

England Rural Development Programme

Annual Report 2006

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Introduction

1. This is the seventh Annual Report to the European Commission on the England Rural Development Programme (ERDP). It covers the period 1 January to 31 December 2006 and is submitted in accordance with Article 48(2) of Council Regulation 1257/1999 and Article 61 of Commission Regulation 817/2004.

2. The report covers progress in implementing the Programme approved by European Commission Decision C (2000) 3003 on 11 October 2000, as modified in November 2001 and approved by Commission Decision C (2001) 4760; in January 2003 by Commission Decision C (2003) 91; in October 2003 by Commission Decision C (2004) 254 of 29 January 2004; in April 2004 by Commission decision C (2005) 1342 of 25 April 2005; and in September 2005 by Commission decision C (2006) 494 of 13 February 2006.

3. The ERDP finished on 31st December 2006. This is the last report in the series covering this Programme. As required by the Regulations, there will be an ex-post evaluation carried out in 2008.

4. The year 2006 was marked by continuing development of the successor programme to the ERDP. The new Rural Development Programme for England (RDPE) covers the period from January 2007 to December 2013, and was submitted to the European Commission for approval in June 2007. This report does not deal in any detail with the development of the successor programme, but lessons learned from the ERDP have been fed into its development. These include giving more attention to economic rationales, reducing duplication and deadweight, and seeking to increase coherence both between the various measures within the programme and between the programme as a whole and other domestic and EU funding streams. The new programme also carries forward initiatives that were developed in the latter years of the 2000 to 2006 programme, in particular the replacement of earlier agri-environment schemes with Environmental Stewardship, and a revised set of forestry measures under the new English Woodland Grant Scheme. Both these initiatives were first introduced in 2005.

5. **Table 1** below sets out the measures in Regulation 1257/1999 which were implemented through the ERDP. The Programme included schemes introduced under earlier Regulations (e.g. 2078/1992, 2080/1992) and four schemes specifically developed for the ERDP – the Rural Enterprise Scheme, the Vocational Training Scheme, the Processing and Marketing Grant and the Energy Crops Scheme. In 2001, the Hill Farm Allowance was also introduced to replace the previous scheme for Less Favoured Areas (LFA) support, the Hill Livestock Compensatory Allowance. (Please note that Table 1 also includes the ERDP scheme acronyms used throughout this report)

6. The structure of this report is guided by Article 61 of regulation 817/2004 and consists of four main sections:

Section A provides a summary of changes to conditions, trends and policies, and in particular how these changes have affected agriculture, the rural environment and the rural economy and communities.

Section B provides information on ERDP scheme uptake and the progress made towards achieving the output targets established at the start of the Programme in 2000. It draws upon the detailed output and indicator statistics provided in the annex to this report.

Section C summarises the action taken during the year to ensure high quality and effective implementation.

Section D outlines some of the measures taken to ensure compatibility with other Community policies, for example the European Structural Funds programme and Leader +.

7. In accordance with Community regulations, the annual report is accompanied by a detailed set of common monitoring tables setting out key input and output data in a format applicable to all Member States. These tables can be found on the Defra website as a companion document to this report.

TABLE 1 Measures (with reference to Regulation 1257/99)	Schemes in England
Investment in agricultural holdings (Articles 4 -7)	Rural Enterprise Scheme (RES) Energy Crops Scheme (Miscanthus) (ECS)
Training (Article 9)	Vocational Training Scheme (VTS)
Less Favoured Areas (Articles 13-21)	Hill Livestock Compensatory Allowance (2000) (HLCA) Hill Farm Allowance (2001 – 2006) (HFA)
Agri-environment (Articles 22-24)	Environmental Stewardship (ES) <i>(from March 2005)</i> Countryside Stewardship Scheme (CSS) Environmentally Sensitive Areas (ESA) Organic Farming Scheme (OFS)
Processing and marketing of agricultural products (Articles 25 - 28)	Processing and Marketing Grant (PMG)
Forestry - Afforestation of agricultural land (Article 31) - Other forestry measures (Article 30)	English Woodland Grant Scheme (EWGS) <i>(from July 2005)</i> Farm Woodland Premium Scheme (FWPS) Woodland Grant Scheme (WGS) Energy Crops Scheme (Short Rotation Coppice (SRC)) (ECS) English Woodland Grant Scheme (EWGS) <i>(from July 2005)</i> Woodland Grant Scheme (WGS) Energy Crops Scheme (SRC and producer groups) (ECS)
<u>Article 33</u> - Setting-up of farm relief and farm management services - Marketing of quality agricultural products - Basic services for the rural economy and population - Renovation and development of villages - Diversification of agricultural activities etc - Agricultural water resources management - Development and improvement of infrastructure etc - Encouragement for tourist and craft activities - Protection of the environment in connection with agriculture	Rural Enterprise Scheme (RES)

Section A: Changes to conditions, trends and policies

Introduction

8. Preparation of the new Rural Development Programme for England (RDPE) included the development of a comprehensive evidence base describing the strengths and weaknesses, disparities and needs of the area and demonstrating the potential for rural development. This analysis, which sets the context for the strategy to be adopted over the programming period from 2007 to 2013, describes:

- the general socio-economic context;
- performance of the agricultural, forestry and food sectors;
- environment and land management;
- the rural economy and quality of life;

and can be found on the Defra website¹.

9. This annual report does not seek to replicate the wealth of information contained in the RDPE evidence base, which in any case is more relevant to the medium and long term strategic direction of rural development programming rather than the implementation of the ERDP in its final year of existence. Instead, the aim is to provide an update on some of the key policy areas in which the ERDP can be expected to exert a significant influence. These are predominantly environmental issues, where ERDP expenditure often provides by far the most substantial amount of public intervention.

Sites of Special Scientific Interest

10. Defra has a Public Service Agreement (PSA) target to bring 95 per cent (by area) of all nationally important wildlife sites into favourable condition by 2010. This relates to areas of land which, by reason of their flora, fauna or physical features, have been notified as a Site of Special Scientific Interest (SSSI) under section 28 of the Wildlife and Countryside Act 1981.

11. There are currently 4,113 SSSIs in England, covering a total area in excess of one million hectares and, as at 1 April 2007, 75.4 per cent of this land was assessed as meeting the PSA Target. This represents an increase of 3.1 per cent, or about 36,400 ha, compared to the equivalent figures for 2006.

12. The ERDP provides a key source of funding for the management of SSSIs, notably through the Higher Level of Environmental Stewardship (HLS). Over 350,000 ha of SSSI land have so far been brought into management agreements under the ERDP.

¹ http://www.defra.gov.uk/erdp/pdfs/rdp07_13/CH3.pdf

Biodiversity

13. In November 2006, the England Biodiversity Group published 'Working with the Grain of Nature – taking it forward', an update on the England Biodiversity Action Plan (EBS) launched in 2002. This latest report looks at the progress made in the first four years of the EBS and sets clear deliverables to contribute to the 2010 target to halt biodiversity loss.

