



Examining the impact of New Opportunities Fund's funding in Rural Scotland

Robert Rogerson
Sue Sadler
Andrew Copus

April 2005

Department of Geography & Sociology
50 Richmond Street
Glasgow
G1 1XN

Tel : +44 (0) 141 548 3037

e-mail : r.j.rogerson@strath.ac.uk
<http://www.strath.ac.uk/gs>

Robert Rogerson is Senior Lecturer in the Department of Geography & Sociology at the University of Strathclyde and is Head of Department. His research on the analysis and measurement of community quality of life has meant he has been involved in the UK Government review of indicators of sustainability and quality of life (1999), the Urban Task Force (1999) and as the European representative on the International Quality of Life Network, tasked at leading academic and policy debates on evaluating quality of life. He has acted as consultant to UK and Australian city authorities in developing strategic approaches to quality of life, including Melbourne, Sydney, and Glasgow. He has been Advisor to the Finance Committee of the Scottish Parliament on the 'review of funding for voluntary organisations in regeneration' and has appeared before the Communities Committee as expert witness on the Scottish Budget and the Voluntary Sector.

Sue Sadler currently runs her own consultancy business, with recent clients including both local and Scottish organisations such as the Highland Wellbeing Alliance, the Scottish Council for Voluntary Organisations, and Community Fund Scotland. She has contributed to research and policy on community involvement and rural development and conducted evaluations for local and national voluntary organisations. Sue is currently a research mentor for community groups in Scotland under the auspices of Communities Scotland. She is joint author with Laurie Bidwell of the Rural Community Appraisal Handbook (published by Northern College) and has considerable experience of participative research and consultation and the processes of community involvement.

Andrew Copus leads the Rural Economy Team at SAC, based in Aberdeen. Much of Andrew's work involves the use and analysis of small area socio-economic databases, and his recent work includes studies for the Scottish Executive Rural Affairs Department and for Scottish Executive Research Unit). He has also developed indicators of sustainable development at the local level for the European Commission Research Centre. Andrew is a regular contributor to European research, and undertakes both academic and consultancy work. He was research co-ordinator for the Scottish Parliament Rural Affairs Committee Enquiry into the Impact of Changing Rural Employment Patterns.

Contents

Executive Summary	4
Section 1	
Research remit and methodological issues	11
Section 2	
Meeting rural need through grant giving	16
Section 3	
Shaping rural funding: project directions and delivery mechanisms	35
Section 4	
Rural capacity to engage with the Fund	47
Section 5	
Funding Rural Needs in Scotland	57
Bibliography	68
Appendix 1 – Generating the geography of grant giving by NOF in Scotland	
Appendix 2 – Indicators of need: measures in the SIMD	
Appendix 3 – Urban-Rural distribution by programme	
Appendix 4 – Plotting awards against need by programme	
Appendix 5 – Programme summaries	
Appendix 6 – Case study programme reviews	

Executive Summary

This research was commissioned by the New Opportunities Fund (the Fund) to inform them how best to address the needs of rural communities. The remit of the research was:

- an identification of factors affecting the capacity of rural communities to access and make the most effective use of funding;
- an examination and evaluation of the effectiveness of different delivery mechanisms already used by the Fund, and an assessment of the extent to which these delivery mechanisms have contributed to making a positive impact on rural communities; and
- an identification of options and recommendations as to how the Fund can most effectively address the needs of rural communities in the future.

To these ends, this report addresses three research questions:

1. How effectively does the distribution of grants across Scotland meet need within rural communities?
2. How do policy directions and delivery mechanisms shape the distribution of grants?
3. What were the constraints experienced by rural communities in accessing funds?

Question 1: Meeting need within rural communities in Scotland

Over the five years from its inception to its merger with the Community Fund, the Fund has awarded £267m to Scotland, across 21 programmes. The research mapped the location of over 5100 project delivery sites across Scotland.

Key statistics revealed through the research include:

- 40% of projects supported by the Fund are in rural areas
- 27% of funds have been awarded to rural projects
- Rural projects received an average of £33,000 per project location, whereas urban projects received an average of £65,000 per location
- The average commitment per capita in urban Scotland (£53.66) was significantly higher than that of rural/small town Scotland (£46.15)

Key Findings on how effectively the distribution of grants meets rural need

The analyses of funding by the Fund in relation to population and to those people most in need, as measured by the Scottish Index of Multiple Deprivation (SIMD), reveal a generally positive picture:

- Overall, across all the programmes, the Fund's allocations have resulted in a pattern that is close to the distribution of population. Rural areas, with 30% of the population, received 27% of the funds.
- In relation to population in most need measured by SIMD, rural areas received a greater proportion of the funds (27%), although only 18% of this population live in rural areas.
- Remote small towns, remote rural and very remote rural areas have been favoured in proportion to population, and accessible, remote and very remote rural areas have all been favoured over small towns in terms of SIMD measures of need.
- Under each of the three themes, rural areas have generally been favoured over small towns, with accessible rural areas gaining in education and health programmes, remote rural areas gaining in education and environmental programmes, and very remote rural strongly benefiting from environmental programmes.
- Very remote areas (both rural and small towns) are favoured when all funding is considered, but remote areas are considerably less favoured under health programmes.

In relation to need, some concerns have been identified:

- The overall pattern of rural/small town Scotland receiving lower per capita levels of funding is offset in part by there being more projects funded in rural areas. Whilst this pattern of funding may distribute resources more widely, there is a danger that rural projects do not receive sufficient funding to meet the potentially higher per capita costs of rural delivery.
- This lower per capita funding and higher number of projects in rural areas, however, masks the fact that at least some programmes are concerned with provision of services or facilities that, although located in urban areas, may be utilized by the population of the rural/small town hinterland. Programmes such as NOPES and Out of School Hours Childcare as well as a number of health programmes, which utilise existing infrastructure of schools, libraries and health centres, offer services well beyond the specific location of the facility.
- In the environment theme, the very remote areas derived benefit from the programmes, disproportionate to its share of both population and deprivation. However, several of the programmes under this theme sought to respond to opportunities relating more to the physical environment or patterns of land ownership than geography, and other programmes have a more urban focus (such as Transforming Waste).
- In the health related programmes there was a clear tendency to allocate commitments disproportionately to more accessible parts of Scotland, mainly at the expense of the remote areas and against measures of need, the very remote areas.

Question 2: The Impact of Different Delivery Mechanisms

The study examined the complex matrix of programme delivery mechanisms used by the Fund. Analysis of delivery mechanisms was informed by interviews with successful applicants, strategic partners and Fund staff.

Key findings on the impact of delivery mechanisms on grant distribution

The Fund is required to work within Policy Directions provided for each programme. These define target groups and their characteristics, as well as the overall framework and priorities, and suggest the nature of any partnership arrangements. However, through its application process and delivery mechanisms, the Fund also shapes the distribution of funding to rural Scotland.

Factors which are central to shaping rural funding include:

- the nature of the partnerships – whilst partnership with intermediaries has the advantage of utilising expert, local knowledge to stimulate applications and to offer direction to the Fund on the allocation of resources, smaller and marginal groups who are less well networked with partners are disadvantaged. Factors, such as short lead time for applications, favour groups who already have established connections with the partners and discourage intermediaries from establishing new relationships.
- the identification of targets in terms of concentrations of disadvantaged people or in terms of numbers of beneficiaries. Amongst dispersed communities, especially in island and remote rural areas, there is little scope to address large numbers or concentrations of target beneficiaries. To deliver services to such dispersed groups, the costs of travel for workers or those managing the projects is high.
- the focus on delivery through specific locational outlets such as schools, libraries, health centres. For more remote communities, without access to these facilities (or other community facilities), the possibility of gaining access to some programme funding is severely restricted. Although some imaginative forms of out-reach and other ways of delivering services to dispersed groups are feasible, this too is costly and raises the unit costs for any application.

Question 3: Factors affecting the Capacity of Rural Communities

The distribution of funds is in part determined by who applies to the Fund's programmes. Interviews with applicants, strategic partners and intermediaries revealed insights into the capacity of rural communities to access funding opportunities.

Key findings on the constraints experienced by rural communities

- Complex and two-stage application processes present barriers to the small, grass-roots projects that make up a large proportion of rural grants
- Small numbers and widely dispersed populations create difficulties in devising viable, issue specific services that meet programme criteria; for example, in terms of rural organisations having to demonstrate the viability and sustainability of services
- The smaller projects (of which there is a higher proportion in rural areas) found application and monitoring processes to be slow, cumbersome and inappropriate to the level of funding sought
- Low levels of indicative funding, particularly when combined with percentage ceilings on certain types of expenditure may preclude applicants seeking to develop projects with relatively high entry cost thresholds
- Rural communities face higher costs in keeping up to date with the Fund's programmes and may have less ready access to support. Successful applicants benefited from a pre-existing involvement in partnerships and organisations that operated as intermediaries for the Fund
- Rural projects experienced recruitment and retention difficulties exacerbated by short-term, part-time contracts
- The diversity and relatively short life of programmes can make it difficult for communities to match their needs to the available funding opportunities
- New Opportunities Fund programmes are less well understood than other lottery funds in the voluntary sector
- The use of different application processes disadvantaged some smaller community groups, often in smaller towns and accessible rural areas where other funding and access to larger grants is possible and where support for application is less accessible.

Recommendations

The recommendations arising from this research are in three groups relating to the substantive findings of the research, as well as on future information gathering and evaluation. The final recommendation advocates the adoption of rural proofing in all future funding programmes.

Application and delivery mechanisms

Recommendation 1: the Fund should adopt the application and monitoring practices of the Community Fund of a separation between larger and smaller grants, and operate a lighter touch for small grant applications and awards.

Recommendation 2: the Fund should consider undertaking further cross-cutting research into factors that deter or encourage groups to come forward with applications. New research should engage with applicants who have been unsuccessful in gaining funding and consider the impact of the diversity of application and delivery mechanisms across programmes.

Recommendation 3: the Fund should continue to offer where appropriate funding for longer periods to encourage organisations to test new practices and to mainstream activities.

Recommendation 4: the Fund should ensure that any choice of award partner is communicated effectively and ensure that programmes have sufficient longevity to allow more isolated organisations to become aware of programmes. Award partners should be supported to make active efforts to reach out to a wide range of groups in rural areas.

Recommendation 5: where the Fund uses intermediaries it should ensure that this information is communicated effectively and widely. Community groups should be encouraged to establish relationships with intermediaries in advance of applications, and the Fund must ensure that lead-in times for applications are sufficiently long to allow more isolated organisations to become aware of programmes and to make links with intermediaries. The Fund's arrangements with intermediaries should ensure that both parties make active efforts to reach out to a wide range of groups in rural areas.

Increasing awareness of and access to the Fund

Recommendation 6: the Fund should consider ways to raise its public profile in supporting projects addressing specific local needs through greater publicity based on cross-programme relationships. This might for example be based around grouping under one theme such as 'out of school hours' programmes (learning, sports and childcare) or in different areas – such as 'supporting rural communities'.

Recommendation 7: the Fund should maintain at least some open programmes so that it is able to respond to local needs as well as direct funding through other programmes towards priority areas.

Recommendation 8: We recommend that the Fund should consider the adoption of a generic, outline proposal application form to assist rural community organisations to be directed towards specific programmes where appropriate. The outline proposal forms used by the Community Fund could act as a template.

Recommendation 9: the Fund should encourage applications from more remote areas where outreach services or similar are being operated, and acknowledge that this will increase the unit cost under any programme.

Recommendation 10: the Fund should encourage partners and applicants to develop imaginative ways in which its programme goals can be combined with other appropriate and related projects/programmes to ensure that unit costs are reduced and the impact of Lottery funding is maximised.

Meeting rural needs

Recommendation 11: a balance between indicative allocations and open grants programmes should be maintained

Recommendation 12: where the Fund adopts indicative allocations it should consider as part of rural proofing (see Principal Recommendation) whether a minimum indicative allocation is appropriate. A minimum indicative allocation can ensure a meaningful level of activity and acts as an incentive to initiate responses to what might otherwise be neglected areas of work within rural areas.

Recommendation 13: where the Fund adopts formulae to arrive at indicative allocations, the formulae should include both a specific measurement of need in relation to the programme aims and any rural disadvantage identified with respect to that area of work

Recommendation 14: the Fund should monitor the distribution of funds to rural and urban communities and, for each programme, evaluate whether their funding is reducing or increasing the per capita funding disparities between urban and rural areas, and between rural areas and small towns.

Recommendation 15: the Fund should seek to support more outreach forms of service provision attached to service centres in the more accessible areas, to address the needs of more remote and dispersed rural areas and small, widely dispersed or isolated client groups.

Recommendation 16: most programmes have been directed towards addressing specific community needs rather than having a rural focus. To enhance access to funding for rural communities the Fund should consider the introduction of a specific programme targeting rural disadvantage. Such an open grants programme could cut across the themes of education, health and environment and be able to offer awards against criteria that specifically address these dimensions of rural communities. Alternatively, the Fund should introduce some routine 'rural proofing' in all programmes (see Principal Recommendation below).

Information gathering and evaluation across programmes

Recommendation 17: in maintaining its own internal database of applications and awards, the Fund should maintain a centralised, and up to date, database on the actual location of delivery and impact of its awards, and those managed by its award partners, using assessment and annual monitoring stages to ensure the currency of the data.

Principal recommendation for action

Rural proofing programmes

This research has suggested that there is no single factor that impedes rural communities from gaining funding from the Fund. Overall, the Fund has provided awards that are close to the proportion of the population in rural areas but there exist significant variations between programmes in the number and level of awards made to rural Scotland. The research has also indicated that different elements of the process of grant-making by the Fund do have an impact on the likelihood of rural Scotland being supported under any programme.

To ensure that the Fund continues to meet rural needs in Scotland, we recommend that a rural-proofing process is employed in the development of programmes under the Fund's new framework.

Principal Recommendation: The adopting of rural proofing would allow the explicit consideration and weighing of the sometimes competing demands of direction from Ministers, the Fund's priorities and desired outcomes, localised need, accountability and accessibility. A rural proofing process would include:

- * Clarification of Policy Aims
Specifically outlining how they address rural needs
- * Develop Alternative Programme Delivery Models
eg joint funding across programmes, outreach services funding,
- * Test Programme Delivery Models against criteria such as :
 - Minimum cost thresholds to deliver new services, including sparsity costs;
 - Dispersal/distribution of people in need (small numbers)
 - Longer timescales/extra support for small rural communities to bid
 - Flexible targets to avoid need for beneficiary concentrations
 - Monitoring processes to identify rural awards
 - Joined up working and links with other funding opportunities

Section 1

Research remit and methodological issues

1.1 The research

This research uses quantitative and qualitative methods to examine the differential impact of funding from the New Opportunities Fund (hereafter termed ‘the Fund’) in rural Scotland from 1999 to 2004.

This remit of this research was to offer insights on:

- identification of factors affecting the capacity of rural communities to access and make the most effective use of funding;
- examination and evaluation of the effectiveness of different delivery mechanisms already used by the Fund, and an assessment of the extent to which these delivery mechanisms have contributed to making a positive impact on rural communities; and
- identification of options and recommendations as to how the Fund can most effectively address the needs of rural communities in the future.

To this end, this report addresses three research questions:

- How effectively does the distribution of grants across Scotland meet need within rural communities?
- How is this distribution shaped by Policy Directions and delivery mechanisms?
- What are the constraints experienced by rural communities in accessing funds?

The emphasis of the research is firstly on an analysis of the distribution of grants to rural communities in Scotland through the wide range of programmes managed by the Fund, and secondly on the application and award making mechanisms that shape the patterns of distribution. Further, through discussions and interviews with stakeholders, the research provides an assessment of the relationship between rural communities and the Fund.

The research has examined not only those programmes that run solely in Scotland but also programmes providing funding in Scotland that have been developed as part of wider UK initiatives. However, the purpose of the research has not been to conduct evaluations of the impact of individual programmes (the Fund already commissions an evaluation of each of its programmes), rather to investigate the impact of programmes individually and collectively on rural Scotland.

1.2 The Fund

The Fund has distributed National Lottery money to education, health and environment initiatives across the UK since 1999. In contrast to many of the other 15 distributors, which have remits to focus on specific activities within the Arts (eg Arts Councils, Scottish Screen) or sport (eg Sport Scotland) or with a focus on capital projects (Heritage Lottery Fund) or special commemorative events (Millennium Commission), the New Opportunities Fund is charged with working in partnership with other organisations to support sustainable projects that meet the needs of the disadvantaged in society and improve people’s quality of life. It is responsible for delivering programmes complementing Government strategies and programmes. Since 2004, the New Opportunities Fund has been operating jointly with the

Community Fund to distribute grants under the name of the Big Lottery Fund. Further details of the New Opportunities Fund can be found on its website www.nof.org.uk and the Big Lottery Fund at www.biglotteryfund.org.uk

1.3 NOF funding in Scotland

In the period 1999 to 30 April 2004 the Fund received policy directions to distribute over £330 million in Scotland. This total includes the Fund's administration costs and funds for some programmes that, at the date of the research, were still open and yet to be committed. In total, by 30 April 2005, a total of £267 million had been awarded to projects across Scotland. These funds have been awarded through 21 programmes, covering the three funding themes of education, health and environment (Table 1.1).

