



PORTFOLIO AREA: ECONOMIC PROSPERITY

Date of Meeting: 28 October 2002

Public

Key Decision: No

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: RURAL ACTION ZONE - RURAL REGENERATION COMPANY
Report of: HEAD OF ECONOMIC DEVELOPMENT
Report reference: EDU.25/02

Summary:

This report gives a further update on the delivery mechanism for the Cumbria Rural Action Zone and the proposals developed so far for a Rural Regeneration Company.

Recommendations:

- 1) To note the report and to offer any views as to how the District Councils might engage with the recruitment process and with the activities of the Company.
- 2) To forward any comments to the County Council and NWDA.

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

1. BACKGROUND INFORMATION

- 1.1 The Executive has been receiving regular reports at its meetings on the progress of the Cumbria Rural Action Zone (RAZ) and the development of the Rural Regeneration Company (RRC). This report gives a further update.

2. ESTABLISHING THE RURAL REGENERATION COMPANY

- 2.1 An operational plan has been prepared for the new Company for the period September 2002 – March 2003 by consultants Deloitte and Touche. A copy is attached at Appendix 1. Its aim has been to provide an explanation to all key stakeholders about the company and what it will do; to bring together and confirm the aspirations for the company; and to act as a baseline for the incoming Chief Executive and Board in taking the Company forward. The document will be incorporated into a five year business plan in due course. The Operation Plan also refers to Board structure, staffing, financing, project commissioning and performance management. These elements are discussed in more detail below.

Structure of the Board

- 2.2 The Board is proposed to comprise 11 members plus a Chief Executive and to reflect a mixture of both public and private sector interests. The NWDA endorses the intention for the Board to be small and to be private sector led. Such proposals do not allow for all District Councils in Cumbria to have individual seats, instead they are being pressed to consider taking up the two seats allocated through either rotational Board Membership, coupled with the use of alternative Directors or some form of shared representation. Nominations have been requested by the Chief Executive of the NWDA. The Districts have continued to express concern about these proposals and it remains to be seen whether an alternative mechanism can be found to engage the local authorities in the activities of the Company.
- 2.3 Board members will be expected to cover all the necessary competencies in the various areas impacting on the rural economy, as well as a dynamic, proactive approach.

Rural Sub Group

- 2.4 A Rural Sub Group is proposed as a link between the Cumbria Strategic Partnership and the Board. It is one of several sub groups set up by the CSP and terms of reference were agreed at the CSP on 26 September. (Attached at Appendix 2). Chaired by John Dunning, it met for the first time on 1 October. Further details on membership are being sought but it is understood that the District

Councils have not been asked to nominate any representatives. Any further information received will be reported at the meeting. The RAZ Steering Group, currently attended by the Head of Economic Development, is likely to be disbanded after its next meeting in December. The CSP and the Rural Sub Group will therefore become increasingly important routes for channelling information to all stakeholders.

Staffing the Company

- 2.5 The staff structure is shown on page 21 of the Operational Plan. Recruitment consultants have been appointed by NWDA to manage the appointment process, including the appointment of the Chairman. It is intended to appoint the Chairman, Chief Executive and Head of Programmes by Christmas and advertisements will appear in the appropriate press from 27 October. A brief description of the posts is attached at Appendix 3. The aim is for the Company to be operational well in time for it to go live on 1 April 2003.
- 2.6 Membership of the selection panel has yet to be agreed. The NWDA suggests that a Steering Group be established to appoint the Chairman and draw up a shortlist for Company Board members and candidates for Chief Executive. The new Chairman would then chair a subsequent selection panel for Board members and the Chief Executive. The NWDA suggests that the Steering Group should not exceed 5 (plus the recruitment consultants) and that 3 places should be available for District Councils. Again, this would require some agreement for sharing this responsibility and the District Councils have requested a place each. The private sector has also requested more of an input into the shortlisting process, which would mean a further increase in the size of the Steering Group/panel.
- 2.7 The operational expenses of the Company are proposed to be covered within the 5% of the programme that is allowed for administration. This is explained further on page 7 of the Operational Plan, in para 3.2. No decision has yet been made as to the location of the Company but Penrith is understood to be the preferred option.

Project Development

- 2.8 Theme Groups, originally set up to develop the RAZ programme, have continued their work as an interim measure pending the establishment of the Company. The Groups are made up of various interested parties from all sectors and they reflect the Strategic Objectives in the programme. They are charged with agreeing priorities to develop the programme and facilitating projects to deliver those priorities. The Rural Sub Group will be linking up with the Chairs of each of the Theme Groups at its next meeting. The RAZ Steering Group has asked for minutes

of the Theme Group meetings to be made available more widely and the County Council has agreed to facilitate this.

- 2.9 Prior to the setting up of the Company and the availability of funds through the new mechanisms, project proposers are being encouraged to access funds from the Rural Development Programme. NWDA has put more resources into the programme and although it is due to be phased out in March 2003, projects may run beyond this date and administration of their ongoing funding absorbed into the new RRC.

Publicity

- 2.10 A further edition of the newsletter is in production. There is also a web page linked to the Cumbria County Council website.

3. CONSULTATION

- 3.1 The County Council has requested that all partner organisations are updated as the proposals develop.

4. STAFFING/RESOURCES COMMENTS

- 4.1 The City Council contributes staff time to the RAZ process through the Steering Group although this will cease in December. An alternative mechanism for officer involvement, other than for themes or individual projects, is not yet clear. No secondments have been offered to date. It is also unclear as yet whether a financial contribution towards the activities of the Company will be requested from partner agencies in the future.

5. CITY TREASURER'S COMMENTS

None Sought

6. LEGAL COMMENTS

No comment

7. CORPORATE COMMENTS

None sought

8. RECOMMENDATIONS

- 1) To note the report and to offer any views as to how the District Councils might engage with the recruitment process and with the activities of the Company.
- 2) To forward any comments to the County Council and NWDA.

REASONS FOR RECOMMENDATIONS

To receive information and to consider the City Council's position.