14. The report found that habitat loss or degradation (particularly due to agriculture, development, or changes in management practice) continue to be a significant threat for a high proportion of species and habitats. Woodland management and loss of trees, and change in habitats due to succession are also of particular concern for species.

15. Agricultural priorities outlined in the report for 2006-2010 include continued improvement in the condition of farmland SSSI's and staying on course to achieve the farmland birds PSA target, and farmland Habitat Action Plan and Biodiversity Action Plan targets. The report also identifies a continuing major role for Environmental Stewardship in the next Rural Development Programme (2007-2013).

16. EBS priorities for woodlands and forestry during the period from 2006 to 2010 include:

- maintaining the current extent of the ancient woodland with no net loss of native woodland;
- improving the ecological condition of both native and non-native woodland, restoring planted ancient woodland sites;
- increasing the extent of the woodland resource, and the rate of restoration and re-creation of open ground priority habitats from forestry in line with UK BAP targets; and
- ensuring that woodland, forests, trees and related open habitats make an increasing contribution to functional ecosystems and wider environmental services, and to people's quality of life.

Diffuse water pollution

17. In March 2005 the UK reported to the Commission the Article 5 Reports required under the EC Water Framework Directive (WFD) which showed that many water bodies identified under the WFD were at risk of failing to meet WFD objectives by 2015 if no action was taken. The main reason identified for this was the risk from diffuse pollution from agriculture and hydro-morphological pressures.

18. Action taken under the Nitrates Directive (i.e. implementation of Action Programme measures within Nitrate Vulnerable Zones) will tackle diffuse nitrate pollution from agriculture and contribute to meeting WFD targets. Further information on implementation of the Nitrates Directive in England is provided in the RDPE draft Programme document.

19. Defra's Catchment Sensitive Farming (CSF) programme aims to develop measures to tackle diffuse water pollution from agriculture to meet WFD

requirements. The England Catchment Sensitive Farming Delivery Initiative (ECSFDI), launched in April 2006, covers forty priority catchments. The initiative is to run for two years initially, but may be extended for another three years. It is designed to engage with farmers through workshops, seminars, farm demonstrations, self-help groups and in particular a substantial programme of 1:1 farm visits. It also includes, in the second year, a limited capital grant scheme. The aim is to raise awareness of diffuse water pollution from agriculture and encourage farmers and land managers to take early voluntary action to tackle it, particularly targeting options in Environmental Stewardship that will help in mitigating diffuse pollution.

20. As diffuse water pollution from agriculture is one of the five main reasons for unfavourable condition on SSSI land, the ECSFDI has the potential to make a significant contribution towards the delivery of the Defra PSA target to bring 95% of the SSSI area in England into favourable or recovering condition by 2010. There are currently 1,241 SSSIs within its forty catchments.

21. Many Environmental Stewardship options contribute to tackling diffuse water pollution from agriculture by limiting the use of fertilisers, manures and pesticides. Several options are designed to promote good soil structure and the infiltration of rain to minimise run-off, and to protect watercourses. Other options require farmers to guard against poaching by livestock in sensitive areas, to reduce stocking densities, avoid grazing on wet soils, and prevention of soil compaction. The Entry Level Stewardship options for Management Plans covering soils, nutrients, manures and crop protection are particularly relevant to combating diffuse water pollution, as are the resource protection options of Higher Level Stewardship, in particular arable reversion.

Climate change

22. Climate change is the greatest environmental challenge facing the world today and it will have a significant effect on our rural areas and economy. Agriculture accounts for 7 per cent of greenhouse gas (GHG) emissions in the UK, and is responsible for 36 per cent of the UK's total methane emissions and 67 per cent of our nitrous oxide emissions - arising from livestock, manures, and artificial fertiliser. These two GHGs are very important as both gases have a higher global warming potential (GWP) than carbon dioxide (CO₂), with nitrous oxide having a GWP 296 times that of CO₂ and methane having a GWP 23 times that of CO₂.

23. The agricultural sector can help mitigate the effects of climate change by reducing its direct emissions, and can help wider society move towards a low carbon economy by producing crops for energy to replace fossil fuels, as well as by providing and protecting soils and timber as carbon "sinks". Farmers also need to understand the impacts of climate change (such as changing weather patterns, reduced availability of water, and increased risk of pests and diseases), and what they need to do in order to adapt and to make the most of the opportunities that climate change presents, such as the opportunity to grow new crops and supply new markets.

24. The 2006 Climate Change Programme² has a series of commitments to help the agriculture, forestry and land management sector play its part in addressing climate change. This included a commitment to explore how Environmental Stewardship can make a greater contribution to achieving the Government's climate change objectives. The Environmental Stewardship review in 2007 will provide an opportunity to consider new options to help address climate change.

² <http://www.defra.gov.uk/environment/climatechange/uk/ukccp/index.htm>

Section B: Progress on measures and priorities

25. This section reports on:

- progress against the output targets set out in Section 7 and Annex VII of the ERDP;
- scheme by scheme uptake of the measures implemented in the England Rural Development Programme;
- modifications that were made to the Programme in 2006

Progress against ERDP targets and Common Monitoring Indicators

26. The updated tables illustrating ERDP scheme progress against the indicators and targets set out in Section 7 and Annex VII of the ERDP national programming document are in the annex to this report. The paragraphs below draw upon some of the key figures contained in these tables to demonstrate the ERDP's impact in 2006 and, more broadly, since the programme was launched in 2000.

Environmental Stewardship

27. Under Entry Level Stewardship and Organic Entry Level Stewardship (ELS/OELS) the target is to have 70 per cent of farmland under these agreements within three years.

28. The first ELS/OELS agreements started in August 2005. ELS Scheme uptake has increased in line with forecasts and by the end of 2006 there were almost 26,500 agreements covering about 3.8 million ha of land.

29. Under OELS, the aim is to have 340,000 ha of fully organic and in conversion land entered into the scheme by the end of 2007, with a further 20,000 ha of land entering the scheme each year thereafter. As of 31 December 2006, over 168,000 hectares of land had been entered into OELS, representing 49.5 per cent of this target.

30. The first payments to ELS and OELS agreement holders were made in February 2006, continuing on a rolling monthly basis, which reflects the monthly agreement start dates available under the scheme. Performance against payment targets has been good, with 99 per cent of mid-year payments and 94 per cent of annual payments having been made.

31. The other element of Environmental Stewardship is Higher Level Stewardship (HLS). This is a selective scheme with agreements being offered where they are most likely to achieve the greatest environmental benefit for the countryside. HLS applications are assessed by scoring against regional targets.

32. Interest in the scheme has exceeded expectations with 1,168 agreements covering over 81,000 ha in place by the end of 2006. A continuing rise in the number of applications received has ensured that the standard of those passing through to full agreement status has remained high.

Countryside Stewardship Scheme (CSS)

33. The Countryside Stewardship Scheme closed to new applicants in March 2004 and a number of the existing agreements have been transferred to Environmental Stewardship, either because they have expired at the end of their ten-year term or because they have met the eligibility criteria for early transfer.

