

Rural Development Programme for England

**East Midlands Regional Implementation Plan
2007-2013**

DRAFT

July 2007

Preface

This **draft** Regional Implementation Plan (RIP) sets out the principles, priorities and delivery proposals which have been agreed by partners to deliver the Rural Development Programme for England (RDPE) 2007-2013 within the East Midlands.

RDPE funding is specifically required to contribute to three national priorities, set by Defra, namely; Enhancing the Environment & Countryside; Making Agriculture & Forestry more Competitive and Sustainable; and Enhancing Opportunity in Rural Areas.

These priorities align broadly to the three 'Axes' of the European Rural Development Regulation (RDR) and will be delivered through a series of 'Measures' which detail how funds can be invested in accordance with the Regulation. The region can only support projects which are fundable by these 'Measures'. The EU has set out a list of 34 possible types of activity which could be funded and nationally, Defra has proposed that only 28 of these should be available in England. The East Midlands delivery bodies (*emda*, Natural England and the Forestry Commission) are proposing to adopt the list of Measures as shown in Section 3 of this Plan.

It should be recognised that The RDPE is designed to specifically target agriculture, land based businesses and rural communities in alignment with the three priorities above. It is not a rural programme that covers the whole rural development remit. The RDPE is to be targeted at specific areas of need and opportunity. It will complement, add value, and will not duplicate or replace investment and interventions from other, existing, sources.

In compiling this document, there has been close working between representatives of the key delivery partners – Natural England, Forestry Commission and *emda*, with input from the Environment Agency and support from GOEM.

Stakeholder consultation and engagement

There has been extensive consultation and engagement with stakeholders in the process of the compiling the East Midlands RIP. Initial consultation on RIP priorities and measures to be included was undertaken alongside the national Defra consultation on the Programme. This included extensive discussion at the regional RDPE launch event in March 2006. A subsequent stakeholder event, with approximately 40 major regional players, was held in May 2006 to explore in further detail the priorities and measures to be included in the region's RIP. Throughout August 2006 a wide distribution of the then draft RIP was undertaken in the region and stakeholders were invited to submit views on the direction that was being taken in the development of the document, which informed the next draft.

The end September draft was published on the GOEM website from mid October 2006, with a letter sent to stakeholders informing them of the opportunity to comment further if they wish. The latest draft has remained in the public domain and open to comment at any stage. In addition, numerous meetings, presentations and discussions have taken

place between delivery partners and stakeholders from environmental, land management, business sectors and sub-regional partners to ensure that stakeholders are kept apprised of developments and have the opportunity to offer their views. Enquirers approaching delivery partners directly have been referred to the documentation available on the GOEM website¹, with more detailed discussions taking place where necessary. It is the view of East Midlands delivery partners that there is a strong level of stakeholder engagement and agreement, especially among business sectors, with our proposed approach to the programme, as set out within this document.

This Regional Implementation Plan is still a **draft**, and may be subject to further changes once the final details of the regional budget for the Programme are confirmed.

In addition, it is important to note that, following submission, the draft Rural Development Programme for England may need to be amended following discussions with the European Commission. It will not be approved until the Commission are happy with the revisions. In these circumstances, there may be knock-on effects requiring amendment of the Regional Implementation Plans.

Overall Structure of the Plan

In the East Midlands we intend to deliver RDPE through four inter-related strands of activity. In this plan, these are presented first in a series of summary tables, incorporating key points of evidence of need and strategic linkages, followed by a justification for intervention, using a similar approach to that developed for the Regional Economic Strategy (RES). Regional Rural Delivery Framework (RRDF), RES, Regional Environment Strategy and any other relevant, established regional priorities are stated with the appropriate RDPE measures to address the needs listed. Finally, delivery principles are summarised for each strand.

The text following the tables expands on the points summarised, and covers the requirements of the guidance received to date, including, a full table of measures and provisional budget allocations to be used in the East Midlands.

The annexe provides more detailed evidence in support of the proposals for use of the RDPE in the East Midlands.

¹ GOEM website link: <http://www.goem.gov.uk/goem/env-rural/reg-rural/ruralprog0713/?a=42496>

CONTENTS

Preface

1 Summary of proposed programme delivery strands

- 1.1 Conserving and enhancing the environment and countryside
- 1.2 Competitiveness, collaboration & diversification
- 1.3 Enhancing opportunity & quality of life in rural areas
- 1.4 Skills development

2 Regional Objectives and Priorities

- 2.1 Programme Objectives
- 2.2 Regional Programme Delivery strands
- 2.3 Programme Priorities
- 2.4 Crosscutting programme priorities

3 Regional Balance of Measures

Provisional budget allocations (%) by RDPE Measure

4 Regional Delivery Strategy

- 4.1 Targeting Mechanisms
- 4.2 Performance measurement and evaluation
- 4.3 Use of the LEADER approach
- 4.4 Delivery Across Programme Strands, Axes and Measures
- 4.5 Regional Indicators
- 4.6 Other Regional Funding Sources
- 4.7 Demarcation with other EU funding
- 4.8 Regional Communications Plan for Beneficiaries
- 4.9 Communication Amongst Delivery Partners
- 4.10 Ensuring Equality and Diversity

Annex: Regional evidence & maps

1. Executive Summary of proposed Programme Delivery strands

1.1 Delivery strand 1:

Conserving and enhancing the environment & countryside

Summary of key evidence: (see annex for full evidence, including references)

Although the East Midlands has a number of notable environmental assets and good natural resources to support productive agriculture, the region has fewer areas of nationally designated landscapes and less woodland cover than any other English region. Biodiversity has declined more quickly in the East Midlands than in any other region. There are continuing threats to biodiversity in the East Midlands from intensive farming practices and development pressures but also from climate change. Climate change is believed to have a direct effect on the following habitats which are important to different parts of the rural East Midlands: blanket bog; lowland wood pasture and parkland; salt marsh; and lowland hay meadows, as well as to high grade agricultural land, much of which is at or near sea level in the east of the region, and could become increasingly prone to flooding. On the other hand, parts of the East Midlands are amongst the driest in England and much of the region's surface water is already fully utilised during the summer. Additionally, although the region's soil is generally of a high quality, this valuable natural resource is under pressure. 90% of the region's land area has been designated as a Nitrate Vulnerable Zone. Many heritage sites are also at risk from agricultural practices.