Table 1.1 : Funding committed in Scotland by programme

<u>Programme</u>	Funding committed £ million ¹
Education	
ICT Training – Public Librarians	2.20
ICT Training – Teachers & School Librarians	22.08
Out of School Hours Childcare	27.46
Digitisation	6.34
Community Access to Lifelong Learning (CALL) – ICT	10.77
Community Access to Lifelong Learning (CALL) – Peoples' Network	10.99
Out of School Hours Learning	24.94
Out of School Hours Learning School Sports Co-ordinators	2.82
New Opportunities for PE & Sports (Activities)	34.78
New Opportunities for PE & Sports Facilities (Facilities)	17.39
Quality Childcare	2.34
Funding Facilitators	1.09
Health	
Palliative Care	5.04
Cancer Prevention, Detection Treatment & Care	16.76
Better Off	9.39
Healthy Living Centres	32.26
Coronary Heart Disease, Stroke & Cancer	24.27
Environment	
Green Spaces and Sustainable Communities	3.38
Scottish Land Fund	9.42
Transforming Waste	3.35
Transforming Your Space	2.98
TOTAL	267.05

Note:

1. Throughout this research, grants awarded and funds committed include grants to the Fund's delivery partners for development and management of grant programmes.

1.4 Changing context

Over the five years since its formation as a distributor, the Fund has had to respond to significant changes in its funding and political context, including:

- Devolved government in Scotland. Although the National Lottery remains a reserved matter under the responsibility of the Department of Culture, Media and Sport at Westminster, the Fund operates a number of programmes specific to Scotland (and Wales and Northern Ireland), and also has separate elements with regard to programme goals and decision-making in Scotland under UK-wide programmes. From the Third Round of Funding (2001) it has operated separate decision-making arrangements to make its grant giving more flexible, relevant and accountable to Scotland. Further the Fund has drawn upon information from the Scottish Executive to inform its decision making in areas such as defining communities in need and disadvantage.
- A declining amount of money available to distributors as funds generated by the National Lottery have reduced in recent years. In this environment, competition between distributors for funds is inevitable. Unlike other distributors, the Secretary of State sets the Fund programme budgets.
- New National Lottery distributor structures: the New Opportunities Fund merged in 2004 with the Community Fund to form a single, new distributor (the Big Lottery Fund). This new distributor is intended to be “a new dynamic distributor which is greater than the sum of its parts” and one that provides efficiency savings in management and grant making in order to increase the proportion of funds allocated to good causes. Although this new fund is intended to have a different relationship with Government (DCMS, 2004) from the previous two distributors, it preserves important characteristics of additionality (ie, it will not substitute funding that would otherwise fall to mainstream Government expenditure), broad themes and priorities for programmes set by the Government, and the Fund will retain responsibility for delivery mechanisms, partners and the selection of projects for funding.
- In addition the Fund has had to respond to the changing policy landscapes around issues of quality of life measures, sustainability, social inclusion and measures of deprivation or need. Examples include DETR (1999) Quality of Life Counts; Scottish Indices of Deprivation (2003), Scottish Executive (2002)’s Meeting the Needs. This has meant that over the lifetime of the Fund, the measures used to assess grant applications against such parameters as sustainable development and multiple deprivation have varied.

Consequently over the five-year period the Fund, like other grant givers, has had to evolve its approaches to meeting its mission and the needs of communities. Where appropriate, this report draws out the impact of these changing conditions on the funding of rural communities in Scotland.

1.5 Issues in conducting the research

A number of issues and assumptions were explored in the process of conducting the research, and critical definitions and methodological decisions are set out below.

1.5.1 Rural space and need

There is no universally accepted definition of rural spaces, with some definitions based on lifestyles and life opportunities and others based on accessibility and geographical isolation. Indeed, conducting research into ‘rural areas’ may itself make the concept more ‘real’. Equally, disagreement exists on how the needs of those living in such spaces can be measured, and on the extent to which such needs can be differentiated from the needs of those living in other (non-rural) spaces.

Pragmatically, however, a working definition of both rural space and the needs of communities in such areas has been required for this research to be undertaken. In conducting the research, **rural spaces** have been defined (using the Scottish Executive Rural Urban classification SERU 8) as including both small towns (3,000-10,000 residents) and rural areas (<3,000 residents). Rural need has been defined in terms of multiple deprivation indices, using the Scottish Index of Multiple Deprivation.

1.5.2 Mapping the distribution of grants awarded by the Fund

The Fund, like other grant givers, maintains a database based on the location of the main grant holder, project delivery sites and, where appropriate, delivery partners. The location of each of these is defined in terms of the specific location of the main contact point provided by the applicant. Whilst these contacts are clearly key stakeholders in the projects being funded, it is not possible to assume that their location is representative of the area where the activity will take place. In other words, there can be significant geographical separation of the grant holder and the location of the activity of the project.

In this report, the term **project** is used to relate to the geographical location of the primary grant recipient and the term **project location** to refer to the site(s) where the specific project is being delivered. It is recognised nevertheless there are a number of cases where the specific project location has not been recorded and thus a project defined as located in an urban area may be delivered in a rural space, and vice versa.

1.5.3 The Fund's delivery mechanisms

Although the Fund has to operate within policy directions and overall budgets set by the Department of Media, Culture and Sport in conjunction with the Scottish Executive, it is nevertheless responsible for devising and implementing the delivery of the programme targets. This includes promoting the programmes, targeting development support, setting eligibility and assessment criteria for applicants (including operational measures of need and disadvantage), deciding whether or not an award should be made, and in some cases working with other organisations or soliciting bids to ensure programme targets are met.

A key part of this research has been to assess the extent to which the relationship between the policy directions, programme budgets and the delivery mechanisms developed by the Fund assist or impede rural communities from gaining funds under the range of programmes. The Fund operates a complex matrix of application processes, some of which involve a system of indicative allocations. Key variables for the analysis were identified through a mixture of analysis of papers provided by the Fund informed by interviews with programme staff, project applicants, strategic partners and other stakeholders.

In this report, the term **intermediary** is used to describe partners with whom the Fund works and who engage directly with applicants to the Fund, although the level of engagement varies significantly between programmes.

1.5.4 Rural capacity to gain funding

As for all grant-making bodies, the distribution of awards is of course significantly influenced by who applies. A recurring theme in the academic and community literature on rural society is that their relative isolation and spatial dispersion means that such communities may suffer from a dearth of the necessary skill base, time and experience to make successful applications for funding.

This issue was raised by staff working for the Fund and was further explored through interviews with applicants and strategic partners.

This research has investigated factors which might shape the rural sector's capacity to engage with the Fund's programmes. Given the different forms of grant application and grant giving

routes employed by the Fund, the research focused on the support provided to applicants, and in particular, the role of intermediary organisations.

This analysis draws heavily on the interviews and submissions from applicants in four sample programmes investigated. These programmes – Better Off, Healthy Living Centres, New Opportunities for Quality Childcare, and Transforming Your Space – were selected to investigate issues from a range of programmes across the Fund’s three themes and various delivery mechanisms. The research also includes views from policy and programme staff within the Fund and those partners who assist the Fund in attracting applications and distributing funds. The qualitative approach adopted does not attempt to be representative of the views and situation of all applicants and others engaging with the Fund. Nonetheless, the interviews illuminate the statistical analysis and identify issues worthy of further consideration by the Fund. Unfortunately the scope of the research did not allow for interviews with or mapping of unsuccessful applicants which may limit the identification of barriers to funding.

1.6 Report structure

The report is thus structured to address the three key questions set out at Section 1.1 above.

Section 2 provides an analysis of where the Fund’s awards have gone within Scotland, and the extent to which these match up to areas of greatest need.

Section 3 examines the impact of policy directions, programme delivery mechanisms and approaches to implementation across all the Fund’s programmes in order to report on the extent to which these have shaped the distribution of awards to rural communities in Scotland

Section 4 presents stakeholder views and analysis of 4 sample programmes to investigate the capacity of rural-based organisations to engage with the Fund’s programmes.

Section 5 draws together all the findings from earlier sections, to identify future actions which the Fund should consider to more effectively meet the needs of communities in rural Scotland.

Section 2

Meeting rural need through grant giving in Scotland

The section addresses the first research question:

Q: How effectively does the distribution of grants across Scotland meet need within rural communities?

The distribution of awards made by the Fund within Scotland is analysed, by programme, programme theme (Education, Health & Environment) and across all programmes. This section:

- defines what parts of Scotland are rural for the purposes of this research (Section 2.1)
- presents the geographical patterns of awards made by the Fund (Section 2.2)
- identifies specific measures of need (Section 2.3)
- examines the extent to which the Fund's grants address identified needs (Section 2.4).

Details of the methods used in converting the Fund's data into the database for this research are given in Appendix 1.

2.1 Defining rural communities

The concept of 'rural Scotland' is one that means something to most people, but not necessarily the same thing to all. The term 'rural' embraces areas with such a wide range of geographical and social characteristics that more precise definitions have been developed, particularly to reflect aspects of population size and remoteness from service centres.

The Fund across its programmes has not used a single definition of 'rural' spaces. The Scottish Executive has adopted an eight fold categorisation that reflects a continuum between rural and urban, based on both the population size of settlements and, for smaller settlements, distance (drive-time) from a settlement of 10,000+ people. This has been termed the Scottish Executive Rural-Urban classification (SERU 8).

Table 2.1 Rural/Urban categories used in the research

	<i>Area type</i>	<i>Postcode units in</i>
1	Large urban areas	Settlements with population over 125,000 (i.e. Aberdeen, Dundee, Glasgow, and Edinburgh)
2	Other urban areas	Other settlements with population over 10,000
3	Accessible small towns	Settlements with population between 3-10,000 <u>and</u> within a 30 minute drivetime of a settlement of 10,000 or more
4	Remote small towns	Settlements with population between 3-10,000 <u>and</u> between 30-60 minutes drivetime of a settlement of 10,000 or more
5	Very remote small towns	Settlements with population between 3-10,000 <u>and</u> more than 60 minutes drive time from a settlement of 10,000 or more
6	Accessible rural areas	Settlements with population less than 3,000 <u>and</u> within a 30 minutes drivetime of a settlement of 10,000 or more
7	Remote rural areas	Settlements with population less than 3,000 <u>and</u> between 30-60 minutes drivetime from a settlement of 10,000 or more
8	Very remote rural areas	Settlements with population less than 3,000 <u>and</u> more than 60 minutes drivetime of a settlement of 10,000 or more

Scottish Household Survey: 8 Fold Urban Rural Classification

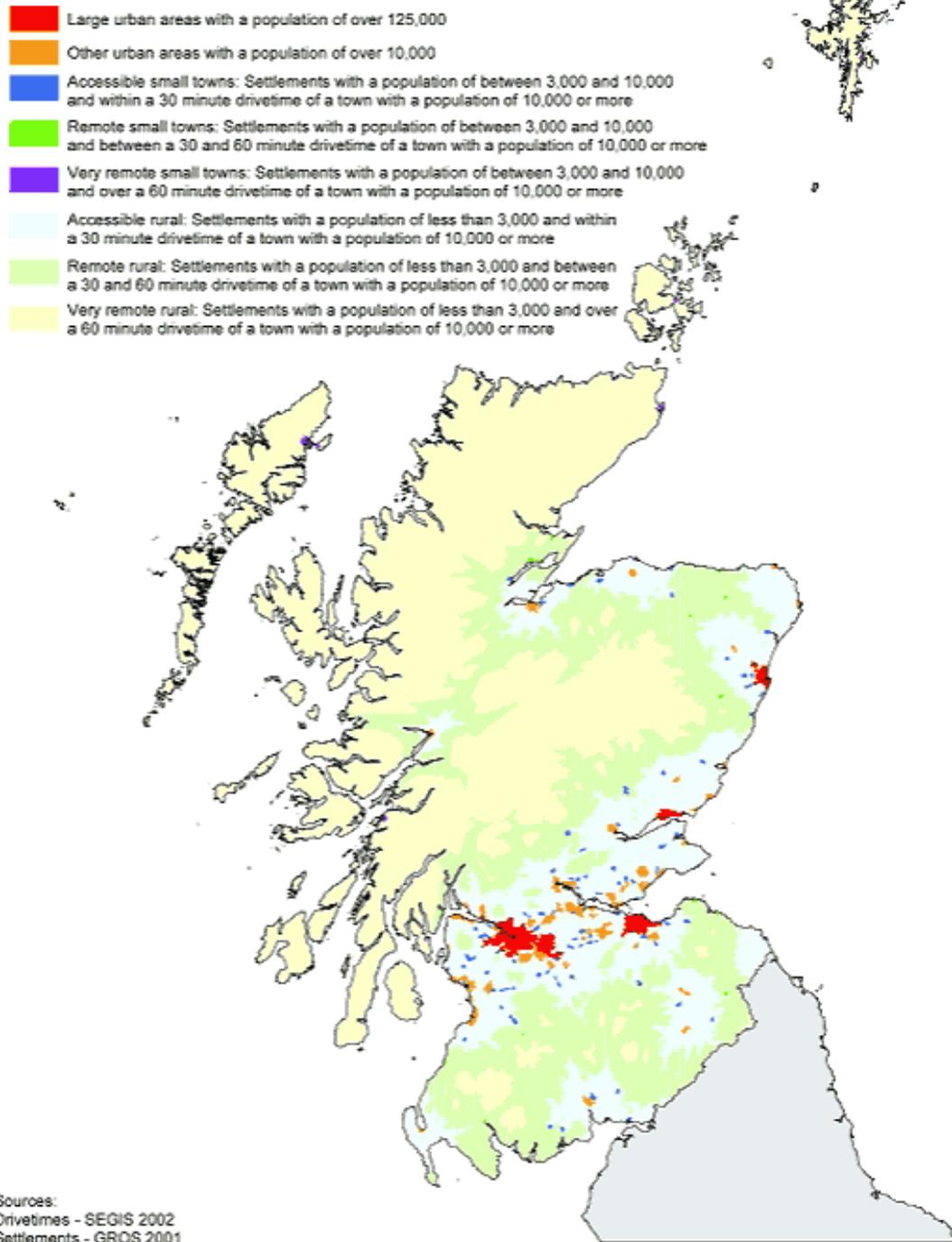


Figure 2.1 - Urban and rural Scotland

This definition of rural spaces being those with settlements of less than 3000 residents has been used in other funding schemes, including the Scottish Rural Partnership Fund. The 2004 consultation review of this fund concluded that whilst there was some support for this definition of rural space, there was also “widespread confusion... over the definition of ‘rural’” and concluded that “the flexible use of the rural definition should continue” (ERM, 2004, 19-20).

Whilst acknowledging the desire in some sectors to resist a rigid division of space, for the purposes of this research there is a need for a clear, and fixed set of parameters. The SERU 8-fold classification based on size of settlement and accessibility to larger population centres has been adopted. This classification is shown in Table 2.1, and the resulting distribution of urban and rural spaces in Figure 2.1.

2.2 Grant giving by the Fund in Scotland

Over the past five years, the Fund has made grants amounting to £267m in Scotland. These funds have been distributed across more than 5,100 project locations under 21 programmes. Figure 2.2 offers an initial visual portrayal of the distribution of project locations for all awards made by the Fund and included in the analysis here.

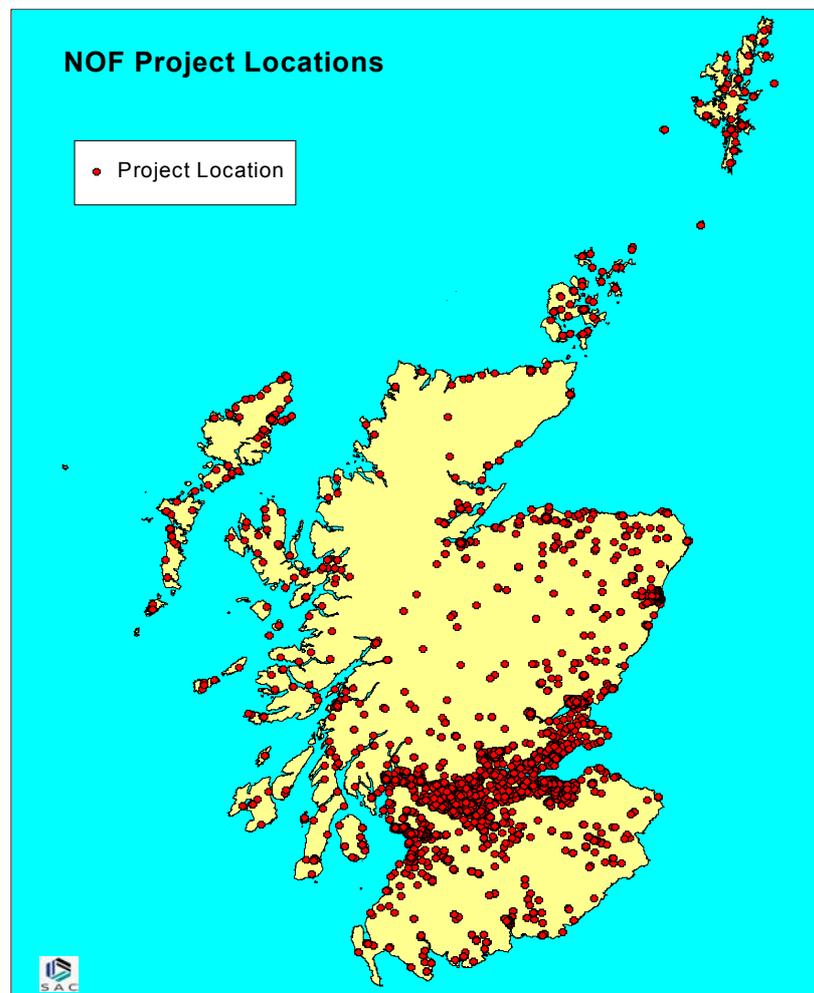


Figure 2.2 : Project locations in Scotland

One key aim of this research has been to investigate the degree to which the Fund has committed funds to meeting the needs of rural communities in Scotland and to identify whether there is an urban bias to their funding.

