

# INSIDE TRACK

A MAGAZINE FOR THE ARABLE SECTOR

RDPE SUPPLEMENT JANUARY 2008

## Rural Development

### England's Plan approved

The Rural Development Committee in Brussels finally approved the Rural Development Plan for England (RDPE) for the period 2007–13 on 20 December. At the time of writing the Commission's decision has yet to be published in the EU's Official Journal, which means that it has not yet been legally adopted. Nevertheless, the Rural Development Agencies (RDAs) can now put their collective feet on the clutch, waiting for the lights to change to green in a few weeks' time.

The plan is structured around four axes, which differ in their delivery (see inside for further explanation).

<b>Axis 1</b>	Improving the competitiveness of the farming and forestry sectors <i>Pages 1–2</i>	<ul style="list-style-type: none"><li>▪ no formal schemes</li><li>▪ regional budgets</li><li>▪ top-down</li><li>▪ likely to be accessed via larger organisations on behalf of members &amp; clients</li><li>▪ farming &amp; forestry</li></ul>
<b>Axis 2</b>	Enhancing the environment and the countryside <i>Page 3</i>	<ul style="list-style-type: none"><li>▪ no regional budgets</li><li>▪ Environmental Stewardship</li></ul>
<b>Axis 3</b>	Improving rural quality of life and diversification of the rural economy <i>Pages 1–2</i>	<ul style="list-style-type: none"><li>▪ no formal schemes</li><li>▪ regional budgets</li><li>▪ top-down</li><li>▪ likely to be accessed via larger organisations on behalf of members &amp; clients</li><li>▪ farms competing with other rural businesses</li></ul>
<b>Axis 4</b>	Leader <i>Page 3</i>	<ul style="list-style-type: none"><li>▪ area-based</li><li>▪ bottom-up</li><li>▪ accessed via Local Action Groups</li></ul>

## Axes 1 and 3

There are similarities between Axes 1 and 3 and these have been dealt with in parallel.

### How will Axes 1 & 3 be delivered?

Axes 1 and 3 are socio-economic programmes without formal schemes to which individuals may apply. This change from an application-led process in the previous (ERDP) programme requires a change of approach from farmers and other rural businesses seeking funding for projects.

Local RDAs will be looking to manage investments efficiently (with respect to their time input) to ensure that a maximum number of businesses benefit from a shared project. RDAs will therefore look to work with groups of key businesses in a local area that deliver multiple objectives.

It is clear that projects will be far bigger than the project-based schemes that we have been used to in the past due to the new emphasis on sharing objectives and adding value through collaborative working. This does not necessarily mean that fewer land-based businesses will benefit since many businesses may be involved in a single application. Nonetheless it is likely that the larger budgets associated with the applications will appeal to government agencies e.g. English Food and Farming Partnership (EFFP), educational establishments (e.g. county colleges), regional administrations (e.g. councils) and representative bodies (e.g. NFU, CLA) rather than farmers and small businesses directly. In this way, Axes 1 and 3 will be delivered through a 'top-down' approach, in contrast to the 'bottom-up' approach championed by Leader.

Individuals can put forward their own ideas if they meet the priority objectives of the Regional Implementation Plan (RIP) but are more likely to be successful if partnerships can be forged to demonstrate wider benefits for the locality and the region. Ideas that involve more than one region are not excluded and should be discussed with the East of England Development Agency (EEDA), which leads on cross-regional projects. The contact points for finding the RIP and facilitators in each RDA can be found at each region's websites.

The access point for much of the RDPE funding is via the RDAs, contact details for which can be found at each region's website:

South West Regional Development Agency

[www.southwestrda.org.uk/what-we-do/regeneration/eafrd/introduction.shtml](http://www.southwestrda.org.uk/what-we-do/regeneration/eafrd/introduction.shtml)

South East England Development Agency (SEEDA)

[www.seeda.co.uk/Work\\_in\\_the\\_Region/Rural\\_Issues/Rural\\_Development\\_Programme\\_for\\_England/](http://www.seeda.co.uk/Work_in_the_Region/Rural_Issues/Rural_Development_Programme_for_England/)

East of England Development Agency (EEDA)

[www.eeda.org.uk/648.asp](http://www.eeda.org.uk/648.asp)

East Midlands Development Agency

[www.emda.org.uk/rdpe/rdpe20072013.asp](http://www.emda.org.uk/rdpe/rdpe20072013.asp)

West Midlands (Advantage West Midlands)