Land managers are increasingly responding to these environmental challenges with enhanced conservation and biodiversity practices and their key role in delivering positive environmental outcomes is recognised. Land managers also have a key role in addressing and implementing climate change adaptation and mitigation practices.

Justification:

Supports RRDF priorities:

- increasing the quality of the region's green infrastructure
- supporting land based rural businesses
- addressing climate change
- improving enterprise, innovation & employment

Supports Regional Environment and related strategies:

- keeping wildlife on the map/ putting wildlife back on the map
- environmental/ green infrastructure
- conserve & enhance natural, historic & cultural heritage
- sustainable/prudent use of natural resources
- wildlife & the economy
- reduce energy use/ expand renewables

Supports Regional Forestry Framework (space4trees)

- targeted woodland creation & management
- woodlands as part of integrated rural businesses & options for diversification
- renewables from wood & woodlands
- new products & processes – wood as a renewable fuel

Supports all Natural England Strategic outcomes and objectives

Supports Strategy for Sustainable Farming and Food

Supports Regional Economic Strategy priority actions:- Ensuring Sustainability

- improve damaged environments
- protect & enhance green infrastructure

Market Failure

The rationale for intervention is based on the concept of market failure. The economic rationale for payments for agri-environment schemes is strong. They sustain and enhance the conservation and provision of valued landscapes, biodiversity, historic interest and amenity in the countryside. The environment is a public good and an example of where free market activity could lead to levels of degradation that would be unacceptable from a societal point of view.

Options: Potentially all proposed measures in RDR Axis 2 (except those excluded in the Defra national consultation ie: Natura 2000; payments linked to Water Framework Directive (WFD) and animal welfare payments)

Preferred options:

Agri-environment and afforestation / woodland management schemes

Delivery approach:

- Primarily by Natural England and Forestry Commission via Environmental Stewardship and England Woodland Grant Scheme and associated / legacy activities. Also via payment of existing Hill Farm Allowance (HFA) or successor arrangements.
- Engagement with local/sub-regional partnerships in respect of environmental activities delivered via the LEADER approach.
- Seeking wider benefits in water, waste & energy resource management wherever possible

Targeting: Targeting will continue as a means of maximising environmental gain in the context of HLS agreements with current discussions reflecting the potential for “by invitation only” entry into HLS. Natural England is committed to working with Defra and regional partners to fully review this targeting approach. This will retain an approach that allows the national priorities to be applied in ways that are appropriate to regional and local circumstances.

1.2 Delivery strand 2: Competitiveness, collaboration & diversification

Summary of key evidence: (see annex for full evidence, including references)

The agriculture, forestry and fishing sector is larger in percentage terms in the East Midlands than it is in the UK overall and productivity in this sector is around 20% higher in the East Midlands than the UK average. Associated with agriculture, the food and drink sector (principally food processing in the rural parts of the region), is also larger in percentage terms than it is in the UK overall. The output of the food and drink sector is forecast to grow significantly between 2004 and 2014, by a total of 30.1%, compared to 8.7% in the UK overall. The agricultural industry is also responding positively to the sustainable energy challenge, with new crops for oil and fibre production along with energy crops such as short rotation willow and miscanthus being increasingly introduced.

However, despite the concentration of employment in agriculture, forestry and fishing, and the relative productivity advantage, employment in the sector is expected to shrink further over the next decade. This is a particular threat for less accessible rural areas, where local labour markets which are heavily reliant on the sector for employment will be increasingly vulnerable. CAP reform will also have a variable but relevant impact, the detail of which is currently under investigation.

Justification:

Supports RRDF priorities:

- supporting land based rural businesses
- improving enterprise, innovation & employment
- addressing climate change

Supports Regional Economic Strategy Structural Theme: Raising Productivity

- supporting innovation and diversification
- improve business creation and survival
- stimulate new local markets and enterprise opportunities
- developing and applying new technologies
- promoting resource efficiency & improved waste management
- development of land & property
- responding to the challenge of climate change

Supports Strategy for Sustainable Farming and Food

Supports Regional Environment and related strategies:

- green/environmental infrastructure
- sustainable/prudent use of natural resources
- wildlife & the economy
- reduce energy use/ expand renewables

Supports Regional Forestry Framework (space4trees)

- woodlands as part of integrated rural businesses & options for diversification
- renewables from wood & woodlands
- new products & processes – wood as a renewable fuel

Supports Natural England Strategic outcomes and objectives:

- influence markets and supply chains to develop & adapt more sustainable practices and cut greenhouse gas emissions.
- Increase investment in environmental enhancement and thereby contribution of natural environment to national, regional and local economies.

Market Failure

This delivery strand will contribute to the development of adaptive capability in the land-based sector and those areas dependent upon it. Adaptive capability is the ability to develop new paths of activity and to avoid becoming locked into a path of decline.

Options: Permitted measures in RDR axis 1 and axis 3

Preferred options : Support for projects supporting the following objectives :

- agricultural holding modernisation
- Improving the economic value of forests
- Adding value to agricultural and forestry products
- Co-operation for the development of new products
- Infrastructure related to the development and adaptation of agriculture and forestry
- Diversification into non-agricultural activities

Delivery approach: *emda* direct to applicants

Targeting: Potentially throughout the region, subject to the quality and assessment of proposals. Also cross references with LEADER approach (see 4.3 below).

Also looking for benefits in water, waste, and energy resource management wherever possible.