There are a number of different ways of undertaking such an investigation of the rural/urban distribution of funding, based on the SERU 8 classification of these spaces:

- a) the overall funding across all programmes
- b) funding between the themes of health, education and environment
- c) awards associated with each programme.

In each case, the report considers the total value of funds awarded, the number of projects which have received awards and the number of project locations where specific activity or services have been delivered.

2.2.1 Total awards

The £267m has been awarded unevenly between the urban areas (73%) and rural areas (27%). Equally, these awards have funded projects and projects locations that are predominantly in urban areas as Table 2.2 illustrates.

A simple measure of this distribution is the funds per project location measure, which highlights that urban Scotland received twice as much money per project location as rural areas.

Table 2.2 NOF projects, locations, and funding in urban and rural Scotland 1999-2004

	Project Locations	Projects	Funding (£m)	£k Per Location
Urban	3,053 (59%)	1,027 (60%)	196 (73%)	65
Rural/Small Town	2,128 (41%)	672 (40%)	71 (27%)	33
Scotland	5,181	1,699	267	52

Further analysis using the SERU 8 classification reveals the distribution of funds within rural areas in Scotland. As Table 2.3 portrays, within rural spaces there are also considerable variations in the funds per project location, with the highest average award per location in the accessible small towns, and both the remote small towns and remote rural areas having an average commitment less than £30,000.

Table 2.3 NOF projects, locations, and funding in rural and small town Scotland 1999-2004

	Rural/Small Town Scotland			
	Project Locations	Projects	Funding (£m)	£k Per Location
Accessible Small Towns	465 (22%)	118 (18%)	18.5 (26%)	40
Remote Small Towns	77 (4%)	19 (3%)	2.2 (3%)	28
Very Remote Small Towns	155 (7%)	82 (12%)	5.0 (7%)	32
Accessible Rural	743 (35%)	239 (36%)	25.8 (36%)	35
Remote Rural	178 (8%)	61 (9%)	4.8 (7%)	27
Very Remote Rural	510 (24%)	153 (23%)	15.1 (21%)	30
Rural/Small Town Scotland	2,128	672	71.2	33

More dramatically, the distribution of the £71m in rural Scotland has been divided very differently between accessible rural locations (either small towns or rural areas) where more than half the project locations were sited, and the remote areas (12% of the project locations) and the very remote areas (32%). We explore this pattern in relation to population and need in Section 2.3

2.2.2 Distribution by Programme Theme

By far the largest share (60%) of awards went to projects within the Education theme, 33% went to health, and the remaining 7% to environmental projects. However, between these themes there are different proportions of funds and project locations in rural spaces. Table 2.4 summarises the distribution of projects, projects locations and funding between the urban and rural and small town areas.

Table 2.4 Distributions across themes to Urban and Rural Scotland

Projects	Urban	%	Rural/Small Towns	%	Total
Education	662	65	353	35	1,015
Environment	85	30	195	70	280
Health	280	69	124	31	404
Total	1,027	60	672	40	1,699
Locations					
Education	2,535	61	1,614	39	4,149
Environment	85	30	197	70	282
Health	433	58	317	42	750
Total	3,053	59	2,128	41	5,181
Funding Commitments (£m)					
Education	121	75	40	25	160
Environment	7	36	12	64	19
Health	68	78	19	22	88
Total	196	73	71	27	267
Average funding awarded per location (£k)					
Education	48		25		
Environment	81		62		
Health	158		61		
Total	64		33		

Three points stand out from the above table:

1. both the Education and Health themes are predominantly urban, with the value of committed funds being at least 75% to urban areas and most project locations being in urban Scotland. As the majority of the programmes under these two themes are based around existing health care centres or school facilities, this pattern is unsurprising.
2. the environment theme shows a different distribution, with 70% of both projects and project locations located in rural/small town Scotland, and 64% of funding committed to the rural/small town spaces.
3. the average commitment per project location is larger in urban areas than in rural/small town areas under each of the three themes. The greatest contrast is in the health theme, where the average investment in urban areas was two and half times larger than that in rural areas.

Within rural spaces, there is also marked variation in the distribution of funds (Figure 2.3). Indeed, under each theme there is a clear bias in funding distribution. Education programme

funding has been spread across all rural areas, but nearly 80% has gone to accessible small towns and accessible rural areas. Accessible rural areas have also captured most of the health programme funds. Environmental programme funding has favoured the very remote rural areas.

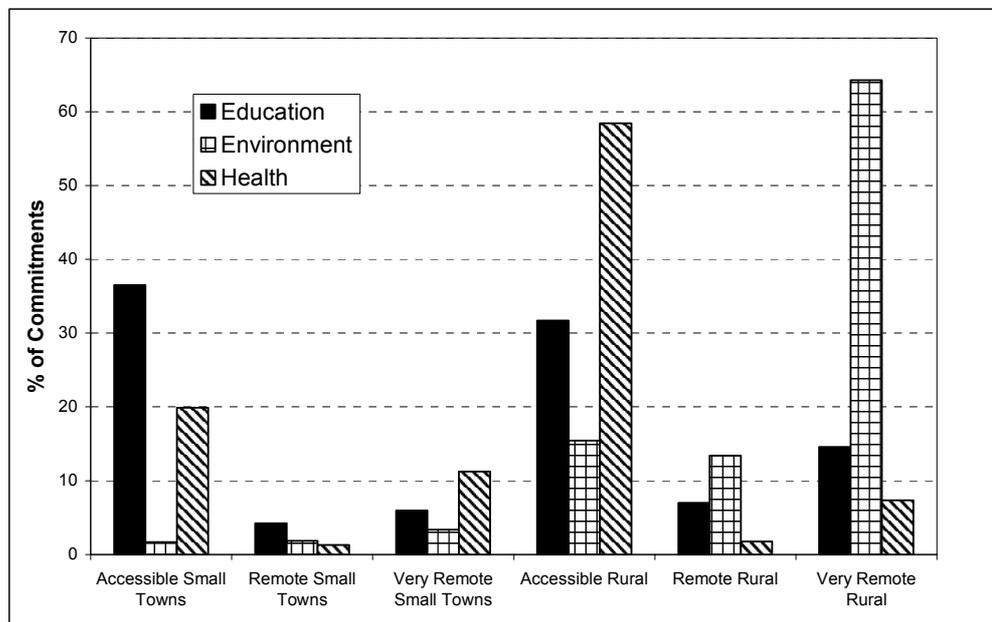


Figure 2.3: Funding to individual rural/small town zones (%)

Together Figure 2.3 and Table 2.4 point to education funding being awarded to larger settlements (urban and accessible small towns), and health funding to accessible spaces (either urban or rural). This would appear to reflect the tendency in some of these programmes to utilise existing infrastructure (eg schools, health centres, libraries) which is predominantly located in or close to urban centres. Only the environment programmes are skewed to more rural spaces, and specifically have been allocated to very remote rural spaces.

2.2.3 Awards by individual programme

Across the programmes, very different patterns of grant making are evident. Some financially large initiatives, such as the Cancer Prevention, Detection, Treatment and Care programme, included projects delivered at a relatively small number of project locations, whilst others most noticeably the Out of School Hours Learning programme committed funds across many locations.

Table 2.5 summarises the different levels of funding committed by the Fund under the 21 programmes operating in Scotland.

Table 2.5 : Awards across Scotland, by programme

Programme	Awards	Project	Project Locations
	£ m		
CALL -ICT	10.77	84	353
CALL - Peoples Network	10.99	33	33
Digitisation	6.34	9	9
ICT Training - Public Librarians	2.20	33	33
ICT Training - Teachers and School Librarians	22.08	40	40
Out of School Hours Childcare	27.46	510	979
Out of School Hours Learning	21.94	128	2,208
Out of School Hours School Sports Co-ordinators	2.82	33	33
Quality Childcare	2.34	40	40
Funding Facilitators	1.09	1	1
New Opportunities for PE and Sports (Activities)	34.78	32	297
New Opportunities for PE and Sports (Facilities)	17.39	72	123
Total Education	160.21	1,015	4,149
Green Spaces and Sustainable Communities	3.38	78	78
Scottish Land Fund	9.42	131	133
Transforming Waste	3.35	24	24
Transform Your Space	2.98	47	47
Total Environment	19.12	280	282
Palliative Care	5.04	73	124
Cancer Prevention, Detection Treatment and Care	16.76	16	69
Better Off	9.39	60	74
Healthy Living Centres	32.26	46	46
Coronary Heart Disease, Stroke and Cancer	24.27	209	437
Total Health	87.71	404	750
Overall NOF Total (1)	267.05	1,699	5,181

Note: the total awards include those made to delivery partners to cover development and managerial costs.

The average award per project was £159,000, with the largest being £6.6m. Whilst the average award to individual project locations was £52,000, the distribution by project locations is highly skewed, with 83% of project locations receiving less than this average commitment (Figure 2.4).

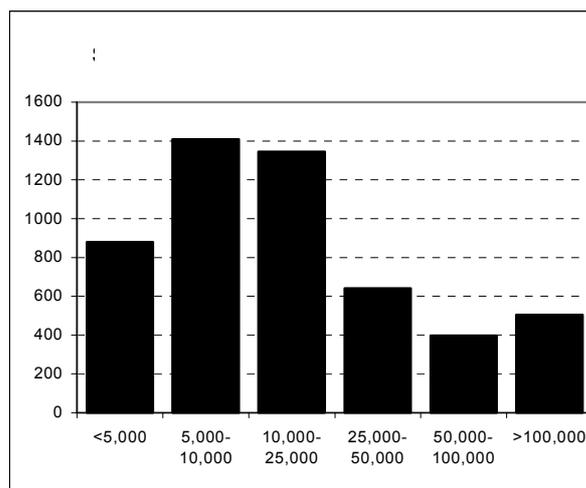


Figure 2.4: Size of NOF awards by number of project locations

Analysis of the intra-programme distribution reveals considerable differences in the footprint left on rural Scotland by each programme. Detailed analysis of the distribution of funding, projects and projects locations across each programme is shown in Appendix 3, with Table 2.6 illustrating the funds awarded by programme.

Table 2.6 : Funding by Programme : distribution to rural areas

	% Awards to Rural Areas
Education Programmes	
CALL - ICT	30
CALL - Peoples Network	23
Digitisation	0
ICT Training - Public Librarians	23
ICT Training - Teachers & School Librarians	20
Out of School Hours Childcare	35
Out of School Hours Learning	28
Out of School Hours School Sports Co-ordinators	26
New Opportunities for PE & Sports (Activities)	18
New Opportunities for PE & Sports (Facilities)	27
Quality Childcare	27
Health Programmes	
Palliative Care	16
Cancer Prevention, Detection Treatment & Care	16
Better Off	16
Healthy Living Centres	21
Coronary Heart Disease, Stroke & Cancer	16
Environment Programmes	
Green Spaces and Sustainable Communities	24
Scottish Land Fund	100
Transforming Waste	25
Transform Your Space	40

Three patterns are revealed by this analysis:

- Across all the different health programmes there is a consistently low distribution to rural Scotland, both in terms of numbers of projects and the level of funding. Within rural areas, there is a tendency for health programmes to distribute a disproportionately high level of funding to the more accessible rural areas, at the expense of the remote areas.
- education programmes appear to be more balanced (with the exception of the Digitisation programme that went exclusively to urban areas). Excluding the Digitisation programme, the percentage of projects in rural areas ranges from 25-36%, while the percentage of funding ranges from 18 – 35%. However, the Fund still commits nearly twice as much per urban location as it does to rural.
- the Environment programmes show a strong bias towards rural areas in terms of the percentage of projects and in terms of commitments. Excluding the Scottish Land Fund from this analysis, funding still shows a considerable bias in favour of rural areas. However, the Fund commits more funds per urban location than to rural ones.

2.3 Measuring rural need: deprivation and quality of life

People's needs vary and in an increasingly urban society, the different needs of those living in rural areas from the urban majority have to be recognised. Some common quality of life factors are shared across urban and rural areas, but are often given a different priority by communities in rural areas. Other factors may be specific to either rural or urban communities. The recognition of these variations between rural and urban needs and priorities remains one key dimension of the Fund's programmes and of research into community well-being.

Needs of communities are frequently cast across the academic and policy literature in terms of deprivation. This term is itself highly contested and ambiguous. For some, it is understood in terms of material deprivation or poverty – the absence of essential material assets to enable a satisfactory quality of life in the local context. For others, deprivation includes the absence of choice; for example the lack of a car in rural areas, or career opportunities. But deprivation can also include more personal attributes. Low self-esteem, lack of support networks, and social isolation may be viewed as contributory factors to deprivation.

In conducting this research two key issues shaped the definition of need:

- do rural communities have specific and different needs that must be reflected in a measure of need?
- how can such need be assessed to construct a benchmark against which the impact of grant giving can be evaluated?

Commentators have argued that the structural forces leading to deprivation and need are common across space. To quote Pacione (2003, 378) "as in depressed urban areas, rural dwellers encounter problems of economic decline, unemployment, poor educational facilities, inadequate or inappropriate housing, and declining welfare services and social amenities". However, others point to the factors such as low population density and geography as quite distinct, leading to greater social isolation and/or higher car dependence.

Building on the 2003 Scottish Indices of Deprivation (SIOD), the Scottish Index of Multiple Deprivation (SIMD) provides a national source of information on disadvantage at a small area (ward) level and, from 2004, at a level of even greater detail, known as data zones. Like any national survey, which covers all communities, there are potential problems in using such

measures. As Martin et al (2000, 70) points out “a feature of national standardisation in a primarily urban country is that the resulting indicators are standardised around typical urban values” and that “the standard deprivation indicators are predominantly urban-based measures, which do not reflect the rather different types of deprivation that is experienced in rural areas”.

Users of these data, including the Scottish Centre for Social Justice Research review of these measures, have acknowledged that superior data availability has removed much of the urban bias of earlier indices of deprivation, and consequently the 2003 SIOD measures have become the most widely accepted and used to date.

The 2003 SIOD offer a further advantage for this research. The 2003 index is generated for 30 indicators, organised in 5 “domains”:

- Income
- Employment
- Health and Disability
- Education, Skills and Training
- Geographical Access to Services.

These domains can be used as measures of specific aspects of disadvantage or have been combined into a single index of multiple deprivation. Together these five domains have been aggregated to form the Scottish Index of Multiple Deprivation (SIMD), with greatest weight being given to income and employment deprivation (each 30% of the total), and less to health (15%), education and skills (15%) and geographical access to services (10%). The resulting overall index is thus a single score for each ward in Scotland.

Full details of the sources of the data employed in the calculation of the index and the relative weight of each within the calculation of the total index for each domain is listed in Appendix 2.

Whilst the measures in the SIOD and SIMD are imperfect for all purposes, the desire here is to use a measure of rural need as a benchmark or barometer against which NOF funding can be assessed. Two sets of measures of need have been adopted to benchmark grants under the Fund’s themes – first, the overall Scottish Index of Multiple Deprivation (SIMD) and second, the specific domains of education, health and access to services.

Drawing on the SIOD information, the figures in Appendix 2 show the patterns of deprivation measured for each of the five domains in the SIOD. All show some patterns of urban-rural differentiation, although the last (access to services) does, by definition, reveal more significant disparities.

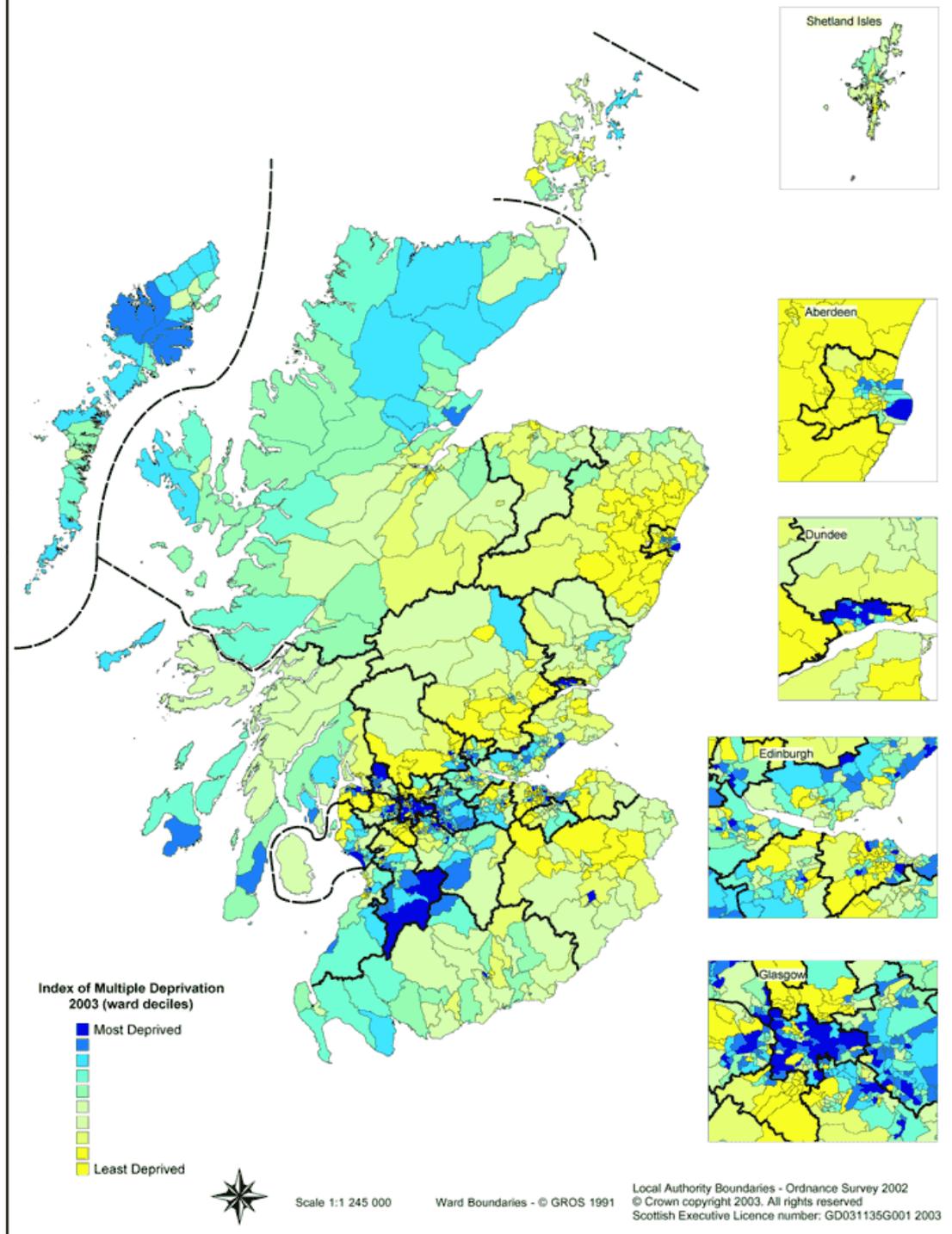
The distribution of overall multiple deprivation is shown in Figure 2.10. This highlights in the darkest, blue colours those wards which have the highest combined scores of deprivation. Two obvious patterns stand out. First, many of the most deprived areas (taken for the benefits of this analysis as those wards in the highest two quartiles) lie in urban areas. Second, the more remote areas on the margin of the country also suffer from deprivation, but as the other figures illustrate, this is composed of different domains from the urban centres.