Environmentally Sensitive Areas scheme (ESA)

34. Although the scheme has closed to new applicants, the existing agreement holders are still able to apply for upgrades and new Conservation Plans.

Organic Farming Scheme (OFS)

35. The OFS closed to new applications on 3 March 2005, to coincide with the launch of Environmental Stewardship (ES) in England on the same date. All OFS agreements entered into before this date are being managed to ensure that their important biodiversity benefits are delivered. Transitional arrangements are in place to facilitate the early transfer of fully organic land from the OFS into the OELS where the transfer of land between the schemes maximizes the environmental benefit of managing the land organically.

Energy Crops Scheme (ECS)

36. Over 4,500 ha of perennial energy crops – miscanthus and short rotation coppice willow and poplar - have been planted under the ERDP Energy Crops establishment grant scheme since the scheme began. In 2006, some 2,700 ha of energy crops were planted.

37. ECS closed to new applications on 31 July 2006, but applications for over 8,600 ha were approved in that year for planting in 2007 and 2008, which is nearly double the amount in the ground so far. This continues the trend of an accelerating growth in the number of applications each year.

38. The Establishment and Producer Groups elements of the Energy Crops Scheme closed to new entrants in 2006.

English Woodland Grant Scheme (EWGS)

39. EWGS is administered by the Forestry Commission and the scheme opened to applicants in July 2005. The objectives of the scheme are to sustain and increase the public benefits derived from existing woodlands in England and to invest in the creation of new woodlands of a size, type and location that most effectively deliver public benefits.

40. By 31 December 2006 almost 2,000 applications had been approved, bringing more than 33,000 ha under management agreements and creating 1,500 ha of new woodland.

Farm Woodland Premium Scheme (FWPS)

41. During 2006, nine applications to convert 23 hectares of agricultural land to woodland were approved under the FWPS. The FWPS is now formally closed to new applications in England, having been replaced (along with the Woodland Grant Scheme) by the Forestry Commission's English Woodland Grant Scheme

Woodland Grant Scheme (WGS)

42. The Forestry Commission also administers the Woodland Grant Scheme (WGS). The scheme supports woodland planting and the sustainable management of existing woodland. New planting is wholly co-financed as are some elements of existing woodland management. The Woodland Grant Scheme (WGS) closed to new applications in June 2004 except for final applications which satisfied existing commitments and the transitional arrangements to continue support during the change-over period to the English Woodland Grant Scheme.

43. For the year ending 31 December 2006, a final 39 WGS applications were approved, bringing 168 ha under management agreements. A further area of some 1,200 ha of new woodland was planted under pre-existing agreements.

44. Over the full 7 year ERDP period the combined progress through WGS, FWPS and EWGS has resulted in almost 14,000 approved applications, bringing some 294,000 ha of woodland under management agreements, about 98 per cent of the original target of 300,000 ha. A further 30,921 ha of new woodland was created, exceeding the original target of 30,000 ha by 3 per cent.

Hill Farm Allowance (HFA)

45. The Hill Farm Allowance is a compensatory allowance for beef and sheep farmers in the English Less Favoured Areas (LFA), in recognition of the difficulties they face and the vital role they play in maintaining the landscape and rural communities of the uplands.

46. A total of 10,391 holdings in England's Less Favoured Areas received support payments under HFA in 2006. Total expenditure under the 2006 scheme was £25.9 million, of which £12.9 million came from the European Agricultural Guidance and Guarantee Fund. The area of farms benefiting from support under this measure exceeds 1.4 million hectares.

Rural Economy Schemes

47. These consist of the Rural Enterprise Scheme, the Processing and Marketing Grant, and the Vocational Training Scheme. **Table 2** below provides information on the total number of applications received and subsequently approved by Regional Appraisal Panels (RAPS) for these three schemes during the programming period until June 30th 2006 when the schemes closed to new applications.

Table 2: Applications and decisions by RAP Panels to the end of September 2006³						
	RES		PMG		VTS	
	Activity since Oct 2000	Activity during 2006 only	Activity since Oct 2000	Activity during 2006 only	Activity since Oct 2000	Activity during 2006 only
Number of eligible applications received	5,654	1,008	429	59	1,261	328
Number of applications approved	3,034	749	250	46	825	231
Total Grant (£)	145,177,214	29,316,477	46,608,357	7,690,701	21,531,295	3,480,927
Average Grant (£)	47,850	39,141	186,433	167,189	26,099	15,069
Number of applications rejected	1,593	428	83	15	152	57
Total grant (£)	151,679,872	38,858,141	24,644,818	1,966,699	12,295,855	3,887,608
Average grant (£)	32,709	90,790	296,926	131,113	80,893	68,204
Approvals as a per cent of RAP Decisions	66	74	75	77	84	70

48. Each of the three rural economy schemes is considered in more detail below.

Rural Enterprise Scheme (RES)

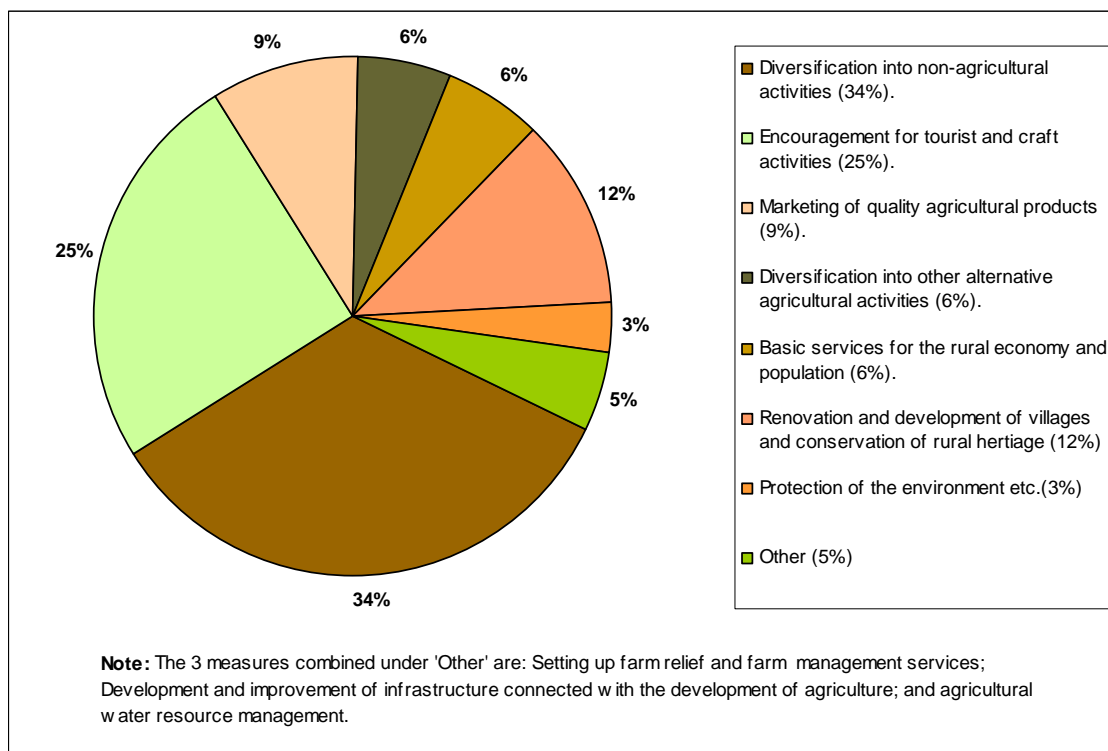
49. Compared to 2005 there was a slight decrease in the overall number of applications received for Rural Enterprise Scheme funding in 2006, although the figures need to be viewed in the context of the scheme's early closure. More applications were approved in this - the last year of the programme - than in some earlier years. Of the 1,008 eligible applications received, 749 were approved, representing a total grant commitment of over £29.3 million. The total budget for RES over the seven years was approximately £150 million, of which nearly £145.2 million was committed by the end of the programme.

