEADER approach; and
- (d) the need for appropriate emphasis to be given to softer outputs/impacts (e.g. community confidence from capacity building and social benefits of community involvement) in addition to the more concrete outputs (e.g. jobs created). These points will be taken on board in developing the monitoring indicators to be included in the Programme Complement¹. The selection criteria also recognise the need for new approaches to bottom-up performance measurement;
- (e) the need for better linkages with other schemes/programmes to ensure LEADER+ plays its part within the wider integrated rural development strategy. This issue will be addressed partly through ensuring that membership of the national Programme Monitoring Committee and Regional Programme Monitoring Committees encompasses appropriate expertise and knowledge of wider rural

¹ To be submitted to the Commission within three months of approval of the Programme – paragraph 35 of the Commission Guidelines

development programmes and partly through the wider rural development role envisaged for the network.

2.72 The above points, and other issues emerging from the consultation, have all been taken into account in developing this Programme.

SECTION 3 – *EX-ANTE* EVALUATION

3.1 As required by the relevant Community legislation¹ and in accordance with the Commission guidelines², an independent *ex-ante* evaluation of the plan has been carried out by SQW Ltd in association with ADAS Consulting Ltd. The evaluation process has proceeded in parallel with the Programme development and has informed and assisted this process. The *ex-ante* evaluation has been particularly helpful in:

- (a) providing a framework of key questions against which the Programme was assessed;
- (b) emphasising the need for LEADER+ to be locally based through local partnerships identifying and addressing their local rural development issues (and the difficulties of demonstrating this in a national Programme);
- (c) keeping a clear focus on the need for new community-based approaches to be central to LEADER+; and
- (d) ensuring greater clarity and logic in the connections between the various themes, objectives and impacts.

3.2 This Programme takes full account of all the points made by the evaluation. The summary from the *ex-ante* evaluation final report has been included in paragraphs 3.5 to 3.8 below, the remainder of the *ex ante* evaluation report is attached at Annex 2.

Process

3.3 A checklist of questions was developed for evaluation of the regional appendices and the national LEADER+ Programme to provide a consistent methodology across the Programme. These checklists incorporate the guidance provided by the Commission on *ex-ante* evaluation for LEADER+. The appraisal of the national Programme and regional appendices against these checklists is set out in more detail in Annex 2.

3.4 The evaluators worked closely with the regional and national Programme drafters in evaluating the Programme and regional appendices, and their development, against the checklists. This was an iterative process which allowed the evaluators comments to be taken on board as the Programme developed. The process included: attendance at early regional and national steering group meetings; informal meetings with the drafters and their steering group chairs; formal written

¹ Article 41(2) of Council Regulation (EC) No 1260/1999, which lays down general provisions on the Structural Funds

² Guidelines circulated with the letter from the Director General of Agriculture Directorate General on 5 June 2000

responses to early drafts; informal (email) responses; and verbal feedback. A full formal and written response was provided to the drafts of the regional appendices in July 2000. These responses were followed by at least one further formal meeting with the relevant *ex ante* evaluator and a continuing dialogue thereafter. In addition, both the interim report (August 2000) and the draft final report (October 2000) provided comments on the progress of the national Programme and regional appendices.

Summary of the *ex ante* evaluation

3.5 “Overall, the Programme document represents a significant achievement on the part of DEFRA’s LEADER+ Branch, the National Steering Group and the eight Regional Steering Groups and their drafters. A great deal of work has gone into the process of preparing this document and the scope of this is outlined in more detail in Annex 2. In particular, the manner in which the Programme document was prepared within a well-articulated and clear framework drawing on evidence from a wide variety of sources including “bottom-up” local evidence from the regions, should be commended.

3.6 This approach meant that the Programme drafts and the final document had the following specific strengths set out below.

- (a) The documents were *well drafted and incisive*, cutting through a great deal of complexity – administrative, procedural and substantive – to provide a very clear statement of the aims and objectives of LEADER+ in England. The expectation is that local action groups and others that may wish to consult the final document will find it authoritative, informative and easy to use. This will provide an important contribution to the success of the Programme.
- (b) There has been an effective use of the *regional inputs* throughout the process. Consequently, the final document is genuinely synthetic in that it has drawn on inputs from all of the different regions - an approach that was entirely appropriate in the context of LEADER+.
- (c) The early drafts and the final version of the document worked very hard to draw on the lessons learned from previous schemes. These are summarised in a short statement in the final document but the lessons are used to inform the specification of the Programme throughout its various aspects. There is, for example, a very clear statement of the respective roles and responsibilities of regional and national tiers in the selection process and in Programme monitoring.
- (d) Every effort has been made throughout the process to consider and devise ways in which new local action groups can be encouraged to engage effectively in bidding for funds. A great deal of work has

gone into “levelling the playing field” for LEADER+. At a regional level, there have been Programmes of dissemination events together with ad hoc meetings with would-be applicants. Nationally, the development of an “Expression of Interest” procedure should benefit new groups that are engaging with LEADER for the first time. Again, this should be seen as an example of good practice.

3.7 Even though the approach to the specification of the Programme and the drafting of the Programme document should be thoroughly commended, there were still some aspects of the Programme development that proved problematic. These arose for three reasons.

- (a) First, the rationale for LEADER+ is essentially *local* and this is difficult to demonstrate, summarise and specify in a national document and even in the analyses presented in the regional appendices – because of the lack of consistent and comprehensive data at the local level¹.
- (b) Second, guidance from the Commission was in some places less clear-cut than it might have been (e.g. with respect to the relationships between objectives, actions, measures, and impacts) and this led to differences of interpretation at local, regional and national levels that required resources and time to address and resolve.
- (c) Third, the Programme was put together under a good deal of time pressure. This meant that some work was required to be carried out in parallel (e.g. at national and regional levels) that should ideally have been undertaken sequentially, in order to iron out issues at one stage, (e.g. the interpretation of objectives) before commencement of the next stage.

3.8 There were three broad areas where the Programme’s development had to work hard against the constraints imposed by these factors and where the *ex ante* evaluation process contributed to the refinement of the Programme specification and its underlying rationale.

- (a) *The local rationale for LEADER+*: The Programme document provides a succinct and incisive analysis of the range and severity of issues facing rural England. It draws on two main sources: a series of national documents produced over the last year including the England

¹ Towards the end of the preparation of the LEADER+ Programme, a new Index of Multiple Deprivation was produced by the Department of the Environment, Transport and the Regions. This Index is available at ward level and will provide a useful source of information for additional statistical underpinning for the Programme Complement and the LOCAL ACTION GROUP bids.

Rural Development Programme¹ and the evidence from the regional appendices (which examined environmental, social and economic issues in considerable detail). It gives examples that demonstrate the kind and degree of local differentiation that can occur within a region or sub-region. However, such is the nature of the local differences, and their masking by available statistics, that it inevitably proved difficult within the Programme document to be definitive about the rationale for LEADER+ based on a comprehensive analysis of local conditions. However, in our view the final document showed that:

- local problems can be significantly different and more severe than those depicted at regional or sub-regional level;
 - they can be, and will be, identified and addressed by the gap-filling, innovative and value-adding potential offered by LEADER+; and
 - the procedures and criteria by which local action group development plans will be assessed will be put in place to capture these local differences and opportunities across the environmental, social and economic domains.
- (b) *Objectives:* Across the Programme as a whole there are tiers of objectives, actions and themes (core objectives, regional objectives for Actions 1 and 2, and specific purposes/objectives for Action 3). This reflects the scope and complexity of the Programme and the lack of clarity in the guidance. But this proved to be something of a stumbling block in the development of the Programme because it led to differing interpretations and treatments between the regional groups and national authorities. In our view, the final Programme document succeeds in crystallising the definitions of objectives, actions and themes and the relationships between them.
- (c) *Innovation* is a distinctive characteristic of LEADER+ and should feature in all aspects of the Programme including the manner in which impact and performance is assessed and monitored. This innovative dimension of the Programme is one which is difficult to prescribe at the national level because it requires local, community-based approaches which (almost by definition) cannot be anticipated in the Programme document. For this very reason, there was not much by way of Commission guidance on this aspect of the Programme. Given these constraints, it is our view that the Programme document has, quite rightly, chosen to:

¹ The England Rural Development Programme was subject to a separate ex-ante evaluation report, included in Appendix B of the Programme. Where relevant the conclusions of the ex-ante were taken on board in preparing the England LEADER+ Programme.

- emphasise the need for innovative bottom-up approaches that display a commitment to increasing levels of local social, economic and environmental sustainability and that do not replicate existing interventions;
- set in place the criteria by which the innovative nature of local action group applications will be assessed; and
- invite the use of innovative Programme procedures for monitoring and evaluation purposes.”

SECTION 4 – OBJECTIVES, STRATEGY AND LINKS WITH OTHER RURAL DEVELOPMENT PROGRAMMES

Objectives for implementation of LEADER+

4.1 LEADER+ complements the other measures available under mainstream programmes. The Commission has set out the principal aims and objectives for LEADER+ in its guidelines¹ governing this Community Initiative. The English authorities have taken these and also the wider rural development objectives for England, set out in the England Rural Development Programme and the Rural White Paper² into account in developing the objectives for LEADER+.

4.2 The English authorities see the following specific **core objectives** for LEADER+ in England:

- (i) to build capacity in local rural communities to encourage them to think about the longer-term potential of their area and to work together to address, in sustainable ways, the needs and issues identified;
- (ii) to support local rural communities in developing and implementing integrated, high quality, innovative strategies for sustainable development to identify new ways of:
 - (a) facilitating the development of competitive and sustainable rural economies which will help to create jobs and increase economic opportunities;
 - (b) improving the quality of life for people living or working in rural communities by improving access to services and helping everyone to achieve their full potential;
 - (c) protecting and enhancing the natural and cultural heritage and diversity, including extending access to the countryside and developing quality rural leisure opportunities; and
 - (d) improving the organisational skills of local rural communities.

¹ Paragraph 8, Commission Notice to Member States of 14 April 2000 published in the Official Journal of the European Communities on 18 May 2000 (2000/C 139/05)

² Our countryside: the future – A fair deal for rural England, a joint DETR and MAFF publication, November 2000

Strategy

4.3 The strategy for LEADER+ in England is based upon the analysis set out in Section 2. The Programme will focus on the potential identified in the regional and national analyses and the themes and priority target groups which flow from these. The Programme will achieve its core objectives by:

- (a) supporting innovative strategies and projects for integrated, sustainable rural development which achieve a balance between economic, social and environmental considerations;
- (b) supporting local solutions, helping local communities to play a fuller part in their affairs through capacity building and developing well-balanced, representative partnerships; to assist this, local action groups will be encouraged to invest in training and development activities for their board members and staff;
- (c) a selection procedure which ensures genuine competition and support for a range of the most promising and original local action group plans which will make a difference in rural areas;
- (d) ensuring that those local action groups which are selected target the key rural development issues and the objectives set out in this Programme;
- (e) encouraging close liaison between local action groups through co-operation and networking activities supported by the Programme;
- (f) ensuring that promotion of equal opportunities underpins the development and implementation of plans and projects supported and that all relevant Community legislation is complied with;
- (g) streamlining and simplifying the administration of the Programme to the extent possible, subject to the need to meet Community and national obligations;
- (h) ensuring the greatest possible level of delegation appropriate to local action groups subject to their compliance with the necessary monitoring and control mechanisms;
- (i) working in partnership with government and non-government partners in developing and implementing the programme; and
- (j) ensuring that the results of LEADER+ pilot projects feed into the development of future rural development schemes.

4.4 The Programme will be delivered through three main areas of activity (or ‘Actions’):

- (a) **Action 1** – the development and implementation of integrated, pilot rural development strategies by local action groups;
- (b) **Action 2** – co-operation projects between local action groups (or with other groups following the LEADER approach) within and outside the UK; and
- (c) **Action 3** – networking.

4.5 Given the Programme objectives and the limited amount of funding available, the majority of the EU funding (nearly 88 per cent) will be directed to the core Action 1.

4.6 The Programme will also seek to encourage active co-operation between local action groups. About 10 per cent of EU funding has been allocated for this purpose under Action 2. This is a significant increase in funding compared with previous programmes. This, in part, reflects the far wider scope for co-operation actions under LEADER+ with the introduction of inter-territorial co-operation as an eligible activity, alongside transnational co-operation. It is recognised that groups will require progressive access to co-operation and this cannot be forced. It is therefore essential that the Programme retains flexibility for money to be switched between Actions 1 and 2 to respond to local action groups’ needs. Any such movement of funds between Actions would require prior Commission approval and a formal programme modification.

4.7 Provision is also made for networking (1.4 per cent of EU funding) and for Programme management (the so-called ‘fourth priority’), including monitoring and evaluation (about 1 per cent of EU funding).