APPENDIX 1

AGENDA ITEM 4

CUMBRIA RURAL REGENERATION COMPANY

OPERATIONAL PLAN for the period September
2002 – March 2003

August 2002

FINAL VERSION



Deloitte & Touche
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**Deloitte
& Touche**

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1. INTRODUCTION AND HISTORY

1.1 Introduction

This document outlines the first year operational plan for the Cumbria Rural Regeneration Company. It explains:

- Why the company was created and what its role and remit will be (Section 1);
- Its key targets for Year 1 (Section 2);
- The financial and funding arrangements of the company (Section 3);
- The structure of the company board and organisation and the roles of its key directors and staff (Section 4);
- Commissioning arrangements for the company in the development and implementation of the programmes and projects it will support (Section 5); and
- The management and performance arrangements for the company (Section 6).

1.2 The scope of the operational plan

The operational plan aims to cover a number of areas:

- It provides an explanation to all key stakeholders about the company and what it will do;
- It brings together and confirms previous aspirations for the company as set out in document produced by Cumbria County Council and North West Development Agency¹; and
- It acts as a baseline for the incoming Chief Executive and Board to iterate and refine as the company and going forward.

This document will be incorporated into a five-year business plan for the company that will set out in more detail the plans, actions and targets for the company. However this operational plan will still play an important role in tackling the early key tasks that will need to be delivered in successfully establishing the company.

1.3 A Cumbria Rural Action Zone

Following the devastation caused to Cumbria by the Foot and Mouth Disease (FMD) epidemic in 2001, the Cumbria FMD Taskforce published its Rural Action Zone "First Steps" Strategy. This document contained a series of

¹ Readers of this document should also refer to the Next Steps Strategy (June 2002) & Rural Renaissance (April 2002)

objectives designed to guide development of the Rural Action Zone (RAZ), namely that actions to be pursued should:

- ensure that communities are better able to respond to and participate in regeneration opportunities;
- maximise existing resource use to develop a high quality environment stimulating bio-diversity, woodland and forest resources;
- contribute to the national recovery of a farming industry which provides a decent standard of living, good quality and affordable food and an improved environment;
- enable an agricultural support industry which retains wealth locally, promotes bio-security and leads to high quality Cumbrian produce;
- facilitate stronger branding for Cumbria, the place and its produce;
- regenerate a robust high quality tourism sector which helps to sustain the link between tourism and the landscape;
- develop infrastructure which meets the needs of today's businesses, visitors and residents; and
- develop skills through learning opportunities, which meet the needs of future generations.

The report was well received and endorsed by Lord Haskins and Government Ministers, including the Minister for Rural Affairs. Subsequent reports ("Rural Renaissance", April 2002 and "Next Steps", June 2002²) have developed the concept further and as a result of these reports and attendant consultations, it has been agreed that

- a Cumbria Rural Regeneration Company (CRRC) will be established as an independent, not-for-profit, regeneration company, limited by guarantee, to deliver the "Next Steps" strategy;
- a Cumbria Rural Regeneration Company will be a small, efficient and focussed delivery vehicle, operating at arms-length; and
- a Cumbria Rural Regeneration Company will only be involved in direct delivery when there are gaps in the delivery infrastructure.

1.4 Role of the CRRC

The "Next Steps" strategy envisaged that the CRRC would undertake a series of core activities designed to ensure both efficient and effective delivery of the

² Further thinking and progress on the establishment of the company has continued since the publication of Next Steps

RAZ and integration of complementary activities. More particularly, the RRC will:

- assume responsibility for co-ordination, direction, funding and approval of activity to secure overall delivery of the RAZ programme;
- establish and implement procedures to ensure the effective co-ordination of such activity with other rural initiatives and to ensure that Cumbrian partners play their full role in delivering Rural Renaissance;
- influence and advise public and private sector agencies/organisations on policies and programmes in so far as they impact on rural regeneration;
- provide clear facilitation and sign posting functions to ensure and secure access to resources available for rural regeneration;
- work within the overarching framework set by the Cumbria Strategic Partnership and develop a close working relationship with the Furness West Cumbria Urban Regeneration Company;
- provide innovation and leadership in the identification, design and development of projects and commission project appraisal;
- consider the merits of establishing/delegating responsibility for a small project/community development fund/approval process for smaller scale activities and projects that support the wider objectives of "Next Steps";
- implement effective and robust monitoring mechanisms that monitor and evaluate strategy progress and performance and/or comply with the monitoring & evaluation requirements of any body to which the duty of scrutiny is passed;
- assist development of delivery structures to address issues/areas of need/opportunity for which existing infrastructure is weak;
- act to ensure efficient and effective regeneration activity through one year and three year delivery plans; rolling forward delivery plans on an annual basis throughout the period of the Strategy;
- preparation of an annual report setting out performance against targets, outputs and accounts; and
- preparation of an annual business plan setting out priorities, expected commitments and outcomes.

The CRRC is intended to have an initial 5-year life span, until 31 March 2007. However, it may continue to operate in some capacity beyond that dependant on further funding streams and an additional forward strategy.

The CRRC covers most of Cumbria with the exception for the urban areas of Carlisle and Barrow (which along with West Cumbria will be the main focus of a separate urban regeneration company). Approximately 370,000 people will be covered by the activities of the company, which is 75% of the population of Cumbria.

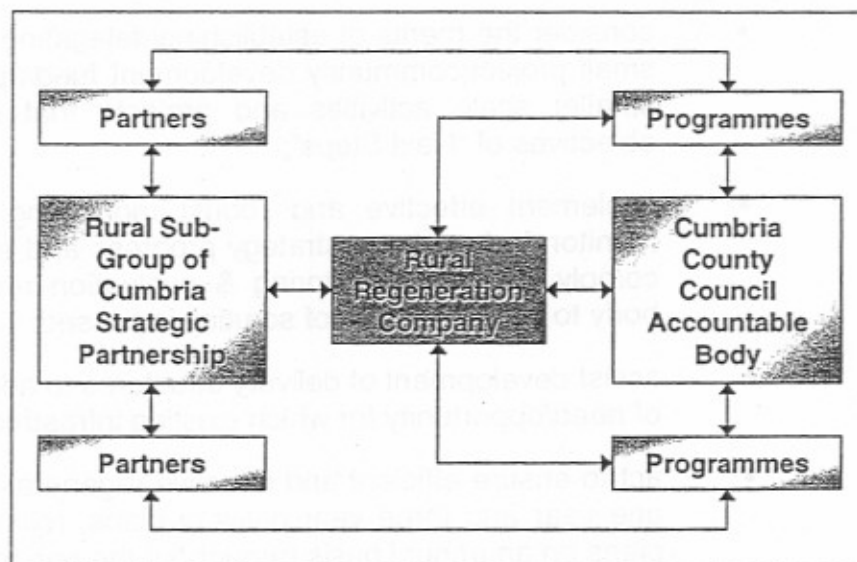
A separate regeneration company for rural issues is important for Cumbria because:

- Whilst there will be some geographic overlap between the two companies, both will operate with very different strategies;
- Rural issues and challenges vary greatly from typical urban issues;
- It would risk 'watering down' the focus on rural regeneration; and
- Rural regeneration requires its own specialist people, both at Board and organisational level.