Despite the authority of this data source, there are a number of key issues which influence the utility of these measures in the analysis here:

- The overall measure of SIMD is understandably heavily weighted by income and employment measures; both domains which shape people's life opportunities and standards, but are not related directly to targets in the Fund's programmes.
- The geographical access to services domain forms only a small percentage of the overall SIMD (10%) and yet this is one measure of need which is significant in rural areas of Scotland.
- Across the other domains, but most marked in relation to health and disability, there is a concentration of the most deprived wards within urban areas of Scotland. Nevertheless, there are pockets of multiple deprivation away from the urban centres, including some remote and very remote areas of rural Scotland.

There are therefore, significant limitations to the relevance of the SIMD overall and indeed component domains to the Fund as a benchmark against which need can be evaluated. Nevertheless, the SIMD and the SIOD remain the most detailed measures currently available and in this research they have been adopted as a proxy for need.

Figure 2.10 Scottish Index of Multiple Deprivation, 2003



2.4 Comparing awards against need in rural Scotland

Interesting although the above analysis is, there remains the key issue of whether the spatial variations in the awarding of funds reflect the different needs of rural and urban Scotland, and indeed needs within rural areas. This section reports on two comparative analyses of the patterns of funding against measures of need: first, analysing the patterns against population, and second, a more sophisticated assessment against measure of deprivation, based on the Scottish Index of Multiple Deprivation.

2.4.1 Funding in relation to Population

Urban Scotland received 73% of the funding recorded in the project database. The 2001 National Census indicates that 70% of the population (3.6 million people) lived in the urban areas of Scotland, more than twice the number in small town/rural areas. In per capita terms, urban Scotland received slightly higher than the Scottish average at £53.66 and rural project locations received 14% lower at £46.15 (Table 2.7).

Table 2.7: Funding per Capita in Urban and Rural Scotland

	Funding (£m)	Population (m)	£ per Capita
Urban	195.8	3.6	53.66
Rural/Small Town	71.2	1.5	46.15
Scotland	267.0	5.2	51.43

As noted in Table 2.2 above, 40% of all projects and 41% of all project locations are in rural areas/small towns. With only 27% of the population, it is clear that the Fund has supported a larger number of smaller projects in rural areas in comparison with the population resident there. This may represent an efficient way of allocating funds and supporting projects across the dispersed population of rural Scotland, but it also reduces the opportunity for economies of scale to be achieved, and as noted in Section 4, this pattern of many small grants can impact on the capacity of rural organisations to sustain service provision over the longer term.

While overall there is a pattern of rural Scotland receiving a larger number of smaller projects, there are variations within programmes. The overall pattern is shaped significantly by awards made under the Scottish Land Fund programme (see Appendix 3 for details) while, for most other programmes, the number of projects and project locations is more proportionate to population.

A simple summary indicator of the equality of distribution is the ratio of the percentage of funding to the percentage of population, known as a “location quotient” (LQ). A LQ of more than 1 (as in urban Scotland in Table 2.8) is indicative that an area is receiving more funding per capita than the Scottish average, or – to put it another way – more than its “equitable share” in relation to its population. The location quotient is used throughout this section to reflect the variation from the average.

Table 2.8: Location Quotients of funding based on population distribution for Urban and Rural/Small Town Scotland

	% Funding	% Population	Location Quotient
Urban	73.3	70.3	1.04
Rural/Small Town	26.7	29.7	0.90

Within rural/small town Scotland location quotients of funding (using total population as the “benchmark”) suggest that the accessible areas (both small towns and rural) and the remote

small towns, have received slightly less investment than one might expect. However, the remote rural areas, and the very remote rural areas in particular, have received more than their population share might lead us to expect (Figure 2.11).

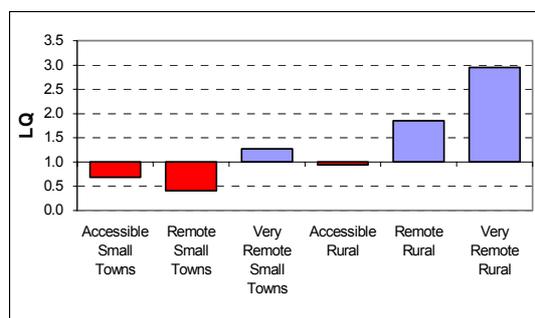


Figure 2.11: Population based Location Quotients of funding in Rural/Small Town Scotland

2.4.2 Funding in relation to patterns of deprivation

While interesting the above analysis provides only a partial picture of the extent to which the funding is representative of the Scottish population. In particular, the Fund is charged with addressing primarily only some sub-sections of the population; that is, those communities in need. For the core of the analysis, we therefore turn to consider the degree to which the Fund's programmes have met this need and specifically the need of rural communities.

In so doing, we use the SIMD scores as a benchmark against which to calculate location quotients for the funds awarded. The benchmark is the proportion of all wards in each SERU 8 category that is in the top two quartiles of the SIMD; i.e. those areas with above average levels of need.

In Scotland, most of those wards defined as having this level of multiple deprivation are found in urban areas (Table 2.9). Indeed, whilst urban areas have 70% of the population, they have 82% of the population in the most deprived wards and it would thus be anticipated that most funding would be allocated to address these areas of need.

Table 2.9 : Distribution of areas of highest multiple deprivation

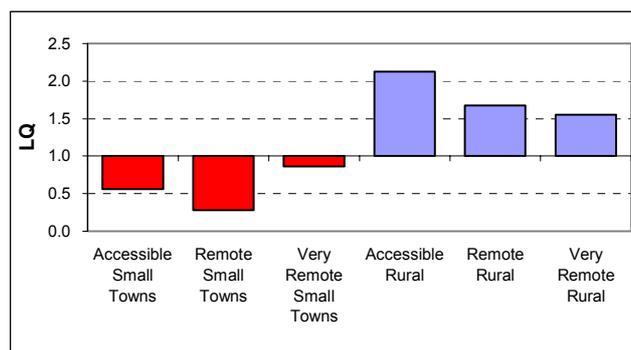
	Total Population 2001	% of Scotland	Population in top 2 quartiles of SIMD wards	% of Scotland
	'000		'000	
Urban	3,649	70.3	2,249	82.4
Rural/small town	1,543	29.7	480	17.6

However, when funding is compared with those areas of most multiple deprivation, it is evident that rural areas and small towns have received a higher proportion of funding than would be anticipated on the basis of SIMD (Table 2.10). There is a rural bias in the way funds have been distributed across the full programme range.

Table 2.10: Location Quotients of funding based on highest multiple deprivation

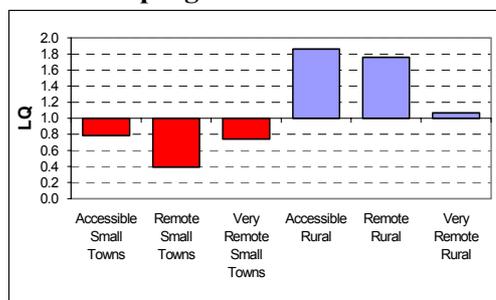
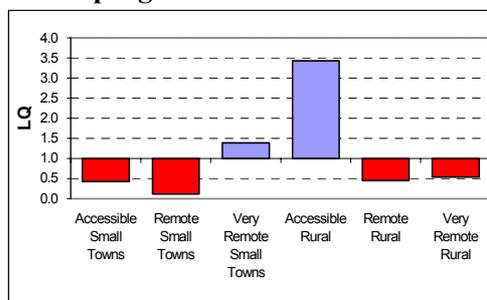
	% Funding	Location Quotient
Urban	73.3	0.88
Rural/small town	26.7	1.53

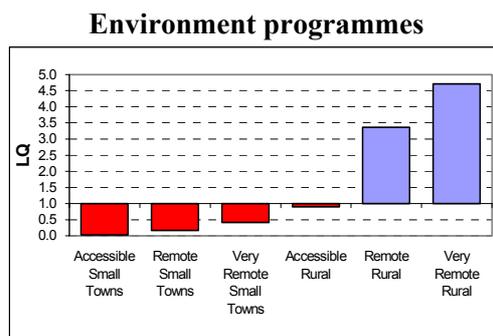
Taking all programmes, and considering the patterns of need within rural spaces in Scotland, Figure 2.12 illustrates the pattern relative to SIMD scores of deprivation.

**Figure 2.12 : Location Quotients based on SIMD**

It is clear that rural areas rather than small towns are favoured. Overall, the Fund is therefore providing more money to these rural areas (and less to small towns) than would be anticipated in terms of the SIMD measures of need.

This pattern of funding is also evident in relation to the education, and environment themes (Figure 2.13) – albeit with different levels of favourable funding in the rural areas and below expected levels in small towns. In relation to health, the pattern of funding is different in relation to SIMD measures of need. Very remote small towns and accessible rural areas have received above expected levels of funding.

Figure 2.13: Location Quotients based on SIMD (Total) in Rural/Small town Scotland**Education programmes****Health programmes**

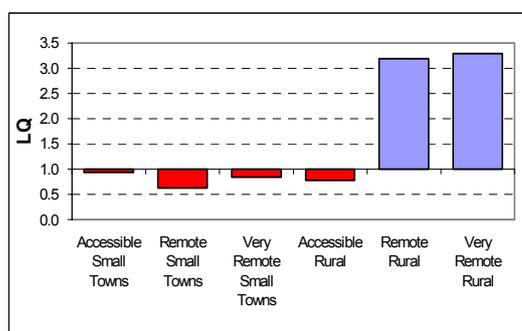


The use of the overall measure of multiple deprivation (SIMD) above could arguably be considered rather a crude measure of need in relation to each of the three programme themes. In particular, it is at least arguable that funding relating to education programmes should take into account the distribution of educational deprivation alone, as measured by the education domain¹.

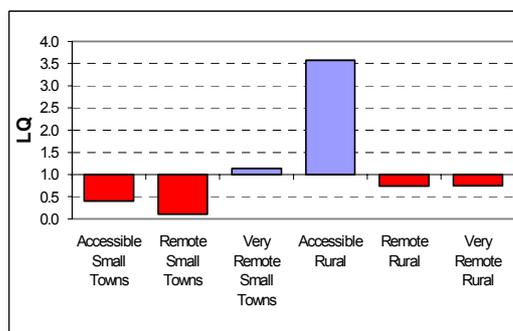
Using only the education element of the SIMD, the results (Figure 2.14) suggest that the remote and very remote rural areas both seem to have been allocated substantially more than an equitable share. Using the health domain of the SIMD, the pattern mirrors that found for using the overall SIMD as a measure of need.

Figure 2.14: Location Quotients based on specific domains of SIMD

**Education programmes
Based on education domain**



**Health programmes
based on health domain**



The SIMD does not have a specifically environmentally related element. Indeed it is questionable whether the distribution of funding within the environmental theme of NOF should be assessed in relation to the socio-economic indicators employed in the SIMD. Some measure of environmental quality might seem more appropriate.

As part of the study, a more detailed analysis of each individual programme against the total SIMD benchmark has been conducted. The results of these are portrayed in Appendix 4.

2.4.3 Funding in relation to the three accessibility zones

In the analysis so far, the six rural/small town categories have been considered separately. However, these categories can meaningfully be regrouped, on the basis of accessibility. In the

¹ There are also, however, strong arguments to suggest that the educational domain of the SIMD (which focuses on qualifications, access to higher education, school leaving patterns etc) is not an appropriate targeting benchmark for NOF education programmes, which place more emphasis upon IT training, childcare, and the early years of schooling.

context of funding need, this may indeed be appropriate, as for example, accessible small towns and accessible rural spaces (SERU categories 3 and 6) are generally contiguous, and therefore travel between them is relatively easy (except perhaps for those dependent upon public transport). Funding allocated to an accessible small town or accessible rural space may have mutual benefits, and indeed duplication (ie funding both areas) may be inefficient. Similar groupings of remote rural and remote small towns, and very remote areas can also be made, giving

Accessible small towns + Accessible rural areas = Accessible
 Remote small towns + Remote rural areas = Remote
 Very remote small towns + Very remote rural areas = Very Remote

It is therefore reasonable to argue that below average funding in *either* rural or small town elements of any of the three accessibility zones is not necessarily problematic, if this compensated for by funding in the other, contiguous area. This can be shown by the location quotient, and grouping the six rural/small towns into three accessibility categories as shown in Figure 2.15. For each of these groupings, a Location Quotient of unity (1) suggests average funding.

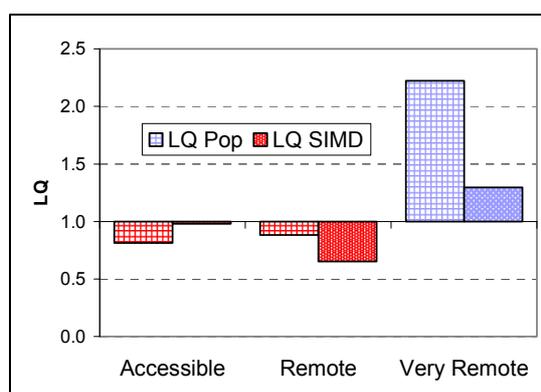
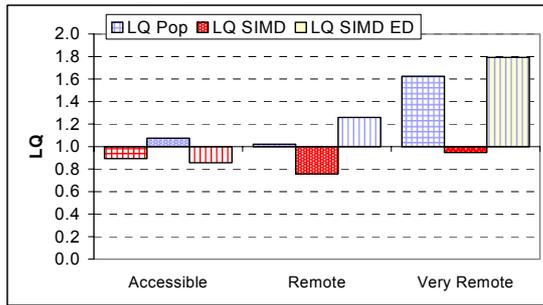
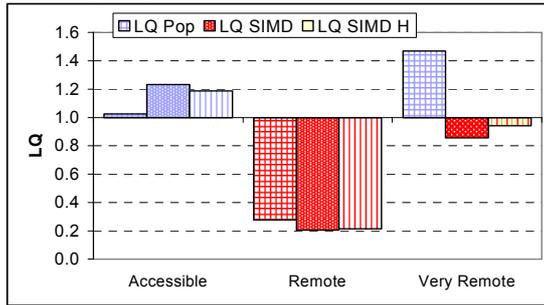
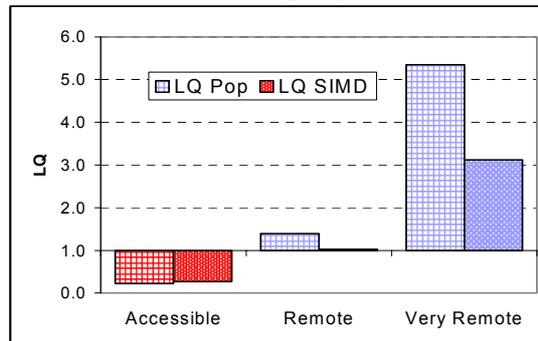


Figure 2.15: Location quotients for total funding by accessibility zone

The average LQs by accessibility zone, shown in Figure 2.15, show that total funding was greater in the very remote zone than one would anticipate on the basis of either total population or the overall SIMD. In contrast, the accessible rural zone is under-funded in terms of total population and the remote rural zone seems to have the greatest degree of under-funding in relation to need. However this pattern masks important variations, with the pattern in Figure 2.15 being the combination of several complex and contradictory profiles across the programmes.

In particular, this section has raised issues about the appropriate ways of assessing needs in the context of the Fund's three programme themes and also the differences in funding against these benchmarks of need. Figure 2.16 illustrates these complexities and contradictions within the three accessibility zones. It illustrates the location quotients of funding associated with each of the three themes, using population, overall SIMD, and, where relevant, specific SIMD domains.

