

Proposed amendments to the Rural Development Programme for England

1. Under the Rural Development Regulation, any changes to the Rural Development Programme for England (RDPE) must be approved by the Commission, having first been the subject of consultation with the Programme Monitoring Committee. Two such amendments have been submitted so far:

- In 2008, principally to accommodate a number of changes to Environmental Stewardship (ES) recommended by the ES Review of Progress.
- In February, a further amendment to make provision for Uplands Entry Level Stewardship, additional ES options for the Isles of Scilly and an update to the State Aid provisions. This amendment is still being considered.

This paper advises of two further amendments planned in the next two months.

Proposed amendment: immediate

2. The first amendment will enable Regional Development Agencies to increase the size of some RDPE grants they award and to increase the aid intensity rates at which some grants are awarded in order to help them respond more effectively to the effects of the economic downturn on uptake of the programme. Changes are required to the RDPE Programme to:

- implement the *de minimis* element of the EU's Temporary Aid Framework; and
- award grants under the appropriate measures at a higher rate of aid intensity.

This change would permit RDAs to contract to provide support at a larger amount than is currently set out in the approved RDPE Programme (i.e. in making use of the Temporary Aid Framework they can contract to provide aid of up to €500 000 rather than up to €200 000). The change would also permit RDAs investments under measures 311 (Diversification into non-agricultural activities) and measure 312 (Support for the creation and development of micro-enterprises) to be funded at an aid intensity rate of up to 100%. The actual aid rate will be determined as part of the project appraisal process and will depend on the level of investment required to ensure projects can be completed successfully and deliver value for money.

4. The Secretary of State announced on 30th April that these changes would be implemented, subject to Commission approval being provided in paper RDPE PMC 6-4a. The changes to the programme document itself are minor, but in view of their urgency a separate programme modification is recommended, which will be submitted as soon as the PMC has approved it.

5. The Programme Monitoring Committee review and agree the proposal to amend the Programme set out in paper RDPE PMC 6-4b.

Proposed amendment for June 2009

6. The second amendment concerns a wider suite of changes. A number of these result from the outcomes of the CAP Health Check and the European Economic Recovery Package.

7. In June 2009, and subject to PMC approval, we will ask the European Commission to consider the following amendments to our Programme:

- **Revision to show how RDPE will address CAP Health Check ‘New Challenges’.** The relevant measure fiches (in Chapter 5) and financial tables will be amended to show how our Programme will address the changes in modulation and the new challenges identified in the Health Check agreement. (NB – as far as England is concerned no additional funding is available for the new challenges as a result of the Health Check and the required revisions will therefore demonstrate how funds switched from voluntary modulation to new compulsory modulation address the new challenges.)
- **An increased financial allocation due to the wine reform package.** There will be a small increase in the RDPE funding available from a transfer from CAP Pillar 1 which will be used to support training in the UK wine sector and will be managed primarily by the South East of England Development Agency.
- **Increased financial allocation from annex 2 allocation.** There will be a small increase in the RDPE funding available as a result of the technical changes from the application of the franchise to compulsory modulation.
- **Demarcation between RDPE and Fruit and Vegetable Producer Organisation.** The original Programme Document explained that satisfactory demarcation arrangements would be devised between activities undertaken in the Fruit and Vegetable sector. The amendment will detail the type of support that will be eligible for funding by Fruit and Vegetable Producer Organisations under CAP Pillar 1 compared with that which will be eligible for RDPE.
- **Changes to Axis 1 Energy Crops Scheme.** There will be an increase in the establishment grant rate from 40% to 50% in order to stimulate demand from potential applicants.
- **Similar increases in aid intensities in Axis 1 measures by 10%.** This will be for operations implementing the new challenges, as agreed in the Health Check.
- **Enhanced advice for ES applicants and agreement holders.** This is a further change arising from the ES Review of Progress which recommended

increased use of advice to support improved Environmental Stewardship uptake and outcomes. It is intended that this will be provided through Measure 111 (Vocational training and information actions) under Axis 1 of the Programme. This will require an amendment to the Programme Document which currently identifies only the Regional Development Agencies as the delivery bodies for Measure 111.

- **Further revisions to Environmental Stewardship implementing the recommendations of the ES Review of Progress.** The proposed changes to ES will improve programme implementation by providing additional options for land managers and so increase opportunities for them to participate in the scheme.
- **Provision for set-aside mitigation options in Environmental Stewardship.** Public consultation on Defra's proposals closes on 27th May. It is possible that Ministerial decisions on the results of that exercise will require an amendment to the RDPE.
- **Changes to English Woodland Grant Scheme.** To introduce a new activity eligible for support under the EWGS and some amendments to payment rates or eligibility criteria for existing activities to improve take-up.
- **Demarcation - RDPE and sugar reform aid for diversification.** Ministers have decided that aid for reform of the Sugar regime should not be used for diversification in England. This change will advise the Commission of this decision.
- **Revision of RDPE forestry targets and indicators.** These will be updated and corrected following the comments from the European Commission and some recent work carried out by the Forestry Commission to address the Commission's concerns.
- **Revision Axis 4 (Leader) targets and indicators.** These will be updated to include targets which were not developed when the Programme was submitted for approval.
- **Revision to accommodate European Economic Recovery Package funding.** Part of the package agreed by the European Council in March 2009 provides additional resources to rural development programmes to aid economic recovery, focussing on the provision of rural broadband infrastructure and further support for the CAP Healthcheck new challenges. Changes to programmes are required in the same timescale as the CAP Healthcheck changes. Ministers have not yet decided how the small additional allocation available to the UK should be used.

8. It can be seen that the revisions listed above are at varying stages of completion, and some will require Ministerial agreement before submission. We can provide further details of these amendments if Committee members would find it helpful. When the full details of these proposals are agreed we will ask the PMC to consider them, by correspondence, before we put them to the European Commission.

RDPE Programme Team
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