



s w c o r e

Rural Development Programme for England 2007-2013

**An information paper for stakeholders in
the South West**

February 2006

About this paper

This paper is a background paper to the Rural Development Programme for England 2007 – 2013, the European, national and regional context and the direction that England Ministers wish to take the new programme. This paper has been produced in consultation with a number of partners at various levels throughout the South West.

This paper is intended to:

- Raise awareness of the national programme for those on which it will have an impact but perhaps lack the technical or other resources to fully engage.
- Provide a common platform of knowledge for stakeholders in the South West region.
- Pose the questions asked by Defra in the Rural Development Programme consultation document. Other questions.
- Broaden the range of stakeholders who take an active interest in the new programme

All questions reflect the questions in the consultation document issued by Defra (except for numbers 8, 16, 18, 19 and 20). These questions and the supplementary questions will be used as the basis for electronic voting at the regional consultation event on the 8th March 2006. It is important to stress that the responses will provide a measure of consensus, a “litmus test” for the South West, which will in turn inform the SW CoRE response to Defra.

Stakeholders should also be aware that government is consulting on other programmes which overlap to varying degrees with the Rural Development Programme for England. Consultation events are also planned for some of these programmes and where possible this is indicated below with the relevant consultation:

- Uplands Reward Grant Consultation
<http://www.defra.gov.uk/rural/uplands/default.htm>
- Assisted Areas Consultation (30th March, The Loop Centre, Exeter)
<http://www.dti.gov.uk/regions/>
- European Structural Funds (Convergence and Competitiveness)
<http://www.dti.gov.uk/europe/nsrf.html>

The European Context

Council Regulation 1698/2005 on the support for rural development by the European Agricultural Fund for Rural Development [EAFRD] sets out the Rural Development policy and measures for 2007-2013.

Rural Development support is set out in a series of four Axes as follows:

- **Axis 1** – improving the competitiveness of the agricultural and forestry sector.
The Guideline indicates that the focus should be on the priorities of knowledge transfer and innovation in the food chain and priority sector for investment in physical and human capital.
- **Axis 2** – Improving the environment and the countryside.
The Guideline suggests that it should contribute to three EU priority areas: biodiversity and preservation of high nature value farming and forestry systems, water and climate change.
- **Axis 3** – The quality of life in rural areas and diversification of the rural economy. The Guideline suggests it should contribute to the overarching priority of the creation of employment opportunities.
- **Axis 4** – The 'Leader' approach
The Guideline indicates that Leader should contribute to the priorities of axis 1 and 2 and in particular axis 3 but also play an important role in the priority of improving governance and mobilising the endogenous development potential of rural areas.

Within each Axis, there are numerous 'Measures' based on the over-riding principles set out in the Community Strategic Guidelines¹ on rural development policy in support of growth and jobs based on the Lisbon [competitiveness] and the Gothenburg [sustainability] agendas:

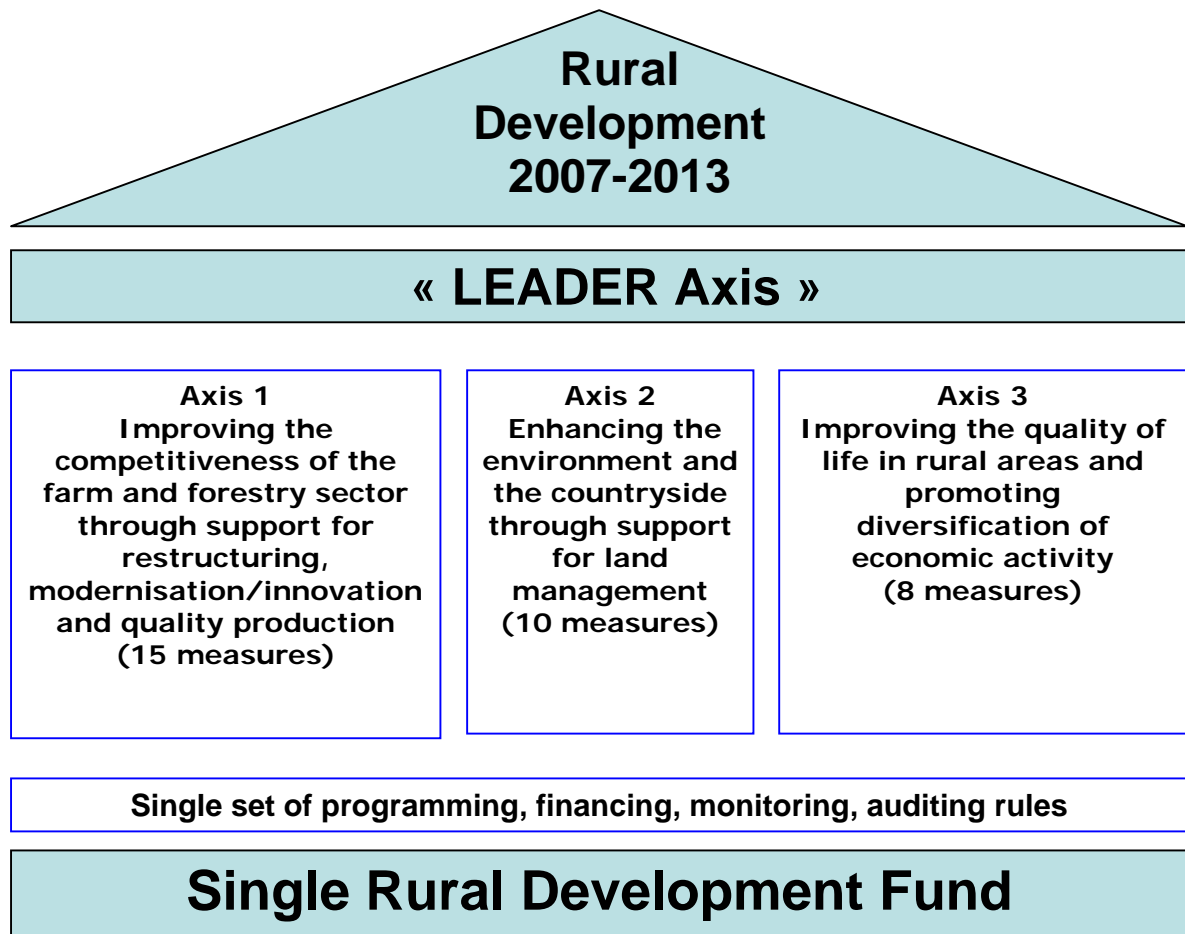
The Guidelines identify four political priorities for 2007-2013 aimed at addressing the particular challenges of:

- 1) Improving the **attractiveness of rural** areas to investors and workers,
- 2) Focusing on **human capital** to promote knowledge and innovation that lead to sustainable growth
- 3) Creating **more and better jobs** with particular emphasis on increasing the participation of women and young people in the rural labour market,
- 4) **Improving governance** for policy delivery.

Additionally, European wide pre-requisites for any regional or local agenda must ensure that axes do not operate in isolation.

¹ Proposal 2005/0129 (CNS) - Community strategic guidelines for Rural Development

Figure 1: The Rural Development Regulation illustrated.



The Lisbon agenda focussed on developing a Strategy for Jobs and Growth and set out eight key measures with a high European value-added:

- Supporting knowledge and innovation in Europe
- Reform of state aid policy
- Improvement and simplification of the regulatory framework in which business operates
- Completion of the internal market for services
- Completion of an ambitious agreement in the Doha round
- Removal of obstacles to physical, labour and academic mobility
- Developing common approach to economic migration
- Supporting efforts to deal with the social consequences of economic restructuring

The Gothenburg agenda set out a strategy for sustainable development covering the following critical items:

- Combating Climate Change
- Ensuring Sustainable Transport
- Addressing threats to public health
- Managing natural resources more responsibly
- Integrating environment into Community policies.

The Community Strategic Guidelines represent the framework which Member States and regions were invited to use when developing national and regional frameworks. Naturally not all of the more detailed guidelines are as relevant to the South West; however, the Commission recognises that the most appropriate mix of investments ultimately depends on the specific needs and opportunities of the relevant European region. Any regional or sub-regional programme must clearly demonstrate how it contributes towards the Lisbon and Gothenburg agendas.

The England Context

Defra's Rural Strategy 2004 sets out three top level priorities:

- Economic and Social regeneration
- Social justice for all
- Enhancing the value of the Countryside

These priorities will form the basis of the UK Government's rural policy for the next three to five years and the modernised delivery arrangements that will drive progress forward.