Figure 2.16: Location quotients by accessibility zone**Education programmes****Health programmes****Environment programmes**

Under the environment theme, there is a consistent pattern of very remote areas receiving higher than expected levels of funding given each of the three measures of need. In contrast, under the health and especially the education themes, there are significant differences in the LQs. Reservations regarding the appropriateness of the education domain of the SIMD have already been noted, and it is considered more appropriate to use either the population or total SIMD metric as a benchmark.

What Figure 2.16 illustrates is that :

- for education programmes, in relation to total population benchmark, the very remote zone gets more than its fair share mainly at the expense of the accessible zone. According to the overall SIMD, the allocation to the three zones was a relatively good match to levels of need.
- for health programmes, there is a sharp contrast between the very remote zone receiving more than one might expect on the basis of population, and but less than average in terms of overall SIMD.

2.5 Overall assessment of the distribution of awards by rural needs

This section started by portraying a very uneven pattern of funding, projects and project locations across Scotland; a pattern dominated by urban centres. This of course ignored two key dimensions which shape the landscape – the proportions of population across Scotland, and the distribution of need which the Fund is addressing.

Together, the analyses here reveal the lack of a simple correlation of funding committed by the Fund again need in Scotland. Not only is it possible to measure need in different ways,

depending on the targets being set, but across urban and rural spaces, there are important variations in the pattern of funding compared with the benchmarks of need.

Key Findings

The analyses of funding by the Fund in relation to population and to those people most in need, as measured by the Scottish Index of Multiple Deprivation (SIMD), reveal a generally positive picture:

- Overall, across all the programmes, the Fund's allocations have resulted in a pattern that is close to the distribution of population. Rural areas, with 30% of the population, received 27% of the funds.
- In relation to population in most need measured by SIMD, rural areas received a greater proportion of the funds (27%), although only 18% of this population live in rural areas.
- Remote small towns, remote rural and very remote rural areas have been favoured in proportion to population, and accessible, remote and very remote rural areas have all been favoured over small towns in terms of SIMD measures of need.
- Under each of the three themes, rural areas have generally been favoured over small towns, with accessible rural areas gaining in education and health programmes, remote rural areas gaining in education and environmental programmes, and very remote rural strongly benefiting from environmental programmes.
- Very remote areas (both rural and small towns) are favoured when all funding is considered, but remote areas are considerably less favoured under health programmes.

In relation to need, some concerns have been identified:

- The overall pattern of rural/small town Scotland receiving lower per capita levels of funding is offset in part by there being more projects funded in rural areas. Whilst this pattern of funding may distribute resources more widely, there is a danger that rural projects do not receive sufficient funding to meet the potentially higher per capita costs of rural delivery required, for example, to attract and retain experienced staff.
- This lower per capita funding and higher number of projects, however, masks the fact that at least some programmes are concerned with provision of services or facilities that, although located in urban areas, may be utilized by the population of the rural/small town hinterland. Programmes such as NOPES and Out of School Hours Childcare as well as a number of health programmes, which utilise existing infrastructure of schools, libraries and health centres, offer services well beyond the specific location of the facility.
- In the environment theme, the very remote areas derived benefit from the programmes, disproportionate to its share of both population and deprivation. However, several of the programmes under this theme sought to respond to opportunities relating more to the physical environment or patterns of land ownership than geography, and other programmes have a more urban focus (such as Transforming Waste).
- In the health related programmes there was a clear tendency to allocate commitments disproportionately to more accessible parts of Scotland, mainly at the expense of the remote areas and against measures of need, the very remote areas.

Section 3

Shaping rural funding: policy directions and delivery mechanisms

This section addresses the second research question:

Q: how do policy directions and delivery mechanisms shape the distribution of grants?

This section presents an examination of the impact of policy directions (Section 3.1) and programme delivery mechanisms (Section 3.2) adopted across all the Fund's programmes. This examination draws on the evidence of interviews with some key staff members, partner agencies and applicants to assess the extent to which the mechanisms in use have contributed to making a positive impact on rural communities.

3.1 Policy Directions

The overall framework for funding is set within Section 26 of the National Lottery Act 1993 and requires the Fund to ensure that all Lottery funded projects are:

- For the public good
- Time limited
- Furthering sustainable development objectives
- Financially viable with business plans for future viability
- Reducing economic/social deprivation
- Supported by partnership funding
- Focussed & achievable
- Complement rather than compete with existing provision

Policy directions under Section 43 of the National Lottery etc Act 1993 set out the purpose, the funding available to individual programmes; the UK and national strategies they are designed to complement, and how the money will be allocated across the UK. In consultation with key stakeholders in the voluntary and community sectors, partner organisations, and the Fund's staff, these policy directions form the foundation from which the Fund makes decisions about application processes, eligibility, the involvement of external bodies and assessment criteria.

Key variables identified from analysis of policy directions include:

- Purpose
- Involvement
- Funding
- Targets
- Beneficiaries
- Priorities

Table 3.1 below summarises the policy directions impacting on the programmes in this study and the variables are discussed below.

3.1.1 Purpose

The Scottish Land Fund is the only programme directed exclusively at rural spaces – in this case 'rural land'. Distribution of projects and funding commitments demonstrate that 99.7%

of funding has been committed to rural areas in clear support of these policy directions and that most of the funding has gone to very remote rural areas (see Appendix 5 for summary details of the distribution of funds and projects).

3.1.2 Funding & Targets

Some funds are allocated exclusively to Scotland – notably the Scottish Land Fund and the Better Off programmes – but most programmes are allocated a percentage of the overall UK fund. For the majority, Scotland has been allocated 11.5% of the UK total. However across all programmes the percentage varies from 6% (Palliative Care) to 12.5% (CHD, Stroke & Cancer). The UK Department of Culture, Media & Sport, in consultation with the devolved governments, determine the amounts allocated under each programme to each country. There is no evidence to suggest that the level of overall allocation to Scotland will of necessity impact on the distribution of funds within Scotland, so no further analysis has been undertaken on this element.

For some programmes there are further directions regarding the allocation of funds. For example, 75% of the funding for Green Spaces and Sustainable Communities was directed into the Green Spaces element of the programme. Minimum allocations were specified for diversionary programmes within New Opportunities for PE & Sport and associated Out of School Hours activities and a cap set on revenue support.

It is possible that detailed policy directions such as those for New Opportunities for PE & Sport may influence the distribution of funds within Scotland. Informal discussions with one applicant suggested that, by capping revenue support at 20%, small projects may find their staff costs capped at unrealistically low levels, particularly where services have a minimum staffing threshold. This may deter applicants or disadvantage them. As shown in Section 2.2, small projects funded by NOF are more prevalent in rural than urban areas, and thus it is reasonable to assume that rural areas may be disadvantaged by such directions. Problems may be compounded in areas receiving a low indicative allocation (see Section 3.3). The relatively low percentage of funding (17%) to rural projects under the Activities strand suggest that it may be worth looking more closely at this programme to see what other factors may influence this distribution, such as the location of schools and outdoor education centres and/or the administrative detail recorded on project locations.

Policy directions may set a range of financial and other targets. Some targets may skew the ultimate distribution of awards. For example, maximising the weight of materials per £ awarded (as in the Transforming Waste programme) may discriminate against rural communities if weight of materials is related to the size/density of population from which those materials are collected. Equally, the Healthy Living Centre target to be accessible to 20% of the population may have encouraged awards to population centres. However, the interpretation of these targets into programme design and delivery (see Section 3.3) generates further opportunities to exacerbate or offset rural-urban bias. For example, the bias toward urban distribution of Healthy Living Centres was at least partially offset in the programme design by the use of indicative allocations to every local authority as an internal planning tool.

3.1.3 Beneficiaries

Where there are, by the very nature of urban living, greater concentrations of potential beneficiaries in urban areas, there is an expectation that policy directions and delivery mechanisms will result in concentrations of funding in urban areas. For example, urban areas have higher numbers and concentrations of drug misuse (relevant to the Better Off Programme), childcare provision (relevant to the Quality Childcare programme) and teachers (relevant to New Opportunities for PE & Sport and the ICT training for teachers programme) and the analysis suggests that almost 84% of funding commitments through the Better Off programme and approximately 73% of commitments under the Quality Childcare programme to date have been made to urban areas.

Some programmes may be indirectly skewed towards provision in urban areas through the defining of specific beneficiary groups. In the case of the Better Off programme, for example, a very tightly defined purpose and target group was defined. With lower concentrations of drug misusers, and thus difficulties in providing support for low numbers, and scattered populations, a looser definition (eg including people with alcohol misuse issues) would have enabled rural organisations to have responded more effectively to the programme and meet the needs of the specific beneficiary group envisaged by the policy directions.

3.1.4 Involvement

A number of the Fund's programmes are required through policy directions to engage with particular organisations, or with volunteers or communities more generally. Where strategic partners have been identified in policy directions, the Fund has developed delivery mechanisms that engage the partner. Organisations may become an 'intermediary body' involved in the delivery of the programme, thus the onus is placed on these intermediaries to ensure rural community involvement where appropriate. For example, the Better Off programme is directed to work with Drug Action Teams and, where appropriate, with Social Inclusion Partnerships. This may result in uneven distribution if the intermediaries are themselves biased in some way for or against rural delivery. The role and impact of intermediaries is discussed further in Section 3.3 on programme delivery.

A number of programmes - Cancer Prevention, Green Spaces & Sustainable Communities, and Healthy Living Centres - are directed to involve volunteers or local communities in project design and delivery. Rural areas might be expected to have a slight advantage in applying to such programmes as they exhibit slightly more extended community involvement (SEERDD & SAC, 2003). In fact, the distribution is quite mixed under these programmes, with between 23% and 45% of projects based in rural areas; and between 16% and 23% of funding committed to rural areas (see Appendix 5 for details).

3.1.5 Priorities

Disadvantage or deprivation is mentioned specifically in the policy directions of at least eight of the programmes analysed above. Two others refer to 'adults facing obstacles to accessing education' and 'areas with low levels of access to palliative care services'. Interpretation of 'disadvantage' is therefore key to potential urban/rural distribution of awards and is initially expressed in the programme design, particularly through the application of formulae to generate indicative allocations within individual programmes across geographical areas or for specific sectors.

Table 3.1: Policy Directions by Programme

Policy Directions	Purpose	Targets	To Involve	Beneficiaries	Priorities
Better Off	community rehabilitation		Drug Action Teams and Social Inclusion Partnerships	people who misuse or have misused drugs	deprived/hard to reach groups
Cancer Prevention, Detection Treatment & Care	health promotion, information, screening, equipment, palliative care & support		Scottish Cancer Group; volunteers; local community involvement in design & delivery	patients, families, carers or communities	areas of higher incidence/mortality/u nequal access to services; disability/social disadvantage
Community Access to Lifelong Learning (including both ICT and PN)	network of learning centres		Scottish University for Industry	adults or families	adults facing obstacles to accessing education
Reducing the Burden of Coronary Heart Disease, Stroke & Cancer	improve access to services/facilities & reduce risk			people at greatest risk/patients	those at most disadvantage/greatest risk
Digitisation	digitisation of education/learning material, generating free access to users			public libraries network & national grid for learning + users	
Green Spaces and Sustainable Communities	increase access to greenspaces; encourage local people to engage with sustainable development	Projects should have targets for environmental & other benefits; the level of community involvement; the proportion of community that the project will benefit	volunteer involvement in project delivery	urban/rural communities	
Healthy Living Centres	wide range of facilities, activities, services recognising broad interpretation of health	20% of population to have access	users & local communities to be involved in design/delivery	all ages;	disadvantaged people/ those for whom access is difficult
ICT Training - Public Librarians	ICT training for specified staff			public librarians	

Policy Directions	Purpose	Targets	To Involve	Beneficiaries	Priorities
ICT Training - Teachers & School Librarians	ICT training for specified staff			teachers/school librarians	
New Opportunities for PE & Sports (including both Activities and Facilities)	provision of sporting facilities and activities			young people, schools & community	urban/rural areas of deprivation
Out of School Hours Childcare	creation & development of childcare provision			school children	
Out of School Hours Learning	provision of learning activities	Involve 50% Secondary Schools ; 25% Primary Schools & half special schools by 2001		parents & school children	disadvantaged; underachieving/disaffected/ethnic minorities
Out of School Hours School Sports Co-ordinators	increase resources to School Sports Co-ordinators through SportScotland in order to increase learning			school children	
Palliative Care	provision of effective palliative care & support		Health Boards	Children & adults with cancer/life threatening conditions & progressive conditions	areas with low access to palliative services
Quality Childcare	creation & development of childcare provision		Local Childcare Partnerships	pre-school and school children	
Transforming Your Space	improve appearance/ amenities of specific environments		significant & meaningful community engagement	urban & rural communities	disadvantaged areas
Scottish Land Fund	the acquisition and management of rural land by communities			rural communities	
Transforming Waste	expand community waste re-use/recycling etc	maximise weight of materials re-used/recycled per £ awarded	local authorities	community	disadvantaged areas

Note: the Funding Facilitators programme is not included as this was not a specific initiative in terms of Policy Directions

3.1.6 Other

Other features specific to individual programmes, not reflected in the above table, may also impact on the distribution of grants awarded. The impact may be heightened or lessened by the manner in which the policy direction is interpreted in programme delivery. For example, the policy directions for the Out of School Hours Learning programme suggest that the activities should be available to pupils on the basis of need and ability to benefit. This was interpreted by the Fund to mean that organisers could not charge for activities, and this may impact on who applies, their experience of the programme and the sustainability of activities stimulated by the programme.

The next section therefore considers the potential impact of the Fund's interpretation of policy directions and its design of funding programmes

3.2 Delivery Mechanisms

Funds are distributed to a range of bodies from the community, voluntary and public sectors, using a complex matrix of programme delivery mechanisms. Key variables include the application route, the grant contract, indicative allocations, and the role of intermediaries.

3.2.1 Application Routes & Grant Contracts

Programmes can be classified according to one of two potential routes to funding and in respect of the grant contract relationship:

1. *Direct applications*

The first and most straightforward application process is the **Open Grant** process where applicants complete their application forms themselves and engage directly with the Fund in respect of assessment, decision-making and grant management. Following this route, any eligible body can make direct application to the relevant office of the Fund. Eligibility criteria for organisations may be as wide as any public, voluntary or private organisation or as specific as library authorities. Assessment of these applications is undertaken by Fund staff or contracted to external assessors. Committees of the New Opportunities Board UK make decisions on funding awards, unless otherwise delegated, and successful applicants hold a grant contract with the Fund. Table 3.3 shows that 5 of the programmes are classified as Direct Application, Open Grant programmes.

2. *Indirect applications*

Most of the Fund's programmes involve intermediaries who engage in programme delivery in a variety of ways. At one end of the spectrum, **Award Partner Schemes** effectively separate the New Opportunities Fund from direct contact with applicants. The Award Partner is responsible for developing the programme, managing it and providing grant to third parties on behalf of the Fund. This is an extreme version of **Umbrella Grants**, where NOF agree a portfolio of (third party) projects with a single grant holder.

Service Provider schemes enable the Fund to employ an organisation to assist in the delivery of the grant programme. The Service provider may undertake promotion, provide support, receive and assess applications. However, although grant may be paid to third party applicants through the Service Provider, their grant contract is with the Fund.

Alternatively, **Direct Grants** allow intermediaries to play a role in promoting the programme, bringing forward applications or prioritising them, but grants are paid directly to the project. In all cases intermediaries play an important gatekeeping role that may impact on the rural-urban distribution of awards.

Funding programmes can therefore be classified against the above criteria, giving Table 3.2

Table 3.2 Classification of Grant Programmes

Classification	Type	Funding theme	Programme
Direct Application			
	Open	Health	Healthy Living Centres
	Open	Education	Out of School Hours Childcare
	Open	Education	CALL – ICT
	Open	Education	CALL – PN
	Open	Education	Digitisation
Indirect Application			
	Direct Grant	Health	Better Off
	Direct Grant	Education	Quality Childcare
	Direct Grant	Education	ICT Training - Libraries
	Direct Grant	Education	ICT Training – Schools
	Direct Grant	Education	NOPEs Activities
	Direct Grant	Education	NOPEs Facilities
	Umbrella	Health	CHD, Stroke
	Umbrella	Health	Cancer Prevention, etc
	Umbrella	Health	Palliative Care
	Umbrella + Direct Grant	Education	Out of School Hours Learning
	Umbrella	Education	OOSH School Sports
	Award Partner + Umbrella	Environment	Green Spaces and Sustainable Communities
	Service Provider	Environment	Scottish Land Fund
	Award Partner	Environment	Transforming Waste
	Award Partner	Environment	Transforming Your Space

It is apparent that the Fund has engaged most directly with grant applicants under programmes in the Education theme, and at greatest distance from programmes in the Environment theme.

The view of most applicants interviewed for the research was that application processes were overly cumbersome and often slow. Application processes vary considerably between programmes – for example, some have one stage, others have two stages. The application process within any given programme however, is standard, no matter what level of funding is sought. This is a significant disincentive to groups seeking relatively small amounts of funding.

3.2.2 Funding Allocation

Programmes involving intermediaries have generally involved the allocation of funds across specific areas (usually local authority or health board areas) to ensure desired patterns of distribution are achieved. These indicative allocations are an expression of the amount of money that the Fund aims to distribute to an area, based on an assessment of need.

Indicative allocations may be made formally – i.e. published ; or applied informally by the Fund in making funding decisions. Formal allocations may have a number of impacts on the eventual distribution of funds – see Section 4

A range of formulae have been used by the Fund to arrive at funding allocations, all of which take into account the distribution of population and most of which take some account of disadvantage.