1.5 The Wider Delivery Framework

The CRRC will sit within a delivery framework, as envisaged by the "Next Steps" strategy. This framework is as follows:

Figure 4.1 - CRRC delivery framework



1.5.1 Cumbria Strategic Partnership

The Cumbria Strategic Partnership (CSP) is a strategic body providing an overarching framework for economic regeneration across the whole of the county, not just in rural areas. As such, it has an important role to play in any delivery framework and is likely to advise on the co-ordination with agencies within and outside the county.

The county level-body will ensure that all regeneration activity fits within the objectives of the "Rural Renaissance" plan and oversee rural regeneration activity on behalf of all stakeholders in the rural regeneration process. In

delivering the aspiration of Rural Renaissance a Regional Steering Group has also been established to keeping a watching brief on the delivery of its stated objectives by the company. This group will monitor activity and will be particularly interested in projects that have a wider regional benefit so that the full impact of Rural Renaissance can be measured.

1.5.2 Rural Sub-Group

It is recognised that there is a need to ensure focus and coherence in rural policy issues and RAZ development/progression below the level of the CSP with its wider remit. It is therefore intended to establish a rural sub-group to which the CSP will delegate responsibility for rural strategy development, oversight and monitoring of the "Next Steps" strategy. Partners are clear that such a group must serve to aid the development process rather than duplicating attributes of the CSP. This group, which will be reflective of the themes of the company, may be established from the membership of the existing RAZ Steering Group that is likely to be disbanded upon the creation of the company.

1.5.3 Cumbria County Council as Accountable Body

Cumbria County Council has agreed to act as the accountable body in overseeing the financial delivery of the Strategy. As such it will be accountable for any risks associated with ineligible expenditure or failure to achieve outputs in projects. This work will underpin the CRRC, but will necessitate the Council performing the following functions:

- establishing effective appraisal and monitoring systems;
- implementing sound financial management systems to:
 - ensure regularity, propriety and value for money in the handling of financial flows; and
 - notify the CRRC of any financial irregularities in the use of funds;
- providing quarterly reports to the CRRC covering progress of activity, spend and draw-down against targets and budgets;
- maintaining an inventory of assets aided by the strategy programme;
- facilitating the auditing of company prepared annual accounts; and
- providing access and documentation for ad-hoc inspections and audits.

In order to deliver its duty as Accountable Body for a range of schemes the Council has established a **Regeneration Support Team**. This will support the Urban Regeneration Company established for Furness & West Cumbria as well as this company. The establishment of a Service Level Agreement will be an early task for the company.

A summary of the responsibilities of the council as accountable body and the functions of the Regeneration Support Unit are attached as **Appendix 1**.

2. KEY 1ST YEAR TARGETS

A number of critical tasks will need to be completed during the formation and first year of operation of the CRRC that will be crucial in ensuring its success. In order to meet the understandably high expectations of all parties, the CRRC will need to 'hit the ground running'. These critical tasks include the following:

No.	Key Tasks	Priority
1	The recruitment, appointment and commencement of a Board and Chairperson of sufficient calibre, knowledge and experience to underpin the success of the company and be its ambassadors.	Sept – Dec 2002
2	The recruitment, appointment and commencement of a high-profile Chief Executive with experience in 'getting things done'	Sept – Dec 2002
3	The establishment a service level agreement between the Company and the Regeneration Support Team of Cumbria County Council.	By Dec 2002
4	The establishment of clear operating processes for project development, commissioning and performance monitoring.	By Dec 2002
5	The production of a five year business plan	By Jan 2003
6	The acquisition of an appropriate office location for the company	By Jan 2003
7	The establishment of arrangements for payroll, pensions, marketing, web design and company secretarial support.	By Jan 2003
8	The appointment, training and commencement of other company staff.	By Feb 2003
9	The development of a performance management framework and the confirmation of evaluation arrangements including reporting arrangements	By Feb 2003
10	The incorporation of existing rural programmes (and appropriate funding streams) within the scope of the company	By Feb 2003
11	The successful promotion and launch of the company, ensuring that it is highly visible, flexible, efficient and independent	By March 2003
12	The consultation, agreement and incorporation of additional seconded staff	By March 2003
13	The development of a robust strategy for commissioning arrangements	By March 2003
14	The commissioning, appraisal, approval and start-up of the first wave of projects supported by the company	By March 2003

3. OPERATIONAL COSTS

3.1 Income for the company

The company's operational expenses will be funded through the NWDA's contribution of £56 million pounds of additional money that will be available to the company to support projects and programmes, of which 5% has been allocated to the operational expenses of the company.

In time, the company will become established and seek further operational funding from its partners to extend its capability.

3.2 Operational Expenses

Operational expenses have been estimated on the basis of the currently proposed structure and location options presented within this document. At this stage the figures include many estimates which are subject to change, for example, the recharge the CRRC will pay to Cumbria County Council for the use of the Regeneration Support Unit.

A summary of the estimated operational costs over the first 5 years of the CRRC are as follows:

Table 3.3 – Operation Expenses Summary

Operation Expenses	2002/03 £000s	2003/04 £000s	2004/05 £000s	2005/06 £000s	2006/07 £000s	TOTALS
Staff Costs	104	349	359	370	381	1,563
Premises Costs	47	72	75	77	79	350
Supplies & Services	47	33	34	35	36	183
Marketing	6	26	27	27	28	114
Other	17	70	72	74	77	310
Regeneration Support Team	15	62	64	66	68	274
TOTAL EXPENDITURE	236	611	630	649	668	2,794

Certain elements of the first year figures have been reduced due to the fact that the CRRC will only be operational for part of its first year. A full financial model supporting these figures is contained in **Appendix 2**.