50. Over the whole of the programme RES assisted over 3,000 projects and created or safeguarded over 14,500 jobs. Outcomes from the scheme included supporting over 1,200 diversified farm enterprises, supporting the marketing of over 3,800 quality agricultural products, providing funding for 548 village initiatives, assisting almost 165,000 rural community members with basic services and supporting over 3,500 new tourism enterprises.

³ The difference between applications received and applications approved and rejected by the RAP is accounted for by a number of applications being rejected or withdrawn prior to going to the RAP. Also applications received in 2005 may not have reached the RAP stage until 2006. The table shows a large amount of high value rejections for RES. As projects approved towards the end of 2006 would impose commitments on the new Rural Development Programme budgets, to maximise spend available for the new programme only high value applications that would demonstrate exceptional value for money and public benefits were approved.

51. The chart below shows the cumulative breakdown of the value of approved Rural Enterprise Scheme projects for each measure. The diversification measure of the Rural Enterprise Scheme remains the single most popular with applicants.

Rural Enterprise Scheme - Cumulative breakdown of agreements by value for each measure



Processing and Marketing Grant (PMG)

52. Of 59 eligible applications received in 2006, 46 were approved, representing a total grant commitment of nearly £7.7 million. Of the £44 million total budget of the scheme over the 7 year period of the ERDP, £46.6 million had been committed by the end of the programme. This over commitment was funded by slight underspends for the other two rural economy schemes when adjustments were made within the overall allocation. Over the whole of the programme the scheme assisted over 150 projects, created or safeguarded over 8,300 jobs and introduced 383 new products to the market.

Vocational Training Scheme

53. The number of eligible vocational training scheme applications remained high during 2006. A total of 328 applications were received of which 231 were approved, representing a grant commitment of over £3.4 million. Over £21.5 million of the £22 million VTS budget over the 7 year life of the programme was committed at the end of the programme. Over the life of the programme the scheme has supported over 156,000 training days, nearly 19,000 courses and funded training which led to the achievement of over 17,000 qualifications.

Modifications to the Programme

54. The Programme was modified by Commission decision C (2006) 494 of 13 February 2006 to include four new options in Environmental Stewardship. Further details about these new options, which came into effect from 3 July 2006, are given in paragraph 56 below.

Section C: Action taken to ensure high quality and effective implementation

Environmental Stewardship (ES)

55. Environmental Stewardship was launched by the Secretary of State on 3 March 2005 and remained open to applications throughout 2006. Farmers and land managers are rewarded for contributing to the conservation and environmental enhancement of the countryside, as part of either conventional or organic production methods. Building on the widely recognised success of the schemes it replaced – the Countryside Stewardship Scheme, Environmentally Sensitive Areas and the Organic Farming Scheme - it is the centrepiece for delivering the Government's sustainable agriculture policies. The new scheme is also the primary mechanism for delivering the PSA targets for farmland birds and for bringing 95% of SSSI area into favourable or recovering condition by 2010.

56. Farmers were given further opportunities to be rewarded for environmental management of their land with the launch of four new options on 3 July 2006. The new options, introduced primarily to meet stakeholder concerns, are as follows:

ELS/OELS

The maintenance of weatherproof traditional farm buildings
Mixed stocking

HLS

Cattle grazing supplement
Native breeds at risk supplement.

57. During 2006, promotion of Environmental Stewardship continued at both national and regional level under the direction of an Environmental Stewardship Marketing Strategy. The purpose of the Strategy was to provide an effective balance between promotional activity and availability of funding for new agreements.

58. Ministers also made the public commitment that ELS/OELS and HLS would remain open during 2007 to all eligible farmers pending approval of the agri-environment budget and subsequent approval of the new Rural Development Programme for England (which replaced the ERDP from 1 January 2007).

59. The performance of the IT system which supports the scheme was enhanced by a number of maintenance releases, improving both application and claims processing times.

60. In October 2006, responsibility for delivery of Environmental Stewardship and ongoing commitments from previous agri-environment schemes passed to the newly-formed Natural England, which took over many of the functions of English Nature, the Rural Development Service, and the Land, Access and Recreation Division of the Countryside Agency.

Countryside Stewardship Scheme (CSS) and Environmentally Sensitive Areas (ESA)

61. CSS and ESA are closed to new applications. However, existing agreements continue to be managed and once they expire, agreement holders are offered the opportunity to apply for ES, thereby attempting to ensure as far as possible that the environmental benefits achieved over the preceding 10-year duration of these agreements can be consolidated and enhanced.

62. As in 2005, the CSS and ESA annual claim invitations were despatched to agreement holders as early as practicable in order to ensure that claims could be submitted and processed quickly.

Organic Farming Scheme (OFS)

63. The OFS closed to new applications in March 2005. Aid for converting land to organic production and maintaining fully organic land in an environmentally beneficial way is now provided under the OELS. No changes were made to the way the OFS operates or the way in which existing agreements were being managed, during 2006. A mail shot to all existing OFS agreement holders was carried out in the autumn of 2006, advising customers of the arrangements that are in place to facilitate the early transfer of fully organic land from the OFS into OELS.

Energy Crops Scheme (ECS)

64. The Establishment Grant element of the Energy Crops Scheme closed to new applications on 31 July 2006 in preparation for the end of the 2000-2006 Programme. Communications efforts were therefore focused on ensuring that anyone still wishing to apply for an establishment grant was fully aware of the closure date and had sufficient time to compile and submit an application. A press release was issued on 15 June 2006 to all major farming publications to ensure the closure date received sufficient coverage.

65. In May 2007 Defra published a UK Biomass Strategy, which outlines the Government's ambitions for biomass use for heat, electricity, transport and wide-ranging industrial applications. It sets out current UK Government policies and explains how these policies jointly operate for the development of biomass as a whole. The Strategy will set the course of Defra's future commitment to, and work on, biomass, including energy crops and other renewable raw materials.