Only the Quality Childcare Programme uses a formula that gives a specific rural weighting, although the Arbutnott formula also gives some weight to rurality/remoteness. There is insufficient data about the methods used to assess deprivation to comment beyond a general recognition that there has been a great deal of academic and policy work in this area since the Fund was established and it is assumed that the measures used have varied over time.

Evidence from interviewees suggest that while overall indicative allocations act as an incentive to intermediaries to engage with the Fund's programmes, low indicative funding allocations may impact on rural Scotland in different ways. Low allocations may lower expectations, particularly with respect to the establishment of new services with high entry costs or by limiting salaries to part-time posts, making recruitment and project delivery problematic.

3.2.3 Intermediaries

Indirect programmes engage a wide variety of intermediaries in the grant giving process. The remit of intermediaries on individual programmes varies widely. For example, the Fresh Futures Partnership, as Award Partners, effectively delivers the TYS programme on behalf of the Fund. NHS Boards act as lead applicants covering a range of projects under the CHD, Stroke & Cancer programme; whereas local Drug Action Teams prioritise applications to the Better Off programme in respect of projects in their area.

The Fund views such partnership relationships as offering, among other benefits,

- Knowledgeable and experienced input to the development and delivery of programmes
- Local and specialist networks
- Increased sustainability for funded projects through effective links with national, regional and local strategies, plans and programmes
- Knowledge of local need and capacity
- Effective use of resources.

All intermediaries act as gatekeepers to programmes to a greater or lesser extent, so are liable to have a substantial impact on the distribution of awards. The Fund relies heavily on their local networks and local knowledge and desire to work strategically. However, the Fund also makes heavy demands on the time of intermediaries, particularly when timescales are short. Interviews with intermediaries and applicants suggest that short timescales between programme launch and closing dates may be problematic, particularly for decentralised rural intermediaries. Appendix 6 highlights for example, the Quality Childcare programme which gave local childcare partnerships 5 months to prepare fairly detailed portfolio bids, which required Highland Family Resource Alliance to determine a strategic approach, promote the programme and consider proposals from seven local childcare partnerships in their area.

There can be significant differences in the speed at which intermediary bodies develop, their resources and support structures. To the extent that the Fund relies on intermediaries to deliver or promote programmes, the responsibility for generating an equitable distribution of grants falls to intermediaries. However, the Fund is able to influence this by setting out clear expectations and using incentives such as indicative allocations to aid intermediaries to act strategically.

Table 3.3 Programmes, delivery mechanisms and funding commitments in rural Scotland

Programme	Eligible Bodies	Allocation model	Intermediary	% Projects in Rural Areas	% Funds Committed in Rural Areas	Classification	Funding theme
Scottish Land Fund	Constituted community bodies representing populations of not more than 3000	Yes - allocated to Award Partner for distribution	Highlands & Islands Enterprise/ Scottish Enterprise	99	100	Service Provider	Environment
Transforming Your Space	Community projects	Yes - allocated to Award Partner for distribution	Fresh Futures Partnership	51	40	Award Partner	Environment
Out of School Hours Childcare	Any	None	none	36	35	Open	Education
CALL – ICT	Any	None	none	31	30	Open	Education
Out of School Hours Learning	Schools + partners	Yes – based on number of free school meals at a school; maximum threshold £41k per secondary school and £11k per primary school		33	28	Umbrella	Education
NOPEs Facilities	Any	Yes - based on population & deprivation	Local authority	32	27	Direct Grant	Education
Quality Childcare	Any childcare provider	Yes - based on flat rate; population aged <14; deprivation; rural weighting	Local Childcare Partnership	32	27	Indirect Application/Direct Grant	Education
OOSH School Sports		Yes		27	26	Umbrella	Education
Transforming Waste	Not for profits	Yes - allocated to Award Partner for distribution	Transforming Waste Partnership	29	25	Award Partner	Environment
Green Spaces and Sustainable Communities	Any	Yes - allocated to Award Partner for distribution	Fresh Futures Partnership	45	24	Award Partner + Umbrella	Environment

Programme	Eligible Bodies	Allocation model	Intermediary	% Projects in Rural Areas	% Funds Committed in Rural Areas	Classification	Funding theme
CALL – PN	Library authorities	None	none	30	23	Open	Education
ICT Training - Libraries	Library authorities	Yes - based on staff working for library authority	none	30	23	Direct Grant	Education
Healthy Living Centres	Any	None	none	28	21	Open	Health
ICT Training – Schools	Teachers & school librarians	Yes - based on fte numbers of teachers & school librarians	Local authority	25	20	Direct Grant	Education
NOPEs Activities	Any	Yes - based on population & deprivation	Local authority	28	18	Direct Grant	Education
Better Off	Any	Yes - based on population & prevalence of drug misuse; minimum allocation £40,000	Local Drug Action Team	23	16	Direct Grant	Health
Cancer	Any	Yes - Arbutnott: age, gender, deprivation & remoteness	NHS Boards	23	16	Umbrella	Health
CHD, Stroke, Cancer	Any	Yes - Arbutnott	NHS Boards	23	16	Umbrella	Health
Palliative Care	Any	Yes - Arbutnott	NHS Boards	23	16	Umbrella	Health
Digitisation	Universities, public & voluntary orgs	None	none	0	0	Open	Education

3.2.4 The impact of delivery mechanisms on grant distribution

A matrix (Table 3.3) illustrating key variables in delivery by programme, with rural funding commitments and project locations, shows a mixed picture.

The cluster of Palliative Care, CHD & Cancer prevention programmes is interesting. These three programmes have the lowest levels of projects and funding committed to rural areas, bar the Digitisation programme. They are all health programmes and umbrella grants programmes. However, not all health or umbrella programmes share the same low levels of funding distributed to rural areas.

A fair spread of programme characteristics emerge, but interestingly, the cluster of umbrella health projects that demonstrate low rural commitments might also be associated with the use of the Arbuthnott formula or NHS Boards as intermediaries (or other characteristics not noted here). It would seem most likely, however to be associated with the way in which health services are delivered generally, given the high levels of dissatisfaction expressed by rural residents regarding access to chemists and hospital out-patient services identified in the Scottish Household Survey (see Section 2).

3.3 Conclusion

There is little conclusive in the above analysis of the design and delivery of the above programmes, not least because of the complexity of policy directions and delivery mechanisms. Nonetheless, it provides a useful approach to considering the way in which the distribution of awards may be affected by key delivery mechanisms.

The interpretation and implementation of policy directions by the Fund impact on the distribution of awards. However, the distribution of awards is also determined in part by who applies. Section 4 considers the viewpoint of applicants and intermediaries involved in four of the Fund's programmes.

Key findings

The Fund is required to work within Policy Directions provided for each programme. These define target groups and their characteristics, as well as the overall framework and priorities, and suggest the nature of any partnership arrangements. However, through its application process and delivery mechanisms, the Fund also shapes the nature of rural funding.

Factors which are central to shaping rural funding include:

- the nature of the partnerships – whilst partnership with intermediaries has the advantage of utilising expert, local knowledge to stimulate applications and to offer direction to the Fund on the allocation of resources, smaller and marginal groups who are less well networked with partners are disadvantaged. Factors, such as short lead time for applications, favour groups who already have established connections with the partners and discourage intermediaries from establishing new relationships.
- the identification of targets in terms of concentrations of disadvantaged people or in terms of numbers of beneficiaries. Amongst dispersed communities, especially in island and remote rural areas, there is little scope to address large numbers or concentrations of target beneficiaries. To deliver services to such dispersed groups, the costs of travel for workers or those managing the projects is high.

- the focus on delivery through specific locational outlets such as schools, libraries, health centres. For more remote communities, without access to these facilities (or other community facilities), the possibility of gaining access to some programme funding is severely restricted. Although some imaginative forms of out-reach and other ways of delivering services to dispersed groups are feasible, this too is costly and raises the unit costs for any application.

Section 4

Rural capacity to engage with the Fund

This section addresses the final research question:

Q: what constraints were experienced by rural communities in accessing grants within the different programmes managed by the Fund in Scotland?

This question is addressed through an investigation of the ability of rural-based organisations to engage with the Fund's programmes. It uses primarily the viewpoint of applicants revealed through interviews held with a sample of applicants to four of the Fund's programmes, but also from the analysis of the programme processes given in Section 3 and interviews with programme staff and partners.

4.1 Accessing community views

Given the variety of application and decision making processes involved within the 21 programmes operated by the Fund, and limitations of time and budget, this study could not usefully sample from all the programmes. Four programmes were identified that could reflect:

- a broad range of programme processes from across the health, education and environment themes,
- programmes that were actively grant-making and those already fully committed, and
- a number of different application processes and a range of intermediaries.

A two-stage approach was adopted whereby a number of intermediary bodies were approached initially to identify relevant regional and programme issues to inform the choice of projects to be included in the sample. This iterative sampling approach enabled a case study approach, and provided access to applicants currently awaiting decisions as well as grant holders, and in one case, to an applicant who withdrew from the process.

In addition to those reported in Table 4.1 below, interviews were undertaken with a range of Fund staff as a group, and individually with those in Scotland responsible for overseeing the programmes included in the sample. Interviews were also conducted with voluntary sector funding advisors based in Orkney and Highland in order to gather background/context and test some of the interim findings. Discussions were also held with others in Orkney which revealed some insight into some of the challenges they faced.

Lightly structured interviews gathered information :

- on the activity and success of the project to date,
- on the applicants' views of the application and assessment process and the relevance (if any) of the applicant's rural location and
- on the relevance of the funding programme to their own work and across the sector in which they worked.

The rate of participation in the interviews was high, and no contact refused to speak with the researchers. Of those interviews that failed, most were with established projects and were a result of staff changes leading to insufficient knowledge of the application process to contribute effectively to the research.

Table 4.1 : Sample Profile

Programme	Theme	Programme Classification	Awards included	Commitment Range	Status	Notes	Intermediaries	Interviews @ Strategic Level	Interviews @ Project Level
Better Off	Health	Direct Grant	60	£10,000 - £507,000	Fully committed	Launched 2002 2 rounds of funding Single Stage Application process DAT Report/prioritisation required Max 4 year funding	Local Drug Action Teams	Planned: 3 Drug Action Teams Achieved: 100%	Planned: 1 strategic 1 island 2 rural Achieved: 75%
Healthy Living Centres	Health	Open Grant	46	£63,000 - £1m	Fully committed	Launched 1999, 2 stage application process Evaluation underway Max 5 years funding	None	Planned: 2 Health Boards +LHCC; Achieved: 33%	Planned: 1 island project 1 urban project 2 rural Achieved: 100%
Quality Childcare	Education	Direct Grant	40	£1,000 - £460,000	Ongoing	Launched 2002 2 stage application process Max 3 year funding	Local Childcare Partnerships; Funding Facilitators;	Planned: Funding facilitators; 2 Local Childcare Partnerships Achieved: 100%	Planned: 3 applicants with strategic overview Achieved: 100% + 1 applicant withdrawn
Transforming Your Space	Environment	Award Partner	47	£20,000 - £477,000	Ongoing	Launched 2003 Single stage Application process High level of demand Max 3 years funding	Forward Scotland	Planned: Award Partner Achieved: 100%	Planned: 3 applicants with strategic overview 1 small project 1 medium project 1 large project Achieved: 66%

4.2 Findings

The table below summarises the issues raised through the interviews that are discussed briefly below. Further details of the wide range of interviews held with community groups, partners and staff involved with each of the four programmes is provided in Appendix 6.

Issues	Staff	Better Off	Healthy Living Centres	Quality Childcare	Transforming Your Space
Generic	Indicative allocations	Indicative Allocations		Indicative allocations	Following funding need
	Rural costs	Needs vs numbers	Needs vs numbers		
	Capacity	Rural costs			
		Partnership			
Programme Type	Support	Role of intermediary		Role of intermediary	Identity
Programme Specific	Infrastructure & Strategic Delivery	Strategic Delivery		Strategic Delivery	Success rate
		Application & monitoring processes	Application & monitoring processes	Application & assessment process	Application process
		Relevance		Sustainability & small numbers	Targeting
				small projects	
Location Specific	Diverse needs				
	Recruitment & retention	Recruitment & retention			
	Capacity				

Whilst the above table might give the impression that the issues raised during these interviews fit neatly into separate boxes, in reality however many of these issues overlap. For example, location specific issues often relate to ‘rural’ locations as a whole and observations on specific programmes inform the research more widely. We thus offer in the following discussion a way to navigate through these issues.

4.2.1 Location Specific Issues

Capacity

Discussions with Fund staff revealed a perception that there is often insufficient local capacity within isolated communities to make applications to the Fund – i.e. that there are insufficient people in those communities with the necessary skills, time and experience. While such comments could equally apply to disadvantaged urban communities, it was felt that the dispersed, aging and declining population characteristics of rural areas made these capacity dimensions more difficult to support. This was, in part, supported through interviews with funding advisors in Highland and Orkney who suggested that NOF funds were ‘less understood in the voluntary sector’ as it was felt that the Fund was ‘more difficult to get a handle on as the programmes change, evolve and have a limited lifespan’. It was also suggested that voluntary organisations which were more established, and better staffed were the most likely to seek and gain NOF funding.

However, a key point made was that many grassroots community groups tended not to be funding led – i.e. they responded to particular needs/issues within their own communities and then sought relevant funding. NOF programmes may therefore simply be irrelevant for many grass roots organisations at a single point in time.

Nevertheless, the awareness of lottery funding generally is very high, but knowledge of specific lottery programmes much less so. Raising the interest and capacity of local groups to access lottery funding may be addressed by actions within the Fund itself – for example, developing more accessible procedures or providing a single route to funding, whether via website such as www.lotterygoodcauses.org.uk, or by developing an outline application process that applies across the Fund's programmes or even across all lottery funds.

Recruitment & Retention

Attracting staff to project funded posts in rural areas was perceived to be a problem. Fund staff perceived these difficulties to impact on project set up time and costs, to the detriment of some projects in rural areas. This was supported by a number of projects and intermediaries. The Better Off programme provided a number of illustrations of the type of challenges faced. Without the concentration of work and resulting career progression opportunities afforded in urban areas, specialist staff for rural projects must either be recruited from outwith the local area, or trained locally.

Rural projects are clearly aware of the options available to them. One project, for example, carefully graded posts to ensure that they can attract 'competent people without formal social work qualifications' who can be trained; while strategic partners in Orkney highlighted the impossibility of attracting workers to the islands on the basis of short-term funding of part-time posts. While some job applicants are clearly attracted to rural locations for 'lifestyle' reasons, working conditions that can demand substantial travel deters others.

4.2.2 Programme Specific Issues

Small Projects

Of the four programmes in the sample, Quality Childcare was the only one to make commitments below £10,000, and interviewees felt that the application process was inappropriate to the smallest projects, a number of which had been identified by the Local Childcare Partnership as unlikely to proceed.

The challenges faced by small voluntary sector projects included:

- ◆ Lack of knowledge/understanding of process at the outset;
- ◆ The lengthy process (example given of a playgroup now on its third committee since their original proposal);
- ◆ The complex and cumbersome stage 2 application.

While there may be an issue of capacity here, there is equally an issue about the appropriateness of the application process and whether it is possible to devise an application process that is equally relevant to very small and very large applications. The two stage process may make unreasonable demands on small projects and extend the decision time beyond the time horizon of small projects.

Sustainability & Small Numbers

This issue was particularly relevant to the Quality Childcare programme because it aims to generate good quality, self-funding service provision beyond the life of the grant. Concerns remain about the ability of some rural childcare projects to be self-sustaining after three years, given first the very small numbers of children in some areas and, second, the vulnerability of projects that depend upon only a few families for their viability.

Programme Relevance

Although this generally results from policy directions, this issue was highlighted through the Better Off programme which focused exclusively on drug-misuse, and which used the incidence of drug misuse as a key determinant in making indicative allocations. Areas with low levels of reported drug misuse may equally exhibit low awareness among professionals and limited treatment options. The 'de minimis' allocation of £40,000 to the islands allowed them to respond to the drugs agenda, but it was clearly difficult for rural projects to get value for money from their investment without also tackling associated problems outwith the specific remit of the programme – in this case, arising from more prevalent alcohol abuse.

Targeting

Some programmes specified targets and it was clear that these were considered relevant and clear in most cases. For example, Transforming Your Space is required to 'give priority to communities in disadvantaged areas' and has probably the most precise approach of any programme to rating disadvantage within its assessment process. On the other hand, outcomes such as 'improving the quality of the local environment' can be very imprecise in terms of the communities being served. Whilst this has an enabling role, ensuring that local communities have scope to define and assess this in their own terms, there was support amongst rural groups for greater clarity and direction in cases where targets were employed.

Application & Monitoring Processes

These processes were generally regarded as cumbersome, with large amounts of detailed information required. Interviewees showed little confidence that all the information was either necessary or used by the Fund. As the interviewees were almost all successful applicants, there was little feedback on how much of a barrier to success the application process might be.

However, two possibilities were raised with respect to one programme with a near 100% success rate:

1. the length of the 2 stage Quality Childcare application process was a barrier to small groups/small projects;
2. the complexity of the second stage Quality Childcare application form was a factor in withdrawal from the process.

All interviewees had experience of making applications to other funders, for varying levels of funding, so their comments were informed. There is a case that community capacity may be an issue in the Quality Childcare programme, but the reservations expressed by applicants to other programmes suggest that applicants generally find the NOF processes to be overly bureaucratic.

Several interviewees commented that funding (often for significantly higher amounts) was available from other sources (including the Scottish Executive) with less onerous application and monitoring conditions. Several compared the NOF processes unfavourably with those of the Community Fund. The only application and monitoring procedures consistently rated more complex/demanding was European funding.