Links with other rural development programmes

4.8 LEADER+ is one of a range of national and regional rural development programmes and measures implemented in England. The full range of programmes and policy initiatives is described in more detail in the Cabinet Office report ‘Sharing the Nation’s Prosperity’ (published February 2000). Those most relevant for LEADER+ are outlined in Annex 2.

4.9 All of the programmes listed in Annex 2 contribute to some of the same rural development objectives to which LEADER+ will contribute. However, the other programmes and measures cannot do everything: LEADER+, with its distinctive community and area-based approach and mechanisms allied to its emphasis on experimentation, will complement and add significant value to the

other measures. It is at the cutting edge of rural development policy; and it has a crucial role in informing future mainstream rural development policies.

4.10 Thus, LEADER+ will have a relatively small but very distinctive role to play. It is distinguished from the other measures by one or more of the following features:

- (a) the geographical territory covered – LEADER+ operates at the level of coherent local areas;
- (b) it has a strong community emphasis - it supports bottom-up, local, rural development strategies involving a full range of local partners;
- (c) all projects must contribute to achieving objectives within the framework of a local development strategy developed and implemented by a local action group and constructed around a strong unifying theme;
- (d) projects are small-scale compared with larger-scale projects supported by other programmes, therefore investments in infrastructure and/or productive investments will not be eligible unless they are for small-scale actions within limits to be defined in the Programme Complement;
- (e) strategies and projects under LEADER+ must be innovative, involving a higher level of experimentation than under many other programmes; they must not merely duplicate approaches implemented or planned in mainstream programmes;
- (f) encouragement of co-operation and networking is central to LEADER+; and
- (g) projects must be transferable.

4.11 Local action groups will be required to show that strategies and projects funded under LEADER+ do not merely replicate but in fact complement activities which are used or planned under other mainstream programmes (including Objectives 1, 2, and 3; INTERREG; URBAN; EQUAL; the England Rural Development Programme; etc). They will do this through:

- (a) setting out in their development plan how the strategy and projects they propose complement and extend approaches funded under mainstream programmes relevant to their region;
- (b) establishing the project selection criteria they will use to assess individual projects, which must include criteria on the

complementarity with other programmes, and which will be approved by their Regional Programme Monitoring Committee;

- (c) local action groups and project managers, as appropriate, providing declarations stating that operations and projects co-financed under LEADER+ are not benefiting from any other European Commission funding (see paragraphs 13.6 and 13.7 for more detail); and
- (d) groups choosing to operate under the Action Plan approach, setting out in their development plan the systems they will put in place to ensure projects they support complement other programmes and are not being double funded.

4.12 The LEADER+ Programme Monitoring Committee and Regional Programme Monitoring Committees will monitor this aspect to ensure that activities funded under LEADER+ are distinctive and do not duplicate activities supported in the mainstream through:

- (a) approving the local action groups business plans (Action Plans for those local action groups choosing the Action Plan approach) and annual revisions to these business plans (paragraph 9.17 (b) refers);
- (b) agreeing project selection criteria to be used by local action groups consistent with criteria approved by the Programme Monitoring Committee (paragraph 9.17 (h) refers); and
- (c) considering local action groups' recommendations on projects which exceed their delegated limits (paragraph 9.17 (c) refers).

Care will be taken in appointing members of Programme Monitoring Committees to ensure appropriate representation of expertise in the wider range of rural development schemes. The Programme Complement will provide further details on arrangements put in place to ensure avoidance of double funding.

SECTION 5 – OBJECTIVES AND MEASURES PROPOSED FOR EACH ACTION

Introduction

5.1 This section sets out the detailed objectives and measures proposed for each area of activity (or ‘Action’) designed to support achievement of the core Programme objectives set out in Section 4. The diagram at Annex 4 illustrates the relationship between the core and other objectives and Actions and how these relate to local action group development plans.

Action 1 – Integrated, pilot rural development strategies

Purpose

5.2 This Action provides a framework within which local action groups in rural areas can identify their needs and then test new approaches to local rural development. The pilot and experimental nature of the approaches to be tested necessarily entails a higher degree of risk than may be acceptable under mainstream measures.

5.3 The results of the Programme are expected eventually to inform rural development policy at national and European Community level. The English authorities will therefore ensure in selecting local action group development plans that the proposed strategies will potentially add significant value to the mainstream measures.

5.4 This core Action will support local action groups in rural areas in developing and implementing high quality, integrated, sustainable and innovative development strategies structured around a strong theme typical of the identity of the area concerned.

Local action group development plans

5.5 Local action groups will be required to draw up a development plan to form the basis of their application for LEADER+ funding. The development plan will set out the local action group’s strategy and planned programme of activities based on an analysis of the social, economic and environmental issues effecting their area. The plan will cover the composition of the local action group partnership and its operation; details and analysis of the area; and the group’s strategy, including the theme, objectives, target groups and planned activities. It will also include the administrative arrangements and the financial plan.

Areas

5.6 The local action group areas concerned must be small, coherent rural areas which are homogeneous in physical or geographical, economic and social terms. Each local action group will provide information to demonstrate that the area concerned:

- (a) is a small, coherent, local, rural area comprising a continuous area of land;
- (b) is homogeneous in physical or geographical, economic and social terms; and
- (c) has sufficient critical mass in human, financial and economic resources to support a viable development strategy.

5.7 Areas eligible for LEADER+ are those which exhibit rural characteristics and problems (see section 2 for an analysis of rural issues in England). However, defining the rural parts of England is not a simple task. There is no distinct boundary between urban and rural areas, particularly around many towns and cities where urban development is interspersed with more open countryside. There is a natural and increasing interdependence between countryside and town, particularly where market towns act as service providers to their rural hinterlands. Boundaries are further blurred by work and shopping patterns and by leisure and recreational choices.

5.8 Rural areas across England can also vary significantly in their characteristics. For example, there is the relatively sparsely populated area of West Devon covering 1,160 square kilometres with a total population of 47,000 giving a population density of 41 inhabitants per square kilometre. This compares with areas in the Midlands such as East Northhamptonshire which covers 510 square kilometres with a total population of 82,000 giving a population density of 144 inhabitants per square kilometre¹. Both areas exhibit rural characteristics and problems. The English authorities have not, therefore, attempted to provide a definition of rural for the purpose of this Programme. Guidance to local action groups on the type of area that would be eligible for funding under LEADER+ is included in the selection criteria that follow.

5.9 As a general rule, the total population in the local action group area will not be less than 10,000 and will not exceed 100,000. The maximum average population density will be around 120 inhabitants per square kilometre. Small variations in these minimum and maximum population levels may be permitted in areas of relatively high or low rural population density. However, any exceptions must be fully and explained and justified in relation to the following criteria:

¹ Office for National Statistics, area and population by local authority, 1998

- (a) all the other local action group area criteria are met;
- (b) where it can be demonstrated that the area is a recognised coherent, sub-regional unit in a rural area and reducing the area would fragment its cohesiveness e.g. a Countryside Character area¹, a recognised historic landscape, an Area of Outstanding Natural Beauty² etc.; or
- (c) where it can be demonstrated that inclusion of rural service centres are necessary to avoid fragmentation of the local action group area and that these centres are integral to the rural economy or social fabric of the area; or
- (d) in the case of local action groups which fall below the minimum population threshold by up to 5 per cent, that they can demonstrate they have sufficient critical population mass to deliver their proposals.

5.10 Groups which exceed the population maximum and/or the population density by more than 25%, or fall below the minimum population threshold by more than 5%, automatically will be considered ineligible.

5.11 To ensure that all local action groups areas are genuinely rural, no more than 40% of their population should be in towns of over 20,000 people. In addition, local action groups may provide for some services (e.g. training) to be delivered in a town outside the local action group area itself where it is not feasible or most appropriate to deliver the service within the area. However, it must be clear that the benefits of the activity accrue to the rural local action group area concerned.

5.12 Areas which extend across administrative boundaries in England will be eligible to apply for support provided they meet the criteria set out above.

Local action group structure and composition

5.13 There is no one set structure that local action groups must adopt. How local action groups establish themselves and their method of operation is for them to decide. The quality and robustness of these arrangements will be assessed as part of the selection process (see Section 7).

5.14 The driving force behind any local action group will be the partnership. It will be the local action group partnership who will provide the direction and strategy for the group and who will be responsible for the overall functioning of the

¹ Countryside Character areas have been mapped on the basis of physical, cultural and historic variables and provide a framework for setting and implementing environmental objectives in England. Countryside Character Areas, Countryside Agency, 1999

² Areas of Outstanding Natural Beauty are designations which recognise high value landscapes of national importance

group. Typically, this would be a relatively large group of individuals and organisations reflecting the make up of the local action group area. The partnership should be balanced and representative. Members of the partnership should either live or have a significant work interest within the local action group area.

5.15 Although the partnership will be expected to provide the overall strategic direction for the group, it may want to establish a separate group to take decisions on operational issues, such as the selection of projects for funding. It is a requirement of the LEADER+ Guidelines that at least 50% of this decision making body (whether it be the partnership itself or a separate body established for this purpose) is made up of social and economic partners (e.g. voluntary, community and private sectors).

5.16 A local action group will also need to establish a body to carry out the administrative functions. This body will be responsible for the day to day administration of the group and could, for example, be the point of contact for project applicants. Typically, this would be a paid function and the costs of group administration can be grant aided under Measure 1 (see paragraph 5.29). The sub-section in Section 10 (paragraph 10.5-10.10) dealing with local action group administration provides more details on the operation of the administrative function.

5.17 Whichever structure a local action group adopts, it must decide whether to operate either:

- (a) by selecting an administrative and financial leader with the ability to administer public funds who will be responsible for the satisfactory operation of the group; or
- (b) by coming together in a legally constituted common structure, the formal constitution of which guarantees the satisfactory operation of the group and the ability to administer public funds (such as a company limited by guarantee).

5.18 Further guidance on local action group structure and composition will be provided by the managing authority.

Themes

5.19 The central requirement for development strategies is that they must be built around a strong unifying theme typical of the identity and/or resources and/or specific know-how of the area. More than one theme may be used provided they form a coherent whole: it must be clear that the strategy is not just a collection of projects.

5.20 The core objectives for the LEADER+ Programme in England (paragraph 4.2 above) are coherent with and supported by the four themes proposed by the Commission. Each local action group must therefore build their strategy around one (or more, but see paragraph 5.19 above) of these themes:

Theme 1:

The use of new know-how and new technologies to make the products and services of rural areas more competitive (this will contribute particularly to objectives (ii) (a) and (d) of paragraph 4.2).

Theme 2:

Improving the quality of life in rural areas (this will contribute particularly to objectives (ii) (b) and (c) of paragraph 4.2).

Theme 3:

Adding value to local products, in particular by facilitating access to markets for small production units via collective actions (this will contribute particularly to objectives (ii) (a) and (d) of paragraph 4.2).

Theme 4:

Making the best use of natural and cultural resources, including enhancing the value of sites of Community interest selected under Natura 2000 (this will contribute particularly to objectives (ii) (c) and (d) of paragraph 4.2).

All the themes will contribute to objective (i) in paragraph 4.2 above.

Priority target groups

5.21 Each development plan must identify priority target groups relevant to the local action group area. Commitment to equal opportunities will underpin the development and implementation of all strategies and projects selected under LEADER+. However, the analysis of weaknesses and potential and the extensive consultation conducted have highlighted a number of priority target groups in England which feature differently in different localities. The target groups for each of the eight English regions are set out, by region, at Annex 5. The full list of priority target groups for the England LEADER+ Programme is as follows:

- Women
- Young people
- Older population
- The unemployed and under-employed
- Rural businesses and workers affected by rural restructuring

5.22 Each regional appendix sets out which of the above target groups are particular priorities for the region, based on the regional analysis of strengths, weaknesses and potential. Every local action group development plan will be expected to address at least one of the relevant regional priority target groups. Local action groups can revise the target groups to make them more specific to their local situation i.e. by choosing a sub group of a priority target group for their region. For example, focusing on the long term unemployed under the priority group unemployed and under-employed. Groups may also include a limited number of other target groups (i.e. groups not identified in the regional appendix as regional priorities) which are particular priorities for their local area and consistent with their strategy. Any additional target group must be justified and must contribute to the objectives of the development plan. In order for LEADER+ to make an impact, local action group development plans should be properly targeted on a small number of high priority groups.

Key features of local action group strategies

5.23 Other key features of local action group development strategies are that they must:

- (a) be integrated, dependent on interaction between partners, sectors and projects all united in contributing to the strategy;
- (b) be produced and implemented by a representative local partnership with strong, widespread local involvement;
- (c) be economically viable (i.e. there is a clear and realistic funding plan);
- (d) be sustainable – to ensure that resources are used in such a way that options available to future generations are not undermined. Strategies and projects supported must state that they do not have any significant, negative environmental impact or must give a description of any possible, negative impact together with mitigating measures;
- (e) be pilot, involving experimentation with approaches to sustainable rural development which are new in relation to previous practice in the area concerned. Proposals must not duplicate activities under way or planned in other programmes or schemes in the local action group area. This is an important selection criteria which is explained in more detail at paragraph 7.23;
- (f) be transferable – the mechanisms and approaches established must be capable of being replicated elsewhere; and

- (g) be complementary to the mainstream rural development measures (Community and national) applied in the area and genuinely adding value to these.