4. STRUCTURE AND STAFFING

4.1 Company Structure

In order to achieve optimum fulfilment of the aims and objectives of the proposed CRRC, the organisation should be established as a company limited by guarantee. By following this route the CRRC will:

- be accountable to the key stakeholders (Cumbria County Council and the NWDA);
- have sufficient independence for the Company to operate freely so as to serve the needs of other stakeholders in Cumbria;
- be led by a private sector chairman with a predominantly private sector board to access the commercial flair it will need to succeed;
- be able to concentrate all its resources on facilitation and delivery of effective regeneration projects in Cumbria;
- be bound to operate within the constraints inherent in the guarantee and ensure financial and corporate probity as required by the Companies Acts.

The Cumbria RRC will not be established as a local government entity. Whilst this will save costs, it will therefore have to look to the private sector to source help with payroll and consider suitable pension arrangements for employees. Partners will consider although the key stakeholders will investigate the possibility of the company being given 'admitted body status' of the Cumbria local government pension scheme.

4.2 Board Arrangements

After consultation with the key stakeholders and the RAZ steering group the consensus is that a board made up of 11 members plus Chief Executive will be able to best achieve the objectives. The Board structure is intended to give the company the flexibility and independence to operate in an effective manner. The Board will reflect a mixture of both public and private sector interests, and will be structured as follows:

- Chair Person - high profile individual drawn from the private sector, rural expertise
- The Chief Executive - high profile individual drawn from the private sector with regeneration expertise
- Director - Commercial experience plus agricultural expertise
- Director - Commercial experience plus recreation & tourism expertise
- Director - Commercial experience plus countryside/environment expertise

- Director - Commercial experience plus employment/regeneration expertise
- Director - Commercial experience plus skills development/social inclusion expertise
- Director - Voluntary sector experience and community expertise
- 2 Directors – Current Public experience in Cumbria
- 2 Representative Directors from Cumbria CC and NWDA (1 each)

This board gives a total of 12 individuals, with commensurate representation from both the private and public sectors. This Board enables a generous cross-section of interested parties to be represented, whilst still maintaining a manageable size to facilitate effective decision making. The Chairman will assume the power of casting vote in board decisions.

The Board members will need a variety of competencies in order to fulfil their roles, chief amongst these will be deep knowledge and experience of:

- Complex rural economies
- Economic regeneration and employment
- Agriculture and countryside produce
- Sustainable recreation and tourism services
- Rural skills & training
- Understanding of the dynamics of the political and public sector environment
- Sustaining and promoting the rural environment
- Social inclusion and community regeneration

They will also need to demonstrate the following qualities:

- Understanding of the dynamics of the political and public sector environment (public sector directors)
- Dynamic, agile, 'gets things done' approach
- Enthusiasm and drive
- Have successful track records
- Wholeheartedly committed to serving the region

Finding individuals of a calibre to meet these requirements is one of the key 'make-or-break' tasks involved in the setting up of the CRRC.

4.3 Organisational Structure

The organisational structure of the Company has been designed in order to contain operating costs yet maintain operating effectiveness. This ensures that the majority of core funding that is managed by the company (95%) is targeted directly towards the programmes and projects it will support. The Company's access to a range of performance monitoring, finance and administration services provided by the Accountable Body & Regeneration Support Team (described earlier) will minimise the need for a large internal management structure.

The CRRC will identify, shape, encourage and influence regeneration activity through others. The organisation structure has therefore been designed to focus effort externally towards programme development and management. Other than the key manager positions, it is anticipated that some posts may be filled with seconded staff from stakeholder groups who will undertake projects relevant to their sponsor organisations as well as some of the general tasks of the Company.

Once appointed, the key managers of the Company will be expected to review precise external recruitment needs in the light of expected available resources via the secondment route. The total establishment for the organisation is expected to be 8 full-time people (excluding secondments).

A chart detailing the proposed organisation structure of the Cumbria RRC is set out at *Appendix 3*.

4.4 Roles and Responsibilities

Chairperson

The Chairperson will lead the Board of Directors and will take overall responsibility for the strategic leadership and development of the organisation. He or she will have strong links with the NWDA and Cumbria County Council.

The Chairperson's role will incorporate the following key deliverables:

- acting as an ambassador for the Company in championing the aims and objectives of the CRRC to all stakeholder groups and others on a regional, national and international level;
- providing support and guidance to the Board in the debate on, and development of, strategic and operational policies so as to maximise the effectiveness of the Company and;
- working with the Chief Executive in providing sound counsel and guidance to develop the structure, culture, style and performance of the Company to achieve its objectives.

Board Members

The Board Members of the Cumbria RRC will have key roles in ensuring:

- That the interests of their stakeholder groups are properly reflected in the activities of the Company;
- The constructive advice given by individual board members enables the CRRC to achieve its fullest potential under its terms of reference; and
- The Board oversees the management of the Company to ensure it operates within the spirit and letter of its mandate and applicable company law.

Chief Executive

In the first instance the jobholder will report to the Board of Directors via the Chairperson. He or she will also have strong links with the NWDA and Cumbria County Council.

The Chief Executive's role will incorporate the following key deliverables:

- Contributing to the refinement and delivery of the "Next Steps" strategy and playing a key role in leading, co-ordinating and delivering the rural regeneration programme;
- Liaison on strategic rural regeneration matters at European, national, regional and local levels; and
- Developing the structure, culture, style and performance of the Company.

Other Posts

Head of Programmes – This post will be responsible for the development, commissioning and co-ordination of the programmes and projects within the scope of the company, including work in relation to state aid issues. This will be a key post that will be responsible for designing and implementing appropriate processes that engage key stakeholders, driving the identification and development of flagship programmes and schemes and providing a supervisory role to the programme managers. The key task of the Programmes team will be to initiate and co-ordinate programmes and projects rather than to take an active project management role. The focus will therefore be on liaison with stakeholder groups, project assessment and progress monitoring. There will therefore be no need to recruit numbers of people to actively manage projects

Programme Managers (3) – Programme managers will work alongside the Head of Programmes on the identification, development and co-ordination of projects and programmes. Depending upon the process arrangements within the company, the programme managers may take on a portfolio of programmes based around the strategic objectives and act as main points of

contact. These posts will be responsible for managing the communication and consultation arrangements with key stakeholder groups. They will also act in a development role, helping identifying new ideas, generate new knowledge. It is envisaged that a member of staff within the Rural Development Programme may fill one of the posts.