1.3 Delivery strand 3: Enhancing opportunity & quality of life in rural areas

Summary of key evidence: (see annex for full evidence, including references)

The population living in the region's rural areas has grown at a significantly greater rate than the East Midlands or English average. In the East Midlands, as in England, the relatively strong overall performance of rural areas disguises local pockets of deprivation in otherwise prosperous, accessible rural districts, while some remote areas face severe deprivation. The sparsely populated areas have quite different characteristics and experience much wider deprivation as a function of their relative isolation and reliance on agriculture and associated activities for employment.

For sectors like agriculture and food processing, much of the work is concentrated in low value, low paid activities. Deprivation in many rural areas is closely linked to lower income (rather than to unemployment) – i.e. it is the quality, not the quantity of jobs that is the challenge for the rural parts of the East Midlands. Many better paid workers live in rural districts due to quality of life considerations and commute to urban areas to work, whilst much of the employment located in rural districts is lower paid.

Justification:

Supports RRDF priorities:

- developing active communities
- improving accessibility to jobs and services
- supporting land based rural businesses
- improving enterprise, innovation & employment

Supports Regional Economic Strategy Structural Theme: Achieving Equality

- enhance employability and economic inclusion
- develop entrepreneurship skills and culture
- raising productivity
- increasing visitor spend
- promoting social capital, collaboration and cohesive communities
- building local capital, resources and support

Supports Strategy for Sustainable Farming and Food

Supports Regional Environment and related strategies:

- green/environmental infrastructure
- sustainable/prudent use of natural resources
- conserve and enhance natural, historic & cultural heritage
- wildlife & the economy
- keeping wildlife on the map
- involving people / people & wildlife /access / keeping track of wildlife

Supports Regional Forestry Framework (space4trees)

- woodlands as part of integrated rural businesses & options for diversification
- new products & processes – wood as a renewable fuel
- community woodland creation and management

Supports Natural England Strategic outcomes and objectives:

- conserving and enhancing natural environment
- improve places for people to enjoy the natural environment
- improve quality of environmental management through more sustainable practices
- more people enjoying, understanding and acting to improve the natural environment more often

Market Failure

Market failure rationale to be expressed through the development of preferred option (as below). However, in general, spatially targeted intervention can be justified as a result of the distributional consequences of market activities, where geographic inequities have arisen as a result of structural changes or through sparsity, remoteness or poor connectivity and / or weak markets. In this case intervention has the objective of achieving these desired equitable outcomes.

Options:

- Support for micro-enterprises
- Tourism development
- Training, skills & information
- Rural heritage – conservation and upgrading

Preferred option:

- To be determined by sub-regional and local partnerships, in line with criteria and resources pertaining (see later section 4.3 for more detail on LEADER approach)

Delivery approach:

Leader approach - *emda* via sub-regional and local partnerships in target areas

Seek to achieve benefits in water, waste & energy resource management wherever possible.

Targeting: see later section (4.3) for more detail on LEADER approach

1.4 Underpinning / cross-cutting delivery strand: Skills development

Summary of key evidence: (see annex for full evidence, including references)

The rural areas of the region generally have higher proportions of people with higher level qualifications and smaller proportions with no qualifications than the regional average. However, there are a number of rural districts which have high proportions with no qualifications. These areas broadly correspond to those areas with the highest proportion of their workforce dependent upon agriculture, tourism or associated activities, which tend to be low skills/low income activities. The skills base for the land-based sector continues to be an issue. In particular, the need to support skills development in the environmental and artisan sector, for environmental and sustainable land management practices, and in the development and marketing of new enterprises. Stakeholder consultation and regional SSFF (Strategy for Sustainable Farming and Food) work has demonstrated the continued importance of training and skills provision in land-based sectors. Hence this will be the primary focus of activity under this delivery strand of the RDPE.

Justification:

Supports RRDF priorities:

- supporting land based rural businesses
- improving enterprise, innovation & employment
- improving accessibility to jobs and services

Supports Regional Economic Strategy priority : Employment, Learning and Skills

- developing skills levels of current and future workforce
- matching skills provision to employer demand
- enhance employability and economic inclusion
- develop entrepreneurship skills
- raising productivity

Supports Strategy for Sustainable Farming and Food (SSFF)

Supports Regional Environment and related strategies:

- green /environmental infrastructure
- sustainable/prudent use of natural resources
- wildlife & the economy
- reduce energy use / expand renewables

Supports Regional Forestry Framework (space4trees)

- woodlands as part of integrated rural businesses & options for diversification
- new products & processes – wood as a renewable fuel

Supports Natural England Strategic outcomes and objectives:

- more sustainable use and management of the natural environment
- conserving and enhancing the natural environment

Market Failure

Lack of information and uncertainty results in under-investment in skills and a lower outcome than that which would be desirable.

Options:

- continue to run 'VTS' type scheme direct to beneficiaries
- use existing DfES funded training & skills provision only
- commission a skills provision project based on evidence of need and gap analysis

Preferred option:

- support for vocational training courses in agriculture, food & forestry, to underpin all delivery strands, via a skills provision contract based on evidence of need and gap analysis. This analysis will be undertaken via a commissioned consultancy exercise, from which the scope of the contract to be tendered will be established. Delivery of the contract will be financed from the allocation in the vocational training measure in Axis 1 (see table on page 18 of this document).

Delivery approach: *emda* via commissioned supplier(s).
Details of contract to be established as per above.

Targeting: based on evidence of need and responsive to demand

2 Regional Objectives and Priorities

2.1 Programme Objectives

The **Regional Rural Delivery Framework (RRDF)** for the East Midlands has been developed through a comprehensive consideration and consultation on regional priorities in a rural context, encompassing environmental, economic and socio-economic objectives. The RRDF has been enhanced by and incorporated within a regional **Rural Action Plan (RAP)**, launched in early 2007. The RAP uses the same priorities and sets out actions at regional and sub regional level to fulfil the RRDF objectives. The RAP is cross-referenced with the Implementation Plan for the Regional Economic Strategy (RES), and is informed by the Regional Environment Strategy and the recent Regional Biodiversity Strategy, developed through the Regional Assembly.