Regional objectives

5.24 Specific objectives for Action 1 activities will flow for each local action group from the themes and target groups selected. These should be seen in the context of the national and regional objectives for LEADER+. The regional objectives envisaged as priorities for Action 1 and 2 are set out in Annex 6. The regional objectives are grouped under the theme to which they are primarily related. However, some objectives will be relevant to more than one of the themes. The table also shows the regions for which the objectives apply.

5.25 Local action groups may add to or adjust the objectives to make them more specific to their own circumstances and consistent with their strategy. However, the objectives must be consistent with the regional analysis of rural development priorities and must contribute to achieving the specified regional and national objectives.

Measures

5.26 The types of activities which are eligible for support under this Programme are grouped into 'measures'. The precise activities to be funded cannot be specified until local action groups have been selected. However, examples of the types of expenditure which will be eligible for support under each of the measures proposed for Action 1 are set out below. A full list of all the measures applying under the England Programme is given at Annex 7.

5.27 This Programme may support the types of activities which are eligible for support from the Guidance Section of the European Agriculture Guidance and Guarantee Fund, the European Regional Development Fund and the European Social Fund. Projects which support these types of activities must follow the specific rules of each of these funds as laid down in the relevant EU legislation¹. In addition, funding must meet the requirements of the relevant EU legislation on expenditure² to be eligible for co-financing. All activities supported through local action groups must be consistent with their approved development plan.

5.28 Local action groups will be able to claim for the eligible expenditure they have incurred under those measures appropriate to the activities set out in their

¹ Council Regulation 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF); Council Regulation 1783/1999 on the European Regional Development Fund; Council Regulation 1784/1999 on the European Social Fund.

² Commission Regulation 1685/2000 laying down detailed rules for the implementation of Council Regulation 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds

development plan. The measures to be applied under Action 1 in the England Programme are set out below.

Measure 1: Local action group administration costs

5.29 This measure covers the management and administration of the local action group. As well administrative costs associated with Action 1 projects, this measure also includes the administrative costs associated with Action 2 projects and the administrative costs of participating in the UK LEADER+ Network. This measure covers the following types of costs :

- staff and operational expenditure;
- financial monitoring;
- monitoring and evaluation;
- project appraisal; and
- administrative costs involved with participating in the UK network.

These costs must not exceed 15% of a group's total budget for the whole programming period.

Measure 2: Local action group capacity building, training, skills development, publicity and promotion

5.30 This measure covers the costs of motivating and empowering the local action group including community capacity building, training for the staff and board members of local action groups and training for particular sections of the rural community.

5.31 Local action groups are required to develop a communications and publicity strategy which sets out how they will publicise and promote their development plan and proposed activities. This measure will, therefore, also cover all the costs of the publicity and promotional activities identified in a group's communications and publicity strategy.

Measure 3: Retrospective costs on 'acquisition of skills' for new local action groups

5.32 Under this measure, new local action groups who have not benefited from LEADER funding before, will be able to claim costs associated with the 'acquisition of skills' (e.g. those skills necessary to operate as an effective group). This will include expenditure linked to setting up, motivating and empowering the local action group and publicity and studies prior to the launch of the area development plan. Groups who participated in previous LEADER programmes will already have acquired the skills necessary to run a local action group. Hence this measure is restricted to new groups only. A local action group shall be defined as new where:

- (a) more than 50% of its territory is new to LEADER; and
- (b) more than 50% of its non-Government partners are new i.e. not involved with a local development group under LEADER II.

5.33 Only costs incurred during the period covered from the submission of the England draft Programme (17 November 2000) up to the selection of local action groups will be eligible under this measure. Successful new groups will be able to claim these retrospectively following approval of their development plan. In addition where local action groups meet the definition of 'new' but also have some partners or staff recruited from existing LEADER groups, then these personnel should not be eligible for acquisition of skills funding.

Measures 4 to 7: Project costs

5.34 As explained in paragraph 5.19 above, local action groups must base their development plan around a strong unifying theme. The four themes are described at paragraph 5.20. Each theme will be a separate measure under the Programme. Local action groups will be able to claim all costs associated with projects under the measure relating to their development plan theme. Where a local action group has chosen to base their development plan around more than one theme, projects will have to be assigned to an individual measure for the purpose of claims, reporting and budgeting.

5.35 The four measures are as follows :

Measure 4	Theme 1 project costs. The use of know how and new technology to make the products and services of rural areas more competitive.
Measure 5	Theme 2 project costs. Improving the quality of life in rural areas.
Measure 6	Theme 3 project costs. Adding value to local products, in particular by facilitating access to markets for small production units via collective actions.
Measure 7	Theme 4 project costs. Making the best use of natural and cultural resources, including enhancing the value of sites of Community interest selected under Natura 2000.

Eligible costs

5.36 The amount of grant awarded for each project will be the minimum required to enable the project to proceed. Groups will be expected to identify sources of match funding from the public sector and also to find some funding from private sector sources (see financial plan in Section 6 below). However, there will be no set minimum for private sector funding for any individual project. As regards EU funding, articles 29(3) and (4) of the General Regulation lay down the levels of contribution from the EU funds. The general EU co-financing rates are set out in paragraph 6.3, but for some types of project lower rates will apply as set out below.

5.37 Commercial investments will be eligible within limits identified in the Programme Complement. These will be set within the overall ceilings set out in the Structural Funds Regulation¹ for revenue generating investments. Where a project is generating substantial income (taken to be those generating an annual return in excess of 25% of the total investment) the rate of aid for EU funding may not exceed 35% of eligible expenditure in Objective 1 areas and 15% elsewhere.

5.38 The following provisions will apply for capital expenditure in accordance with the Commission guidelines:

- (a) major infrastructure expenditure (e.g. roads etc) is not eligible; and
- (b) small-scale capital expenditure is eligible up to a limit to be defined in the Programme Complement.

5.39 Local action groups will be required to set out in their development plan the type of commercial investment and capital expenditure they propose to support and the maximum level of funding they would like to apply. These will be used as guidance by the managing authority in setting overall Programme limits for commercial investment and capital expenditure in the Programme Complement.

¹ Article 29 of Council Regulation (EC) No 1260/1999, which lays down general provisions on the Structural Funds

Action 2 – Co-operation between rural areas

Purpose

5.40 Action 2 is available only to local action groups selected under Action 1 who wish to co-operate on joint projects to assist them in achieving the objectives and delivering the strategy set out in their development plan. It will entail pooling know-how and/or human and financial resources from within the areas concerned.

5.41 This Action will encourage effective co-operation between rural areas in order to:

- (a) achieve the necessary critical mass for a project to be viable; and/or
- (b) add value to a project through the bringing together of complementary skills, know-how, equipment, products and/or measures.

5.42 Projects will be undertaken within the framework of the unifying theme set out in the local action group's development plan. The regional objectives and priority target groups set out for Action 1 will therefore also apply for projects under this Action.

5.43 A key role of the UK LEADER+ network will be to facilitate and assist groups wishing to co-operate by providing partner searches for potential co-operation projects. For each co-operation project, one local action group will take on the role of co-ordination.

Measures

5.44 The measures to be supported under Action 2 relate to the type of co-operation that can be supported. Action 2 administration costs are included under Measure 1 (see paragraph 5.29).

5.45 Those measures supported under Action 2 are set out below.

Measure 8: Co-operation within the UK

5.46 This measure will support co-operation between:

- (a) local action groups in England and others elsewhere in the United Kingdom: where the partner group is in Wales, Scotland or Northern Ireland, expenditure incurred by that group will be met by the LEADER+ Programme for the territory concerned; and

- (b) local action groups in England and other groups in the United Kingdom organised according to the LEADER approach.

Regional Programme Monitoring Committees will be responsible for approving partners for co-operation projects based on advice from the regional LEADER+ secretariat. Community financing will be available for organising and setting up the projects but not for other costs in non-LEADER areas except where projects relate to a very precise theme and therefore require a larger area than that of the local action group alone. In such cases, the relevant Regional Programme Monitoring Committee must approve all expenditure outside the local action group area.

Measure 9: Transnational co-operation

5.47 This measure will support co-operation between local action groups in England and:

- (a) at least one other Community Member State: expenditure incurred by local action groups will be met by the LEADER+ Programme for the Member State concerned; and
- (b) areas outside the European Union organised according to the LEADER approach: only expenditure incurred by the English group will be eligible for support under the England Programme.

Access to co-operation

5.48 The Commission guidelines recognise that groups will require access to co-operation at different stages depending on their own evolution and priorities. Each local action group will be expected to demonstrate a clear commitment to co-operation in its development plan. Funding will be allocated in relation to the funding projected in the group's development plan and in accordance with detailed rules to be established by the managing authority. Where groups do not make full use of their allocated funding, the unused funding will be withdrawn and reallocated.

5.49 In this way, and with the broader co-operation now envisaged under Action 2, the English authorities expect to build significantly on the relatively low level of co-operation supported under LEADER II.

Action 3 – Networking

Objectives

5.50 Facilitating the networking of rural areas, whether or not LEADER+ local action groups, will be a high priority for LEADER+. Action 3 has four main objectives:

- (a) to help optimise the efficiency and efficacy of the Programme's implementation by facilitating dialogue and the transfer of experiences between partnerships within the UK and more widely;
- (b) to stimulate and facilitate co-operation between rural areas, including areas engaged in rural development but not receiving LEADER funding (with support from the EU network as appropriate);
- (c) to draw out the lessons learnt from rural development initiatives (extending beyond LEADER+) and to identify and disseminate best practice; and so
- (d) to stimulate the widest possible experimentation with new approaches to rural development.

Role and organisation of the network in England and the United Kingdom

5.51 Because there are separate Programmes for England, Wales, Scotland and Northern Ireland, and their circumstances are different, groups' requirements will vary. A full service to meet the needs of local action groups in the four countries must be provided. In England, a large number of new areas will be able to compete for LEADER+ funding for the first time: it is essential that the network capability is able to address the particular needs at that level as well as facilitating wider active networking at United Kingdom level. Wales, Scotland and Northern Ireland also have their own networking requirements as well as a need and desire for wider United Kingdom level networking. As such some networking activities (e.g. seminars, targeted workshops) will need to be delivered at the level of individual countries as well at UK level.

5.52 There will therefore be a single networking organisation operating at United Kingdom level. It will also offer a fully integrated networking capacity for England, Wales, Scotland and Northern Ireland targeted at the particular needs of groups in each country. This vertical integration of the different levels of networking will avoid duplication of effort between networks operating in the different countries of the United Kingdom. For example there will only be one data base and website for LEADER+, rather than the five needed if separate networks were operated at country level. It will also provide the most efficient and cost-effective network to fulfil the functions identified below, which include wider networking with countries outside the UK.

5.53 The UK Network will have the following roles:

- (a) building up a database of organisations and administrations involved in rural development (building on existing databases);

- (b) collecting, analysing and disseminating information on transferable good practice in an accessible and easy to use way;
- (c) establishing and maintaining a LEADER+ website to facilitate effective communications with the widest possible audience;
- (d) organising exchanges of experience and know-how including workshops, seminars and conferences;
- (e) providing support to LEADER+ groups, in particular for the new and less experienced, including targeting seminars/workshops to address their needs and enable them to benefit from the knowledge of more experienced local action groups;
- (f) supporting co-operation at national and transnational levels, including helping local action groups to find suitable partners; and
- (g) facilitating good communications between local action groups in the UK and maintaining an effective channel of communication between these and the EU network.

5.54 The Multi-Party Agreement, reached in Belfast on 10 April 1998, contained an important East-West strand 'to promote the harmonious and mutually beneficial development of the totality of relationships among the people of these islands.' In recognition of this, close links will be encouraged between the Irish LEADER+ Network and the UK LEADER+ Network.

5.55 It is expected that the new network will be in place and operational by September 2001. The contract will be let by competitive tender.

Participation

5.56 All LEADER+ local action groups will be required to participate actively in the network. This will mean making available all necessary information on approaches which have been supported and the results achieved, together with active participation in networking activities. An assessment of their commitment to this (based on provisions set out in their development plan) will be a core part of the selection criteria (see Section 7).

5.57 In addition, to secure the wider role envisaged for the network in facilitating rural development more generally, all rural areas, whether or not selected under LEADER+, will be encouraged to participate in the network.

Measures

5.58 There will be one measure associated with Action 3. This measure covers the cost of the UK network contract. Local action groups will not contribute to the costs of running the network as set out in paragraphs 5.50 to 5.55 above.