Defra also refer to the following as major drivers of policy for the new programme:

- Delivering the Essentials of Life²: Defra's five year strategy which sets out how Defra will provide environmental leadership and put Sustainable Development into practice.
- Securing the future³: the UK Sustainable Development Strategy.
- The Sustainable Farming and Food Strategy.
- The Rural Strategy 2004.
- The England Forestry Strategy, currently under review.
- Review of UK Climate Change Programme due for publication in early 2006.
- The England Biodiversity Strategy.

The South West Context

Regional Strategies and Action Plans

A number of strategies and action plans have been developed to address issues in this region which are reflected at European and national level. The key strategies which could guide priorities in this region are listed below.

- SW Regional Environment Strategy
- SW Regional Economic Strategy
- SW Renewable Energy Strategy
- SW Woodland and Forestry Framework (2005)
- SW Rural Delivery Framework
- SW Biodiversity Implementation Plan
- Sustainable Farming and Food Strategy (and Delivery Plan)

Regional Implementation Plan (RIP)

² Defra (2004)

³ HM Government (2005).

Defra will require the deliverers of the new programme to develop and finalise a Regional Implementation Plan (RIP). The RIP will cover all activity across all axes and will be the responsibility of the SWRDA, Forestry Commission and Natural England partners to produce. Defra are currently considering how RIPs will be reflected in the submission to the Commission in July 2006. Guidance on the content of RIPs is also in development.

Rural Development Programme for England 2007-2013

Core principles

The Rural Development Programme for England consultation document proposes four core principles:

1. Focus the funding to support Defra strategic priorities and government commitments such as those in the Sustainable for Farming and Food and Rural Strategy 2004
2. Use the funding to make a distinctive and significant difference.
3. Maintain Government commitment to Environmental Stewardship
4. Set clear national policy direction whilst ensuring that programme design has the necessary flexibility for regional and local needs and priorities.

1. Do you agree with these four principles?

2. Are there any other overarching principles that should apply?

3. Do you agree that the proposals in the national strategy document support these principles?

Themes and priorities

The Rural Development Programme for England is focussed around three themes which reflect the axes in the regulation. The themes are aimed at delivering on national policy priorities and issues where the evidence presented highlights the need for action. The three themes and the priority actions are:

Theme 1: Enhancing the environment and countryside

4. What should the balance between priorities be?
 - a) Conserve wildlife/biodiversity
 - b) Maintain and enhance landscape quality and character
 - c) Protect the historic environment
 - d) Promote public access and understanding of the countryside
 - e) Protect natural resources
 - f) Promote sustainable forest management
 - g) Promoting sustainable energy
5. Do you agree that the priorities listed under this theme adequately reflect the right priorities for the South West?
6. What would best enable delivery of this theme to be joined up with delivery of other themes?

Theme 2: Making Agriculture and Forestry More Competitive and Sustainable

7. What other developments might shift the sense of priority under this theme in the course of the programme
8. Do you agree with the emphasis on priorities under skills and knowledge transfer and innovation?
9. Do you agree that the priorities listed under this theme adequately reflect the right priorities for the South West?
11. What would best enable delivery of this theme to be joined up with delivery of other themes?

Theme 3: Enhancing opportunity in rural areas

12. Do you agree that the evidence presented adequately reflects the needs of the South West?

13. What should the balance between priorities be?

Targeted support and investment in skills enterprise and innovation

➤ Fostering:

- a) Micro enterprise
- b) Innovative farm diversification and woodland enterprises
- c) Improving skills in the rural workforce particularly for those on low pay or disadvantaged groups.
- d) Effective participation in the labour market
- e) Sustainable development and enhancement of heritage assets
- f) Tackling social disadvantage

14. Do you agree that the priorities listed under this theme adequately reflect the right priorities for the South West?

15. What would best enable delivery of this theme to be joined up with delivery of other themes?

Budget Allocations

The minimum spending required of member states across the axes is:

- Axis 1: Improving the competitiveness of the agricultural and forestry sector 10%
- Axis 2: Improving the environment and countryside 25%
- Axis 3: The quality of life in rural areas and diversification of the rural economy 10%

With a minimum required spend across the axis through a Leader approach of 5%. It is important to stress that the Leader spend is a national not regional requirement and that Leader spending can be approached through any of the three axes.

