Executive Summary of the Rural Funding Review Report

1. In the Government’s initial response to Lord Haskins’ review of rural delivery, Margaret Beckett announced an “immediate full review of rural funding schemes to provide a clearer and simpler framework for applicants.” The review of rural funding makes recommendations on how funding and accompanying advisory support can be best deployed to deliver an improved service to both customers and taxpayers. This document summarises the review findings and recommendations. The full review report is available on the Defra website at: www.defra.gov.uk.

2. The review was conducted in close co-operation with work to shape delivery organisations. In particular, with work to establish an Integrated Agency, which will be responsible for conservation functions and funding, and work to devolve social and economic objectives and associated funding to Regional Development Agencies and the Government Offices.

3. The report does not address Common Agricultural Policy Pillar 1 funding, but assumes that this will continue to be disbursed by the Rural Payments Agency.

4. Delivery of these recommendations is not, however, dependent on any particular organisational structure. It assumes that whatever form future structures take, they will include delivery arrangements that comply with agreed recommendations to improve delivery for customers and be as simple as possible.

5. Whilst many current funding schemes are delivering good quality projects, there is room for improvement and some confusion amongst customers. This needs to be addressed by:

   • defining objectives more clearly so that customers know what results Defra and its agencies want to buy;
   • ensuring that advisory resources are focused on providing a good service to customers rather than being diverted into making complex systems and organisational relationships work;
   • better targeting of delivery to make the most of the available resource; and
   • better integration between Defra, Defra-sponsored bodies and others to provide the best possible service to customers and exploit the value of better managed co-operation.

6. Many parts of Defra and its agencies are already working towards more rational and productive systems and partnerships to secure a better quality service for customers. In a number of cases the recommendations in this report are therefore able to draw on current plans for simplification.

7. Review recommendations are designed to improve the quality of service to our customers and to achieve better value for money for the taxpayer:

   i. Customers are defined as those people who either approach us for help, or whom we wish to target in terms of advice and funding, to achieve environmental benefits or because evidence shows they need social or economic support. These include individuals (e.g. land managers or the socially disadvantaged), communities and businesses. Broadly, they need high quality help, information and an effective interface with funding organisations.
ii. For the taxpayer our service needs to provide demonstrable value for money and a clear outcome. A lot of Defra sponsored funding and advisory support procures change in the public interest – be this successful economies in rural areas or a quality environment. In addition, some Defra investment provides specific facilities for the general public such as countryside access through rights of way.

8. Recommendations will achieve improved quality of service to these groups by:

- creating simpler more accessible systems for those people and businesses Defra and its agencies need to support and help, without inhibiting them through unnecessary rules;
- improving customer support through more proactive and professional advisory services, with more decision making devolved to the regional and local level to bring this closer to the customer; and
- better investment decisions: operating a small number of funding programmes rather than the current forest of schemes will make resource allocation choices easier, more transparent and priorities clearer to customers and the public alike.

9. The system is designed to operate within a sustainable development framework and structure funds around those Defra strategic priorities and accompanying Public Service Agreements that are central to rural policy. These priorities are:

a. Sustainable Farming and Food

b. Sustainable Rural Communities

c. Natural Resource Protection

Summary of recommendations

An improved quality of service for customers

10. We want to achieve a high quality service to customers which means that:

- there is a readily accessible and well publicised help point;
- there is effective and timely support and information to ensure that customers are not sent from pillar to post and understand what Defra funding is there to support;
- once in contact, customers are clear whether they are eligible for funding, and if they are, funding is easier to access;
- the right expert local agent provides the lead in supporting customers. This will be assisted by the reduction in numbers of delivery agencies (through integration of Rural Development Service, English Nature and Countryside Agency functions) but will require the widest possible partnership working and collaboration at the local level;
- advisory staff are qualified to appropriate standards and operate to clear and public service standards; and
- systems are simpler with processes that are quicker and easier.
11. **Recommendation 1: Simplify schemes.** Defra should simplify the current 100 or so schemes and replace them with a simplified funding framework based around three main funding programmes corresponding to the three rural priorities and accompanying Public Service Agreements. Each fund will have an element for the provision of grants and an element of core funding to build capacity in organisations underpinning the delivery and service to customers.

12. **Recommendations 2, 3, 4, 5 & 6: Better advice, communication and information.** Defra, Defra Agencies and the Forestry Commission must:

- establish a professional and corporate information service to include a helpline and internet-based guide to both Defra-sponsored funding and services, and those from other relevant sources;
- strengthen and improve the quality of all advisory support including through working with RDAs, Business Links and other partners to help ensure that there is a network of advice and service that is tailored to the needs of rural businesses;
- encourage local service delivery through lead local delivery agents or partnerships building on existing good practice. The aim is to prevent duplication of effort and competition between organisations, and bring clarity to customers about who is in the lead for particular projects or activities;
- adopt a contractual basis for funding which enables local deliverers to procure necessary support, such as project officers, for the duration of agreed programmes or projects to underpin the service provided to customers. This will avoid uncertainty about the duration of funding which creates difficulties for customers; and
- deliver to a corporate Defra, Defra Agency and Forestry Commission public service standard that sets out the quality of service that customers should expect.