The East Midlands rural priorities are:

- Increasing the quality of the region's green areas (green infrastructure)
- Improving enterprise, innovation and employment
- Improving accessibility to jobs and services
- Developing active communities
- Supporting existing land-based rural businesses
- Addressing climate change
- Affordable rural housing

Those priorities which relate most closely to proposed RDPE activities are featured in the summary/justification table at the beginning of this document.

RDPE will be an important tool to support the achievement of the strategic priorities in the Rural Action Plan, and will be focussed accordingly, especially in those areas where other resources are not applicable.

2.2 Regional Programme Delivery strands

As stated above, the programme will support the delivery of national priorities identified in the National Strategy and draft Programme Document, as well as key elements of the regional Rural Action Plan, the Regional Economic Strategy (RES), the Regional Environment Strategy and other relevant strategies, including the Strategy for Sustainable Farming and Food (SSFF) and Regional Forestry Framework (Space4Trees).

For the purposes of delivery, we propose the following delivery strands:

1. **Conserving and Enhancing the Environment and Countryside**
(*Axis 2 measures / Defra Theme 1, support for axes 1 & 3*)
This will be achieved by supporting land based businesses to be sustainable both environmentally and economically.
2. **Competitiveness, collaboration and diversification**
(*RDR Axes 1 & 3, support for axis 2*)

Mainly targeted at land based businesses and related collaborative and co-operative ventures to support their sustainable development.

3. **Enhancing opportunity & quality of life in rural areas**

(RDR Axis 3, support for axes 1 & 2)

A holistic approach to integrated socio-economic and environmental development targeted at rural areas of relative socio-economic need. Predominantly delivered via LEADER approach. (see section 4.3).

4. **Skills development** – as per section 1.4 above

2.3 Programme Priorities

Informed by the national framework for RDPE, the regional evidence base and existing regional strategies, and as a result of stakeholder consultation, the predominant priorities which have emerged thus far are as follows:

Delivery strand 1:

- Agri-environment, afforestation and woodland management payments

Delivery strand 2:

- Diversification into non-agricultural activities
- Adding value to agricultural and forestry products
- Co-operation and collaboration for the development of new products & processes

Delivery strand 3:

- Support for the creation and development of micro-enterprises

Delivery strand 4

- Vocational training and information in agriculture, food or forestry sectors. This is proposed in response to the stated importance amongst stakeholders and recognised need for this activity.

Across all delivery strands there is a desire to support projects which build on successful pilots and approaches, stimulate innovation, support collaboration and delivery of integrated outcomes wherever possible and appropriate. These priorities will be kept under review and are likely to evolve over the duration of the Programme.

2.4 Cross cutting programme priorities

Regardless of the delivery strand or measure(s) to which a project has applied, it is expected that wherever possible and practical projects **will** deliver on:

- **Deliver economic, social and environmental integration / joint outputs**
 - Projects, particularly but not exclusively in LEADER areas, are expected to consider and maximise multiple benefits delivering across all aspects of the sustainability agenda
- **Water resource efficiency**

- Projects utilising water resources will need to demonstrate efficient and sustainable use of the water resource and, where applicable, how obligations under the Water Framework Directive will be met.
- **Energy efficiency and renewables**
 - Where applicable, all projects must make reference to and demonstrate the intention of incorporating energy efficiency
 - investigate where possible the use of renewable energy

Waste management and minimisation

Waste reduction and recycling are recognised as regionally important issues and, where applicable, all projects will make reference to how waste management, diffuse pollution, action to meet Water Framework Directive obligations, and efficient resource use will be addressed.

Innovation

Projects will be expected to offer something substantially new or different in terms of approach, delivery or application of technology

A number of the cross-cutting programme priorities (i.e. water resource, energy efficiency and renewables and waste management and minimisation) will contribute to regional action in respect of **Climate Change**. The issue of climate change is complex; the actions required to address it are many and varied and the scope of RDPE and the very limited funding pot cannot address these issues in isolation.

However, it is proposed that subject to available funding and confirmation of national priority commitments, the RDPE in the East Midlands will:

- support activities which increase the resilience and adaptability of the natural environment to climate change – e.g. reducing habitat fragmentation
- recognise the role of land managers in contributing to climate change objectives and encourage land management practices which mitigate against / assist adaptation to climate change
- support activities which will reduce energy demand e.g. encourage environmental technology transfer in relation to the reduction in greenhouse gas emissions
- support the uptake of 'clean' energy technologies in appropriate locations e.g. appropriate biomass energy production to mitigate greenhouse gas emissions
- provide a clear framework for the assessment of the biodiversity and landscape impact of energy crops and other renewable energy sources
- support activities to raise awareness of the impact of climate change and action required by land managers and rural communities to address it

Throughout project development and appraisal processes these programme objectives will be tested and analysed by appropriate staff (depending on the nature of the project) from within *emda*, Natural England, the Forestry Commission, the Environment Agency and any other appropriate body as applicable.

3 Regional Balance of Measures

The proposed balance of Measures in the East Midlands, shown in the following table, has been informed by:

- The guidelines provided by the EU, which set overall parameters for the balance of programme spend between the Axes
- The strategy produced by Defra, which indicated that due to the commitment to maintain Environmental Stewardship, that around 80% of Programme spend should be devoted to axis 2 and, as a consequence, spending on axis 1 and 3 would be at or close to the minimum 10% each and, further, that some Measures would be excluded from the England programme.
- Regional strategies, priorities and stakeholder consultation as referred to earlier in this document.
- The proposed priorities and delivery strands for programme delivery identified in the East Midlands and set out above.
- Guidance from Defra about allocation of Voluntary Modulation moneys.