4th priority – Programme management, monitoring and evaluation

5.59 Once the LEADER+ Programme in England is operational, it is expected that up to 1 per cent of EU and English public sector funding will be required for Programme management, monitoring and evaluation. This priority will cover the costs of the mid-term and *ex-post* evaluations (see Section 11). It will also be used to fund other actions which may help improve the efficiency of Programme implementation, operation and monitoring. It will cover activities at the Programme, rather than individual local action group, level and will comply with the provisions of Commission Regulation 1685/2000 laying down detailed rules for the implementation of the General Regulation as regards eligibility of expenditure of operations co-financed by the Structural Funds.

5.60 These costs will be met jointly by the EU and DEFRA. Local action groups will not contribute to the costs of Programme level management, monitoring and evaluation.

Measures

5.61 There are two measures under the fourth priority as set out below.

Measure 11: Programme management, monitoring and evaluation

5.62 This measure will cover the following activities :

- the *ex-ante* evaluation;
- the mid-term and *ex-post* evaluations;
- costs relating to audits and on-the-spot checks;
- publicity and promotional activities at the Programme level;
- costs associated with national and regional Programme Monitoring Committee meetings; and
- guidance to all groups on specific issues including seminars and workshops to disseminate information.

Measure 12: Other actions deemed helpful by the Programme Monitoring Committee

5.63 This measure is intended to cover activities deemed by the Programme Monitoring Committee to improve the efficiency of Programme implementation, operation and monitoring. This could include the following types of activities :

- base-line and other studies at the Programme level e.g. to provide baseline data against which to monitor the impact of the Programme; and
- other advice from external sources e.g. research into horizontal issues, training needs analysis for Programme management etc.

Impact of the Programme

5.64 The full impact of the Programme will depend largely on the local action groups finally selected and their chosen thematic focus and objectives. Local action groups will be encouraged to develop and implement bottom-up, innovative methods of performance measurement. This may assist in assessing some of the ‘softer’ qualitative impacts which are central to the LEADER+ approach.

5.65 The impact of the Programme will be seen at the local level in the short to medium term; but the effective operation of the Network (allied to transferability of the projects) should lead to wider impact in the longer term. The cause/effect relationships of these wider effects will, however, inevitably be difficult to disentangle.

5.66 In accordance with the core objectives for the LEADER+ Programme set out in paragraph 4.2 above, the English authorities expect the Programme to have an important impact in each of the four following key areas:

- (a) helping rural communities to help themselves (paragraph 4.2 (i) and (ii) (d));
- (b) sustainable rural economies (paragraph 4.2 (ii) (a));
- (c) improving the quality of life (paragraph 4.2 (ii) (b)); and
- (d) the natural and cultural heritage (paragraph 4.2 (ii) (c)).

An indication of the expected impact in each of these areas is summarised below. Section 9 sets out the arrangements which will be put in place to draw up appropriate indicators for monitoring and evaluating the full effects of the Programme.

Helping rural communities to help themselves

5.67 This is at the heart of the LEADER+ Programme and will secure:

- (a) an increase in the effectiveness of local leadership and partner organisations in identifying and addressing local needs;

- (b) an increase in the range of people involved in community action and local issues; and
- (c) an increase in the range and use of support mechanisms to build capacity in, and empower, local rural communities.

Sustainable rural economies

5.68 In the economic area, the Programme will help to:

- (a) increase employment levels, particularly in target groups;
- (b) increase the number, diversity and sustainability of small businesses and visitor enterprises;
- (c) increase economic activity based on products derived from local materials or with a cultural link to the locality; and
- (d) increase sustainable tourism based on local distinctiveness.

Improving the quality of life

5.69 In the social and socio-economic area the Programme will help to deliver:

- (a) increased provision and use of services in rural communities;
- (b) an increase in the use of information and communications technology in rural areas;
- (c) an increase in the range and use of community facilities; and
- (d) stronger, more inclusive and more sustainable rural communities.

The natural and cultural heritage

5.70 In protecting and enhancing the natural and cultural heritage, the Programme will help to achieve:

- (a) an increase in the distinctive local countryside, wildlife, landscapes and cultural and architectural features enjoying protection and enhancement;
- (b) an increase in the sensitive and sustainable use of environmental and cultural resources for economic and recreational purposes; and

- (c) an increase in the range and level of environmental knowledge and skills of people living in rural areas; and an increased knowledge of the countryside among people who visit it.

Equal opportunities under the LEADER+ Programme

5.71 Local action groups will need to develop an appropriate equal opportunities strategy as part of their development plan. The guiding principle for equal opportunities under the LEADER+ Programme is as follows:

Development plans, strategies and approaches under LEADER+ should promote equality of opportunity within the local action group's area, irrespective of sex, race, colour, ethnic or national origin, marital status, disability, sexual orientation, religious beliefs or age.

5.72 This means ensuring there is no discrimination and dealing proactively with barriers to participation in the LEADER+ Programme. This will involve the systematic consideration and integration of equal opportunities in all aspects of the planning and implementation of local action group development plans and promoting good practice in equal opportunities.

SECTION 6 – FINANCIAL PLAN

6.1 This section sets out the funding envisaged by year in England for the LEADER+ Programme, broken down by source of funding and by each of the four priorities set out in the Commission guidelines.

6.2 The annual funding profiles are all based on those set out in the letter dated 1 February 2001 from the Head of Unit of the European Commission, Agriculture Directorate-General to the Head of Rural Division, DEFRA. The financial tables have been produced to a standard format provided by the Commission.

6.3 The co-financing rates that local action groups can apply to individual projects and other measures under Actions 1 and 2 are:

- (a) a maximum of 75% EU funding of the total eligible costs in regions covered by Objective 1; and
- (b) a maximum of 50% EU funding of the total eligible costs in regions not covered by Objective 1.

However, the managing authority will be responsible for ensuring that overall EAGGF funding for each of the four priorities meet the co-financing rates set out in tables 1 and 2 below. Action 3 and Priority 4 will be subject to a maximum of 50% EU funding of eligible costs.

6.4 The Programme Monitoring Committee, assisted by the Regional Programme Monitoring Committees (see Section 9), will monitor expenditure against the profiles set out below. It will approve any request to the Commission by the English authorities to transfer funds between Actions or priorities.

EU contribution

6.5 The EU contribution to the England LEADER+ Programme will be 54.276 meuros which is equivalent to 48.16 per cent of the total EAGGF allocation to the UK for LEADER+. This matches the contribution expected to be made by the public sector in England (including DEFRA). The estimated split among the four priorities is as follows:

Action 1 – integrated, pilot rural development strategies	87.8 per cent
Action 2 – co-operation between rural areas	10.0 per cent
Action 3 – networking	1.4 per cent
Fourth priority – programme management, monitoring and evaluation	0.8 per cent

Annual funding profiles – all sources

6.6 The annual financial plan, set out in Table 1 below, shows the funding profiles expected for each year of the Programme by priority and by source of funds. These costs are based on the total eligible expenditure of the Programme.

6.7 Table 1 shows that Action 1 is central to the LEADER+ Initiative and as such has been assigned the major part of available expenditure. Relatively low levels of expenditure are estimated in the early years for Action 2 with expenditure increasing as the Programme period progresses. This reflects the time it will take for groups, particularly new groups, to develop the capacity and experience to participate in Action 2.

6.8 The UK network is estimated to cost a total of £2 million over the lifetime of the LEADER+ Programme. This is to be funded by England, Wales, Scotland and Northern Ireland in proportion to their respective share of the EU allocation for LEADER+. The funding profile for the UK network assumes that it will be operational from the autumn of 2001.

6.9 The funding profile for the fourth priority is based on the assumption that up to 1 per cent of EU and DEFRA funding will be required for management, monitoring and evaluation of the Initiative at Programme level. It also assumes that local action groups will have been selected by autumn 2001.

Table 1: England LEADER+ financial plan 2001-2006 (annual profile)

Priorities	Total Eligible Expenditure	Public expenditure				Total Private Contribution
		Total Public Expenditure	EU Contribution		National Contribution	
			EAGGF	%		
2001						
Action 1	17.082	15.529	7.765	45%	7.765	1.553
Action 2	0.999	0.908	0.454	45%	0.454	0.091
Action 3	0.143	0.143	0.072	50%	0.072	0.000
Technical Assistance	0.084	0.084	0.042	50%	0.042	0.000
Total	18.308	16.664	8.332	46%	8.332	1.644
2002						
Action 1	15.584	14.167	7.084	45%	7.084	1.417
Action 2	1.199	1.090	0.545	45%	0.545	0.109
Action 3	0.285	0.285	0.143	50%	0.143	0.000
Technical Assistance	0.158	0.158	0.079	50%	0.079	0.000
Total	17.226	15.700	7.850	46%	7.850	1.526
2003						
Action 1	17.036	15.487	7.744	45%	7.744	1.549
Action 2	2.193	1.994	0.997	45%	0.997	0.199
Action 3	0.285	0.285	0.143	50%	0.143	0.000
Technical Assistance	0.150	0.150	0.075	50%	0.075	0.000
Total	19.664	17.916	8.958	46%	8.958	1.748

Priorities	Total Eligible Expenditure	Public expenditure				Total Private Contribution
		Total Public Expenditure	EU Contribution		National Contribution	
			EAGGF	%		
2004						
Action 1	17.062	15.511	7.756	45%	7.756	1.551
Action 2	2.288	2.080	1.040	45%	1.040	0.208
Action 3	0.285	0.285	0.143	50%	0.143	0.000
Technical Assistance	0.136	0.136	0.068	50%	0.068	0.000
Total	19.771	18.012	9.006	46%	9.006	1.759
2005						
Action 1	18.646	16.951	8.476	45%	8.476	1.695
Action 2	2.477	2.252	1.126	45%	1.126	0.225
Action 3	0.285	0.285	0.143	50%	0.143	0.000
Technical Assistance	0.160	0.160	0.080	50%	0.080	0.000
Total	21.568	19.648	9.824	46%	9.824	1.920
2006						
Action 1	19.388	17.625	8.813	45%	8.813	1.763
Action 2	2.785	2.532	1.266	45%	1.266	0.253
Action 3	0.285	0.285	0.143	50%	0.143	0.000
Technical Assistance	0.170	0.170	0.085	50%	0.085	0.000
Total	22.628	20.612	10.306	46%	10.306	2.016

Note: 1. all figures are in meuros 2. due to rounding some figures may not add up to the totals shown

Summary table (all funding sources)

6.10 The above indicative allocations for each priority give estimated total expenditure on LEADER+ as follows.

Table 2: England LEADER+ financial plan 2001-2006 (summary)

Measures	Total Eligible Expenditure	Public expenditure				Total Private Contribution
		Total Public Expenditure	EU Contribution		National Contribution	
			EAGGF	%		
Action 1	104.797	95.270	47.635	45%	47.635	9.527
Action 2	11.942	10.856	5.428	45%	5.428	1.086
Action 3	1.568	1.568	0.784	50%	0.784	0.000
Technical Assistance	0.858	0.858	0.429	50%	0.429	0.000
Total	119.165	108.552	54.276	46%	54.276	10.613

Note:

- (i) *all figures are in meuros*
- (ii) *due to rounding some figures may not add up to totals shown*

SECTION 7 – SELECTION OF LOCAL ACTION GROUPS

7.1 The procedures and selection criteria for selecting local action groups will be robust and transparent. Their aim is to ensure genuine competition and selection of the best and most promising of the local action group development plans in connection with meeting the national objectives for the LEADER+ Programme and other rural development objectives in England. It will also seek to ensure that applications are dealt with as speedily as possible to allow successful groups to begin their work as early as possible.

Application procedure and timing

Call for proposals

7.2 There will be one call for proposals in England. However, if there are insufficient bids of appropriate quality then a further call for proposals will be organised. In any event, as required by the Commission guidelines, all LEADER+ local action groups will be selected within two years of approval of the Programme by the Commission. The following indicative timetable is envisaged but may be subject to adjustment:

- (a) Commission approve the England Programme during summer 2001;
- (b) the formal call for proposals is issued in early August 2001;
- (c) applicants will have at least six weeks from the issue of the call for proposals to finalise and submit applications; and
- (d) the selection process will be completed as quickly as possible thereafter.

Expressions of interest

7.3 Given the extent of new areas with access to LEADER for the first time and recognising the time needed to mobilise effective partnerships and develop plans, the English authorities have run an expressions of interest procedure. This was open to all potential LEADER+ applicants on a voluntary basis: partnerships which chose not to submit an expression of interest will nevertheless be eligible to apply for LEADER+ on the same basis as those who have participated in this process. Information received from local action groups as part of the expressions of interest exercise will not be used or taken into account in the final selection process.

7.4 Expressions of interest were invited in November 2000 after the draft England Programme had been submitted to the European Commission. It had the following aims:

- (a) to assist a clearer, more purposeful and more rigorous focus for the work already going on in many areas in preparing for LEADER+;
- (b) to allow partners and regional authorities, on a without prejudice basis, to meet prospective groups and hence better understand their strengths and weaknesses and to provide appropriate support to potential applicants in preparing their plans; and
- (c) to provide the English authorities with an indication of the number and nature of partnerships likely to apply.