English Woodland Grant Scheme

66. 2006 represented a period of consolidation for EWGS following its opening in 2005. Extra functionality was added to the IT system principally to enable payments and amendments to existing schemes. The first EWGS payments were made on time in April 2006 and, by 31 December, £3.9m of EWGS payments had been made.

67. Grants made available for the second year of EWGS included two new higher rate contribution Woodland Improvement Grants (WIG). These were targeted in the South East region to woodlands where key butterfly species are

under threat, and in the South West region to support specific work in Ancient Woodland Priority Areas. Other active promotion work included encouragement of applications for a WIG focussed on improving the condition of Woodland SSSIs in support of the government's PSA target to bring 95 per cent of SSSI area into favourable or recovering condition by 2010.

68. Uptake of the Woodland Management Grant was more modest, largely as a result of strict eligibility criteria. These criteria require woodlands to be independently certified under the UK Woodland Assurance Standard as well as being important to the UK Biodiversity Action Plan, located in a red squirrel reserve, or offering public access where there is a demand.

Hill Farm Allowance (HFA)

69. Minimal changes were made to the scheme in 2006:

- HFA 2006 application data was collected on the Single Payment Scheme (SPS) application form introduced in 2005.
- The number of enhancement criteria for which farmers could receive an enhanced payment was reduced to three in 2006. Three criteria were removed in total; two of these related to stocking density based on maxima, which were contrary to the move away from production based support, and the other (relating to organic farming) was removed to avoid duplication with the organic element of the new Environmental Stewardship scheme.

70. Dependencies on the Single Farm Payment system resulted in delays in making payments in 2006. HFA claimants were kept informed of progress in making payments by Rural Payments Agency news releases and through liaison with stakeholders organisations.

Rural Economy Schemes

71. No material changes were made to the policy objectives for the rural economy schemes during 2006. However, work continued on changes to the delivery of the schemes as a consequence of the Rural Funding Review and the Rural Strategy 2004. This recommended that the schemes should be delivered by Regional Development Agencies (RDAs) to generate greater coherence with wider local economic development strategies.

72. As a result of this recommendation, responsibility for delivery of the Processing and Marketing Grant, the Rural Enterprise Scheme, and the Vocational Training Scheme transferred from the Rural Development Service to the RDAs on 1st October 2006. This will include ongoing management of current live projects (including payment of claims), dealing with project variations, and monitoring inspections. To facilitate a smooth handover, the rural economy schemes closed to new applications on 30th June 2006 to enable processing to be complete by the handover date. The focus of communications around these schemes during 2006 was therefore less about promoting uptake and more about providing information on how the closure of the schemes might affect existing agreement holders or those still intending to submit an application, as well

as providing information on how socio-economic funding was expected to be delivered under the successor Programme. Press releases were issued to keep all interested parties informed of the closure date. These were supported through the provision of comprehensive information on the Defra website.

Financial Controls: Cross-checks and Inspections

73. In 2006, all agri-environment and forestry claims were subject to cross-checks against the Rural Land Register and Single Payment Scheme data.

74. On-the-spot inspections required by Commission regulations 796/2004 and 817/2004 were all completed before claims were paid.

Section D: Measures taken to ensure compatibility with Community policies

European Structural Funds: Objective 1

75. There are three Objective 1 areas in England: Cornwall and Isles of Scilly, South Yorkshire and Merseyside.

Cornwall and the Isles of Scilly

76. In 2006 the Cornwall and Isles of Scilly Objective One EAGGF Programme reached full commitment. The total value of investment under EAGGF in Cornwall and the Isles of Scilly is forecast to reach some £214 million over the eight year period of the Objective One Programme. This consists of £54 million EU investment, £54 million of UK public investment (Defra and others) and £110 million of private sector forecast investment. Total actual expenditure in 2006 was £34.45 million, making a cumulative total of £178 million to the end of the year. This meets the 2006 expenditure targets.

77. In return for its investment the region has purchased the creation of 3,000 full time equivalent jobs, safeguarding a further 6,000. Additionally £266 million of additional sales has been secured, and a further £369 million safeguarded. To date the region has marketed 80 new products, produced an additional 1,180 tonnes of miscanthus for bio-fuel per year, and trained over 1,800 people, with 303 gaining a recognised qualification. The programme will continue to deliver benefits for the sub-region in the remaining two years.

South Yorkshire

78. The Programme was fully committed in 2006 with 13 projects and the majority of the funds committed via larger intermediary bodies, Business Link, South Yorkshire Forest, LANTRA and Yorkshire Rural Community Council. The uptake of funds in Measure 9 has been lower than anticipated but agreement has been sought from the Commission to vire funds, which will enable maximum uptake of funds and the full spend. An early achievement of the 2007 N+2 target is anticipated.

Merseyside

79. Government Office for the North West has invested around £3.8m in Merseyside. To date the region has approved 50 projects and has no projects undergoing appraisal.

Objective 2 Programmes

80. During the period 2000 to 2006 there were nine English Objective 2 programmes, (one in each English region including London). They are aimed at supporting the economic and social conversion of industrial, rural, urban and fisheries areas facing structural difficulties. England was allocated a total of £2.1 billion Objective 2 funding from the European Regional Development Fund and European Social Fund.

81. All nine Objective 2 programmes, known as Single Programming Documents (SPDs), received European Commission approval in March 2001 and are currently being implemented by regional partners. With the exception of the South East and London, all the English regions include rural areas in their Objective 2 coverage. The SPDs contain implementing provisions to ensure that measures supported by Objective 2 do not duplicate those funded by the ERDP.

Leader +

82. The Leader+ delivery model has funded the development and implementation of rural development strategies in England. These have been delivered by 25 local action groups. At the end of 2006, 98 per cent of funds had been committed. The total of LEADER+ grant paid was around €34.5m EAGGF and €14m Defra - this accounted for 63 per cent of the total budget. Over 1,350 projects have been approved under the programme of which 720 are now complete. Expenditure on Action 2 (co-operation projects) accounts for 6 per cent of total eligible expenditure with 127 projects approved in total.

Natura 2000

83. In line with obligations under the European Birds and Habitats Directives, the UK has designated 252 Special Protection Areas (SPA) under the Birds Directive (covering an area of some 1.56 million ha), and 611 Special Areas of Conservation (SAC) under the Habitats Directive (covering an area of about 2.5 million ha). Together SPAs and SACs combine to form the Natura 2000 network. All English Natura 2000 sites are also classed as Sites of Special Scientific Interest (SSSI).

84. The UK terrestrial SAC network is now largely complete with only a small number of sites still to be submitted to the European Commission.

85. Agri-environment schemes have made an important contribution to the management of the Natura 2000 network in England and it is anticipated that Environmental Stewardship will continue to provide a mechanism to allow the UK to manage its Natura 2000 network in accordance with its obligations under the Habitats Directive.

Nitrates Directive

86. The current Action Programme of measures to control losses of agricultural sources of nitrate to water applies to the 55 per cent of land in England which is designated as Nitrate Vulnerable Zones (NVZ). The government began its review of the Action Programme in 2005, in accordance with the Nitrates Directive requirement to review the measures every four years and adjust those measures if they are not sufficiently effective.

