

Agenda Item 11(ii)

**Department for Business, Innovation & Skills
Department for Communities & Local Government
HM Treasury
Response to Consultations on the Regional Growth Fund by Yorkshire and
The Humber Rural Affairs Forum
August 2010**

The Yorkshire and The Humber Rural Affairs Forum welcomes the opportunity to comment on the Regional Growth Fund.

The Yorkshire and The Humber Rural Affairs Forum is a network of organisations involved / interested in the wellbeing and sustainability of rural communities and the countryside. It aims to represent people living and working in the countryside and those who visit ie the rural *customer*. The Forum provides feedback to organisations responsible for policy and service delivery and acts as a sounding-board and support for new ideas and initiatives. I provide the technical and secretariat support for the Rural Affairs Forum. I am responding on behalf of the Forum. Constituent members may also respond independently. Comments about the Fund are made primarily from a rural perspective.

The Forum would like to make the following comment in response to the questions raised:

Question 1 - Are there benefits to be had from allocating different elements of the fund in different ways?

The need for different elements within the Fund is acknowledged. In urban and rural areas alike, however, it is important to ensure integration of activity so that funds are used in the most effective and efficient way. In rural areas where sparsity, critical mass and cost of service delivery is an issue, this is even more important. Integration would be facilitated by delivery against an overarching strategy and by a mechanism - presumably the Local Enterprise Partnerships - which oversees in some way the allocation of resources being sought / secured from the Fund. It is noted that a strategic approach is alluded to under the section on 'Type of Activity'

Question 2 - What type of activities, that promote the objectives outlined above, should the fund support and how should the fund be best designed to facilitate this?

The point about the Fund being flexible to reflect the diversity of needs and priorities is welcomed.

The range of activities will need to accord with the economic priorities of an area as a whole. In those areas which include large urban areas, it is important to ensure that initiatives which build and sustain economic activity in rural areas - and promote the linkages and inter-dependency between town and country - are not overlooked and are supported by the Fund. This should include support for rural businesses (many of

which are Small & Medium-Sized Enterprises but critical to economic vitality) including activity related to food production and the green economy. In a rural context broadening the range of job opportunities (including tourism), enhancing skills (particularly around land-based industries), transport, affordable housing, broadband and support for declining market towns and rural communities are important.

The Fund is likely to be more effective if it supports programmes of activity rather than wish-lists of projects. It needs to be designed in such a way that it promotes the development of integrated strategic frameworks and sound joint working between the public, private and community sectors. It is unlikely to be effective if it supports activity in silos. Whilst good effective programme management, accountability and value for money are essential - the Fund should not be over-bureaucratic and unwieldy.

Question 3 - Do you think that these are the right criteria for assessing bids to the Regional Growth Fund?

In general, the criteria seem alright.

With reference to rural areas, it is noted that bids from rural areas are seen as falling under a *smaller bids category* - ie less than £1m+ - and that these must demonstrate considerable private sector growth. If this implies that rural areas would not be expected to require £1m+ bids, this may be short-sighted. The interdependencies between urban and rural areas and the *offer* which rural areas bring to the cities should not be underestimated. In addition, food and green economy businesses may well need more than a *smaller bid* to realise their potential and be successful.

The capacity / critical mass of the private sector in rural areas is generally less than that in urban areas. This needs to be recognised in respect of the extent of financial backing.

Question 4 - Do you think we should operate a two-stage bidding process?

It can be argued that the working-up of a full bid can be beneficial to an area even if it is not funded ie it encourages joint working and the development of an evidence-based development plan / programme - some of which can be implemented by other means. In the current climate, however, with scarce resources, a two-stage bidding process would be the most efficient and appropriate.

Question 5 - Should a Regional Growth Fund become a long-term means of funding activity that promotes growth?

It is difficult to give an informed response at this stage. Full details of how the Fund will operate are not yet in place - nor is the make-up of the Local Enterprise Partnerships - which will constitute one of the two bidding routes for funding. Indeed, as it is not yet in operation, it is difficult to know how effective it will be.

The principle of a Regional Growth Fund as a long-term means of funding activity that promotes growth is possibly sound - but the devil will be in the detail in respect of how it is operated. The following thoughts are put forward -

- Short-termism (less than three years) in respect of funding tends to hinder effective regeneration and development; partnerships and programmes need time to evolve and deliver effectively. The European LEADER Programme - which spans seven years - has benefitted from a longer timescale.
- It is unclear how the two proposed bidding routes (ie Local Enterprise Partnerships and private sector companies) will work. It is important that the activities which underlie the two routes are integrated both strategically and at point of delivery if there is to be effective and efficient use of resources and sustained growth.
- The larger and stronger Local Enterprise Partnerships and businesses could conceivably be more effective in securing resources from the Fund. This could result in some areas - equally needy in respect of enterprise - losing-out. Rural areas could fall into this category. Allocation of resources will need to be based on a sound evidence-base and recognise diversity both in respect of need and opportunity.
- Economic, environmental and social elements of growth need to be embodied for sustainability.
- The Independent Approval Panel will be working at arm's length. It will need a sound understanding of localities and their diversity of circumstances and need. Organisations such as the Rural Affairs Forums are well-placed to advise in respect of rural areas.

For the Regional Growth Fund to benefit rural areas, the following is needed:

1. The Regional Growth Fund should take account of the different circumstances affecting economic growth in rural areas.
2. Rural areas must have equality of consideration - and this should be built into mechanisms for allocating funding.

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