A further point emerging particularly from interviews with strategic partners and Fund staff was the degree of work required by intermediaries to enable applicants to benefit from the Fund's programmes.

Strategic Delivery and Partners

The Strategic Delivery of the opportunities afforded by the Fund's programmes through intermediaries faced a number of challenges, most notably their degree of centralisation. More decentralised intermediaries such as the Highland Family Resource Alliance and the Highland Drug Action Team have widespread local contacts, suggesting high levels of

community engagement. However, this structure may prove challenging if timescales are short.

Staffing is a further aspect identified by Fund staff and intermediaries that affect their ability to implement the Fund's programmes strategically. Intermediaries had varying complements of staff, with differing orientations (i.e. some more oriented toward service outreach, some more towards strategy/planning) and consequently different partners offer differing capacity to provide support and time towards the NOF programmes.

It was clear and unsurprising that intermediaries had developed a variety of approaches to their work with the Fund and were at varying stages of development, both of which impact on their strategic application of funds.

The level of indicative allocation may also impact on the willingness and ability of intermediaries to apply funds strategically. If an indicative allocation is a large proportion of the funds potentially available to an intermediary, there may be a great incentive to see those funds applied strategically. Correspondingly, if the allocation is a very small proportion, the incentive may be less.

4.2.3 Issues relating to programme type

Support for Applicants

The question of support for applicants was raised by Fund staff as an extension of the discussion relating to capacity. Disadvantage could be compounded without support for groups with low capacity. It was felt by Fund staff that Award Partners have the capacity and staff to work with project applicants. Evidence of this was shown in the discussions with those involved in the Transforming Your Space programme. Interviewees who were applicants to this programme all praised the understanding of environmental and sustainability issues of Forward Scotland staff and regarded the Award Partner's engagement in the distribution of lottery funds through the Fresh Futures partnership as positive.

The Quality Childcare programme offered a different approach to support for applicants, with five workers recruited specifically by the Scottish Out of School Care Network to support the application process and training needs of childcare organisations involved in the programme. Again, there was universal support for the funding facilitators and the work they were doing was appreciated at all levels. However, the funding facilitators programme was predicated on the need for training and other (non-financial) support to address problems of sustainability of childcare projects. The view presented by interviewees was that sustainability in rural areas was predominantly an issue relating to small numbers that could not be addressed by improving the skill levels of employees.

This issue ties in closely with points made below in respect of small projects and capacity.

Role of Intermediary

Of the four programmes included in the sample, only the Healthy Living Centres programme involved no intermediaries. Transforming Your Space is delivered by the Fresh Futures partnership under an Award Partner agreement; while the Better Off and Quality Childcare programmes involve Drug Action Teams and Local Childcare Partnerships intermediaries respectively.

Under the Award Partner arrangement, applicants have no contact at all with the Fund. The Fresh Futures partnership develops and distributes application forms, assess applications and make commitments on behalf of the Fund. The Better Off programme was a single stage process that required initially the endorsement (and later prioritisation) of the project by the local Drug Action Team. The Quality Childcare programme was a two stage process that

required initial inclusion in a portfolio of projects by the Local Childcare Partnership to be considered for funding at the second stage.

In both the Better Off and Quality Childcare programmes, the intermediaries act as *gatekeepers* to the programme. Potential applicants required the support of the intermediary to be considered for funding. Most of the applicants interviewed for this study represented organisations directly engaged with the intermediary (i.e. were members of the local Drug Action Team or Local Childcare Partnership). Combined with the use of indicative allocations, the object of involving these intermediaries in the process was to ensure fit with national and local strategies. However, a number of factors may affect how well this can be achieved, including

- ◆ The lead-in time to the programme (i.e. from launch & publication of all parts of the application process to first submission date);
- ◆ The homogeneity of intermediaries;
- ◆ The maturity and level of support available to the intermediary;
- ◆ The level of indicative awards;
- ◆ The period of project and programme funding allowed (including number of funding rounds).

Intermediaries & NOF Identity

The use of intermediaries and award partners may reduce the obvious connections between individual programmes and the Fund itself. However, little evidence of this existed, and indeed all interviewees were aware that each programme was funded by lottery money and the responsibility of NOF.

It is also worthy of note that experience of partnership working was felt to be a way of life in rural Scotland. This familiarity and expectation has meant partnership arrangements were perceived to be an advantage in applying for lottery funding.

4.2.4 Generic Issues

Rural Costs

The high cost of service provision in rural areas was highlighted particularly by intermediaries involved in the Better Off programme, and is supported by the issues relating to sustainability/small numbers arising from Quality Childcare applicants and intermediaries.

Rural service provision was considered by interviewees to be more costly because of the high travel requirements that fall either on clients or the service. Where clients are unable to travel (due for example to their condition or lack of transport), rural projects need to deliver services to them.

Issues relating to cost also arise in relation to the sustainability and small numbers points discussed above – particularly with respect to minimum service levels. For example, childcare facilities are required to meet standards for buildings and staffing levels that imply an entry threshold that applies whether or not the maximum number of children can attend.

Needs vs Numbers

Interviewees involved in both the Healthy Living Centre and Better Off projects raised issues that can best be summarised under this heading. The issue is whether the Fund seeks to target awards to meet the most acute needs or to include the largest numbers of beneficiaries. For example, small numbers of widely dispersed individuals may be doubly disadvantaged, yet continue to fall through the funding net. As noted in Section 3, some policy directions and some targets set by the Fund focus on one or other of these. One Healthy Living Centre project demonstrated through a recent evaluation that although it was more than meeting

expectations locally and with respect to the Fund, it was still failing to engage with the local ethnic minority population.

Discussions with projects and intermediaries in Orkney's Better Off programme provided a different lens that might also apply to childcare, as questions emerged in discussion about the minimum levels of service and choice that could or should be provided for the small number of people presenting with drug problems. This issue is more acute in less accessible rural areas where dispersed populations reduce the potential of projects targeting effectively and efficiently large numbers of beneficiaries.

Indicative Allocations

Indicative allocations were applied to three of the four programmes in the sample and were broadly welcomed. They conferred a sense of responsibility on to intermediaries to produce funding applications that would succeed in attracting the allocation. They conferred a degree of confidence in intermediaries that they could succeed in attracting funding even where programme priorities (e.g. rehabilitation of drug misusers) were not major local issues. To some extent indicative allocations helped to determine the aspirations of the intermediary. For example, the level of funding allocated to Orkney under the Quality Childcare programme was insufficient to establish entirely new provision, so the Local Childcare Partnership adopted a different approach.

4.3 Rural Issues

A range of attitudes and issues raised by the interviews has been discussed above, but not yet the extent to which they bear on the urban/rural access to grants or their impact.

Indicative Allocations may provide an incentive for intermediaries to apply to programmes, promoting widespread grant distribution. Of the four programmes in the sample, the Quality Childcare programme – the only one with a rural element to the allocation formula – provides the best match between rural projects/commitments and population.

Higher Rural Costs may reflect the reality for some projects, but is unlikely to be true for all. Independent studies of rural-urban prices and the cost of providing services to sparsely populated areas suggest mixed results. The Scottish Rural Price Survey for example, suggests that overall prices may be slightly lower in rural areas than urban. However, a study in Highland & Argyll & Bute in 2004 found that population sparsity costs Highland Council £12m more per year than it would cost to deliver services in more densely populated areas.

With respect to projects/services for which a minimum cost requirement can be established, the Fund needs to ensure that its minimum allocation can enable the delivery of the services it seeks to establish. The *de minimis* allocation applied to the island authorities for the Better Off programme appears to be an appropriate response, that might also take some account of the difficulties experienced by rural projects in attracting workers to take up part-time, short term posts.

Rural Community Capacity has been explored above largely in the context of successful applicants in rural areas. It has been suggested that smaller, grass-roots voluntary organisations are disadvantaged in their access to NOF funding, but there is no evidence that this does not apply equally to disadvantaged urban areas. However, delivering support to isolated rural communities undoubtedly required more travel time and funding than the equivalent support to urban communities. Costs also fall on intermediaries, particularly attending centrally held briefings.

Balancing this deficit, at least in part, some rural communities attract large numbers of skilled people entering retirement. Rural projects also reported considerable experience in partnership working that might offset a deficit in community capacity. It has also been

suggested that this issue might more usefully be tackled through actions within the Fund, including the introduction of a single entry to lottery funding, simplification of procedures etc.

Strategic Delivery is likely to vary across all intermediaries whether rural or urban, although decentralised rural intermediaries may be particularly challenged by short lead times.

Application and Monitoring Processes relate closely to community capacity above. Given the feedback gathered by the Fund's recent consultation exercise, it seems unlikely that this is a rural/urban issue.

Needs vs Numbers may not be an exclusively rural issue, but it is certainly experienced much more acutely in rural areas. 'Invisible communities' (de Lima, 2001) are those whose small and widely dispersed numbers make it difficult for its members to operate as a community and who are rarely recognised as such. They exist within and across rural Scotland and include ethnic and other minority groups. Some communities in rural Scotland may therefore be doubly disadvantaged by for example their remote location and their ethnicity. This issue relates closely to questions of sustainability and small numbers, and the challenges of devising and delivering services to sparsely populated areas. Equally, some service provision is particularly challenging because of the relatively low productivity achievable when travelling significant distances between clients, or because low numbers constantly threaten the financial viability of the service.

4.4 Conclusion

The aim of the interviews was to reveal insights into the experience of the Fund's programmes through the lens of applicants and intermediaries. The interviews have revealed a number of useful insights into the constraints faced by rural communities as well as suggesting possible areas of good practice in grant making.

However, questions remain. In particular, Section 2 showed that the average amount of funding going into rural projects is considerably less than urban projects, but the interviews do not offer any real insight into why that might be. The Fund should endeavour to establish whether this pattern of greater numbers of smaller projects is consistent across other funders or whether this pattern is generated by the design and delivery of the Fund's programmes. This is considered as part of the discussions in the final section.

Key findings

- Complex and two-stage application processes present barriers to the small, grass-roots projects that make up a large proportion of rural grants
- Small numbers and widely dispersed populations create difficulties in devising viable, issue specific services that meet programme criteria; for example, in terms of rural organisations having to demonstrate the viability and sustainability of services
- The smaller projects (of which there is a higher proportion in rural areas) found application and monitoring processes to be slow, cumbersome and inappropriate to the level of funding sought
- Low levels of indicative funding, particularly when combined with percentage ceilings on certain types of expenditure may preclude applicants seeking to develop projects with relatively high entry cost thresholds

- Rural communities face higher costs in keeping up to date with the Fund's programmes and may have less ready access to support. Successful applicants benefited from a pre-existing involvement in partnerships and organisations that operated as intermediaries for the Fund
- Rural projects experienced recruitment and retention difficulties exacerbated by short-term, part-time contracts
- The diversity and relatively short life of programmes can make it difficult for communities to match their needs to the available funding opportunities
- New Opportunities Fund programmes are less well understood than other lottery funds in the voluntary sector
- The use of different application processes disadvantaged some smaller community groups, often in smaller towns and accessible rural areas where other funding and access to larger grants is possible and where support for application is less accessible

Section 5

Funding Rural Needs in Scotland

In addressing the three questions in the remit of this research, much has been revealed by the numeric data, both in terms of awards made and measures of need. There is considerable richness in these data (as shown in Appendices 1-4). However one strength of this research has been the Fund's desire to access more qualitative information from project staff, partners, and award holders. This too has offered real insights on the four specific programmes (Appendices 5 & 6) as well as key perspectives which cut across other programmes.

The final section of this report draws on both sets of information to paint a picture of the extent to which the Fund's programmes have met rural need and to what extent its delivery mechanisms have influenced rural-based organisations' capacity to access grants. The section identifies recommendations for future action.

5.1 Rural funding in Scotland

In analysing the current distribution of awards made by the Fund and relating this measures of need, three key points have arisen which set the context of the recommendations.

5.1.1 The split between funding in urban and rural spaces against need

Nearly 30% of Scotland's population live in small towns and rural areas. However, the 2001 Census and the SIMD research points to a pattern where most of the population and most of those who suffer from multiple deprivation are within wards defined as urban (Table 5.1). Using these measures, only 10% of the most deprived population (the top 25% of all wards) live in small towns and rural areas, and only 18% of the top 2 quartiles of all such wards are in small town or rural areas.

Table 5.1 : Percentage population in most deprived wards, 2001

	Total population % of Scotland	% Population in Top quartile of SIMD wards	% Population in Top 2 quartiles of SIMD wards
Urban	70.3	89.8	82.4
Rural/small town	29.7	10.2	17.6

In comparison, the Fund has committed 27% of this funding to rural/small towns in Scotland. Across all the programmes, the distribution of funding is more in line with that of population than need, defined in terms of multiple deprivation. If the SIMD measure of need is employed then a higher proportion of funding would be expected to go to urban based communities.

5.1.2 Variations within rural spaces

Rural areas, like other places, do not all have the same levels of need. The analysis portrays a differing pattern of need between the six categories of rural spaces – from accessible small towns to very remote rural areas (SERU 3-8). In comparing need defined by the overall SIMD with the levels of awards, a pattern emerges (Figures 2.12 and 2.15) – one where very remote rural areas have higher than anticipated levels of funding and small town areas below expected levels.

5.1.3 Variations within the measures of need

By its very nature, the SIMD is a composite score – composed of income, employment, health, education and service access domains (Appendix 2). It has already been noted that it is arguable whether this composite score is appropriate for measuring the forms of need being

addressed by the Fund across their programmes, but acknowledge that it is most widely adopted one available.

The analysis of patterns of funding under each of the three NOF themes – education, health, and environment – enables a more in-depth and relevant comparison to be made with some domains of SIMD and awards by the Fund.

The pattern in relation to education domain is more marked (Figure 2.16) than with the composite SIMD. Remote and very remote rural areas have received funding levels well above the benchmark of need defined by the education domain of the SIMD. A similar pattern is also clear in relation to health, with this time accessible rural areas attracting more funding than the health domain would suggest. As there are no specific environmental components in the SIMD, the research has drawn on the composite measure as a benchmark against which to compare the environment programmes. Figure 2.16 shows a marked spatial pattern in favour of the remote and very remote rural areas.

5.2 Programme characteristics shaping rural funding

Just as the SIMD is a composite measure, the analysis above is based on an amalgamation of all the programmes managed by NOF. This too is a composite, reflecting not just the three themes as noted in 5.1.3 above, but also differing intended beneficiaries and targets across the different programmes.

Each programme has had a differential impact in terms of funding levels in rural Scotland. As noted above, across all programmes the Fund has committed 26% to small town/rural areas. The table below illustrates which programmes have percentages higher than this average and which in comparison have provided less funding to rural areas.

Table 5.2 : Rural funding by programme: comparisons with average (26%)

Greater than average	%	Less than average	%
Scottish land Fund	100	Digitisation	0
Transforming your space	40	Palliative care	16
OOSH Childcare	35	Cancer detection, treatment and care	16
CALL – ICT	30	Better off	16
OOSHL	28	NOPEs – Activities	18
Quality childcare	27	ICT training – teachers & school librarians	20
NOPEs – facilities	27	CALL – People’s Network	23
OOSHL School sports coordinators	26	ICT training – public librarians	23
		Green spaces and sustainable communities	24
		Transforming waste	25

In exploring the factors behind this differentiation in rural funding, two issues have arisen:

5.2.1 The impact of policy directions and programme design

The main factor external to the Fund shaping the allocation of funding to rural Scotland is the Policy Direction provided for each programme. In defining target groups and their characteristics, as well as the overall framework and priorities, and suggesting the nature of any partnership arrangements, the Fund is directed towards some forms of operation.

Factors which arise from this and impinge on rural funding :

- a) the nature of the partnerships – whilst partnership with intermediaries has the advantage of utilising expert, local knowledge to stimulate applications and to offer direction to the Fund on the allocation of resources, smaller and marginal groups who are less well networked with partners may receive less funding. Factors such as short lead time for applications favour groups who already have established connections with the partners.
- b) the identification of targets in terms of concentrations of disadvantaged people or in terms of numbers of beneficiaries. Amongst dispersed communities, especially in island and remote rural areas, there is little scope to address large numbers or concentrations of target beneficiaries. To deliver services to such dispersed groups, the costs of travel for workers or those managing the projects is high.
- c) the focus on delivery through specific locational outlets such as schools, libraries, health centres. For more remote communities, without access to these facilities (or other community facilities), the possibility of gaining access to some programme funding is severely restricted. Although some imaginative forms of out-reach and other ways of delivering services to dispersed groups are feasible, this too is costly and raises the unit costs for any application.

It is noted that the Policy Directions have resulted in 100% allocation of Scottish Land Fund to rural areas.

In relation to the UK-wide programme, we see no evidence that the varying proportions of funds allocated to each programme in Scotland by the resource formula in each Policy Direction impacts on the proportion going to rural communities in Scotland.

5.2.2 The effect of different programme delivery mechanisms

The Fund is responsible for determining the delivery mechanisms for each programme including the application process, and the criteria used in the assessment of applications. A variety of approaches have been used across programmes to date, and this research has explored these through both discussions with key staff and agencies, and with applicants of example programmes.