87. Proposals for NVZ Action Programme revisions are being developed based upon scientific evidence and in discussion with the European Commission. As part of the review process, Defra have held pre-consultations with stakeholders including farmer workshops and meetings with agricultural industry

representatives. Defra expects to issue a formal consultation on a revised Action Programme in 2007, with revised regulations likely to come into force in early 2008

88. Action Programme measures are enforced by the Environment Agency and as part of the Statutory Management Requirements under the Cross-compliance Regulations.

89. Measures under the Action Programme will also contribute to meeting obligations under the Water Framework Directive in respect of diffuse nitrate pollution.

Annex – Progress against output targets

Table 1: INDICATIVE MEASURES AND INDICATORS (From Annex VII of the ERDP):

Measure	Key Indicators	Targets	Achievements in 2006	Cumulative up to end of 2006
Investment in Agricultural Holdings: i) Energy Crops (Miscanthus)	<ul style="list-style-type: none"> area (hectares) under miscanthus 	5,000	2,344	3,356
	<ul style="list-style-type: none"> tonnage of biomass produced 	64,000	30,000	43,000
	<ul style="list-style-type: none"> carbon emissions saved (tC) 	9,980-43,920	4,680 - 20,590	6,700 - 29,480
	<ul style="list-style-type: none"> energy derived from miscanthus (mGJ) 	1.0	0.47	0.67
ii) Rural Enterprise Scheme – Agricultural Diversification	<ul style="list-style-type: none"> Number of projects assisted 	500	84	359
	<ul style="list-style-type: none"> Number of FTE jobs created 	400	493	1658
Training	<ul style="list-style-type: none"> number of training days 	48,000	25,159	156,802
	<ul style="list-style-type: none"> number of training courses / workshops 	2,400	3,411	18,796
	<ul style="list-style-type: none"> number of qualifications obtained 	5,000	4,361	17,135
Less Favoured Areas: (i) Hill Livestock Compensatory Allowance 2000 Scheme	<ul style="list-style-type: none"> relative position of Net Farm Incomes in the LFA and non-LFA 	Compensatory allowance not to exceed relative difference in incomes	N/A Scheme closed	N/A

(ii) Hill Farm Allowance (2001 -2006)	<ul style="list-style-type: none"> Relative position of Net Farm Incomes in the LFA and non-LFA 	Compensatory allowance not to exceed relative difference in incomes	The average net farm income (NFI) of LFA grazing farms in England was 56 per cent of the average NFI for all farm types in 2005/06	N/A
	<ul style="list-style-type: none"> Area (hectares) attracting basic HFA payment 	No decrease in 1.4m hectares. normally declared, relative to decrease in non-LFA UAA	Total area claimed as LFA forage area in 2006 was in excess of 1.4m ha	N/A
	<ul style="list-style-type: none"> Area (hectares) attracting enhanced payments for sustainable management 	Year-on-year increase in area attracting enhanced payments	Not applicable in 2006	N/A

<p>Agri-Environment:</p> <p>(i) Countryside Stewardship Scheme</p>	<ul style="list-style-type: none"> ▪ Area (hectares) and characteristics of land and features under agreement, in relation to nationally and regionally targeted landscapes and features, including: <ul style="list-style-type: none"> ▪ meadows, pastures & rough grazings ▪ moorland ▪ lowland heath ▪ coastal land & habitats ▪ field boundaries & margins ▪ arable land ▪ historic landscapes & features 	<p>Retain existing land under agreement within Countryside Stewardship or transfer it to the new Environmental Stewardship Scheme</p> <p>For each additional £1m allocated: retain (or transfer to the new scheme) agreements responsible for the annual management of: 4,300 ha of land; 700 ha of arable field margin; and 350 km of hedges, stonewalls etc.</p>	<p>Countryside Stewardship Scheme is now closed to applications</p>	<p>322,260 hectares of existing land under agreement retained within Countryside Stewardship Scheme.</p>
	<ul style="list-style-type: none"> ▪ Amount of new access provided 	<p>Successfully co-opt implementation of regional targeting strategies into the new ES schemes.</p>		

(ii) Environmentally Sensitive Areas Scheme (22 Schemes)	<ul style="list-style-type: none"> ▪ area (hectares) and characteristics of land and features under agreement 	Retain existing land under agreement within ESA or transfer it to the new Environmental Stewardship scheme.	Environmentally Sensitive Areas Scheme – now closed to applications	377,072 hectares of existing land under agreement retained within Environmentally Sensitive Areas Scheme
		To meet the environmental objectives and targets set for each ESA. <i>(Each ESA has a set of environmental objectives which reflect the aims of each management tier. Each objective has a set of published uptake indicators and targets)</i>		
(iii) Organic Farming Scheme	<ul style="list-style-type: none"> • area (hectares) converted and converting to organic production per year 	45,000. ha	N/A OFS closed to new applications from March 2005. Aid for converted and converting land to organic production now provided under the OELS	137,158 ha
	<ul style="list-style-type: none"> • number of beneficiaries (per year) 	650	N/A OFS closed to new applications from March 2005. Aid for converted and converting land to organic production now provided under the OELS	1,762

ENVIRONMENTAL STEWARDSHIP (ELS, OELS and HLS)⁴	<ul style="list-style-type: none"> Area of farmed land under an ES agreement. 	To improve the quality of the farmed countryside for wildlife	2,139,788ha		3,668,826ha	
	<ul style="list-style-type: none"> Area and length of ES agreement options aimed at the maintenance and restoration of all habitats and species relevant to farmed land. 	To improve the quality of the farmed countryside for wildlife	Type of habitat	Ha	Type of habitat	Ha
			Buffer strips	13,531 ha	Buffer strips	21,975 ha
			Arable	50,311 ha	Arable	85,921 ha
			Grassland	10,318 ha	Grassland	17,594 ha
			Moorland and rough grazing	48,767 ha	Moorland and rough grazing	55,529 ha
<ul style="list-style-type: none"> Status of key farmland indicator species (e.g. farmland birds, hares etc). 		The change in the farmland bird index lies close to zero – no significant change	The change in the farmland bird index lies close to zero – no significant change.			
<ul style="list-style-type: none"> Area of ES agreement on nationally and internationally important wildlife sites 	To maintain and restore nationally and internationally important wildlife sites in order to safeguard their value (including Sites of Special Scientific Interest (SSSI's). Note: All Natura 2000 sites are SSSIs	6000 ha of Natura 2000 (SSSI) land brought into Higher Level ES management schemes * * During the 2005 /06 financial year.	350,000 ha of Natura 2000 (SSSI) land subject to management agreements under the ERDP* *As at the end of the 2005 /06 financial year.			

⁴ A number of Environmental Stewardship indicators and targets have been revised as part of the development of the new Rural Development Programme for England, and information towards some of the indicators listed below is therefore not available.