Within these overall parameters, the following provisional allocation of available resources, structured by RDPE Measure, is proposed.

In the early stages of delivery of the new Programme, provision will need to be made for the financial commitments resulting from agreements entered into under the previous (2000-2006) England Rural Development Programme. This will inevitably have an impact on the region's ability, initially, to support significant levels of new activity in line with this Regional Implementation Plan. It is clear that much of the work carried forward from the previous programme will be consistent with the priorities identified for the new programme period, but where priorities have changed, allowance will be made to honour existing contractual commitments. With regard to the Classic Agri-Environment Schemes (CSS and ESA), all existing contractual commitments will be honoured. On closure, Natural England will then work with applicants to assess whether or not it is appropriate to transfer into new ES schemes.

3. Provisional Budget Allocations (percentages) by RDPE Measure

Axis 1 – Making agriculture more competitive and sustainable (<i>emda</i>)	%
111. Vocational training and information actions for persons engaged in the agricultural, food or forestry sectors	6.5
114. Use by farmers and forest holders of advisory services	0.0
115. Setting up of farm management, farm relief and farm advisory services (<i>legacy only</i>)	0.1
121. Agricultural holding modernisation	18.5
122. Improving the economic value of forests	3.9
123. Adding value to agricultural and forestry products	44.7
124. Co-operation for the development of new products	5.5
125. Infrastructure related to the development and adaptation of agriculture and forestry	20.8
	100.0
Axis 2 – Enhancing the Environment and Countryside (Natural England/FC) <i>proposed % allocation – dependent on final budget settlement and level of on-going commitments</i>	%
212. Ag - payments to farmers in areas with other handicaps	3.2
214. Ag - Agri-environment Payments	87.8
216. Ag - Support for non productive investment*	0
221. For - first afforestation of agricultural land	7.1
223. For – First afforestation of non-agricultural land	0.2
225. For - Forest-environment payments	1.7
227. For - Support for non-productive investments*	0
<i>*NB: Limited support for non-productive investment may be required in support of capital works.</i>	

Axis 3 – Quality of Life and Enhancing Opportunity in rural areas	%
311. Diversification into non-agricultural activities	66.8
312. Support for the creation and development of micro-enterprises	10.9
313. Encouragement of tourism activities (<i>including legacy</i>)	8.7
321. Basic services for the economy and rural population (<i>legacy only</i>)	1.0
322. Village renewal (<i>legacy only</i>)	0.7
323. Conservation and upgrading of rural heritage	3.6
331. Training and information	3.6
341. Skills acquisition, facilitation and implementation (non-LEADER)	0
Axis 4 – Implementation of the LEADER approach (measures drawn from Axis 3)	
421. Co-operation activity	9.92
431. Running costs, skills acquisition, animation	1.83
	100

Shaded measures under axis 3 to be delivered under the LEADER approach in selected target areas (see section 4.3)

4. Regional Delivery Strategy

(summary tables at front of document contain key points)

Delivery strand 1

The majority of NE and FC delivery strand 1 activity will be delivered via the current Environmental Stewardship (NE) and England Woodland Grant Scheme (FC). These are being carried forward in to the new RDPE, along with legacy commitments for the closed agri-environment schemes Countryside Stewardship Scheme (CSS) and Environmentally Sensitive Areas (ESAs). Legacy schemes in certain areas will still make an important contribution to delivering regional priorities for much of the life of the new programme. Additionally, it is proposed that the Wildlife Enhancement Scheme (WES)

previously run by English Nature on SSSI land is incorporated in to ES insofar as this is possible.

A full review of initial progress with regards ES delivery is due in 2007,. This will include a full assessment of targeting mechanisms for Higher Level Scheme to focus activity towards the most pressing environmental challenges. The Entry Level and Organic Entry Level elements of ES have little room for regional flexibility as they are standardised, national schemes open to all, with farmers selecting the management options they want to commit to on a self-service basis.

In the medium term, subject to Natural England review of how the RDPE will deliver environmental outcomes, closer joint working is envisaged in delivery of Environmental Stewardship, England Woodland Grant Scheme, any successor arrangements for energy crops arising from the implementation of the biomass task force report and current exchequer funded environmental activity. This with a view to streamlining customer access, improving scheme delivery flexibility and enhancing partnership delivery arrangements.

Delivery strand 1 (axis 2) also provides for the current Hill Farming Allowance (HFA), administered by the Rural Payments Agency (RPA), which makes area payments in support of land management in these 'less favoured areas' . The parallel consultation on the future reward structure for the Uplands which finished in May 2006, is anticipated to propose a revised scheme with related environmental management practices, therefore the scope and funding regime is likely to change during the lifetime of the new RDPE.

The rationale for intervention under delivery strand 1 (axis 2) activity is based on the concept of market failure. Without intervention, the provision of non-market, public goods in particular the range of environmental goods such as biodiversity and landscape appearance will not occur.

Agri-environment schemes also bring socio-economic benefits to the participating businesses and the wider rural economy. For some businesses and parts of the region, agri-environment schemes may form a major part of the viability of farm businesses and are a conscious economic choice. Recognising these wider benefits and the need to target particularly HLS at regional priorities highlights the need for targeted advice, support and facilitation, which can be in part stimulated through delivery strand 2.

Support is also available for continuing payments to organic farmers after conversion. The economic rationale is that after land has been converted it continues to provide environmental benefits. Producers are paid in respect of the ongoing costs they incur in delivering these benefits, which also acts to stimulate conversion so that the environmental benefit sought will be better realised. The economic rationale for expenditure on the aid for conversion to organic farming is in recognition of the fact that the need to practice organic farming methods (for a minimum period of two years, before the resulting produce can be sold as organic) can give rise to a substantial reduction in income during the organic conversion period. In order to secure the environmental gains produced by organic farming, there is therefore a need to provide assistance to farmers wishing to convert to overcome the income deficit during the organic conversion period.