Factors which have been identified as influencing the capacity of rural communities to seek and obtain funding from the Fund include:

- a) standardised application forms unrelated to the size of the grant are off-putting for smaller community groups (often but not exclusively found in rural areas) and by groups who see the cost to them of applying as being too high in relation to the benefits. This is most likely in small towns and accessible rural areas where individuals and organisations are aware of other funding and seek access to relatively large grants from other sources. There is a risk that groups are put off from seeking relatively small levels of funding by the (perceived) complexity of the application process. Two stage applications such as Quality Childcare have also compounded this and increased the length of the decision-making process, further dissuading some smaller groups seeking relatively smaller sums. This is likely to be a greater barrier for applicants in rural areas as a disproportionate number of small grants are awarded to rural groups.
- b) Awareness of available funding programmes was difficult to judge as the research engaged only with successful applicants. However, the range of programmes and

their perceived short-life suggest that awareness may be a substantial barrier for community groups. This is supported by findings of the Funds own Phase 1 consultation (Feb, 2005).

- c) Monitoring processes were criticised universally as overly demanding and cumbersome – supporting the findings of the Fund’s own Phase 1 Consultation (Feb, 2005)

5.3 The Fund’s impact on meeting rural needs

From the analysis and interviews, we conclude that over the range of programmes, the Fund has allocated funding to rural areas that is at least proportionate to levels of need as measured by SIMD.

This picture however masks a number of key points:

- a) for many rural areas this higher level of funding may reflect higher per capita costs of service delivery rather than higher prices
- b) the viability threshold in some rural areas is higher than in other areas
- c) the need to attract and retain skilled staff may increase costs in some rural areas
- d) the use of minimum indicative allocations for some programmes has increased the funding levels in some areas
- e) not all rural spaces are receiving this higher than average funding, but across different themes and programmes, these balance out

5.4 Meeting specific rural needs

The research has reviewed the existing programmes provided by the Fund which have been directed towards addressing specific community needs rather than having a rural focus. By that we mean, most programmes tackle key aspects of need and disadvantage, and these can occur in either or both urban and rural areas (the exception is the Scottish Land Fund).

An alternative perspective which can be adopted is to identify the needs within rural communities and develop programmes which address primarily the needs of such communities. This is, of course, not a straightforward task as many of the difficulties and disadvantages faced in rural Scotland are also faced in urban Scotland.

The published research – including those of the Joseph Rowntree Foundation (JRF, 1994), the Countryside Agency (2003), the South West Public Health Observatory (2002) and the Community Fund’s study on rural grant uptake (CF, 2003) - and the interviews conducted for this study suggest that disadvantage encountered particularly in rural Scotland includes economic and service issues (Table 5.3)

Table 5.3 : Specific rural needs

In economic indicators:

- Higher levels of poverty often associated with low pay, self-employment and part-time/seasonal working and with pensioner age groups
- Higher cost of living in some rural areas
- A shortage of affordable rented housing
- Professional isolation and difficulties in recruitment & retention of specialist personnel, esp. medical & social work
- The lack of opportunities for youth employment
- Low take -up of social and welfare benefits

In services:

- The relative absence of childcare provision
- difficulties of accessing family planning services and chemists
- transport disadvantage, not solely access to public transport but also the cost of maintaining a car,
- lack of leisure and recreation facilities for teenagers.
- the perceived under-funding of education,
- higher levels of caring for friends/neighbours
- high unit costs of service provision
- declining rural service provision
- lack of choice in retail facilities
- lack of services that meet the specific need of ethnic minorities

Arguably, for the majority of the programmes included in this study the focus has not directly addressed most of these issues. That is not to suggest that education and health programmes for example have not impacted on rural service provision, choice and childcare. Nor is to ignore that within some programme issues such as a shortage of affordable housing (Scottish Land Fund), absence of childcare provision (OOSHCC and NOQC), the lack of leisure facilities for teenagers (NOPES Facilities) and education development (ICT programme) have been addressed, albeit indirectly.

Crucially, however, these programmes have applied common criteria across the programmes in terms of key measures such as sustainability, for example, that might disadvantage service provision in rural areas. For example, in health programmes, these measures and targets may reinforce the tendency for centralisation of health services – they have certainly not challenged it.

5.5 Action points and recommendations

5.5.1 Rural community capacity

Considerable emphasis has been placed by all community and voluntary sector funders on the need to build capacity in communities. This is an explicit dimension of the Voluntary Sector Compact – the agreed programme between the Scottish Executive, its Agencies, the Non-Departmental Public Bodies (NDPBs) and the Voluntary Sector in Scotland - and has been supported in Scotland by local councils.

A full evaluation of the factors deterring potential applicants or resulting in the submission of unsuccessful applications has not been possible within the scope of this research. However, we have identified a number of factors that have been raised by applicants and/or caused applicants some degree of difficulty. In particular:

- Application & Monitoring Processes;
- Awareness of the full range of lottery funds
- Programme targets

Application processes and grant size

It is evident from the analysis of grant distribution, that many more small grants have been awarded than was anticipated across the programmes. In particular, rural projects funded under the programmes studied have generally been smaller than urban projects.

Many applicants found the application process very demanding, and in the case of the Quality Childcare programme, the two stage process was also identified as being inappropriately

protracted for smaller projects. As several interviewees noted, the New Opportunities Fund operated with a similar, full length application process for all grants, whatever their value.

Amongst other Lottery distributors, small grants to the value of £10,000 are considered through alternative application routes. In particular, the Awards for All scheme enable applicants to submit shorter application forms for funding between £500 and £5000. Similarly, the process of monitoring was employed by the Fund whatever the award levels made. It would assist rural communities if the Fund operated a simpler application process for small grants and tailored the level and nature of monitoring to fit the levels of awards.

The number and diversity of delivery mechanisms across the range of programmes may have a number of effects. Whilst there is an argument that diversity opens up possibilities for a more diverse set of organisations to access NOF funding, the current multiplicity of grant delivery mechanisms is confusing for all involved.

In determining the remit of this research, and it was evident in programme evaluations, the Fund has not made sufficient attempts to gain an understanding of why applicants are unsuccessful. In particular, the Fund has not carried out sufficient research into the views of unsuccessful applicants. This is a key limitation of the data stored by the Fund. As a result, case studies provide only a partial, and potentially very restricted, sample of rural community capacity and experience of gaining access to NOF funding. Further insights into the impact of different delivery mechanisms might be gained by new research involving unsuccessful applicants.

Under some programmes, the Fund offers funding over a substantive period – eg Healthy Living Centres have been funded for up to five years, which allows concepts to be tested and potentially mainstreamed. This is advantageous and should be replicated where possible, albeit with flexibility in funding to ensure that operational and budget changes can be accommodated where finances are projected so far in advance.

Recommendation 1: the Fund should adopt the application and monitoring practices of the Community Fund of a separation between larger and smaller grants, and operate a lighter touch for small grant applications and awards.

Recommendation 2: the Fund should consider undertaking further cross-cutting research into factors that deter or encourage groups to come forward with applications. New research should engage with applicants who have been unsuccessful in gaining funding and consider the impact of the diversity of application and delivery mechanisms across programmes.

Recommendation 3: the Fund should continue to offer where appropriate funding for longer periods to encourage organisations to test new practices and to mainstream activities.

Awareness of the full range of lottery funds

This research benefited from the views and perspectives of successful applicants to NOF programmes. Whilst unsuccessful applicants were not included in the study (and they should be included in future evaluation research), our review of the four specific programmes highlight the following as issues which the Fund should consider as potential barriers to applications:

- The necessity for applicants in rural areas to be fully aware of the full range of lottery programmes and related application processes, particularly where their focus and activities may cross more than one programme area;
- The double disadvantage faced by small communities with widely dispersed individuals in need in accessing funding and delivering projects;
- The selection of partners, particularly intermediaries such as DATs and NHS Boards, tends to reinforce current networks. More successful applications came from those organisations and groups already familiar to such partners. Smaller groups in marginal locations and occasional fund-seekers may be less likely to be funded. More remote communities are most likely to be disadvantaged as developing such relationships is more difficult and costly for them.

Recommendation 4: The Fund should ensure that any choice of award partner is communicated effectively and ensure that programmes have sufficient longevity to allow more isolated organisations to become aware of programmes. Award partners should be supported to make active efforts to reach out to a wide range of groups in rural areas.

Recommendation 5: Where the Fund uses intermediaries it should ensure that this information is communicated effectively and widely. Community groups should be encouraged to establish relationships with intermediaries in advance of applications, and the Fund must ensure that lead-in times for applications are sufficiently long to allow more isolated organisations to become aware of programmes and to make links with intermediaries. The Fund's arrangements with intermediaries should ensure that both parties make active efforts to reach out to a wide range of groups in rural areas.

Awareness of the Fund amongst rural communities is also enhanced:

1. by the development of a reputation for funding particular areas of work, eg the development of a series of programmes under general themes such as childcare have contributed to more widespread association of the Fund and childcare funding opportunities. It is noted however that the Community Fund achieved a comparable association of funding rural needs based on their open programmes. This enhanced reputation might include more use of cross-programme links in details of programme funding through to wider publicity of funding around activities and needs which cross-cut programme publicity.
2. through the maintenance of open funding opportunities e.g. the Healthy Living Centres and Transforming Your Space programmes provided opportunities for applicants to define their own needs in ways that may be more responsive to immediate localities than might be possible through more strategic approaches.

Recommendation 6: the Fund should consider ways to raise its public profile in supporting projects addressing specific local needs through greater publicity based on common themes, activities or beneficiary groups that may be funded across a range of programmes. This might for example be based around grouping under one theme such as 'out of school hours' programmes (learning, sports and childcare) or in different areas – such as 'supporting rural communities'.

Recommendation 7: the Fund should maintain at least some open programmes so that it is able to respond to local needs as well as direct funding through other programmes towards priority areas.

For many applicants, the Fund's website is a key entry into identifying available funding and there is considerable detail about each programme, the country-specific aspects of each, and the wider work of the Fund on the Big Lottery Fund website. However it is designed primarily for enquirers who are familiar with the activities of the fund, and have knowledge of a programme's existence.

The development of the Lottery Portal – www.lotterygoodcauses.org.uk – is an important step forward for enquirers to search out available programmes through keywords and provides for those who are unfamiliar with the Fund' structure, what funding might be available. This cross-cutting approach is welcomed.

The application process thereafter however continues to place emphasis on individual applications and no corresponding simple, and singular initial application form is available, comparable with the 'outline proposal form' used by the Community Fund. As noted above in section 3, for many smaller community groups, and perhaps especially for those in remoter rural areas, they are seeking funding not to fit into a programme of the Fund, but to find funding for a particular local purpose, address a local need, or reach specific local beneficiaries. Such a form would enable rural organisations to identify the nature of such need and for the Fund staff to identify which, if any, programme could be appropriate for a full application.

Recommendation 8: We recommend that the Fund should consider the adoption of a generic, outline proposal application form to assist rural community organisations to be directed towards specific programmes where appropriate. The outline proposal forms used by the Community Fund could act as a template.

Small Numbers & Dispersed Populations

Programmes where targets are expressed in terms of numbers of beneficiaries or based on the concentration of those in priority tend to disadvantage rural areas where both the number and concentration is less. The example of how agencies in Orkney could utilise funding to assist drug users in conjunction with programmes for other addicts, despite the low concentrations and numbers of drug users, is good practice and should be encouraged in rural areas.

Projects still face problems delivering and sustaining services on a sustainable basis to small numbers of people and dispersed populations, as evidenced by the Quality Childcare and Better Off programmes. There are a number of potential responses to these problems open to the Fund:

- accept that population density thresholds will in part determine patterns of distribution of funds;
- encourage the design and delivery of services specifically for these areas and situations (e.g. solicit projects that meet specific but widely dispersed needs such as services for minority ethnic families, for people with specific health problems and for children in rural areas)
- support and encourage greater flexibility in the use of funding in these areas, including allowing rural communities to address a wider range of needs related to programme

targets and beneficiaries, or bring together a wider portfolio of funding to deliver relevant projects.

Recommendation 9: the Fund should encourage applications from more remote areas where outreach services or similar are being operated, and acknowledge that this will increase the unit cost under any programme.

Recommendation 10: the Fund should encourage partners and applicants to develop imaginative ways in which its programme goals can be combined with other appropriate and related projects/programmes to ensure that unit costs are reduced and the impact of Lottery funding is maximised.

5.5.2 Responding to local needs

The Fund has had to strike a balance between meeting the targets and priorities set by the Government in its Policy Directions and responding to the demands of local communities. Across the programmes, two main routes have been adopted to achieve this:

- a) Targeting funding on the basis of need demonstrated within applications through an open grant process. This has been adopted less frequently than with other distributors of funds. The experience of the Healthy Living Centres programme is an example of how the Fund has used a two stage application process, and an informal allocation to ensure geographical spread of funds which has enabled the programme to address its policy targets and be reactive to local applications.
- b) Directed targeting of funds by area, and through local partners, identify local need. A more definite geographic spread of funds can result from this process, but considerable emphasis is placed on the partners identifying and prioritising local communities' needs; the experience in the Quality Childcare and the Better Off programmes.

From the perspective of applicants in rural areas, it is clear that the implementation of a minimum allocation threshold as part of the indicative allocation has been beneficial. This has ensured not only that meaningful and beneficial projects can be funded; but that factors such as the higher unit costs of rural travel, and importation of key skilled personnel can be compensated even where low levels of need have been calculated in the resource allocation.

The Fund, however, needs to weigh the potential gain from minimum allocations against the consequent loss of funds available to other areas.

Recommendation 11: a balance between indicative allocations and open grants programmes should be maintained

Recommendation 12: where the Fund adopts indicative allocations it should consider as part of rural proofing (see Principal Recommendation) whether a minimum indicative allocation is appropriate. A minimum indicative allocation can ensure a meaningful level of activity and acts as an incentive to initiate responses to what might otherwise be neglected areas of work within rural areas.

Recommendation 13: where the Fund adopts formulae to arrive at indicative allocations, the formulae should include both a specific measurement of need in relation to the programme aims and any rural disadvantage identified with respect to that area of work

5.5.3 Defining and measuring needs

We noted (Section 2) that most measures of need and deprivation, including the SIMD, are seen as including an urban bias – a reflection in part that the majority of people reside in and live parts of their lives in cities and large towns. For rural areas, there is thus concern that allocation methods incorporating a weighting based on need may further disadvantage them.

Further, composite measures such as the SIMD may be unhelpful for indicative allocations, as they mask significant and specific patterns of need. As we have shown in relation to education, health and service accessibility, different patterns of need and especially rural need are revealed using these more specific SIMD domains, although there are similar questions over the relevance of these to the Fund's programme targets.

In the programmes reviewed here, indicative allocations provided by the Fund often include a measure of need. There is evidence of a general disadvantaging of small towns under this process. While the analysis in Section 3 points to some variation depending on which parameter is applied, it appears that rural areas overall have received at least their 'fair share' of funding from the Fund. The exception lies within the area of health, where the focus on key population centres has resulted in less than expected funds coming to rural areas.

There remains scope for further refinement of the need benchmarks and resource allocation systems being used for different programmes and as improvements in and new measures of need are devised these should be used by the Fund to offer more robust and specific gauges of need. The use of the Scottish Executive formula in respect of the Quality Childcare programme is a good example of this in practice.

Recommendation 14: the Fund should monitor the distribution of funds to rural and urban communities and, for each programme, evaluate whether their funding is reducing or increasing the per capita funding disparities between urban and rural areas, and between rural areas and small towns.

5.5.4 Meeting specific rural needs

Above, in 5.4 it was noted that most programmes have been directed towards addressing specific community needs rather than having a rural focus. The Scottish Land Fund is an exception. In identifying more rural need specific programmes, the Fund should consider two possible responses.

Recommendation 15: the Fund should seek to support more outreach forms of service provision attached to service centres in the more accessible areas, to address the needs of more remote and dispersed rural areas and small, widely dispersed or isolated client groups.

Recommendation 16: most programmes have been directed towards addressing specific community needs rather than having a rural focus. To enhance access to funding for rural communities the Fund should consider the introduction of a specific programme targeting rural disadvantage. Such an open grants programme could cut across the themes of education, health and environment and be able to offer awards against criteria that specifically address these dimensions of rural communities. Alternatively, the Fund should introduce some routine 'rural proofing' in all programmes (see Principal Recommendation below).

5.5.5 Information gathering and evaluation across programmes

Recommendation 17: in maintaining its own internal database of applications and awards, the Fund should maintain a centralised, and up to date, database on the actual location of delivery and impact of its awards, and those managed by its award partners, using assessment and annual monitoring stages to ensure the currency of the data.

5.6 Principal recommendation for action : Rural proofing programmes

This research has suggested that there is no single factor that impedes rural communities from gaining funding from the Fund. Overall, the Fund has provided awards that are close to the proportion of the population in rural areas but there exist significant variations between programmes in the number and level of awards made to rural Scotland. The research has also indicated that different elements of the process of grant-making by the Fund does have an impact on the likelihood of rural Scotland being supported under any programme.

To ensure that the Fund continues to meet rural needs in Scotland, we recommend that a rural-proofing process is employed in the development of programmes under the Fund's new framework.

Principal Recommendation: The adopting of rural proofing would allow the explicit consideration and weighing of the sometimes competing demands of direction from Ministers, the Fund's priorities and desired outcomes, localised need, accountability and accessibility. A rural proofing process would include:

- * Clarification of Policy Aims
 - Specifically outlining how they address rural needs
- * Develop Alternative Programme Delivery Models
 - eg joint funding across programmes, outreach services funding,
- * Test Programme Delivery Models against criteria such as :
 - Minimum cost thresholds to deliver new services, including sparsity costs;
 - Dispersal/distribution of people in need (small numbers)
 - Longer timescales/extra support for small rural communities to bid
 - Flexible targets to avoid need for beneficiary concentrations
 - Monitoring processes to identify rural awards
 - Joined up working and links with other funding opportunities