Selection procedure

7.5 There will be a two-stage selection procedure with a preliminary assessment at regional level and final selection at national level. This will take account of:

- (a) the local, 'bottom-up' nature of LEADER+, requiring a regional input and assessment of the plans' efficacy in targeting local needs and priorities; and
- (b) the need for a national perspective to select the most promising and innovative local action group plans which will target local needs but also support national rural development priorities and provide a balanced portfolio of local action groups.

7.6 The regional assessment will be undertaken by the regional LEADER+ secretariats (see Section 10 for more details of the administrative arrangements of the authorities in England). It will be overseen by the Chairman of the relevant Regional Programme Monitoring Committee (see Section 9 for more details of these groups), or a sub-group of this group set up for this purpose. This stage will be completed within six weeks of the closing date for receipt of applications.

7.7 The **regional assessment** will, in particular:

- (a) check all applications for completeness and general eligibility;
- (b) assess the strength of the partnership, local involvement, and the management capacity of the group;
- (c) assess the plan's relevance and appropriateness to local and regional needs and rural development priorities, in particular as set out in the relevant regional Appendix to this Programme;
- (d) assess the complementarity of the plan to other rural development schemes available in the region; and

- (e) evaluate the local action group development plan against the national selection criteria outlined below, which include an assessment of the quality of innovation proposed in relation to the local area.

All applications which are complete will go forward for consideration by the National Selection Panel following preliminary assessment at the regional level.

7.8 The second stage of the selection will be conducted at **national level**. It will be supported by the national LEADER+ secretariat (see Section 10) and will be overseen by a National Selection Panel chaired by the Head of the Department for Environment, Food and Rural Affairs' Rural Division. This Panel will include representatives from the relevant government departments (Department of Transport , Local Government and the Regions, the Department of Work and Pensions, and the Department for Culture, Media and Sport) and agencies involved in rural development issues and one independent, non-governmental member. This panel will make the final selection which will be subject to confirmation by DEFRA Ministers. The aim will be to complete the final selection stage as quickly as possible following receipt of all regional assessments.

7.9 The **National Selection Panel** will ensure the most promising applications are selected. The national LEADER+ secretariat will review and validate the regional assessment and on the basis of this provide advice to the National Selection Panel. The National Selection Panel will make its own assessment taking account of this. This will ensure consistency of standards across regions. In the final ranking of the candidates, the National Selection Panel will, in addition to the detailed criteria set out in paragraphs 7.19 to 7.27 below, take account of the overall balance of the portfolio, including consideration of:

- (a) the extent to which the body of applications jointly contribute to national rural development priorities, in particular, to raising the capacity of local communities to play an active part in the sustainable development of their area; and
- (b) the distribution of successful applications across all the regions of rural England, to demonstrate fully the diversity of approaches and applications.

Cross-boundary applications

7.10 Applications from partnerships straddling the boundaries of administrative regions in England will be assessed initially by a lead region. The lead region will be identified before submission of the application, following consultation between the relevant regional administrations and the local action group concerned. It will be determined by the regional administrations on the basis of an assessment of which region is likely to have the greatest stake in the plan, taking account of the area and population involved.

7.11 Cross-boundary applications will be copied by the lead region to all regions involved. The views of the other regions concerned with the application will be sent to the lead region within three weeks of the closing date for applications. These will then be taken into account by the lead region in finalising their assessment.

Content of applications

7.12 Details of the European Commission's requirements for development strategies are outlined in section 14.2 of the Guidelines on LEADER+. Guidance (including a pro forma for development plans) has been drawn up in consultation with regional partners and agreed by the National Steering Group.

7.13 Local action groups will be required to submit development plans with sufficient information to make the assessment using the criteria set out below. This will include a financial plan for the full period 2001-2006 with a more detailed financial breakdown for the first three years, including grant sought. Groups, once selected, will annually review their plans and, as necessary, provide updated information to their regional Programme Monitoring Committee for approval.

Eligibility conditions

7.14 Local action group development plans will undergo a two stage assessment process involving basic eligibility conditions followed by an assessment of the quality of the plan against selection criteria. All applicants must demonstrate that they meet the eligibility conditions set out below. Applications which do not meet all of these conditions will not be appraised against the selection criteria in the next section.

- (a) The economic and social partners (e.g. voluntary, community, and private sector) must comprise at least 50% of the decision-making body. This means that the public sector – including elected councillors, local government officers, civil servants and representatives of statutory bodies and agencies – must provide no more than half the members at this level¹;
- (b) The group must have either an administrative and financial leader with the ability to administer public funds or a legally constituted common structure which will guarantee the ability to administer public funds;

¹ New local action groups i.e. those where more than 50% of their territory and more than 50% of their economic and social partners are new to LEADER, who cannot meet this condition at the time of submitting their application can be passed for further assessment provided they can demonstrate clearly how they will meet it if their group is selected. This would then become a condition of offer.

- (c) No area may form part of two successful local action groups. Where two or more bids contain overlapping common areas, each bid shall be assessed on its merits, but only the highest-ranked bid may be deemed successful;
- (d) LEADER+ areas (either wholly or partly) cannot be part of areas selected for the URBAN programme;
- (e) Local action group areas should not exceed the population threshold and /or the population density by more than 25%, or fall below the minimum population threshold by more than 5%;
- (f) A local action group area should not have more than 40 percent of its total population in settlements over 20,000 inhabitants;
- (g) The strategy must be built around one or more of the four themes listed in paragraph 5.20 above;
- (h) The priority target groups must include at least one of the priority target groups for the region concerned; and
- (i) The development plan and its programme of proposed activities must not benefit simultaneously from funding from other Structural Funds, England Rural Development Programme or other common agricultural policy (EAGGF guarantee) schemes.

Selection criteria

7.15 Development plans will be assessed on the basis of the 9 core criteria listed A to I in paragraphs 7.19 to 7.27. Each criterion will be assessed using a five point marking scale with the following broad meanings:

- score 5 – excellent – consistently strong in all key aspects of the criterion;
- score 4 – very good – consistently good in all key aspects of the criterion and some strengths;
- score 3 – good – any minor weaknesses are compensated for by particular strengths in other aspects of the criterion and are capable of being remedied;
- score 2 – fair – weaknesses are capable of being remedied, but would need to be addressed by specific conditions in the offer letter

(or addressed/rectified in the local action group business plan/Action Plan);

score 1 – unacceptable or poor – this mark may also be given where the information provided is insufficient to enable a proper assessment.

7.16 Weightings have been given to the core criteria to indicate the importance of that criterion in the overall acceptability of the development plan. Weightings have been reflected in the scoring system by setting a threshold score for each core criterion. The weightings and threshold scores for each of the core criteria are set out below.

Core Criteria	Weighting	Threshold Score
A. Quality of local action group partnership	High	3
B. Local action group area	High	3
C. Quality and realism of core development plan	High	3
D. Quality and realism of commitment to Action 2 co-operation	Medium	2
E. Quality of innovation in development plan	High	3
F. Quality of commitment to sustainability	Medium	2
G. Complementarity with, and added value to, other programmes	Medium	2
H. Quality of administrative arrangements	Medium	2
I. Quality and realism of financial arrangements and financial plan	Medium	2

7.17 The score for each criterion will be added up to form the overall score for the development plan. Development plans can score a maximum of 45 and a minimum of 9 points. These scores, along with the broader considerations set out in paragraph 7.9, will be used to establish the overall ranking of the candidates. Generally, those local action group development plans with the highest ranking will be selected for support.

7.18 The managing authority will, in advance of the call for proposals, draw up detailed guidance on the scoring system and assessment procedures for approval by the National Steering Group. The guidance will be based on the criteria set out below.

A. *Quality of local action group partnership*

7.19 Overall this criterion is of high priority and must achieve a threshold score of 3. Development plans must first meet eligibility conditions (a) and (b) before being assessed against the points set out below.

- (a) The extent to which the partnership is a balanced grouping (number and nature of participants), genuinely locally based (i.e. living or having a significant work interest in the local action group area) and representative of the area and the wider community:
 - (i) involvement of the wider local community in drawing up the strategy and proposals for its implementation; and
 - (ii) the decision-making body is representative of the partnership as a whole (see eligibility conditions).
- (b) Strength of the partnership and joint commitment to the plan.
- (c) Management and decision-making arrangements are clear, appropriate and effective. This will include consideration of:
 - (i) clarity in allocation of tasks and responsibilities to all involved, including the role of any other organisation in the management of the group;
 - (ii) the appropriateness of the structure chosen to manage the group (see eligibility conditions below);
 - (iii) evidence that adequate and suitable staff are in place to implement the plan or that appropriate arrangements are planned to ensure such staff will be recruited;
 - (iv) evidence of the ability of the individual(s) to manage and administer the group effectively;
 - (v) whether the management of the group is under-pinned by an appropriate equal opportunities policy – it should be clear from the group’s equal opportunities policy that equal opportunities will be incorporated as a horizontal theme or requirement for the group itself and for implementation of the group’s plan.

B. Local action group area

7.20 This criterion is of high priority and must achieve a threshold score of 3. Development plans must first meet eligibility conditions (c), (d), (e) and (f) before being assessed against the points set out below.

- (a) The extent to which the area proposed is a small rural territory, homogeneous in physical or geographical, economic and social terms. The assessment must take account of:
- (i) Whether the population criteria are met (total population not less than 10,000 and not more than 100,000; maximum population density around 120 inhabitants per square kilometre) and the strength of the case for any exceptions to these based on:
- the provision of a full explanation and justification for the variation;
 - all other local action group area criteria are met;
 - the area proposed is a recognised coherent, sub-regional unit in a rural area and where reducing the area would fragment its cohesiveness; or
 - it can be demonstrated that inclusion of rural service centres are necessary to avoid fragmentation of the local action group area and that these centres are integral to the rural economy or social fabric of the local action group area; or
 - in the case of local action groups which fall below the minimum population threshold by up to 5 per cent, that they can demonstrate sufficient critical population mass to deliver their strategy.
- (ii) Whether adequate arrangements are proposed to ensure the benefits of the Programme will accrue to rural areas – this will be particularly important where the area includes one or more towns (see eligibility conditions).
- (iii) The extent to which the area covered by the local action group development plan supports the viability of the group's plan (i.e. coherence; critical mass in terms of human, financial and economic resources).

- (iv) Where the area straddles regional or administrative boundaries, the extent to which any issues arising from this have been identified and addressed.

C. *Quality and realism of development plan*

7.21 Overall this criterion is of high priority and must achieve a threshold score of 3. Development plans must first meet eligibility conditions (g) and (h) before being assessed against the points set out below.

- (a) Quality of analysis of strengths, weaknesses and potential of the local area and the rationale for action.
- (b) Quality and realism of the strategy, the appropriateness and relevance, to the local area and the plan, of the proposed:
 - (i) unifying theme;
 - (ii) priority target group or groups; and
 - (iii) programme of projects and activities.
- (c) Quality and realism of objectives of the plan and outputs and results it expects to achieve. This should take into account:
 - (i) the likely contribution to the regional and national objectives and intended impacts of the Programme; and
 - (ii) the extent to which this contribution can be meaningfully measured or assessed against baseline data (both quantitative and qualitative).
- (d) The extent to which the approaches and methods proposed in the plan are transferable.
- (e) The extent and quality of commitment to networking under Action 3 including:
 - (i) plans for communicating lessons learnt;
 - (ii) degree of involvement of group members;
 - (iii) resources allocated to networking;
 - (iv) mentoring support to be offered by mature groups to new groups; and
 - (v) how new groups propose to learn from other groups.

- (f) Commitment to equal opportunities, both in the plan and its implementation.

D. *Quality and realism of commitment to Action 2 co-operation*

7.22 Overall this criterion is of medium priority and must achieve a threshold score of 2. The points to be considered in assessing this criterion are set out below.

- (a) The quality of commitment to Action 2 co-operation assessed on the basis of:
- (i) objectives for co-operation (either within the UK or at transnational level or at both these levels) and relationship of these with the unifying theme;
 - (ii) extent of involvement of different local organisations/members of the group; and
 - (iii) identification of potential suitable partners; joint projects planned.

NB – All plans selected will be expected to demonstrate a commitment to some form of co-operation as provided for under Action 2. However, a gradual access to co-operation is envisaged with newer groups perhaps embarking on this at a later stage than existing groups. Specific details of projects proposed are not therefore required unless the group envisages early involvement in this area.

E. *Quality of innovation in development plan*

7.23 Overall this criterion is of high priority and must achieve a threshold score of 3. The points to be considered in assessing this criterion are set out below.