[www.advantagewm.co.uk/working-with-us/rural-development-programme-for-england.aspx](http://www.advantagewm.co.uk/working-with-us/rural-development-programme-for-england.aspx)

North West Regional Development Agency

[www.nwda.co.uk/rdpe](http://www.nwda.co.uk/rdpe)

North East (One North East)

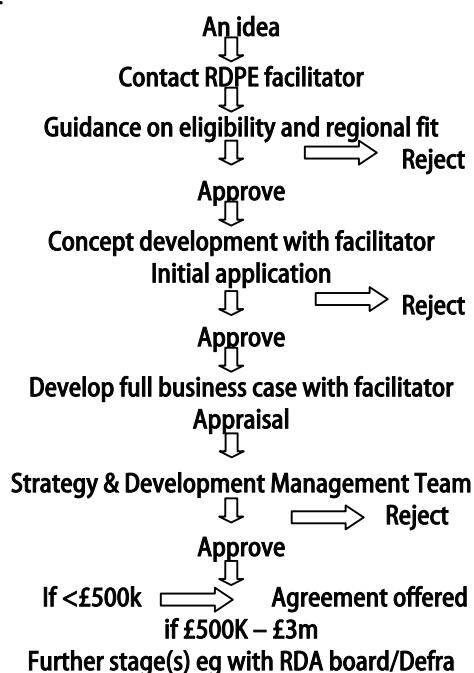
[www.onenortheast.co.uk/page/rural/rdpe.cfm](http://www.onenortheast.co.uk/page/rural/rdpe.cfm)

Yorks and Humber (Yorkshire Forward)

[www.yorkshire-forward.com](http://www.yorkshire-forward.com)

[www.view.asp?content\\_id=4405&parent\\_id=316](http://www.view.asp?content_id=4405&parent_id=316)

Each RDA will have facilitators to help businesses put together a project proposal. A typical RDA project flowchart will look like this:



## Output indicators & targets – Axis 1

Defra has committed to a wide range of targets for each of the measures it has selected for the RDPE. The targets for Axis 1 measures (vocational training, use of advisory services, etc) are:

### Summary of the indicators and targets for Axis 1 for 2007–13

#### A. Vocational training and information services

<i>Output indicators</i>	<i>Targets</i>
Number of training days received	319,000
Number of participants in training, of which:	115,500
- supporting competitiveness in livestock sector	15,600
- enhancing on-farm management of nutrients in livestock sector	47,000
- contributing to animal health/welfare	19,000
% participants that successfully complete training	85%
% participants applying acquired skills in practice	80%
% introducing a new product and/or technique	95%

#### B. Use of advisory services

<i>Output indicators</i>	<i>Target</i>
Number of farmers and foresters supported	1,640

#### C. Setting up management, relief and advisory services

<i>Output indicators</i>	<i>Targets</i>
Number of newly set up services	40

#### D. Co-operation for the development of new products, processes and technologies in agri-food and forestry sectors

<i>Output indicators</i>	<i>Targets</i>
Number of co-operation initiatives supported, of which:	2000
- contributing to livestock competitiveness	350
- enhancing on-farm management of nutrients in livestock sector	115
- contributing to animal health/welfare	115

#### E. Modernisation of agricultural holdings

<i>Output indicators</i>	<i>Targets</i>
Number of holdings receiving investment support (excl. energy crops); of which:	850
- contributing to competitiveness of livestock sector	230
- enhancing on-farm management of nutrients in livestock sector	230
- contributing to animal health/welfare	170
Support for establishment of energy crops	60,900ha
Number of holdings supported for energy crops	1,655
Total volume of investments (incl. energy)	£190m
Total volume in energy crops	£118m
Area contributing to climate change	54,810 ha
Increase in production of renewable energy	274,250 t oil equivalent

#### F. Improvement of the economic value of forests

<i>Output indicators</i>	<i>Targets</i>
Number of forest holdings receiving support	630
Total volume of investments	£31m

#### G. Adding value to agricultural and forestry products

<i>Output indicators</i>	<i>Targets</i>
Number of enterprises receiving support	1,400
Total volume of investments	£160m
Number of livestock holdings supported	350

#### H. New infrastructure for the development and adaption of agriculture and forestry

<i>Output indicators</i>	<i>Targets</i>
Number of operations supported	480
Total volume of investments (£m)	41

## Energy Crops Scheme – part of Axis 1

£47m of new money is aimed at supporting the establishment of over 60,000 ha of energy crops. All plantings (miscanthus and short rotation coppice (SRC)) from 1 January 2008 will be supported at a rate of 40% of actual costs, which is lower than Defra had hoped for SRC. Defra point out, however, that whereas the support used to be based on 60% of standard costs, 40% of 'actual' costs may prove a better bet for those growers whose real costs are higher than the industry average.