13. **Recommendations 7 & 8: Simplify the bureaucracy** to save customers time and money, and minimise overhead costs through:

- standardising and simplifying application and appraisal processes and designing them on a risk assessment basis to introduce fast track procedures for modest and low risk expenditure;
- a single IT based handling system for all Defra, Defra Agency and Forestry Commission grants to accelerate process and payment times and reduce the transaction costs; and
- negotiating with EU partners, where some (but not all) of the bureaucracy comes from, for simpler co-funding rules which would make it easier to strip away unnecessary requirements.

**Improved value for money for the taxpayer**

14. We want to achieve effective use of finite resources to provide value for money in tackling policy priorities. The taxpayer will receive better value for money if:

- there is clarity of purpose with funds better targeted to reach those people and areas in most need of help (this is important for customers too, because we must be clear what we invite them to apply for); and
- we ensure that the investment of public funds delivers maximum efficiency in terms of results and the cost of delivery.
Executive Summary of the Rural Funding Review Report

15. The following recommendations are designed to deliver this.

16. **Recommendation 9: Better define the outcomes** we ask customers to deliver, through improved use and development of the available evidence. Simplification (Recommendation 1) and structuring funds around the Defra strategic priorities and Public Service Agreements relevant to rural policy will help to bring clarity of purpose. However, this needs effective use of evidence to better target social, economic and environmental objectives. A better evidence base is a key theme of Rural Strategy 2004.

17. **Recommendation 10: Better organised delivery** through:

- more clearly stated Defra objectives with accountability based on the achievement of agreed and measurable outcomes and service quality criteria; and
- regional frameworks that: set out regional and local priorities and targets to deliver Defra’s rural policy objectives; arrange who leads (the lead delivery agent or partnership) and provides customer support; and are related to funding for each region and agency.

**Improved objective-setting, balance of investment and performance management**

18. What do we want to achieve? Effective objective-setting must be accompanied by robust performance monitoring and management.

19. This is crucial to underpin both accountability and a quality service for our customers. The following recommendations are designed to provide this underpinning.

20. **Recommendations 11 & 12: Improve corporate management** of the funding framework through:

- more systematic and consistent resource allocation and performance management activities carried out by or on behalf of Defra, Defra Agencies and the Forestry Commission. This should include improved and consistent budget and overhead management, and mandatory evaluation of performance and customer satisfaction to agreed standards; and
- a design guide for Defra, Defra Agencies and the Forestry Commission to: enshrine quality of service and communication to customers, and clarity of objectives into policy development; to provide a yardstick to assess proposed changes in policy; and to ensure that a framework of fragmented schemes is not reinvented.
Resources and efficiency savings

21. The scale of Defra originated grant funding in 2003/04 on the three rural priorities is about £430m. The amounts and distribution of funding may vary in future.

22. A number of funding streams are direct transfers of core funding to public, private or voluntary sector organisations, such as local authorities or Rural Community Councils, which act as intermediaries and delivery agents. The main core funding arrangements involve something over £50m. This funding is distinctive because it is not available to individuals or communities in the form of programme grants.

23. These significant levels of resource need to be targeted carefully, and used in conjunction with other levers, in particular regulation, taxation and advice. Such levers must work effectively for rural communities and businesses. Rural proofing and mainstreaming, as described in Rural Strategy 2004, is essential, accompanied by audit to provide independent reporting on government performance.¹

24. We will develop the scope for medium term savings on these funding streams through:

   i. Simplification of schemes: merging schemes and bringing delivery of several funds into one delivery agency.

   ii. Standardisation of systems and increased use of IT.

   iii. A reduction in central administration.

25. Reductions in administration and management costs will allow a greater proportion of funding to be targeted at the front line.

¹ Rural Proofing is the process by which Government ensures that all relevant policies and programmes assess and equitably reflect rural needs. It was introduced as a measure stemming from the Rural White Paper published in November 2000.
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#### Figure 10: Proposals for the Future

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<tr>
<th>Sustainable Farming and Food</th>
<th>Sustainable Rural Communities</th>
<th>Natural Resource Protection</th>
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<tbody>
<tr>
<td><strong>PSA 5</strong></td>
<td><strong>PSA 4</strong></td>
<td><strong>PSA 3</strong></td>
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</table>
| Deliver more customer-focused, competitive and sustainable farming and food industries and secure further progress via CAP and WTO negotiations in reducing CAP trade-distorting support. | Reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2008, demonstrating progress by 2006, and improve the accessibility of services for people in rural areas. | Care for our natural heritage, make the countryside attractive and enjoyable for all, and preserve biological diversity by:  
  • reversing the long-term decline in the number of farmland birds by 2020, as measured annually against underlying trends; and  
  • bringing into favourable condition by 2010 95% of all nationally important wildlife sites. |

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<tr>
<th>Core funding for agriculture and food</th>
<th>Core funding for capacity building especially in the rural voluntary and community sector</th>
<th>Core funding for local delivery arrangements for the above</th>
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<tbody>
<tr>
<td>Agriculture and Food Industry Regeneration and Development</td>
<td>Rural Regeneration</td>
<td>Environmental Land Management and Natural Resource Protection</td>
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**KEY**

- **Defra Public Service Agreements (PSAs)**
- **Grants for customers**
- **Core funding**