- (a) The level of innovation or pilot nature of the strategy and approaches proposed, assessed in terms of:
- (i) their newness in relation to previous practice in the area concerned (previous LEADER groups will need to set out the extent to which they have mainstreamed previous activities and how the plan therefore represents genuinely new approaches for the area);
 - (ii) their newness in relation to approaches under way or planned in other programmes or schemes in the local action group area;
 - (iii) the emergence of new products or services distinctive of the local area;

- (iv) new approaches combining the area's human, natural and/or financial resources, resulting in the better use of local potential;
- (v) the combination of and links between economic sectors which are traditionally separate;
- (vi) original forms of organisation and involvement of the local population in the decision-making process and in implementing the project; and
- (vii) proposals to develop and implement innovative, bottom-up methods of performance measurement.

F. Quality of commitment to sustainability

7.24 Overall this criterion is of medium priority and must achieve a threshold score of 2. The points to be considered in assessing this criterion are set out below.

- (a) The extent to which the plan (including the methods planned for its implementation) is integrated and sustainable:
 - (i) supporting and increasing the social, economic and environmental sustainability of the local area;
 - (ii) ensuring that resources will be used in such a way that options available to future generations are not impaired: strategies and projects supported must demonstrate that they do not have any significant, negative environmental impact or must give a description of any possible negative impact together with mitigating measures;
 - (iii) encouraging the long-term viability of the area through supporting diversity, social equity and cohesion and competitiveness;
 - (iv) demonstrating the longer-term viability of the activities proposed beyond LEADER+ (e.g. through self-financing projects and moving pilot projects to the mainstream).

G. Complementarity with and added value to other programmes

7.25 Overall this criterion is of medium priority and must achieve a threshold score of 2. Development plans must first meet eligibility condition (i) before being assessed against the points set out below.

- (a) The degree of complementarity and coherence with other rural development programmes planned or under-way in the area concerned (including, among

others, Objectives 1, 2 and 3; URBAN; INTERREG; EQUAL; the England Rural Development Programme etc).

- (b) The extent to which LEADER+ will add value to other approaches available and implemented locally (NB approaches and activities **must not** merely replicate those pursued or proposed for the mainstream programmes).
- (c) The extent to which the activities proposed would not go ahead without LEADER+ financing (i.e. additionality).

H. Quality of administrative arrangements

7.26 Overall this criterion is of medium priority and must achieve a threshold score of 2. The points to be considered in assessing this criterion are set out below.

- (a) The procedure proposed for the selection of projects and criteria to be used (to be based on defined national criteria).
- (b) The appropriateness of the proposed communications and publicity strategy taking account of plans for:
 - (i) publicising the local action group;
 - (ii) encouraging project applications; and
 - (iii) informing the public of results.
- (c) Arrangements proposed for monitoring and evaluating the efficacy of the implementation of the development plan, including of projects:
 - (i) procedures proposed;
 - (ii) identification of indicators (in accordance with nationally agreed guidelines);
 - (iii) communication of results, including reporting to DEFRA and the network;
 - (iv) resources/financial provision proposed; and
 - (v) practical use to be made of results.

I. Quality and realism of financial arrangements and financial plan

7.27 Overall this criterion is of medium priority and must achieve a threshold score of 2. The points to be considered in assessing this criterion are set out below.

- (a) The robustness of the financial arrangements, accounting and control procedures and their appropriateness to the degree of delegation sought.
- (b) Appropriateness and realism of the financial plan taking account of:
 - (i) total cost;
 - (ii) allocation of money between the different activities envisaged;
 - (iii) amounts envisaged for administration/technical support;
 - (iv) level of EU funding and DEFRA match funding sought;
 - (v) the extent to which match funding has been identified and committed;
 - (vi) the extent to which private sector money is being levered in;
 - (vii) the extent and appropriateness of any in kind contributions; and
 - (viii) the extent to which the partnership has demonstrated that the level of grant sought is the minimum necessary for the proposals to go ahead.

Project Selection Criteria

7.28 Local action groups will be responsible for project selection, or project endorsement depending on the level of autonomy they request and agree with the administrative authorities (see Section 10). Details of the procedure and criteria for project selection or endorsement must be included in the local action group application.

7.29 The managing authority will draw up basic project selection criteria for use by all groups. Local action groups will draw up their own detailed project selection criteria, based on these, for approval by the regional Programme Monitoring Committee.

SECTION 8 – PUBLICITY – ARRANGEMENTS FOR INFORMING POTENTIAL BENEFICIARIES AND THE GENERAL PUBLIC

8.1 Information and publicity arrangements will be carried out in accordance with Commission Regulation 1159/2000¹ and Article 46 of Commission Regulation 1260/1999². The arrangements to be adopted will be set out in a communication plan as part of the Programme Complement.

8.2 As part of the consultation on the LEADER+ Programme regions within England have put in place publicity and information strategies designed to raise awareness and inform potential applicants about the initiative (see Section 12). The Programme has been publicised through both printed and electronic media and through a series of national and regionally based seminars, conferences, workshops and meetings.

8.3 As a further measure to raise awareness of LEADER+ and encourage positive planning by prospective local action groups, the English authorities have invited partnerships to submit expressions of interest. Paragraphs 7.3 and 7.4 outlines the expressions of interest procedure.

8.4 Measures will also be taken by the managing authority to publicise the Programme to the general public. In addition, local action groups will be required to ensure that appropriate publicity is undertaken in implementing their strategies.

¹ Commission Regulation (EC) No 1159/2000 of 30 May 2000 on information and publicity measures to be carried out by the Member States concerning assistance from the Structural Funds

² Article 46 of Council Regulation (EC) 1260/1999 of 21 June 1999 on laying down general provisions on the Structural Funds

SECTION 9 – MANAGEMENT AND MONITORING OF THE INITIATIVE

Managing authority

9.1 The Department for Environment, Food and Rural Affairs (DEFRA), which takes the general policy lead on the co-ordination of the European Agricultural Guidance and Guarantee Fund (EAGGF) in England, will be the ‘managing authority’ for this Programme. This role will be undertaken in DEFRA by Rural Division. The designated contact is :

Head of Rural Division
Department for Environment, Food and Rural Affairs
Nobel House
17 Smith Square
London
SW1P 3JR

Telephone : (+44) (0)20 7238 5685 FAX : (+44) (0)20 7238 6902

9.2 DEFRA, as the managing authority, will fulfil the functions set out in article 34 of the General Regulation (Council Regulation (EC) No. 1260/1999). In particular, (but see also Section 10) it will be responsible for ensuring:

- (a) the overall efficiency and correctness of the management and implementation of the LEADER+ Programme in England;
- (b) that appropriate arrangements are in place for the collection of financial data and its transmission to the European Commission; and
- (c) that irregularities are reported as required.

9.3 DEFRA will also take overall responsibility for managing the UK LEADER+ network contract and monitoring its performance in close consultation with the devolved administrations in Wales, Scotland and Northern Ireland (see Section 5).

Paying authority

9.4 DEFRA will be the designated paying authority in England. This role will be undertaken in DEFRA by Resource Management Division, and the Environment and Rural Development Group Corporate Strategy Unit. The designated contact is :

Head of Corporate Strategy Unit
Environment and Rural Development Group
Department for Environment, Food and Rural Affairs
Nobel House
17 Smith Square
London
SW1P 3JR

Telephone : (+44) (0)20 7238 5522 FAX : (+44) (0)20 7238 6902

9.5 Resource Management Division will be responsible for the payment of all claims from local action groups and final beneficiaries of local action groups who are not operating under the 'Action Plan' approach in England.

9.6 The Corporate Strategy Unit will be responsible for drawing down money from the EU Commission in accordance with article 32 (3) of the General Regulation (i.e. in batches three times a year, the last batch to be presented no later than 31 October).

9.7 The managing and paying authorities will, between them, ensure full compliance with:

- (a) the financial control provisions detailed in Chapter II of Title IV of the General Regulation; and
- (b) the requirements for data recording as set out in the applicable EU legislation¹.

9.8 The LEADER+ secretariat from each of the regions will collect, process, collate and authorise payment applications from local action groups in their region. All claims will then be passed to the paying authority for payment to the local action group or end beneficiary. However, local action groups operating under the 'Action Plan' approach will be authorised as accountable bodies to make payments for individual projects to final beneficiaries (see also Section 10).

¹ Commission Regulation (EC) 438/2001 of 2 March 2001 laying down detailed rules for the implementation of Council regulation (EC) No 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds.

Programme monitoring

9.9 Monitoring of the LEADER+ Programme in England will be the responsibility of the managing authority. It will be assisted and advised in this function by the Programme Monitoring Committee (see below). Programme monitoring will be undertaken to ensure the quality and effectiveness of the implementation of the Programme. This will be done by assessing the progress made towards achieving the impacts identified in this Programme.

9.10 The Programme Complement will set out the indicators to be used in monitoring the England Programme. It will contain a hierarchy of output, result and impact indicators in accordance with Commission guidance on monitoring and evaluation¹. In addition to quantitative indicators, there will also need to be indicators to assess the more qualitative aspects of the Programme which are critical to its success, for example, the integrated, territorial approach and capacity building in rural communities. The English authorities will take into account in its monitoring systems the set of community level common monitoring indicators, once provided by the Commission, wherever these are appropriate to the activities to be financed.

9.11 Local action groups will be responsible for monitoring and evaluating the implementation of their development plans and reporting to their Regional Programme Monitoring Committee (see below). Guidance for local action groups on monitoring the implementation of projects will be drawn up by the managing authority and approved by the Programme Monitoring Committee. The relevant Regional Programme Monitoring Committee will agree the indicators to be used by each local action group in monitoring the implementation of their development plan within the framework of the prescribed indicators and approaches set out in the Programme Complement. As set out above, indicators will need to encompass both quantitative and qualitative aspects of achievement to ensure the full impact of LEADER+ is captured.

Programme Monitoring Committee

9.12 The Programme Monitoring Committee will be set up in accordance with article 35 of the General Regulation². This will be done no more than three months after the Programme has been approved by the Commission.

9.13 The Programme Monitoring Committee will be chaired by a representative of the managing authority (DEFRA). Its membership will include representatives from the appropriate Government Departments, the Regional Programme Monitoring Committees (see below), the competent environmental bodies, economic partners, the voluntary sector and a representative from the European

¹ European Commission methodological working paper 3 – Indicators for Monitoring and Evaluation : an Indicative Methodology.

² Council Regulation (EC) No 1260/1999, which lays down general provisions on the Structural Funds

Commission (see Annex 8 for full membership details). It will meet at least once a year.

9.14 The Programme Monitoring Committee will draw up its rules of procedure and agree them with the managing authority. The duties of the Programme Monitoring Committee will include :

- (a) maintaining a strategic and financial overview of the administration of the LEADER+ Programme in England and ensuring the satisfactory progress of assistance undertaken under LEADER+ towards the targets set in order to achieve the specific objectives of the Programme; this would include making recommendations to the managing authority on the reallocation of unused funding between local action groups and to improve the management of the Programme;
- (b) approving the Programme Complement (including the physical and financial indicators to be used for monitoring) in time for submission to the Commission within three months of the approval of the Programme, and any subsequent changes to it during the life of the Programme;
- (c) agree project selection criteria and project monitoring indicators, including approving guidance on these issues;
- (d) recommendations to the managing authority concerning notification of state aids to the Commission on the basis of advice from the Regional Programme Monitoring Committees;
- (e) proposing any steps required to improve the administration of the Programme, taking account of the ongoing monitoring of the scheme and, where appropriate, of the recommendations of the mid-term evaluation;
- (f) approving any proposal to the European Commission to amend the Commission decision on the contribution of the funds or adjust the allocation of Community funds between the different Actions of the Programme;
- (g) overseeing the work of and advising the Regional Programme Monitoring Committees as necessary;
- (h) overseeing promotion and publicity for the Programme; and

- (i) approving the annual and final implementation reports to the European Commission on the administration of the LEADER+ Programme in England.

Regional Programme Monitoring Committees

9.15 Regional Programme Monitoring Committees will be established in each region with local action groups to oversee the administration and monitoring of the LEADER+ Programme in their respective region. The regional committees will support and report to the Programme Monitoring Committee in its role in overall monitoring of the Programme in England.

9.16 The Regional Programme Monitoring Committees will be chaired by a representative of the LEADER+ secretariat from the respective region. They will include representatives from the principal Government Departments and agencies in the region (including the Regional Development Agency and at least one competent environmental body), the voluntary sector, and, once they have been selected, a representative from each of the local action groups within the region concerned. The Regional Programme Monitoring Committees should meet at least twice a year.