Delivery strand 2 – see summary table for intervention rationale

This strand will be delivered directly by *emda*. Whilst there may be a degree of commissioning of strategically-focussed larger scale activity, the intention is to focus primarily on applications directly from land-based business sectors, potentially available throughout the region. This delivery strand is to include proposals under the diversification measure shown under axis 3 in the table on page 18. There will be no specific geographic or sectoral targeting under this delivery strand. Support will be dependent upon quality, strategic fit, and potential impact of proposals, subject to rigorous assessment and to resources available. Guidance for potential applicants is in development.

Consistency with Business Support Simplification Programme

UK Government policy expects RDPE to be aligned with and support the emerging strategy for the simplification of business support - the Business Support Simplification Programme (BSSP).

The BSSP has agreed a broad definition of business support:

Any publicly funded activity that benefits a business or potential business through grant, subsidy, advice or other service.

The definition includes support to businesses designed to achieve wider economic, environmental, regulatory, social or cultural objectives.

Where RDPE proposals and activities impact on business, they must be clear how they plan to use the Business Link information, diagnosis and brokerage (IDB) model to best effect; simply duplicating this activity may not represent an effective use of funds. RDPE activity will add value to domestic funding. Procurement, where appropriate, will comply with EU and national guidelines on open and competitive tendering arrangements.

Proposals Involving Tourism Developments

– wording to be provided by East Midlands Tourism regarding consistency with existing regional and sub-regional tourism delivery.

Support for Woodland under delivery strand 2

Woodland ownership is highly fragmented in the region and a significant proportion (almost one third) of the resource is considered to be currently under-managed. Consequently, these rural assets are failing to deliver on their economic and environmental potential. Some support will be required, through intermediaries, to facilitate better understanding and engagement by woodland owners and managers with the opportunities that strand 2 support represents. Delivery strand 2 provides a means of supporting and improving the contribution that woodland management can make to the economic success of rural areas. A number of measures provide opportunities that are open to forestry and woodland applicants alongside agriculture. Adding value to forestry products and the development of wood as a renewable energy source will be particularly important, and may require new approaches to harvesting, marketing, product development and handling. The woodland sector is characterised by small and micro businesses, and support may be required to bring some beneficiaries together to

achieve collaboration that delivers the necessary economies of scale and enables successful engagement with emerging markets.

A range of rural business activities may depend on being in a woodland setting, or can add value to their activities by linking to woodlands. Over and above the general social and economic benefits to a locality that publicly accessible woodland can deliver, there are opportunities to generate significant income from more formalised, restricted and active uses of woodland. Commercial success of these rural businesses will be enhanced where feasibility studies, infrastructure delivery and appropriate environmental safeguards are supported through Strand 2.

Delivery strand 3 – see summary table for intervention rationale

Targeting under this strand is likely to take account of lagging rural areas and other evidence of need, with the relevant sub-regional and local partners likely to play a key role in developing plans and partnerships in relation to the LEADER approach, which is envisaged as predominantly linked to this delivery strand. (see section 4.3 below for further detail on the LEADER approach).

Skills Development

An element of RDPE axis 1 funds will be identified specifically to spend on ‘skills development’ for land based businesses, in support of all three programme delivery strands. *Emda* will seek to tender/procure a third party supplier to deliver this element of the programme. It is intended that this should be entirely complementary, and not overlap with, existing provision of ‘mainstream’ or generic business skills and other training already available to rural businesses. Building upon the approach developed under the SSFF in the region, we shall work with the relevant partners to identify where ‘gaps’ exist and develop this element of the programme accordingly (see section 1.4 above)

4.1 Targeting Mechanisms

Delivery strand 1

Formalised targeting procedures already exist for Higher Level Environmental Stewardship based on Joint Character Area designations and are subject to a regular programme of review and stakeholder consultation. Current priorities for the start and (subject to Natural England and the regular process of review) probably on-going for the RDPE period will include:

- Maintaining and moving SSSIs to favourable or recovering condition and enhancing the environment around them.
- Regional Biodiversity Action Plan priorities including the biodiversity conservation and enhancement area geographical priorities.
- Reversing the long term decline in farmland and woodland birds.
- Supporting the development of green infrastructure that helps link habitats, reverses fragmentation, restores landscapes and provides opportunities for public enjoyment.

- Maintaining and enhancing key landscape and historic environment assets
- Resource protection – in particular activity to address diffuse pollution

These priorities will be reviewed in light of any changes to PSA (Public Service Agreement) currently under development.

The Forestry Commission has developed a scoring scheme for elements of its EWGS grants which seek to target new woodland creation and woodland improvement to priority areas identified in the Regional Forestry Framework document, space4trees.

Delivery strand 2

It is envisaged that resources to support the priority measures under **Delivery strand 2** above will be potentially available throughout the region. See delivery strategy for strand 2 (page 20).

Delivery strand 3

Targeting is likely to take account of lagging rural areas and other evidence of need, with the relevant local partners likely to play a key role in developing plans and partnerships in relation to the LEADER approach, which is envisaged as predominantly linked to this strand. See delivery strategy for strand 3, and notes on LEADER approach in section 4.3.

4.2 Performance measurement and evaluation

Indicators and targets

There are numerous quantified Natural England and Forestry Commission regional indicators and targets which will deliver RDPE, so this section can be populated as required, once it is clear what level of detail is required for the RIP. The delivery strategy will be largely as described above.

With regard to socio-economic elements, the aim will be to align targets as far as possible with RDA tasking & targetry framework, and to a level proportionate to the scale of funding involved. Details are under negotiation with RDAs nationally.

Evaluation

emda is currently undertaking a major evaluation of the impact of its activities since 1999. This will include an evaluation of the activities undertaken under the Rural strand of the last RES, '*Destination 2010*' (2003). The Rural strand evaluation will report in September 2007, the findings of which will inform the ongoing delivery of the Rural Development Funds.