Finance & Performance Manager – It is not expected that there will be a major finance role within the structure. The Finance & Performance Manager will manage all internal/back office issues and will rely for support on the Regeneration Support Team (e.g. project appraisal, admin support, financial monitoring). This post will also be responsible for keeping an overview of financial spending within the company and overseeing performance management arrangements for the company.

Personal Assistant – Will provide day-to-day support to the Chief Executive and provide general admin support as necessary to the Chairman and other members of staff.

Admin Assistant – This post will provide financial and general administrative support to other members of staff.

Payroll Services, Company Secretary services and some marketing and web design services will be sourced externally. The staff will be supported where necessary by extra secondments from partners such as DEFRA, the County Council or the NWDA.

The Chief Executive as one of his or her first tasks will review precise staffing requirements (beyond the key manager roles).

4.5 Location

No definitive location has yet been established for the company, other than the obvious fact that it must be sited in the heart of Cumbria. Whatever the eventual location chosen, certain characteristics are necessary:

- Central location with good infrastructure links to all parts of the County
- High profile – helping to raise awareness of the company and its objectives
- Near partners – sufficiently close to some or all of the partners to facilitate harmonised working relationships

Several options are currently under consideration, with Penrith the present favourite.

5. PROJECT COMMISSIONING ARRANGEMENTS

5.1 Strategic Objectives

The vision set out in the Next Steps Strategy by the Cumbria Rural Regeneration Company reflects that of the Regional Action Zone (RAZ), namely:

To enable the rebuilding and development of a dynamic and rural economy for Cumbria which is financially, socially and environmentally sustainable

As such the programme of projects envisaged complements the eight strategic objectives in the Rural Renaissance framework. A full description of the Objectives as attached as *Appendix 4*.

5.2 Managing the Regeneration Market

Sustaining regeneration over the longer term is dependent not only on identifying and targeting real need (as opposed to demand) and establishing a series of quality projects to meet that need, but also on how the regeneration initiatives operating across the region are co-ordinated and managed.

This concept, known as 'market management', is gaining increasing recognition as an important factor which has a significant impact on the longer term success of regeneration initiatives. In brief it means that regeneration initiatives are co-ordinated and that the regeneration market is managed both at a strategic and project level.

The Cumbria Rural Regeneration Company will need to undertake such a role not only for the programme itself but also across the sub-region. The role would necessitate the company to act as a 'one-stop-shop', or central clearing-house, for bids and grants to ensure that there is no/minimum duplication between initiatives and that the impact of initiatives is maximised by sharing best practice and lessons learnt.

Moreover, the Cumbria rural economy would no doubt benefit from the increased ability to attract additional funding, particularly from the private sector, by ensuring that bids are 'joined-up' and co-ordinated between the various agencies operating throughout the area.

In order to assess how effectively a 'regeneration market' has been managed it will be necessary for the Cumbria Rural Regeneration Company to adopt a two-pronged approach. This involves assessing how well the market has been managed at a strategic level (e.g. top-down) across all the regeneration initiatives operating in the sub-region and comparing and contrasting this with how well it has operated on the ground (e.g. bottom-up).

5.2.1 Strategic Level

The key areas that the company will consider include:

- Completing an analysis undertaken of the 'needs' of the economy and community;
- Undertaking an audit of the existing rural regeneration initiatives operating across the county;
- Assessing that new projects are complementary and do not overlap with:
 - existing regeneration initiatives; and,
 - other projects contained within the programme
- Consideration of 'economies of scale' and 'value-for-money'³
- Establishing a comprehensive risk assessment of each project, and the package of projects as a whole, undertaken⁴

5.2.2 Operational level

The key areas that the company will consider at operational level include:

- Duplication between the operation (as opposed to the stated objectives) of projects;
- Project expiry and replacement aim (i.e. replaced with projects which have similar aims and objectives);
- Management of competition for resources with other projects;
- Relationship with similar projects targeting the same or similar groups of individuals;
- On-going risk-assessment for each project and package of projects.

A robust commissioning process will be at the heart of delivering a successful market management strategy in the highly competitive regeneration market place. The competition for scarce resources serves to increase the quality of the projects available but also encourages bidders to emphasise those elements of projects that are highly sought after by the commissioner.

5.3 Key Actions

One of the key business plan actions will be to produce a robust commissioning strategy to:

- Understand the market environment it will need to operate;

³ For example, supporting one project, which delivers five key objectives, is more efficient, particularly in relation to the cost of management overheads, than funding five individual projects that each deliver one objective. Similarly, funding one project over the lifetime of the programme will offer better value for money than supporting a series of similar concurrent projects.

⁴ A key requirement of successful 'market management' is to ensure that the available funds are not spread so thinly as to make projects vulnerable to closure, nor, relying on a limited number of projects which would put the entire programme in jeopardy if one withdrew/was expelled from the programme.

- Make an accurate assessment of the extent to which the company can deliver the sought outcomes;
- Confirm commissioning and approval processes for projects and programmes; and
- Clarify approaches where similar projects are competing for the same resources and that a decision to fund one scheme will inevitably mean that the future of others is threatened.

To achieve this the incoming Chief Executive and Head of Programmes will need to work closely with Cumbria County Council and the North West Development Agency in agreeing how to address the above.

6. MANAGEMENT AND PERFORMANCE ARRANGEMENTS

6.1 Risk Management

The CRRC faces a challenging first year of operation, its task being to lay the foundations for successful operations and the ultimate achievement of the strategic objectives. Both in the short and medium term, the company will face risks that it must overcome in order to succeed. The following is a description of some of the initial risks, their impact and possible mitigating actions:

Risk	Impact	Mitigating Action
Failure to appoint a suitable chief executive	Reduction in the profile, credibility and effectiveness of the CRRC	Enforce highest possible standards of recruitment process coupled with attractive remuneration package
Failure to appoint a suitable board and chair	As above	Identify and pursue suitable individuals as early as possible in the life of the CRRC
Failure of funding bodies to act in a uniform fashion	Increase in bureaucracy, increase in administrative effort and reduction in efficiency	Agree process templates and service agreements with funding bodies as soon as the CRRC is operational
Failure to implement the right company structure and employ appropriate staff	Lack of flexibility, increased cost and reduction in effectiveness	Careful recruitment process coupled with awareness of reasons driving the structure
Failure to arrive at an appropriate location for the company	Lack of visibility, reduction in awareness and loss of credibility	Ensure that location is central, visible and has easy access to all parts of the region
Failure to agree a clear service level agreement with the regeneration support unit	Misunderstanding between key partners and impaired delivery of the RAZ objectives	Completion of a service level agreement should be a key task at the beginning of the CRRC
Failure to ensure that projects implemented are appropriate and of sufficient quality	The strategic objectives would not be met	Ensure that project commissioning and performance management arrangements are stringent and enforced
Failure to avoid delays in implementing	Strategic objectives not met in a timely fashion, further expense incurred	Encourage project initiation at the earliest possible stage

projects		
Failure to ensure that projects deliver value for money	Insufficient funds to meet all objectives	Ensure that project monitoring arrangements are stringent and enforced

Only by recognising and addressing these risks will the long-term success of the CRRC be assured.