9.17 The Regional Programme Monitoring Committees will draw up their rules of procedure and agree them with the managing authority. The duties of the regional committees will essentially be to support those of the Programme Monitoring Committee which are relevant at regional level. They will include the following :

- (a) monitoring the administration of the LEADER+ Programme in the region, including regional Programme expenditure, the collection of baseline data; the use and development of economic, social and environmental indicators and performance measures; and the achievement of Programme objectives, targets and outputs in their region;
- (b) approving local action groups' Action Plans or business plans to implement their development strategies, and the annual revisions to these plans;
- (c) agreeing delegated limits with each local action group within which they may approve projects and considering local action groups' recommendations on projects which exceed that amount;
- (d) to consider proposals for projects with state aid implications and, where appropriate, advise the Programme Monitoring committee on notification to the Commission;

- (e) proposing any steps required to improve the administration of the Programme in their region, taking account of the ongoing monitoring of the scheme and, where appropriate, of the recommendations of the mid-term evaluation;
- (f) to examine the twice-yearly progress reports from local action groups in their region and to oversee their monitoring and evaluation (i.e. that carried out by the groups themselves and by the regional secretariat); and
- (g) to agree with local action groups, within guidelines agreed by the Programme Monitoring Committee, indicators for the purpose of monitoring the groups' progress and the impact of LEADER+ in the region and to consider any modifications to them in the light of (e) above;
- (h) to agree project selection criteria to be used by local action groups consistent with criteria approved by the Programme Monitoring Committee;
- (i) approving partners for Action 2 co-operation projects between local action groups and groups organised according to the LEADER approach based on advice from the regional secretariat;
- (j) to submit progress reports on the operation of LEADER+ in their region to the national secretariat at six monthly intervals; and
- (k) to oversee the promotion and publicity for the LEADER+ Programme in their region.

Local action group and project monitoring

9.18 Monitoring of local action groups is required to ensure that:

- (a) the group has made satisfactory progress in implementing the proposals laid down in their development plan;
- (b) the group has established proper management and control arrangements which are operating effectively; and
- (c) the group is accountable for the expenditure of EU and other public funds.

For groups operating under the Action Plan approach, it is a requirement of the Structural Funds Management and Control Regulation that all main intermediate bodies are checked at least once.

9.19 Monitoring of projects is required to ensure that:

- (a) grant is used for the purpose for which it was made available and that relevant terms and conditions are being met;
- (b) projects failing to meet targets are identified at an early stage; and
- (c) the benefits achieved through support can be evaluated.

9.20 Monitoring falls into two categories: administrative ‘routine monitoring’ and ‘on-the-spot’ in depth inspections.

Routine monitoring

9.21 Administrative **routine monitoring** of all projects to ensure they are on course will be undertaken by local action groups under the guidance of the relevant Regional Programme Monitoring Committee. Where appropriate, routine monitoring by local action groups could include physical monitoring i.e. site visits.

9.22 The routine monitoring of local action groups to ensure they are achieving satisfactory progress will be undertaken by the relevant regional secretariat based on the six monthly progress report that local action groups are required to submit. On the basis of these, the regional secretariat will draft regional progress reports for consideration by the relevant Regional Programme Monitoring Committee.

On-the-spot inspections

9.23 On-the-spot inspections of projects will be the responsibility of the regional LEADER+ secretariat. The arrangements for these are set out in detail in Section 10.

9.24 Each local action group will be subject to at least one on-the-spot inspection. The regional LEADER+ secretariat will be responsible for the inspections.

SECTION 10 – OTHER ADMINISTRATIVE AND CONTROL ARRANGEMENTS

National Administration of the Programme

10.1 The managing authority functions for the LEADER+ Programme in England, will be carried out by a national secretariat comprising staff from DEFRA's Rural Division. The chart at Annex 9 sets out in schematic form the administration structure for LEADER+ with the main lines of communication and flows of money.

10.2 In accordance with the relevant EU legislation¹, key responsibilities of the **national secretariat** will include:

- (a) gathering from the regions data (financial and other) for monitoring and evaluation of the Programme and forwarding data to the European Commission as required;
- (b) the drawing up, implementation and adjustment, as appropriate, of the Programme Complement;
- (c) drafting the national annual implementation report for agreement by the Programme Monitoring Committee and submission to the European Commission;
- (d) arranging the mid-term and *ex-post* evaluations in accordance with the General Regulations and Commission guidance on programme evaluation (see Section 11 for further details);
- (e) ensuring the efficient and correct management and implementation of the Programme including ensuring that appropriate financial management and control arrangements in place, and clear and separate accounts are maintained by local action groups;
- (f) ensuring compliance with Community policies and legislation as required by Article 12 of the General Regulation;
- (g) contributing towards publicising the Programme nationally and ensuring compliance with the relevant EU legislation on information and publicity².

In addition, the national secretariat will be responsible for:

¹ Article 34, Council Regulation (EC) No 1260/1999, which lays down general provisions on the Structural Funds

² Article 34, Council Regulation (EC) No 1260/1999, which lays down general provisions on the Structural Funds; and Commission Regulation (EC) No. 1159/2000 on information and publicity measures to be carried out by the Member States concerning assistance from the Structural Funds

- (h) validating the regional assessment of local action group applications and supporting the National Selection Panel in the final assessment and selection of local action groups (see Section 7);
- (i) advising on the LEADER+ Programme and its operation;
- (j) drafting guidance, in conjunction with the regional LEADER+ secretariats (see below);
- (k) providing the secretariat for the Programme Monitoring Committee (see Section 9); and
- (l) managing the UK LEADER+ network contract.

Regional administration of the Programme

10.3 The managing authority for the LEADER+ Programme in England will be assisted in each of the English regions by a regional secretariat. The secretariats for the regional administration of the Programme will be provided by Government Office staff in the regions.

10.4 The regional secretariats will have certain functions delegated to them by the national secretariat. Key responsibilities will include :

- (a) ensuring the efficient and correct management and implementation of the Programme in the region including financial administration and control arrangements (see below);
- (b) advising and assisting the national secretariat in the drawing up of scheme guidance and applications;
- (c) receiving and initial assessment of local action group applications;
- (d) checking endorsed project applications from local action groups (e.g. those not operating under an 'Action Plan' approach) for approval by the relevant Regional Programme Monitoring Committee as necessary;
- (e) contributing towards publicising the Programme in the regions;
- (f) gathering financial and monitoring information from local action groups in their region twice a year and drafting regional progress reports for consideration by the Regional Programme Monitoring Committees;

- (g) appraisal of annual revisions to local action group Action Plans or business plans; and
- (h) providing the secretariats for the Regional Programme Monitoring Committees.

Local action group administration

10.5 Local action groups will operate their development plan under one of two methods: the 'Action Plan' approach or through a system of individual (or groups of) project applications and approvals. Whichever system is chosen, local action groups will be required to report to the regional secretariat at least twice yearly on progress in achieving their objectives as measured against agreed indicators. These reports will follow a standard format agreed by the Programme Monitoring Committee.

The Action Plan approach

10.6 The European Commission has agreed to the operation of Action Plans in the context of mainstream Objective 1 and 2 programmes in England. In many evaluations of the LEADER II programmes, the need for maximum flexibility and autonomy is seen as central to securing effective local action groups. Action Plans will give local action groups the most autonomy and therefore provide an important option for them. Under the Action Plan approach, local action groups will be delegated the responsibility for issuing offer letters and paying grant claims up to a limit to be agreed by the relevant Regional Programme Monitoring Committees.

10.7 The Action Plan will be drawn up by the local action group and revised on an annual basis. It will contain full details of the activities and funding arrangements for the year ahead proposed under the group's development plan. The Action Plan and its annual revisions will be appraised by the relevant LEADER+ regional secretariat and approved by the Regional Programme Monitoring Committee.

10.8 Under the Action Plan approach, local action groups will nominate an accountable body which will be responsible to the managing authority for delivering the Action Plan and meeting all the obligations set out in the notice approving the plan. The accountable body will, in particular, be responsible for the appraisal and approval of projects, and claims for payment, from final beneficiaries. Its operating procedures must ensure propriety in all its activities.

10.9 The managing authority will draw up detailed guidance on administrative arrangements for action planning (consistent with the Objective 1 and 2 programmes) for use by local action groups who wish to operate according to this approach.

The individual application approach for projects

10.10 The individual application approach affords local action groups less autonomy in operating their development strategies. Under this method, the local action group will appraise the project applications (either for individual projects or groups of projects) and will recommend whether the project(s) should be approved. The application will then be sent to the regional LEADER+ secretariat for endorsement and, where appropriate, the issue of an offer letter.

Financial administration and control arrangements

10.11 In accordance with the relevant EU legislation¹, the managing and paying authorities will issue guidelines on the management and control systems necessary to ensure compliance with EU Community rules and the sound financial management of EU Community funds.

10.12 All payment claims will be backed up by receipted invoices or other accounting documents of equivalent probative value. The LEADER+ secretariat in the region concerned (or accountable body in the case of local action groups operating Action Plans) will check the payment claims against the offer of grant and the project papers and ensure consistency with the performance targets and eligibility. If acceptable, they will pass the claim to the paying authority for payment on the basis of eligible expenditure incurred. The functions of checking and the authorisation of claims will therefore be separated from the payment function.

10.13 The regional LEADER+ secretariats will be responsible for carrying out verification checks on a percentage of claims (see below). They will also be responsible for investigating and drawing up reports on any alleged irregularities and forwarding them to the managing authority for reporting to the EU Commission.

10.14 The Government Office Internal Audit Unit will audit the management and control systems implemented on behalf of DEFRA's Internal Audit Division. DEFRA's Internal Audit Division will provide the declaration to accompany the final payment application. This declaration will relate to the extent to which DEFRA has provided for and implemented the appropriate regulatory financial management and control requirements. All Structural Fund audit reports shall be sent to the EU Commission for information.

¹ Commission Regulation (EC) No 438/2001 of 2 March 2001 laying down detailed rules for the implementation of Council regulation (EC) No 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds

Control arrangements – Scheme Implementation Plan

10.15 The LEADER+ Programme will be subject to a Scheme Implementation Plan. It will specify the control measures implemented to fulfil the requirements of Commission Regulation 1260/1999 and the financial controls regulation¹ which establish detailed arrangements for the financial control of operations co-financed by the Structural Funds programmes. The Scheme Implementation Plan will be drawn up in consultation by the national and regional LEADER+ secretariats and will include the following elements :

- (a) a definition of scheme objectives;
- (b) the legal base for the measure: this will include reference to Council Regulation 1260/1999 which lays down general provisions on the Structural Funds, and, in particular, Article 20(1)(c) which provides the legal basis for LEADER+;
- (c) timetable: within the framework of the LEADER+ programming period, the Scheme Implementation Plan will specify any additional constraints in terms of timing of activity and expenditure;
- (d) risks: the Scheme Implementation Plan will outline the main types of irregularity which the measures in the plan are designed to prevent. It will, in particular, cover grant sought for ineligible activity, dual funding and failure to comply with conditions of grant;
- (e) responsibilities: the Scheme Implementation Plan will set out in more detail the responsibilities of all those engaged in administering the Programme as indicated in this document;
- (f) administrative controls: see below for further details; and
- (g) computer system controls: the Scheme Implementation Plan will describe the measures designed to ensure the integrity of processes carried out on information technology systems. This will include ensuring that:
 - (i) all information entered onto the system is validated to detect and correct input errors;
 - (ii) only individuals with properly authorised access (including allocated passwords) may enter, modify or validate data; and

¹ Commission regulation (EC) No 438/2001 of 2 March 2001 laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds.

- (iii) an operations log records the identity of officials entering or modifying data or programmes.

Claim processing

10.16 Regional LEADER+ secretariats will process claims in a staged manner, involving the separation of the key functions of claim input, recommendation and authorisation. Local action groups operating under the Action Plan approach will have to demonstrate that they have equivalent arrangements in place.

10.17 The checks carried out at each stage will be recorded on an agreed checklist which will be retained on file. The checks will, in particular, cover the eligibility of claimed expenditure - fully supported by original documentation.

10.18 Levels of delegated authority within the LEADER+ regional secretariat will be allocated to individuals on the basis of grade.

10.19 Management checks by higher grade staff will be undertaken on a sample of claims. These checks will be evidenced by the completion of a pro forma placed on the file. The results will be reported twice a year to the national LEADER+ secretariat for the identification of any common themes or control issues.

On-the-spot inspections

10.20 For each year of the Programme, the regional LEADER+ Secretariat will ensure that a minimum of 5% of expenditure is subject to on-the-spot inspections. These inspections will be undertaken by the secretariat or an agent appointed to act on its behalf.

10.21 Selection of projects for inspection will be on the basis of risk analysis and a random selection. Random cases will be selected through the application of a random number generator. The risk analysis will take account of the following factors:

- (a) amount of aid awarded;
- (b) any previous findings including issues arising from routine progress reports;
- (c) requests to vary terms of offer letters;
- (d) degree of innovation or novel activity; and
- (e) proportion of in-kind contribution.

The selection of projects for on-the-spot inspections will be undertaken on an annual basis.