The consultation document proposes, as a guiding principle, that the commitment to Environmental Stewardship as a scheme open to all farmers is maintained. This has practical consequences that include spending close to 80% of the overall budget for the next Rural Development Programme on Environmental Stewardship and related schemes, and therefore budgets for Axis 1 and 3 will be at or near to the minimum spends of 10% required under the Regulation.

The final budgetary allocations for the England Programme are subject to European Union level negotiations. Budgets for those parts of the programme that Natural England will deliver will be subject to these negotiations. Defra and the Regional Development Agencies have agreed conditions for the delivery of Axis 1 and 3 activity though at the current time is not possible to give an indication of the resources allocated to the South West.

16. What challenges and opportunities can you see in attracting matched funding for the new programme?

The Leader Approach

The national strategy sets out the approach to Leader in the new programme as a “bottom-up” approach that reflects a commitment to devolving decision making and resources locally. The national strategy suggests that the Leader approach will primarily involve Axis 3 type measures and activity and will be led in this region by the South West Regional Development Agency.

Current indications are that the Leader approach will apply to “well defined sub-regional rural territories” with a guideline of populations of 10,000 to 100,000. There are however signs from the European Commission are that there is likely to be some flexibility in the application of these population criteria.

17. Do you agree with the regional flexibility outlined in the national programme?

18. What in the South West what is the Leader approach best placed to deliver?

19. Do you have any suggestions for how the Leader approach could be developed under the new arrangements?

20. How much emphasis should be placed on the allocation of funding using a Leader approach?

21. Do you agree that the national strategy gives the South West enough flexibility for regional delivery of Leader?

Delivery Arrangements

In line with the Governments Modernising Rural Delivery programme the funding for the Rural Development Programme for England will be led by Natural England and the Forestry Commission (Axis 2) and Regional Development Agencies (Axis 1 and 3). There will be national monitoring, payment and management arrangements with delivery through regional and sub regional mechanisms.

22. Do you agree with the balance between national strategy and coordination on the one hand and regional flexibility on the other?

23. Do you have any suggestions for adjusting the model proposed?

Relationship to other European funding

Government is also consulting on the future of other European Funding which will have a significant impact on the South West.

Convergence – will replace the current Objective One programme [for all regions where the GDP is under 75% of the EU average. Under the Commission's proposals there will be a Convergence programme specifically for Cornwall and the Isles of Scilly. The draft **ERDF**⁴ and **ESF**⁵ regulations set out the proposed priorities which focus strongly on jobs and economic growth, in particular:

- Knowledge economy
- Links between Higher Education and SME's
- Sustainable development
- Skills agenda

These priorities have not yet been agreed and could change although the **ESF** Regulation is close to being finalised. For Cornwall, the value of the combined **ERDF** and **ESF** programme is expected to be approximately 580 Million Euros (approximately £420 Million).

Competitiveness and Employment – will replace Objectives Two and Three and apply to the whole of the South West region [except for Cornwall and the Isles of Scilly]. All other areas of the South West will be eligible for the Competitiveness Programme. Funding will not be known until the allocation criteria between the English regions are agreed by UK Government. The draft cohesion framework for the Southwest highlights the following priorities:

- Environment and its accessibility
- Productivity, innovation and enterprise
- Employment and skills.

Cornwall and the Isles of Scilly will have their own ring fenced programme the details of which have yet to be agreed.

Territorial Co-operation – will replace **Interreg** (IIIA, IIIB and IIIC funding and is aimed at supporting co-operation between European Regions on issues of common interest. It is expected that all of the County and Unitary level authorities along the English Channel to be eligible for future "Cross-Border" funding. The Trans-national strand is relevant to the South West through the "Atlantic" and "North West Europe" areas. Inter-regional cooperation funding is available across the whole of the European Union with no geographic exceptions.

European Fisheries Fund

This fund will replace the current Financial Instrument for Fisheries Guidance and will be relevant to fishing communities in the South West including Plymouth and Torbay.

For further information on the national consultation please visit:
http://www.defra.gov.uk/erdp/rdp07_13/default.htm

⁴ European Regional Development Fund

⁵ European Social Fund