6.2 Reporting and Scrutiny

The Chief Executive will be responsible for the day to day management of the CRRC and ensuring that the progress of the strategic objectives is on track. Further examination of the progress of the CRRC will be as follows:

- A full board meeting once every 3 months; and
- A meeting with the Rural Sub-Group once every 6 months

These meetings will be augmented by the natural day-to-day liaison between board members, the staff of the CRRC and representatives of the Rural Sub-Group. They are intended to be a formal checkpoint where objective parties can evaluate whether the CRRC is remaining 'on-track' in the delivery of the objectives.

It is envisaged that the year-end of the CRRC for audit and reporting purposes should be harmonised with the standard public-sector year, i.e. 31st March. This will necessitate a lengthening or shortening of the first year accounts.

6.3 Performance Management

It has been identified as one of the key tasks of the incoming Chief Executive to initiate a Performance Management regime to ensure that the projects commissioned by the CRRC deliver on the strategic objectives as desired. Clearly the incoming Chief Executive will wish to influence the setting of measures for the company, in association.

However, the NWDA have set out some clear performance measures, expressed as outputs, (below) and outcomes (**Appendix 5**). These measures align to some of the eight strategic objectives of the company but only those relevant to meeting the wider objectives of the NWDA. This means that additional output and outcomes measures, aligned to the company's strategic objectives will need to be established and agreed by the Board.

Measure	5-year total	
	Total project outputs	NWDA claimed outputs
New Jobs Created	5200	1750
Existing jobs safeguarded	6200	

Ha recycled & remediated	250	120
Learning Opportunities (training weeks)	3150	1500
Business start-ups	500	260
New & converted floor space (sq.m)	40,000	27,000
Businesses receiving advice	5000	2650
Businesses receiving skills advice	500	260
Ha of woodland created	2500	700

In addition the company will need to establish on going operational measures to assess the day-to-day performance of the company. This will include, for example:

- Numbers of projects commissions against strategic objectives;
- Spending on funded projects;
- Contract management
- Rate of innovation/Time to develop and commission projects
- Profile of company in sub-region
- Responses to requests and applications

A number of more specific measures have been proposed as part of the Next Steps strategy and these will need to be further developed into a performance measurement framework for the company.

6.3.1 Monitoring & Evaluation Arrangements

The company will also work with the Accountable Body to establish an evaluation process for the company to be undertaken at key points in the company's life, probably after 18 months, 3 years and 5 years. This will ensure that the wider delivery expectations of the company are robust evaluated to test its effectiveness.

7. APPENDIX 1 – THE ACCOUNTABLE BODY

The Accountable Body's functions and responsibilities include:

- Assistance with applications, check eligibility etc
- Agree Key Indicators and Milestones
- Technical appraisal, financial appraisal/viability
- Reports on technical appraisal and recommendations
- Prepare and issue offer letters
- Assemble/prepare grant claims, based on defrayed expenditure
- Process grant payments
- Maintain financial records – grant claimed
 - grant received
 - grant payments to project sponsors
- Ensure recipients have effective financial controls
- Prepare monitoring reports – financial/project progress
- Advise on remedial actions
- Liaise with NWDA/CCC and prepare progress reports

These functions can be located within key areas of responsibility, as follows:

REGENERATION SUPPORT TEAM – Functions of the Team

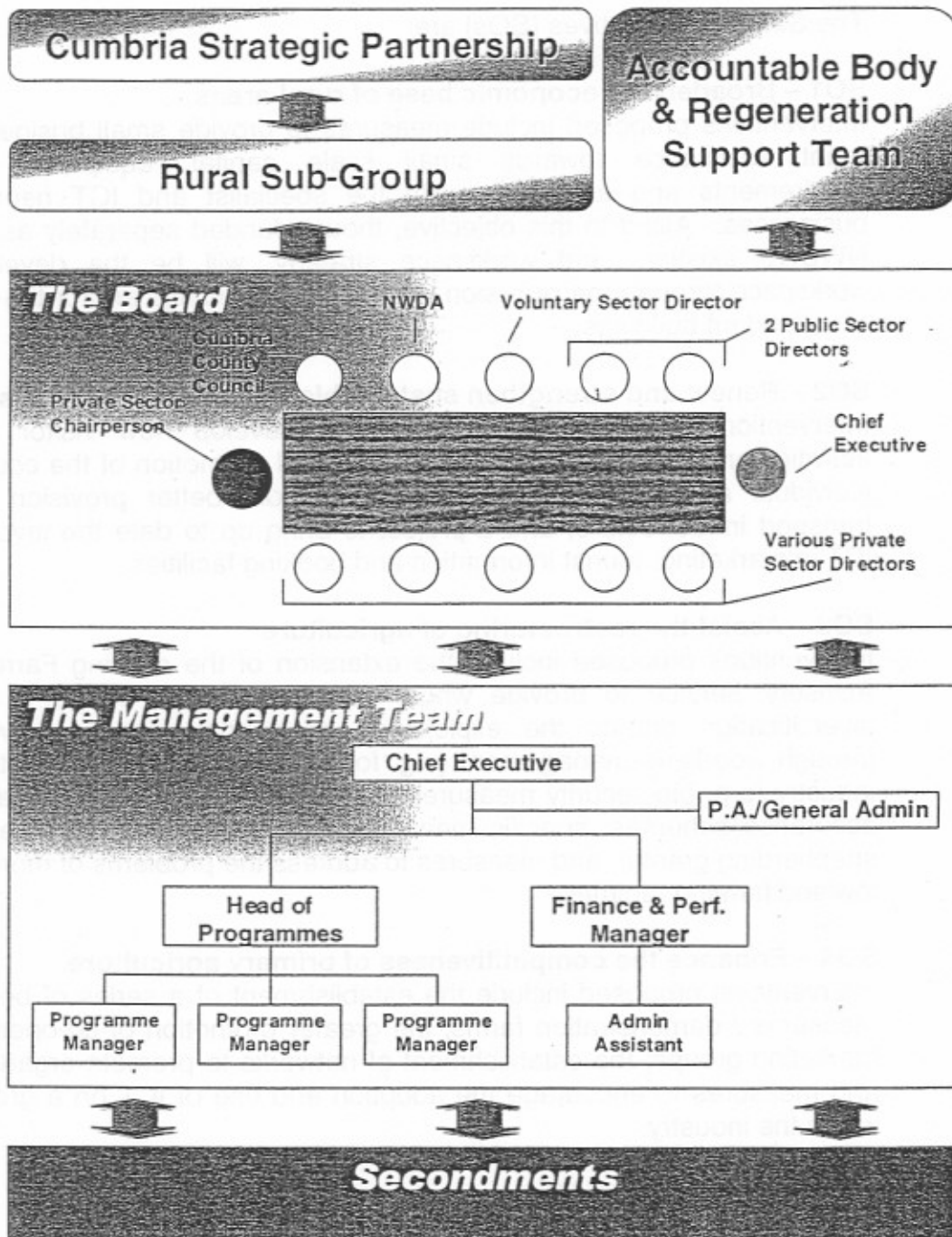
Project Delivery	Project Appraisal	Financial Monitoring
<ul style="list-style-type: none"> • Assistance with applications • Check eligibility • Agree projects KPIs and milestones • Monitor project progress • Prepare progress reports • Advise on remedial actions 	<ul style="list-style-type: none"> • Technical appraisal • Recommendations • Prepare offer letters • Assemble grant claims • Authorise payments 	<ul style="list-style-type: none"> • Process grant payments • Maintain records <ul style="list-style-type: none"> - grants claimed - grants received - grants paid • Inspect financial controls • Prepare financial reports • Advise on remedial actions