In order to facilitate future evaluation of the effectiveness of activities undertaken as part of the East Midlands RDPE 2007-13, baseline data will be collected at the start of the programme in 2007.

4.3 Use of the LEADER approach

At least 5% of RDPE funding is required to be delivered through the LEADER approach, across England over the life of the programme, in selected target areas, via local action groups. The core LEADER principles that must apply to each local action group are:

- a) There must be an area based development strategy developed for well-identified and coherent sub-regional rural areas (population between 5,000 and 150,000 other than in exceptional circumstances, requiring justification)
- b) Local public-private partnerships (at the decision-making level, non public sector representation must make up at least 50% of the partnership)
- c) Bottom-up approach with a decision-making role for local action groups in the development and implementation of local development strategies
- d) Local Development Strategies must be representative of a broad cross-section of the local economy.
- e) There should be networking of local partnerships to share best practice

The other elements that will need to be demonstrated across the RDPE, but not necessarily at individual local group level, are that it should support innovative approaches and co-operation activities

Selecting areas and groups

The procedures for selecting local action groups are required to be open to all rural areas, with the same criteria applying across England at national level. Those criteria are

- Appropriateness of the partnership
- Coherence of the area
- Quality of the local development strategy
- Financial and administrative capacity
- Fit with England Programme objectives
- Integration of sustainable development principles
- commitment to integration across the objectives of the programme
- commitment to co-operation
- Regional fit – in line with Regional Implementation Plan priorities (see below)

This last criterion provides the necessary flexibility to 'target' the approach towards regional priorities. The regional fit criteria for the East Midlands are :

Regional Fit Criteria

- coherence with regional strategies – especially East Midlands Rural Action Plan
- focus on tackling evidenced rural disadvantage, especially in 'lagging rural areas'
- linkage with existing management / delivery structures
- leverage of & integration with other funding streams/sources
- proposed cost effectiveness & efficiency of delivery mechanism
- integration of environmental priorities and actions within local development strategy

It is proposed to operate a two-stage selection process, with all rural areas being eligible to submit an 'expression of interest' (EOI), according to a regional 'prospectus' or guidance note to be published in summer 2007. Expressions of Interest will be assessed against the above criteria before inviting a 'short list' of areas to submit a full local development strategy and delivery plan, prior to final selection in late 2007. This will allow areas, strategies, plans and processes to be in place to commence delivery early in 2008, subject to approval of the national programme.

It is likely that a maximum of six areas will be agreed for operation, subject to funding availability and local arrangements. It is unlikely that the model will be exactly same in all areas, provided that the LEADER principles are observed.

The national programme consultation document and RIP guidance provide a steer in proposing a potential focus on areas showing evidence of need in socio-economic terms, (for which Defra's 'lagging rural districts' provide a starting point). In addition, in the interests of promoting an integrated approach to sustainable development and the incorporation of environmental priorities, there is felt to be merit in taking a joint approach to the identification of areas showing both socio-economic and environmental needs and priorities. It is also important to consider linkages with sub regional and local structures already in place to address local priorities and needs.

With regard to the integration of the environmental programme objectives in the LEADER approach, via Natural England (NE) and the Forestry Commission (FC), the selection of areas on the basis outlined above should assist in securing NE/FC engagement. It is envisaged that NE/FC representative(s) will be engaged with local partnerships in identifying and developing strategies, plans and projects which encompass environmental as well as socio-economic objectives in the target areas

Regional delivery partners in the East Midlands are keen to engage at sub regional and local level in developing creative approaches to encouraging and supporting appropriate integrated activity.

See measures shaded in grey in table on page 18 for the primary focus of the LEADER approach in the East Midlands. Local groups will also be encouraged to stimulate and/or facilitate activity in their areas in support of the objectives of the remaining measures and axes, including through integration of and adding value to other local funding streams and activities.

4.4 Delivery Across Programme Strands, Axes and Measures

(See also above with regard to LEADER approach)

A number of studies have demonstrated the socio-economic benefits of agri-environment spending in areas such as farm business viability, employment, supporting tourism, maintaining rural crafts and wider economic development.² This supports the

² ERM (2004) Environmental Economy of the East Midlands
Reading University for Defra (2004) The importance of the quality of the environment for economic development and regeneration in rural areas;
European Regional Policy Group ERPG (2005) 'The environment, economic growth and competitiveness'

benefits to be obtained by maximising integration across the delivery strands to be addressed by the programme

Delivery of programme strands will be primarily the responsibility of either *emda* or Natural England as lead agency for the delivery strand, with the Forestry Commission providing expertise and input across all delivery strands where there is (or should be) a forestry dimension to the activity being supported.

With regard to delivery of strands 2 and 3, *emda* will ensure that there is liaison and consultation, where appropriate, with NE and/or FC representatives in the early stages of project development (most likely at or before 'Expression of Interest' stage) in order to maximise integration and environmental benefits from projects supported.

With regard to delivery strand 1, Natural England and the Forestry Commission will ensure that there is liaison between themselves and *emda* on agri-environment and woodland grant/ afforestation scheme targets and priorities. This will provide an opportunity to ensure that some form of socio-economic vision can be integrated into the targeting process and hence the allocation of resources.

In areas where the LEADER approach is used, such integration will need to be a key part of the delivery of locally developed 'packages' of activity which should span all RDPE objectives and, most likely, beyond RDPE in terms of resources and other input. See above for more detail on the LEADER approach.

There is a strong desire in the region to achieve as much synergy as possible both across the axes of the RDPE and between the RDPE and other relevant activities and funding streams at regional and sub-regional level. This will best be achieved by integrating oversight of RDPE within the overall rural governance arrangements for the region.

4.5 Regional Indicators

To be developed in conjunction with national DEFRA work in this area.

4.6 Other Regional Funding Sources

In developing this Plan, considerable attention has been given to the range of other regional funding sources and – specifically – how the limited resources linked to RDPE might be used to achieve maximum impact, with the general objective of focusing RDPE on those areas of activity and beneficiaries which are not able to access funding through other means of support.