10.22 These inspections will be comprehensive in nature and will consider all aspects of the projects operation. The inspecting officer will consider:

- (a) progress of the project against its specific targets;
- (b) compliance with general and special conditions of the offer letter;
- (c) that all expenditure incurred to date is eligible and appropriate to achieving the project's goals;
- (d) the suitability of any capital facilities provided;
- (e) the quality of any services provided;
- (f) the practical application and effectiveness of the project arrangements and financial procedures;
- (g) appropriate accounting records and support documentation providing a clear audit trail; and
- (h) a check for double funding from other Structural Fund or EAGGF Guarantee schemes.

10.23 On-the-spot inspections will be reported back to the regional secretariat using a standard report template. This will include a factual record of findings and recommendations for follow-up action where appropriate.

10.24 Once a project has been selected for an on-the-spot inspection, payment of claims will be withheld until such a time as a satisfactory report has been received.

10.25 Where significant irregularities are identified within a particular LEADER+ area, consideration will be given to increasing the level of checks carried out in that area in the following year. The levels of irregularity will be monitored nationally in order to identify any significant variation between regions.

10.26 Where irregularities are identified, the LEADER+ regional secretariat will undertake appropriate corrective action promptly in accordance with the relevant EU legislation¹. This may involve, for example, the imposition of penalties (see below).

¹ Commission regulation (EC) No 448/2001 of 2 March 2001 laying down the detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the procedure for making financial corrections to assistance granted under the Structural Funds

10.27 On-the-spot inspections will be subject to quality control: a sample will be subject to a management check by a senior line manager from the LEADER+ secretariat in the region concerned.

Penalties

10.28 The LEADER+ Programme will be subject to clear penalty provisions in the event of a breach of scheme rules or undertakings. It will generally not be appropriate to apply a percentage penalty approach in respect of the grant awarded: grant awarded will generally be the minimum necessary for the project to proceed and as such a percentage penalty would normally lead to closure of a project. A decision will therefore need to be taken on whether or not to withdraw project approval.

10.29 If approval is withdrawn then a further decision will be taken on whether or not to seek recovery of any grant already paid (plus interest). This decision will hinge on the extent to which the breach identified was within the control of, or due directly to the applicant.

10.30 Where an unforeseen event outside the applicant's control has directly resulted in a breach of the rules or related undertaking, the LEADER+ secretariat in the region concerned will consider pleas of force majeure.

Reporting procedures

10.31 Following receipt of the six monthly progress reports from local action groups, regional secretariats will report formally to the Regional Programme Monitoring Committee. These reports will include the following information:

- (a) scheme commitments and expenditure;
- (b) progress in achieving objectives, including outputs expected and achieved;
- (c) monitoring activity - to satisfy regulatory requirements;
- (d) irregularity reporting; and
- (e) management checks.

SECTION 11 – EVALUATION

11.1 Mid-term and *ex-post* evaluations will assess the efficiency and effectiveness of implementation of this Programme. They will be carried out by independent assessors in accordance with the requirements of Articles 42 and 43 respectively of the General Regulation and with any relevant Commission guidance.

11.2 The managing authority will establish an evaluation system for both the mid-term and *ex-post* evaluations taking account of guidelines that will be provided by the Commission. The evaluation system shall be submitted to the Commission and then adopted by the Programme Monitoring Committee.

11.3 The mid-term evaluation will be submitted to the Programme Monitoring Committee and sent to the Commission no later than 31 December 2003 with a view to re-examining the Programme and adapting it if necessary. The *ex-post* evaluation will be completed no later than three years after the end of the programming period.

SECTION 12 – CONSULTATION

12.1 The Programme has been drawn up by DEFRA (formally the Ministry of Agriculture, Fisheries and Food) in close consultation with partners at national and regional level. This process has been overseen by a National Steering Group chaired by DEFRA and comprising all the relevant government departments and agencies. The membership of this Group and its terms of reference are set out in Annex 10.

12.2 At regional level the process has been overseen by Regional Steering Groups (with membership broadly reflecting the national group plus local authority representation). Their prime function has been to ensure that the Programme reflects regional needs to ensure a bottom-up, locally based approach. They have, in particular, overseen the drafting of the regional appendices and the extensive regional consultations. The membership of these groups and their terms of reference are set out in Annex 10.

12.3 A formal consultation exercise was launched on 26 April 2000 with a consultation paper circulated at national and regional level to about 2000 organisations in total. Nearly 200 formal responses were received and have been taken into account in drawing up the programme. The results of this consultation exercise are set out in Annex 11.

12.4 Awareness has been raised in a number of ways. Meetings have been held at national level with representative organisations to brief them and seek their views on the Initiative and to enlist their help in cascading information on LEADER+ through their networks. In the regions, there has been full consultation through written procedures. Consultation meetings have also been held, including through Regional Rural Development Consultation Groups.

12.5 A range of other fora and media, including seminars, conferences, workshops, meetings with individual groups and national and regional websites, have been used to raise awareness and obtain feedback.

SECTION 13 – COMPATIBILITY WITH OTHER COMMUNITY POLICIES

13.1 In accordance with Article 12 of the General Regulation¹, all operations financed by the Structural Funds must comply with the provisions of the Treaty, with the instruments adopted under it and with Community policies and actions. These include the rules on competition, the award of public contracts, on environmental protection and improvements, on the elimination of inequalities and the promotion of equality between men and women.

13.2 Local action groups will be required to respect these provisions in implementing their development strategy. This compliance will be verified by the regional secretariats at the stage of dealing with applications from local action groups and subsequently through monitoring checks.

Common Agricultural Policy

13.3 The actions and measures co-financed by the Structural Funds must be compatible with the Common Agricultural Policy in all its elements. The England LEADER+ Programme has been developed in such a way as to ensure the consistency of the Programme with the measures applied under the Common Agricultural Policy and, notably, the measures applied in the framework of the common market organisations and the England Rural Development Programme.

13.4 The England Rural Development Programme provides a range of European Community supported measures to help deliver national policy objectives for sustainable rural development in England. In particular the Rural Enterprise Scheme provides targeted assistance to support the development of more sustainable, diversified, enterprising rural economies and communities. These measures are outlined in Annex 3. The Department for Environment, Food and Rural Affairs is the competent authority responsible for the delivery of support under these measures. As such, it is well placed to ensure that the delivery of support under the LEADER+ Programme is compatible and consistent with support under the Common Agricultural Policy.

Links with other Community initiatives

13.5 Section 4 (paragraphs 4.8 to 4.12 and Annex 3) explains the links between LEADER+ and other rural development programmes. Local action groups must show that projects funded under LEADER+ do not duplicate activities funded under other mainstream programmes and are complementary to these. They must also ensure that there is no dual-funding of activities.

¹ Council Regulation (EC) No 1260/1999, which lays down general provisions on the Structural Funds

13.6 In accordance with Article 28 of the General Regulation¹, projects or operations co-financed under LEADER+ may not benefit simultaneously from a contribution from a Structural Fund under Objectives 1, 2 and 3 or under a Community Initiative (i.e. INTERREG, URBAN, LEADER and EQUAL). Nor may they benefit simultaneously from a contribution from the Guarantee Section of the EAGGF.

13.7 Local action groups and project managers, as appropriate, will be required to provide declarations stating that operations and projects co-financed under LEADER+ are not benefiting from any other such funding. This will be legally binding with appropriate penalties for false declarations. This aspect will be carefully monitored throughout the Programme period to ensure there is no dual-funding.

Compatibility with Community competition policy - state aid rules

13.8 The Commission guidelines require the Programme to set out the information necessary to check the conformity of the three LEADER+ 'Actions' with the state aid rules. Member states must notify the Commission of any measure granting, altering or extending state aids to firms.

13.9 State aids are broadly defined as public sector (i.e. EU and national) investment in a firm or firms which either distorts, or risks distorting, competition. Such investment must be notified to the Commission for prior approval. All of the activities proposed under the England LEADER+ Programme will be new and have not therefore been notified to the Commission as state aids.

Agricultural state aids

13.10 Articles 51 and 52 of Council Regulation (EC) 1257/1999² will apply to all assistance given in support for rural development related to farming activities and their conversion (Article 2 of the Regulation²) under the England LEADER+ Programme. Therefore, assistance granted in connection with activities related to the production, processing and marketing of agricultural products (i.e. those falling within the scope of Annex 1 of the EC Treaty of Rome) will be subject to the Community Guidelines for State Aid in the Agriculture Sector. For all measures in this programme the managing authority will ensure that any support for such activities will:

¹ Council Regulation (EC) No 1260/1999, which lays down general provisions on the Structural Funds.

² Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations.

- (a) be given as an existing aid in the sense of Article 1 (b) of Council Regulation 659/1999¹ and the relevant aids will be set out in the Programme Complement; or
- (b) comply with measures approved within the England Rural Development Programme, and Objective 1 Programmes in England, where these programmes have been sufficiently detailed to allow the Commission to examine the compatibility with the Community Guidelines for state aid in the agricultural sector² (see Table 13.1 below); or

Table 13.1: Measures Approved within the England Rural Development Programme and Objective 1 Programmes in England

Programme	Approval	Measures
England Rural Development Programme	Commission Decision C(2000) 3003 of 11 October 2000	Investment in Agricultural Holdings Agri-Environment Improving the Processing and Marketing of Agricultural Products Promoting the Adaptation and Development of Rural Areas Forestry
Objective 1 Single Programming Document – Cornwall and the Isles of Scilly	Commission Decision C(2000) 2046 of 24 July 2000	Measure 1.4 - Processing and Marketing of Agricultural Products Measure 4.3 – Investment in Agricultural Holdings – Energy Crops Measure 4.6 – Promoting the Adaptation and Development of Rural Areas
Objective 1 Single Programming Document – Merseyside	Commission Decision C(2000) 2047 of 24 July 2000	Measure 1.8 – The Adaptation and Development of Rural Areas Measure 1.9 - Food Processing and Marketing
Objective 1 Single Programming Document – South Yorkshire	Commission Decision C(2000) 2048 of 24 July 2000	Measure 2.9 – The Adaptation and Development of Rural Areas Measure 4.24 - Improving the Processing and Marketing of Agricultural Products

¹ Council Regulation (EC) 659/1999 of 22 March laying down detailed rules for the application of Article 93 of the EC Treaty, OJ 1999/L 83/1

² Community Guidelines for state aid in the agricultural sector, OJ 2000/C, 28/2 as corrected in OJ 2000/C 232/19

- (c) comply with the types of aid set out in Annex 12 which are based on the Community Guidelines for state aid in the agricultural sector.

13.11 In all other cases, the schemes or projects will be notified to the Commission as new aid for approval in accordance with Council Regulation 659/1999 and as set out in paragraph 13.14. No funding will be provided for the scheme or project concerned before Commission approval.

Non-agricultural state aids

13.12 Assistance to firms for non-agricultural activity will only be granted where it complies with the three block exemptions set out below.

- (a) *De minimis*: aid which complies with the conditions as defined in the Commission Communication 96/C68/06 on *de minimis* rules need not be notified as a state aid and does not require prior approval. The ceiling for aid for each firm covered by the *de minimis* rule is 100,000 euros over a three year period. This ceiling applies to the total of all public assistance granted towards a firm under the *de minimis* rule over a three year period.
- (b) Commission regulations on training aid¹ and small and medium sized enterprises² may also be relevant to LEADER+ projects. Aid awarded in conformity with these Commission regulations will not require prior approval. However, local action groups will be required to provide summary information to the managing authority on all projects supported under these exemptions.

13.13 It is envisaged that most non-agricultural LEADER+ projects would be eligible for exemption under the *de minimis* rule.

13.14 Grants for LEADER+ projects/schemes which are not covered by the agricultural state aid notifications listed in paragraph 13.10, or the block exemptions set out in paragraph 13.12, will be treated as set out below.

- (a) The Programme Monitoring Committee will confirm that the project/scheme is eligible for grant and is a priority for funding under the England LEADER+ Programme.

¹ Commission Regulation (EC) No 68/2001 of 12 January 2001 on the application of articles 87 and 88 of the EC Treaty to Training Aid

² Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises.

- (b) The managing authority will apply to the Commission (DG Competition) for approval of grant aid for the new project or scheme.
- (c) Once grant for the new project or scheme has been approved, the managing authority will submit to the Commission a revised list of state aids.
- (d) In accordance with Article 30 of the General Regulation, following state aid approval, the starting date for eligibility of expenditure will be the date on which the managing authority submitted to the Commission the request to modify the Programme.

Protection of the environment

13.15 The UK Government has now substantially completed the submission of revisions to the Commission a list of amended and additional candidate Special Areas of Conservation under the Habitats Directive. The final list of sites will be submitted on 12 June 2001 or as soon as possible after that date. This commitment relates solely to presentation of lists at the right geographic level.

13.16 In line with its commitments, and pending presentation of its list, the United Kingdom gives a formal guarantee that it will take the necessary steps and implement appropriate procedures to ensure that Natura 2000 sites will not be damaged by operations carried out under LEADER+.