8. APPENDIX 2 – FINANCIAL PLAN

Operational Expenses

	0	1	2	3	4	TOTAL
	2002/03	2003/04	2004/05	2005/06	2006/07	
	£'000	£'000	£'000	£'000	£'000	£'000
Staff Costs						
Salaries & On Costs	78	322	332	342	352	1,425
Training	2	6	6	7	7	27
Staff Recruitment	20	2	2	2	2	29
Travel, Subsistence & Lease Car	5	19	19	20	20	82
Subtotal	104	349	359	370	381	1,563
Premises Costs						
Rent	7	30	31	31	32	131
Rates/Refuse	2	9	10	10	10	41
Accommodation Fit Out	30	3	3	3	3	43
Utilities	2	6	6	7	7	27
Maintenance	2	6	6	7	7	27
Cleaning	2	6	6	7	7	27
Insurance	1	5	5	5	6	23
Telephone & Fax	2	7	7	7	7	30
Subtotal	47	72	75	77	79	350
Supplies & Services						
Office Supplies	2	9	9	9	9	38
Printing & Photocopying	2	9	9	9	9	38
Postage	2	9	9	9	9	38
Publications	1	2	3	3	3	11
I.T.	40	4	4	4	5	57
Subtotal	47	33	34	35	36	183
Marketing						
Advertising & Publicity	6	26	27	27	28	114
Subtotal	6	26	27	27	28	114
Other						
Consultancy	8	31	32	33	34	137
Regeneration Support Unit Recharge	15	62	64	66	68	274
Meeting & Conferences	5	19	19	20	20	82
Professional Services	5	21	21	22	23	91
Subtotal	32	132	136	140	144	584
TOTAL	236	611	630	649	668	2,794

9. APPENDIX 3 – BOARD AND STAFF STRUCTURE



10. APPENDIX 4 – STRATEGIC OBJECTIVES OF THE COMPANY

The Strategic Objectives (SOs) are:

SO1 – Broaden the economic base of rural areas

Interventions proposed include measures to provide small business support, grant assistance towards small scale capital, equipment and loan requirements and assistance with the specialist and ICT needs of rural businesses. Allied to this objective, though funded separately as part of the NWDA's existing rural workspace strategy, will be the development of workspace through the provision of land, new buildings and/or the conversion of redundant buildings.

SO2 – Renew and strengthen sustainable recreation and tourism

Interventions proposed include work to develop new visitor attractions, activities and facilities; general marketing and promotion of the county and its individual attractions as a tourist destination; better provision for tourist transport infrastructure; and a project to bring up to date the involvement of ICT in marketing, tourist information and booking facilities.

SO3 – Assist the restructuring of agriculture

Interventions proposed include the extension of the existing Farm Business Advisory Service to provide whole farm planning; a range of new farm diversification grants; the exploitation of opportunities for diversification through woodland management (e.g. for bio-fuels); new infrastructure for the industry (e.g. bio-security measures for agricultural marts) and related quality assurance schemes; specific measures for upland farm management (e.g. shepherding grants); and measures to address the problems of more intensive lowland farming regimes.

SO4 – Enhance the competitiveness of primary agriculture

Interventions proposed include the establishment of a series of best practice measures / demonstration farms; the greater promotion of co-operatives and marketing groups; the establishment of networks to promote organic farming; and measures to encourage the adoption and use of ICT on a greater scale within the industry.

SO5 – Develop rural skills

A range of skills development programmes associated with the other objectives, e.g. for small businesses, tourism, farming and rural community development.

SO6 – Develop and promote countryside products

This objective will be principally achieved through the development of the 'Distinctly Cumbrian' scheme which has already been approved by the Agency subject to receipt of a final Delivery Plan. The latter will involve the establishment of a virtual infrastructure for the promotion, sale and delivery of a range of locally produced foods and crafts. Allied to it will be an array of consumer research, product development and marketing staff and grants.

However, within this objective it is also proposed to develop a range of smaller scale, locally delivered food and craft initiatives.