The scheme has also changed to include slower-growing traditional coppice trees such as ash, alder, hazel, silver birch, sycamore, sweet chestnut and lime.

Details of the scheme and further information can be found at [www.naturalengland.org.uk/planning/grants-funding/energy-crops/default.htm](http://www.naturalengland.org.uk/planning/grants-funding/energy-crops/default.htm) or from the Energy Crops Scheme Administration Unit on 01609 767400.

## Axis 3 targets

Farm diversification and the development of micro-businesses in the wider rural community (improving quality of life) is the focus of Axis 3. The targets are set as the number of beneficiaries in addition to secondary targets, based, for example, on the level (value) of investment provided. They have been set out in the table overleaf.

**Summary of the indicators and targets for Axis 3 for 2007–13**

Output indicators	Number of beneficiaries	Value
Diversification into non-agricultural activities	1,290	£292m
Business creation and development	2000	NA
Encouragement of tourism activities	600	£90m
Basic services for the rural population	350	£38m
Village renewal and development	50	£8m
Conservation of rural heritage	160	£17m
Training and information	15,500	46,000 days
Local development strategies	13,000	NA
Jobs created	25,000	NA
Additional tourists – overnight stays	350,000	NA
Additional tourists – day visitors	510,000	NA
Improved rural services	200,000	NA
Completion of training activities	NA	80%

## Axis 2

### Environmental Stewardship

Much of the new RDPE is focused on forestry and woodland. Agri-environment targets, excluding forestry, concentrate on the objectives of Environmental Stewardship.

**Summary of the indicators and targets for Axis 2 for 2007–13**

Output indicators	Targets
Area farmed organically	340,000 ha
Whole farm area under agri-environment support	7m ha
Number of holdings supported	50,000
Field area under agri-environment support	2.5m ha
Area with improved biodiversity	2 m ha
Area with improved water quality	1.2m ha
Area with improved soil quality	1.2m ha
Area with improved landscape/historic features	1.6m ha
Educational access (agreements)	1500
Linear access (agreements)	200
Decline in farmland bird populations	Reversed by 2020
Area of new native woodland created	2,000 ha
Maintenance of high nature farmland, Natura 2000 sites and SSSIs	95% in favourable condition by 2010

The Environmental Stewardship Scheme (ESS) has been changed as part of the RDPE deal in Brussels for all provisional agreements from 1 January 2007.

- It will include requirements related to revisions in the Nitrates Action Programme in NVZs (see below)
- Withdrawal of the Management Plan Options
- Insertion of a new Review Clause (in 2012)

This means around 5,400 provisional ESS agreements will have to be changed to become formal agreements. Of these 2,600 have management plan options and, in turn, 1,800 will no longer have sufficient ELS points to meet the threshold once the management plans are removed.

Those provisional agreement holders who do not want to

change their agreement to meet the threshold may withdraw without penalty and no payments will be recovered.

With regard to the Nitrates Action Programme, which is currently under consultation for implementation during 2008/9, ESS contract holders would have to comply a year earlier than other farmers.

- Whole farm nitrogen loading limit – 170kg/ha from live-stock across whole farm, 250kg/ha per field
- Crop nitrogen requirement limit – as shown in a management plan, which will be the same as that withdrawn from the ESS
- High pressure, high trajectory spreading techniques of organic manures banned
- Record keeping of soil nitrogen supply, crop nitrogen requirements and imports of manure on the farm.

## Axis 4

### The Leader Approach

For many smaller businesses, the best way of getting a slice of the RDPE action may be through Leader (Axis 4). Leader is not a separate fund or set of objectives, rather it is a different delivery mechanism. It is meant to develop through a ‘bottom-up’ community approach, harnessed through a Local Action Group (LAG). Many RDAs have already allocated LAGs in their area and local businesses are invited to contact LAGs directly (through the RDA websites above) to get involved. There will be numerous LAGs in a RDA region.

A LAG is essentially a partnership with a non-public sector representation of at least 50%. They can be existing groups or newly formed groups. These partnerships can exist already for different purposes, but their new role will be to define a Local Development Strategy. In the previous programming period a range of partnership structures administered LAGs, from local community groups, charities, companies or even groups formed around Areas of Outstanding Natural Beauty.