		To contribute to the implementation of Article 10 of the Habitats and Species Directive, the Gothenburg Protocol and the Kyiv Biodiversity Resolution to halt the loss of biodiversity in Europe by 2010, through helping to halt and ultimately to reverse the decline in farmland species and habitats identified as a priority in the England Biodiversity Strategy.	Not available	Not available
	<ul style="list-style-type: none"> Numbers and percentages of historic and archaeological features, landscapes and structures brought into positive management through Environmental Stewardship. 	To maintain and enhance the condition of historic and archaeological features, landscapes and structures	35,266 ha of historic and landscape features under management	50,336 ha of historic and landscape features under management
		To maintain and enhance the condition and character of rural historic buildings.	83,397m ² of historic rural buildings maintained 41 buildings restored	183,397m ² of historic rural buildings maintained 41 buildings restored

	<ul style="list-style-type: none"> Area and length of ES agreement options that contribute to maintaining and enhancing the landscape character and quality of the countryside. 	<p>To maintain and enhance the characteristic landscape features and to restore characteristic landscape features appropriate to the local area</p>	<p>Maintained boundaries (hedge, ditch, walls) 99,621km</p> <p>Maintenance of in-field trees 106,382</p>	<p>Maintained boundaries (hedge, ditch, walls) 176,513km</p> <p>Maintenance of in-field trees 192,984</p>
	<ul style="list-style-type: none"> Number of landscape features restored, enhanced or created through HLS. 	<p>To maintain and enhance the local distinctiveness of the landscape and to restore and create locally distinctive landscapes.</p>	<p>Restored boundaries 8.72km</p> <p>Landscape features 5,807ha</p>	<p>Restored boundaries 8.72km</p> <p>Landscape features 5,807ha</p>
	<ul style="list-style-type: none"> The uptake of the ES scheme in high priority landscapes (this indicator also applies to other scheme targets for wildlife conservation, historic environment and public access and understanding). 	<p>To maintain and enhance the local distinctiveness of the landscape and to restore and create locally distinctive landscapes.</p>	<p>Not available</p>	<p>Not available</p>

	<ul style="list-style-type: none"> Number, length and area of routes created or improved through HLS. 	To improve and create public access routes, links and areas where their need has been identified.	Type	No. Of Agreements	Ha/km	Type	No. Of Agreements	Ha/km
			Open access	50	653 ha	Open access	50	653 ha
			Footpath	178	262 km	Footpath	178	262 km
			Bridleway	66	235 km	Bridleway	66	235 km
			Access for people with reduced mobility	11	9.3km	Access for people with reduced mobility	11	9.3km
			Upgrading access for motorcyclists	3	3.4km	Upgrading access for motorcyclists	3	3.4km
			Upgrading access for people with reduced mobility	2	0.63 km	Upgrading access for people with reduced mobility	2	0.63 km
	<ul style="list-style-type: none"> Number of HLS agreements which include educational access option. 	To improve and create public access routes, links and areas where their need has been identified.	146 agreements.			146 agreements.		
	<ul style="list-style-type: none"> Use of access routes, links or areas created or improved. 	No data	No data			No data		
	<ul style="list-style-type: none"> Availability and accessibility of promotional Material / information. 		This information is now publicly available on an online database.			This information is now publicly available on an online database		

	To increase public enjoyment and understanding of the countryside, its history, landscape, wildlife, culture and agriculture.		No data		No data	
	To contribute to enhancing the quality of inland and coastal water bodies including ground water in line with objectives for Water Framework, Habitats, Ground Water and Bathing Water Directives.	Area of relevant ES resource protection options.	9,923 ha		9,923 ha	
		Levels of nitrogen, phosphates, pesticides, pathogens and silt in ES scheme uptake areas against national data.	No data		No data	
	To contribute towards Diffuse Water Pollution from Agriculture (DWPA) short term (2008) objective of stabilising nitrogen and phosphate losses from agriculture.	Number of ES agreements which include relevant management plans.	Type	Ha	Type	Ha
			Soil	1,204,703 ha	Soil	2,009,751 ha
			Nutrient	1,214,968 ha	Nutrient	2,069,661 ha
			Manure	965,591 ha	Manure	1,623,298 ha
			Crop protection	1,140,940 ha	Crop protection	1,976,002 ha
	To conserve soils and to maintain and restore their healthy functions in line with the objectives of the Defra Soils Action Plan.	Reduction in pollution incidents related to soil erosion from agricultural land.	Not available		Not available	
Use of aquatic ecological indicators where appropriate.		N/A		N/A		
	To make land available for flooding (to assist in flood risk management).	Area of land under HLS inundated grassland options.	3.46ha		3.46ha	

	To implement relevant resource protection measures that will also reduce the likelihood of localised flooding incidents.	Area and length of relevant HLS resource protection options.	2,089 ha (HLS) 7,833 ha (ELS/OELS)	2,355 ha (HLS) 14,558 ha (ELS/OELS)
	To contribute to (sustainable) coastal defence management.	Area of land under HLS intertidal habitat options.	1,109 ha	1,109 ha
	To contribute to the conservation of traditional and locally distinctive breeds of farm animal and varieties of fruit tree where their conservation also contributes to the primary objectives of the Environmental Stewardship Scheme.	Number of HLS agreements where breed supplement is paid.	42	42
		Area of traditional orchard under HLS agreement.	302 ha	302 ha
		Maintenance of locally adapted/distinctive breeds enhancing heritage value.	Not available	Not available
Environmental Stewardship: OELS only	<ul style="list-style-type: none"> area (hectares) converted and converting to organic production by end of 2007 	340,000	146,974 ha (of which 45,007 ha was land in conversion)	168,045 ha (of which 62,777 ha was in conversion land)
	<ul style="list-style-type: none"> area (hectares) converted and converting to organic production each year thereafter 	20,000	N/A	N/A
		To successfully co-opt Regional targeting strategies for organically converted and land in conversion		

Processing and Marketing	• number of jobs created and safeguarded	2,200	1,124	8,393
	• number of projects assisted	370	28	158
	• number of collaborative marketing ventures supported	100	8	64
	• number of novel outlets created	45	6	70
	• number of projects involving increase in amount of locally produced/sourced raw material purchased	288	26	132
	• number of projects resulting in reduced pollution emissions, energy and water use, and waste production	20	8	47
	• number of new products brought to market	70	26	134
	• number of collaborative marketing groups helped to merge or form federal structures, resulting in improved marketing	7 - 14	3	48
	• number of assurance schemes assisted	7 - 14	9	33

Forestry: (i) Woodland Grant Scheme and English Woodland Grant Scheme	• area of new woodland (hectares) planted with grant aid	30,000	2,659	30,921
	• area of new woodland (hectares) under approved management schemes	300,000	35,881	293,802
(ii) Farm Woodland Premium Scheme	• area (hectares) of new woodland planted	21,000	23 (approved for planting)	20,403 (approved for planting)
	• arable land area (per cent)	40 per cent	4 per cent	51 per cent
	• improved grassland (per cent)	50 per cent	70 per cent	41 per cent
	• broad leaf planted area (Ha.) /conifer planted area (Ha.)	4:1	All broad leaf planted area	15:1
(iii) Energy Crops – Short Rotation Coppice	• area (hectares) under short rotation coppice	16,700	392	1,180
	• tonnage of biomass produced	215,000	5,050	15,200
	• carbon emissions saved (tC)	33,420 - 147,040	785 - 3,450	2,360 - 10,390
	• energy derived from short rotation coppice (mGJ)	3.3	0.08	0.23

