

**RURAL DEVELOPMENT PROGRAMME FOR ENGLAND
PROGRAMME MONITORING COMMITTEE**

PROGRAMME MANAGER'S REPORT

Progress in RDPE implementation

1. Overview of developments since the last meeting of the PMC:

- continued progress by the RDAs in Axis 1,3 and 4 implementation with some significant commitments though actual outturn remains behind plans and the recession continues to have a negative impact on the number and speed of projects coming to fruition;
- the application of the Temporary Aid Framework to RDPE has been agreed and increases proposed to some aid intensities, in order to respond to the impact of the economic downturn;
- Natural England remains on course to deliver their agri-environment schemes 70% land cover target by March 2011.
- English Woodland Grant Scheme (EWGS) remained beyond February 2009 improving continuity for applicants, however spending was lower than anticipated;
- uptake of the Energy Crop Scheme is significantly below that expected at the beginning of the programming period;
- the RDPE Network is up and running and held an its first event for practitioners in March;
- a programme modification covering the introduction of Uplands ELS was submitted in early February and is now under consideration by the European Commission;
- the ex post evaluation of the ERDP 2000-2006 was submitted to the European Commission;
- implementing regulations for the CAP Health Check changes were agreed and the necessary programme modifications are now being prepared for submission in June 2009, along with other essential programme changes;
- the European Council agreed the European Economic Recovery Package which includes €1.02 billion to be delivered through Rural Development Programmes in support of rural broadband infrastructure and the CAP Healthcheck 'new challenges'; UK's share of the funding is very low at about €12.4m.
- good progress on the inclusion of Axis 1, 3 and 4 in BERR's Support for Business portfolio.

Axis 1, 3 and 4 delivery by the Regional Delivery Agencies

2. The quarterly report on Programme implementation gives further detail on the progress of the delivery of Axis 1,3 and 4 activity by Regional Development Agencies (RDAs). There has continued to be good progress in making commitments under the programme with funds committed to the value of £220 million over the programme lifetime though actual out-turn lagged well behind total budgets for the first full financial year of the programme. This is partly because of the need to gear up the programmes, but uptake has also been hampered by the impact of the economic situation which has particularly affected access to private financing and business confidence. Defra has been working with the RDAs to address these barriers and some increased flexibilities are being implemented, including application of the Temporary Aid Framework (which will allow for increased total grants) and increased aid intensities for some measures. Further details are in papers RDPE PMC 6-4, 6-4a and 6-4b. The RDAs have also been working further with Defra and the livestock sector on the use of Voluntary Modulation funds in support of the livestock sector: a workshop with the industry on this subject was held on 7 May.

4. All Local Action Groups established under the Leader Axis have been selected, most have funding in place and many have already approved funding for projects.

Energy crops

5. Uptake of establishment grants under the Energy Crops Scheme (ECS) has continued to be lower than expected at the start of the programming period. DECC policy leads have explored the barriers to uptake and have made some progress in addressing the delivery and process issues and have proposals to improve the financial incentives available. A DECC/Natural England liaison group has been established to address delivery issues including processing applications and publicity. DECC have also put proposals to their Ministers to make use of the opportunity afforded by the CAP Health Check to increase establishment grants from 40% to 50%.

Axis 2

6. The quarterly report on Programme implementation gives further detail on the progress of the delivery of Axis 2 schemes delivered by Natural England and the Forestry Commission.

7. Natural England report that ELS applications have levelling off and increased uptake is needed, and HLS applications are still lower than needed to secure HLS agreement targets. Despite this, Natural England are still on track to meet the 2011 70% land cover target (and the 65% land cover milestone by March 2009 was met early). Achievement of this target will require high levels of renewals of the current ELS agreements together with transfer from expiring classic agreements into Environmental Stewardship.

6. The English Woodland Grant Scheme (EWGS) remained open for applications at the end of February however spending was only 88% of budget with one reason being a higher level of grant offers not being taken up than had been experienced in previous years.

Axis 5

7. The RDPE network is now fully up and running. A market research and stakeholder engagement exercise concluded in February 2009. This provided a firm basis on which to develop the function, structure and activities of the Network. The Network held its first event, RDPE Network: The Leader Approach, which was attended by 130 practitioners from Natural England, the Forestry Commission, Regional Development Agencies and Leader groups. A copy of the Network's action plan, paper RDPE PMC 6-8, has been provided for the Committee's information.

Ex Post Evaluation of the England Rural Development Programme

8. An ex-post evaluation of the England Rural Development Programme 2000-2006 (ERDP) was carried out by independent consultants Hyder Consulting. The report has been submitted to the Commission and will soon be published on Defra's public website.

9. In addition to meeting the European Commission's formal reporting requirements we asked Hyder Consulting to make recommendations for the monitoring and evaluation of the Rural Development Programme for England 2007-2013 in the light of their experience of reporting on the ERDP. A copy of this report, paper RDPE PMC 6-7 has been provided for the Committee's information.

RDPE 2008 Annual Implementation Report to the Commission

10. We are required to make an annual implementation report to the European Commission detailing the Programme's progress. The 2008 report has to be submitted by the end of June 2008. Agenda item 6 deals with the approach we will need to take.

Programme amendments

11. Agenda item 4 covers the amendments we propose to make to the Programme. PMC members will recall that our first proposal to amend the Programme was made in October 2008. Following discussions with the Commission we have been able to resolve all of the issues raised. A second proposal to amend the Programme was made in February 2009 (dealing primarily with UELS). Useful discussions have taken place with the European Commission on this proposal and their consideration is continuing. [Paper xxx under agenda item 4] covers two further forthcoming amendments: one immediate amendment dealing with the Temporary Aid Framework and changes to aid intensities, and a second package of changes including those to give effect to the CAP Health Check.

CAP Health Check

12. Agreement was reached by the Rural Development Committee on the necessary changes to implementing regulations following the Health Check and these will now be given effect in programme amendments as indicated above. As far as the RDPE is concerned, the Health Check changes are not major because the UK will not receive new modulation funds to implement the new challenges. The changes are essentially concerned with switching some existing voluntary modulation funded agreements related to the new challenges to compulsory modulation.

European Economic recovery package

13. In March the European Council agreed the €5bn European Economic Recovery Package which includes €1.02 billion to be delivered through Rural Development Programmes in support of rural broadband infrastructure and the CAP Health check 'new challenges'. The UK's share of the funding is very low at about €12.4m (to be shared between the four countries of the UK). Ministers have not yet reached any decisions on how the England share of this funding should be used.

Consultation on the selection criteria for RDPE

14. At the PMC meeting during in November 2008 we undertook to work with Regional Development Agencies to draft a paper clarifying the selection criteria for funding activities under Axes 1 and 3 of the RDPE and present it to the Committee for their review. Following further discussion with the European Commission work is continuing with RDA and a paper will be presented at a future meeting of the Committee.

Business Support Simplification Programme

15. Good progress has been made on the inclusion of Axis 1, 3 and 4 in BERR's Support for Business portfolio. The Rural Development Programme for England Business Support product has been launched as part of the Government's Solutions for Business portfolio. The product incorporates the RDA delivered elements of Axis 1 and Axis 3, with the exception of the measures which provide support to communities rather than to business. RDAs are working with Business Links so that Business Links can signpost potential customers to RDPE, and they are starting to make use of the Solutions for Business branding, e.g. on customer-facing websites.

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