Key regional funding sources and mechanisms include the following:

- *emda*'s Single Programme: Used for regionally significant / large scale investments and interventions, delivered by or through *emda*, in support of Regional Economic Strategy (RES) priorities.
- Sub regional Strategic Partnerships (SSPs): Seven SSPs covering the entire region receive funding allocations totalling £52 million per annum from *emda* Single Programme to deliver projects in support of RES at sub regional or more local level, often via a third party contractor.

- Business Resource Efficiency and Waste (BREW) funding is also being used to address areas of environmental concern in water, waste and energy
- Heritage Lottery & other Lottery Funding which is active in supporting community and environmental regeneration projects
- Landfill Tax credit (WREN, etc...)
- Agri-environment analogous land management schemes via Natural England (proposals in development), National Park Authority or any other body

In delivering the programme, partners will ensure that projects are funded by the most appropriate funding stream, via effective signposting and sharing of information at or before 'Expression of Interest' stage with a view to identifying and advising on the most appropriate funding stream for a particular project.

In addition, it is important that maximum use is made of mainstream funding opportunities. For example, in developing the Regional Implementation Plan, skills and training were identified as a priority by most consultees, but it is not sensible for the RDPE to fund provision which the LSC or colleges can and should cater for.

The delivery partners for the RDPE are also in regular dialogue with Local Authorities and other parties, including SSPs and RCCs, across the region who deliver local rural projects and more generic projects which impact on local areas. The RDPE delivery partners will seek to optimise integration and to avoid overlap or confusion for potential beneficiaries.

4.7 Demarcation with other EU funding – see table on pages 28-31

4.8 Regional Communications Plan for Beneficiaries

Within the East Midlands, work is underway on the development of a communication plan for potential beneficiaries and stakeholders. The programme will be promoted to individuals, businesses and communities via the delivery partners, appropriate media and through intermediary bodies such as East Midlands Business Link, local authorities, SSPs & and rural organisations.

4.9 Communication Amongst Delivery Partners

All of the principal delivery partners have contributed to the drafting of this Plan and all are committed to the pursuit of the delivery strands that have been identified.

4.10 Ensuring Equality and Diversity

In delivering the programme, steps will be taken to ensure equality and diversity is achieved. The situation will be monitored regularly.

Demarcation between funds

Region: East Midlands

Please note that the table below relates only to those measures within the Rural Development Regulation against which expenditure is proposed and where there is any potential for overlap between EAFRD and EU Structural Funds. (Refer to table in section 3 earlier in RIP document).

RDR Measure	Proposed Programme Focus		
	EAFRD	Regional Competitiveness and Employment (ERDF) – Please note that the programme remains work in progress subject to statutory twelve week consultation and views of European Commission and Ex-Ante Evaluators.	European Fisheries Fund (EFF)
Axis 1			
Vocational training & information for persons engaged in agricultural, food or forestry sectors	As per RIP	N/A	Not applicable
Improving the economic value of forests	As per RIP	N/A	Not applicable

<p>Adding value to agricultural and forestry products</p>	<p>Support for businesses involved in the processing and marketing of primary products derived from land-based businesses, including small-scale facilities for businesses and communities in rural areas and development of local/regional supply chains for raw materials</p>	<p>ERDF programme will focus on increasing the level of commercialisation of innovation in SMEs and priority sectors which have the potential for significant growth. This will therefore include the development of new products, processes, technologies and markets. It is envisaged that the main area for potential crossover with EAFRD may arise from one of the region's key sectors: food and drink. It should be noted however, that ERDF activities will not involve primary production. See below.</p>	<p>Not applicable</p>
<p>Co-operation for the development of new products</p>	<p>Support for businesses involved in the processing and marketing of primary products derived from land-based businesses, including small-scale facilities for businesses and communities in rural areas and development of local/regional supply chains for raw materials</p>	<p>ERDF programme will focus on increasing the level of commercialisation of innovation in SMEs and priority sectors which have the potential for significant growth. This will therefore include the development of new products, processes, technologies and markets. It is envisaged that the main area for potential crossover with EAFRD may arise from one of the region's key sectors: food and drink. It should be noted however, that ERDF activities will not involve primary production. See below.</p>	<p>Not applicable</p>

Infrastructure related to the development and adaptation of agriculture and forestry	As per RIP	N/A	Not applicable
Axis 2	As per RIP	N/A	Not applicable
Axis 3			
Diversification into non – agricultural activities	Beneficiary must be a member of a farming household	ERDF programme will focus on increasing the rate and level of innovation to increase business competitiveness, to support diversification and improve resource efficiency through developing and exploiting new products, processes, technologies and markets. It is envisaged that the main area for potential crossover with EAFRD may arise from one of the region's key sectors: food and drink. It should be noted however, that ERDF activities will not involve primary production. See below.	Not applicable
Support for the creation and development of micro-enterprises	The delivery of these RDPE measures in the East Midlands will be solely through the LEADER approach. Demarcation is not required at Programme level. Local Development Strategies will need to set	See left	Not applicable
Encouragement of tourism			
Conservation and upgrading of rural heritage			
Training and information			

Skills acquisition	out the controls and processes in place at the local level to ensure there is no duplication at project level with other EU funding instruments and to ensure complementarity.		
--------------------	--	--	--

Strategic and administrative arrangements to ensure on-going complementarity /co-ordination

As detailed above, it is envisaged that the main area for potential crossover between the two programmes could arise within support for the food and drink sector (which is one of the region's key sectors), in particular, the area of innovation and new processes and products. The food and drink sector is currently preparing an innovation action plan which will identify priorities for support. This plan will enable EAFRD and ERDF programme managers (*emda*) to identify the most appropriate route for project funding, which will be supported by control measures and administrative processes to ensure that double funding does not occur.

DRAFT