



## LEADER FUNDING GAPS RESEARCH

### Summary

The key purpose of the Study was to identify funding gaps in support for local rural development.

As the 2014-20 EU LEADER Programme for the Outer Hebrides has closed for applications, the Local Action Group was keen to discover if there would be a funding gap for rural development initiatives. The Study sought to identify gaps and provide supporting analysis, rather than shape or design a new funding programme. With the pandemic emerging just after the Study got underway, the research also addressed some analysis of previous recessions to highlight potential trends that may arise in near future to help policy and programme makers.

### Research Methodology

In addition to an extensive reading list, Siar Management sought to elicit feedback from LEADER applicants (successful - project completed, successful - did not proceed and unsuccessful), from public agencies and from a range of representative organisations. Following the COVID-19 lockdown, research was extended to include a wider range of businesses and community organisations. Workshops and online surveys were adopted as the main communication channels for the second half of the Study.

Pre-COVID consultation involved one physical workshop with 6 people and 36 completed online surveys (22 parties had engaged with LEADER). Post-lockdown consultation encompassed separate business and community online workshops/meetings attended by 28 parties plus 47 completed online surveys.

### Key Findings

- Over time, since the original programme in 1991-1993, LEADER funding appears to have evolved into larger sums towards key sectors, as general grant funding for businesses and community groups has reduced and loans have taken more prominence
- Recent LEADER programmes have found it difficult to impact on young people and provide significant employment creation
- Some important features of grant approval and claim processes were identified in the research, particularly a simple claims process and flexibility
- Funding transition period was already in progress before pandemic, now more acute
- Gap may be filled by Crown Estate monies for communities to a certain extent, particularly for smaller programmes and projects
- Extensive and comprehensive post-pandemic policy background now in place but still likely to evolve
- Range of funding programmes exist but definitely a gap for established businesses that wish to expand/diversify, especially outside key sectors
- Some businesses and community groups have new projects but are unable to see an obvious route to funding at present
- Specialist advice requested for businesses and community groups with 1-2-1 help
- Non-recurring revenue support for businesses and revenue/core funding for community groups featured in consultation responses a number of times
- Young people likely to be affected particularly badly during the economic downturn
- Some sectors particularly disadvantaged e.g. tourism/hospitality and creative industries
- Labour market scarring caused by economic downturns can remain for up to 7 years.



The outlook of businesses and community groups interviewed is summed up in the word cloud below.



## Looking Forward

A number of key emerging opportunities were highlighted in the draft report, including

- Islands Deal
- Offshore wind
- Hydrogen economy

Other opportunities that were noted included attracting businesses and homeworkers, developing online content and retailing, expanding local supply-chains and public-sector procurement review.

Businesses and organisations indicated that digital infrastructure had improved markedly in most areas and were also strongly interested in taking up opportunities to switch to renewable technologies and/or energy efficiency measures if financial support was available.

## Recommendations

- ❖ Create specific funding mechanism(s) to assist businesses and community organisations to recover (capital expenditure, non-recurring revenue such as marketing and assistance towards community organisation core costs for vital services/activities)
- ❖ Provide specialist advice/support for businesses to capture new trade in challenging markets
- ❖ Improve trade networks so businesses can work together to undertake key research, develop products and potentially secure new income sources
- ❖ Ensure young people are provided with opportunities for work, education and training through the Scottish Government's Employment Guarantee
- ❖ Create job matching process to minimise unemployment and offer work opportunities widely
- ❖ Make specialist support available to community organisations, particularly social enterprises, engaged in heritage/culture to create engaging online content and commercialise activities
- ❖ Review the tourism sector to identify how operators can adapt to changes created by COVID
- ❖ Review the creative industries sector to determine how best to structure and deliver activity
- ❖ Examine how public-sector procurement can be adapted to increase supply of goods and services by local businesses and community organisations
- ❖ Develop measures to attract economically active people to the islands, preferably existing or potential remote workers or those operating businesses.