- A LAG must be created to represent the geographical area for which it is applying and will have decision-making power on which projects to facilitate and approve for grant support.
- Applications must be area-based, involving a defined sub-regional area containing a rural population of 5,000–150,000 people. There can be some flexibility but this will require good evidence and a strong rationale.
- They must prepare a Local Development Strategy (LDS) to indicate how the different stakeholders and sectors will be drawn together to deliver effective projects. This must be prepared using a bottom-up approach.
- There must be an appropriate accountable body for the administration of the public funds.
- They must participate in the National Rural Development Network to ensure best practice across all Leader groups.
- There is an expectation that LAGs will seek cooperation with other LAGs in the UK and across the EU. LAGs can work across county and regional boundaries.

# Plan funding

Funding for the Plan comes from three sources:

- the EU pot (EAFRD - European Agricultural Fund for Rural Development)
- voluntary modulation (VM)
- national exchequer co-financing and top-ups from the Treasury (State Aids)

## RDPE financing 2007–2013, million Euros

	EAFRD	VM	Treasury	Total
Axis 1	122.8	222.1	102.7	447.5
Axis 2	824.6	1,616.6	1,741.7	4,182.9
Axis 3	83.4	185.6	65.3	334.3
Axis 4	60.6	100.3	58.6	219.5*
TA**	1.4	0	1.4	2.8
Total €	1,092.9	2,124.6	1,969.7	5,187.1
Total £	748.6	1,455.4	1,349.2	3,553.2

Source: InsideTrack from European Commission data (rounded).

\*Axis 4 is funded from Axis 1 and 3. \*\*Technical assistance

Total financing for the period 2007–13 is around £3.5bn, more than double the £1.6bn budget provided for the ERDP during 2000–2006. This increase has been funded through voluntary modulation since the amount provided directly from the EU pot has increased only slightly from £628bn to £749bn in the current programming period. VM is the biggest source of funds for the RDPE because it is the Treasury's optimal financing solution to increase the UK's budget rebate.

VM is made up of the 'old' VM scheme which has been in place since 2004 and the 'new' VM scheme approved last year. As far as Brussels is concerned, both the voluntary modulation sources are considered as EAFRD since it is all EU money, co-financed by the Treasury, but siphoned off from the SPS.

Defra's own figures, using an unspecified exchange rate, show a larger amount of exchequer money than the *InsideTrack* analysis above. The Euro figures in the table above are concrete while the sterling amounts shown below are approximate and will depend on exchange rates during each year of implementation:

## RDPE funding 2007–2013, £m

Source	£m
EAFRD	749
New Voluntary Modulation	1,455
Old Voluntary Modulation	101
Co-financing EAFRD & State Aids	850
Co-financing old VM	94
Co-financing new VM	738
Total	3,987

Source: Defra

The Treasury is providing about €350m (£240m) in additional national financing, known as State Aids, to top up Environmental Stewardship payments where they exceed the EU legal maximum, for example, €600/ha for land-based payments.

## State Aids 2007–2013, million Euros

	Description	State aid
Axis 2	Environmental Stewardship (ESS)	218.6
Axis 2	ESS (HLS) Capital items	41.1
Axis 2	Afforestation schemes	71.0
Axis 3	Encouragement of tourism	19.0
	Total	349.6

Source: Defra

## Regional allocations

Axis 2 has no formal regional budgets and is applied as national schemes. The budget for Axis 1 and 3 has been split amongst the English regions as follows:

## RDPE Regional allocations 2007–13 £m

	Axis 1	Axis 3	Total
North East	14.96	32.73	47.69
North West	38.47	36.45	74.92
Yorkshire and Humber	31.99	33.87	65.86
East Midlands	28.09	32.44	60.53
West Midlands	34.02	20.97	54.98
East of England	24.50	41.32	65.82
South East & London	27.69	36.74	64.43
South West	49.30	52.53	101.83

Source: Defra

Much of Axis 1 is focused on raising the competitiveness of the livestock sector and the regional budget allocation has been weighted towards Severely Disadvantaged Areas and towards dairy cow intensity, because of the burden of nutrient management in this sector. This explains why the western regions have generally higher Axis 1 allocations than the east. However £47m is set-aside (as a measure for modernising agricultural holdings!) for supporting the establishment of perennial energy crops miscanthus and short rotation coppice under the Energy Crops Scheme, which presumably benefits the east.

The budget for Axis 3 has been balanced between rural population criteria and weighting towards economically lagging areas. Cornwall has a high lagging weighting, which accounts for the high Axis 3 allocation in the south-west.

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