S07 – Sustain the rural environment

Interventions include a range of access, land management and landscape improvement schemes of which the principal one will be a comprehensive programme of environmental improvements within the River Eden catchment area (covering roughly a third of the county). Within this objective, however, it is also proposed to develop a new centre of excellence for traditional upland skills and a centre for mountain studies. Both will have links to the Newton Rigg campus of the University of Central Lancashire although the latter is viewed as more of a 'think tank' for the further development upland communities.

S08 – Deliver social and community regeneration

Interventions proposed include the development of a new model for the funding of community projects, employment and housing; measures of support for the retention of key rural services; various community capacity building and social enterprise measures; and projects to address the ICT and other infrastructure needs of rural communities (including local training and development centres).

11. APPENDIX 5 – KEY PERFORMANCE INDICATORS

Outcome	Indicator	Baseline	Target (5 year)	Comment
Increase employment in rural areas	Nos. employed in rural areas	71,544	Increase by 7% net	Net increase of 5,000 requires higher number of jobs to be created. Also need to be aware of quality of jobs created through monitoring.
Increase number and sustainability of small businesses in rural areas	Business formation: <ul style="list-style-type: none"> Gross new business starts (Other indicators include business survival rates, business stock & VAT registrations & de-registrations plus specific targets for sectoral businesses)	Current programme outputs	1,000	Needs project specific monitoring to ensure outputs include non-VAT registered businesses & self-employed
Improve skills levels in rural areas	Training measures: <ul style="list-style-type: none"> Persons of working age with NVQ level 3 & 4 qualifications (Other indicators include sector-specific training measures plus FE/HE access rates and job-related training numbers)	98,000	↑ increase by a min of 15%. To try and achieve England average.	Project specific outputs need to be tied specifically to rural areas
Enhance economic vitality of market towns as service centres for rural areas	Market Towns: <ul style="list-style-type: none"> jobs created business starts m² of new/ renovated office/ workspace 	n/a n/a Current programme outputs	2900 400 40,000	Figure is gross – needs monitoring (See 'business formation') Better baseline to be established by audit of rural workspace proposed by NWDA for summer 2002. Specific monitoring required as part of rural workspace strategy
Enhance economic vitality of rural areas generally	No. of staying visitors Expenditure by visitors New / additional woodland (ha)	6.4m £491m 55,450	7m £537m 5%	600,000 increase in staying visitors wholly attributable to increased tourism expenditure outside LDNP These figures are different to those in the Baseline Study, but reflect the Next Steps targets and do not include any urban areas. An increase of 5% over the five years which is above national target guidelines.



CUMBRIA STRATEGIC PARTNERSHIP
RURAL SUB GROUP

DRAFT TERMS OF REFERENCE –
TO BE ENDORSED BY CSP ON 26 SEPTEMBER 2002

Monitor - the

- > Advise the Cumbria Strategic Partnership on means of securing the sustainable regeneration of the rural county
- > Identify and draw attention to expertise on national and international best practice in rural regeneration
- > Sustain and develop the spirit of visionary thinking arising from RAZ First Steps
- > Identify and seek to engage with a range of public, private and voluntary sector organisations who have a stake in, should influence or inform rural regeneration in Cumbria
- > Scrutinise effectiveness of RRC in tackling economic, environmental and community regeneration issues identified in First Steps
- > Use evaluation to identify significant gaps in implementation and advise CSP accordingly. In particular consider where currently identified funding streams supporting RAZ are unable to support priorities for action
- > Identify new and emerging issues for rural Cumbria which should add to or amend the priorities identified in the RAZ strategy
- > Identify and draw attention to key impediments to implementation of RAZ arising from public policy
- > Advise CSP on need to lobby regional agencies and national government on issues which emerge from this analysis

Delivering Regeneration in Rural Cumbria

We are entering an exciting and challenging period for rural regeneration in Cumbria. The creation of the Cumbria Rural Action Zone has support at the highest levels in Government. The "Next Steps" Strategy outlines a much-needed £275m five-year programme of economic, environmental and social regeneration - unique within England. A new Cumbria Rural Regeneration Company will deliver this programme, initially by managing a £56m funding programme agreed with the North West Development Agency. To convert this vision into reality we need a top quality team with a strong understanding of, and affinity with, Cumbria.

CHAIRPERSON (Five Year Term)

As Ambassador for this ambitious regeneration programme, you will champion the Company's aims and objectives and gain commitment from regional, national and international stakeholders. You will also guide the Board and provide wise counsel to the Chief Executive.

Currently high profile and successful, you will be well versed in leading and developing a company. Diplomatic skills will complement your commercial acumen and your excellent understanding of the rural economy. Just as important will be your energy, enthusiasm and sheer drive to realise the potential of rural Cumbria.

NON-EXECUTIVE DIRECTORS (Five Year Term)

We are looking for individuals with strong commercial backgrounds plus deep knowledge and experience in one of the following key areas: rural business, agriculture, recreation and tourism, countryside and environment or skills development and social inclusion. You may also come from the voluntary sector and have strong community links.

You will have a sound appreciation of the political and public sector environment – plus importantly a 'get things done' approach. With obvious drive and enthusiasm, you will be wholeheartedly committed to serving the region in a voluntary capacity. These are 'expenses only' appointments.

CHIEF EXECUTIVE (c £65k)

Already a successful and proven leader, your initial key deliverable will be to develop the structure, culture and style of the new Company. You will help refine and deliver our strategy and play a pivotal role in leading, co-ordinating and delivering the rural regeneration programme. Liaising and gaining support at European, national, regional and local levels will be an essential component.

Experienced in operating within a performance driven culture, you will demonstrate the vision and resilience to 'make a difference' by leading and inspiring others. Instant credibility and gravitas combined with real enthusiasm and drive are essential.

This will be a five-year contract with a non-consolidated, performance-related, annual bonus as well as a completion bonus at the end of the five-year term.

HEAD OF PROGRAMMES (c £40K)

Your objective will be to deliver the vision for rural regeneration in Cumbria over the next five years, liaising with all the stakeholders and motivating your team. Securing successful implementation of our flagship programmes and projects will be one of your key motivators.

With an in-depth knowledge of rural policy frameworks and funding programmes, you will have a clear understanding of the complexities of rural economic development. Proven project management skills will complement your diplomacy, judgement and integrity. Your track record will clearly demonstrate how your people skills, energy and natural enthusiasm overcome barriers to progress.

To become part of Cumbria's exciting future, simply send your CV (stating the role in which you are interested) to our retained consultants etc