Rural Enterprise Scheme: (iii) Setting up of farm relief and farm management services	• number of businesses benefiting	701	241	3,282
	• number of jobs created/sustained	277	53	869
	• rural area served by farm relief and other services (sq km)	202,714	400	33,278
(iv) Marketing of quality agricultural products	• number of businesses participating	2,037	736	8,634
	• number of jobs created/sustained	1,154	463	3,158
	• increase in annual value of marketed products (per cent or £)	5 - 10 per cent	N/A ⁵	N/A
	• number of quality products marketed	1,485	774	3,805
	• number of collaborative projects	303	0	291
(v) Basic services for the rural economy and population	• number and type of beneficiaries	126,857	39,857	164,657
	• number of services supported	127	64	281
	• type of services supported	13	N/A	N/A
	• number of ICT projects supported	92	3	18

⁵ Data unreliable

(vi) Renovation and development of villages and protection and conservation of the rural heritage	• number of beneficiaries	146,178	70,472	286,841
	• number of village initiatives	200	155	548
(vii) Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes	• number of new enterprises supported	1,247	390	1,235
	• number of jobs created/sustained	1,033	2,168	6,653
(viii) Agricultural water resources management	• number of businesses supported	176	34	205
	• area (Ha.) of land made irrigable	8562	2,161	9,444
	• environmental impact: contribution to increased summer water levels in rivers or aquifers (i.e. volume of abstracted water replaced)	13	N/A ⁶	N/A
(ix) Development and improvement of infrastructure connected with the development of agriculture	• number of businesses benefiting	405	133	491
	• number of jobs created/sustained	303	35	224

⁶ Data unreliable

(x) Encouragement for tourist and craft activities	• tourism/craft enterprises supported	1,550	346	3,595
	• number of jobs created/sustained	1,044	789	2,981
	• number of (quality assured) farm/rural bed places created/improved	2,720	726	6,071
	• number of tourist day-visits per annum	680,014	734,971	3,535,646
	• number of new rural craft practitioners created	367	34	240
	• number of projects to facilitate public access	338	17	94
	• number of visitor management plans	44	17	44
(xi) Protection of the environment in connection with agriculture, forestry and landscape conservation as well as with the improvement of animal welfare	• number of projects supported	373	34	179
	• area (Ha.) of land protected	13,053	76,609 ⁷	188,460
	• number of projects benefiting animal welfare	91	2	16

⁷ The recorded data for area of land protected under this measure varies markedly from project to project. Care must therefore be taken in interpreting this indicator.

TABLE 2: Indicative Priority Level Impact Indicators and Targets (extracted from Section 7 of the ERDP)

PRIORITY A Rural Economy – Creation of a productive and sustainable rural economy				
Objective	Impact indicators	Impact targets	Achievements in 2006	Cumulative up to end 2006
<p>To assist projects which contribute to:</p> <ul style="list-style-type: none"> ▪ more diverse and competitive agricultural and forestry sectors ▪ the creation of new jobs in the countryside ▪ the creation of new products and market outlets ▪ encouraging collaborative marketing • provision of targeted training 	Number of projects, businesses or initiatives assisted	<ul style="list-style-type: none"> • To increase farm revenues from diversified sources by 25 per cent on full time farms in England by end 2006. 	N/A	N/A
		<ul style="list-style-type: none"> • To assist 6,000 – 7,000 projects under the Rural Enterprise Scheme by 2007. 	743	3,028
		<ul style="list-style-type: none"> • To assist 370 businesses with Processing and Marketing Grants by 2007. 	44	248
		<ul style="list-style-type: none"> • To assist 200 village initiatives through the Rural Enterprise Scheme by 2007. 	155	548
	Number of FTE jobs created and sustained	<ul style="list-style-type: none"> • To create 4,000 – 6,000 Full Time Equivalent jobs through the Rural Enterprise Scheme. 	3,101	14,553
		<ul style="list-style-type: none"> • To create 2,200 Full Time Equivalent jobs through Processing and Marketing Grants by 2007. 	1,124	8,393
	Number of full-cost equivalent training days provided	<ul style="list-style-type: none"> • To provide 48,000 full cost equivalent training days for people in farming and forestry by 2007 to support successful delivery of measures under this Programme. 	25,159	156,802

	Number of hectares of agricultural land planted with trees	<ul style="list-style-type: none"> To increase by 21,000 Hectares the area of agricultural land planted with trees by 2007. 	2,659 hectares approved for planting	30,921 hectares approved for planting
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TABLE 2: Indicative Priority Level Impact Indicators and Targets (extracted from Section 7 of the ERDP)

PRIORITY B Rural Economy – Rural Environment Conservation and enhancement of the rural economy.				
Objective	Impact indicators	Impact targets	Achievements in 2006	Cumulative up to end 2006
To increase significantly the area covered by the schemes operated under the agri-environment measure; To maintain the sustainable management of an appropriate area of the Less Favoured Area	Number of Biodiversity Action Plan Targets Achieved	To deliver by 2007 the 5-year 2010 Biodiversity Action Plan targets for creation of field margins through the Countryside Stewardship Scheme.	a) Scheme closed – target met	a) Scheme closed – target met
	Percentage of land covered by ELS	60 %per cent of farmed land in England to be covered by an Entry Level Environmental Stewardship agreement by 2007.	23%	39 %

	Number of hectares achieved/converted	To achieve an additional 525,000 hectares of land under a combination of Countryside Stewardship agreements and Environmental Stewardship (Higher Level) by 2007	Target met	Target met
	Number of hectares maintained	To maintain at least the current areas of land in either ESA or Environmental Stewardship agreements under ESA agreements	Scheme closed	377,072 hectares of existing land under agreement retained within Environmentally Sensitive Areas Scheme
	Number of hectares maintained	To maintain extensive grazing on 1.4m hectares in the Less Favoured Areas.	Achieved	Achieved in each year
	Percentage increase in proportion of land in higher ESA tiers	To increase by 10% the proportion of land in higher ESA tiers by 2004.	Scheme closed	Scheme closed

	Number of hectares converted and converting to organic production per year.	340,000 hectares of fully organic and in conversion land in the OELS by 2007; and increasing the area of land in conversion and under agreement within the OELS by 20,000 ha each year thereafter.	146,974	168,045
		45,000 hectares under the OFS per annum	N/A: OFS closed to new applications from March 2005	137,158
	Number of organic beneficiaries	650 beneficiaries under the OFS per annum	N/A: OFS closed to new applications from March 2005	1,762

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