



ENGLAND

RURAL DEVELOPMENT PROGRAMME

2000 – 2006

ANNUAL REPORT 2001

DEFRA

Department for
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ENGLAND RURAL DEVELOPMENT PROGRAMME 2000-2006

ANNUAL REPORT 2001

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INTRODUCTION

1. This is the second annual report to the European Commission on the England Rural Development Programme (ERDP). It covers the period 1 January to 31 December and is submitted in accordance with Article 48(2) of Council Regulation 1257/1999 and Article 53 of Commission Regulation 445/2002.

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 by Commission Decision C (2001) 4760.

3. The first Annual Report described the preparation of the Programme by the Ministry of Agriculture, Fisheries and Food (MAFF) and its partners and advisers. Since then, MAFF has been replaced by a new Department – the Department for Environment, Food and Rural Affairs (DEFRA) - which was created on 8 June 2001. DEFRA brings together responsibilities for:

- environmental protection, which previously rested with the former Department of the Environment, Transport and the Regions (DETR);
- wildlife and countryside, including the rural economy, also from the former DETR;
- certain animal welfare issues and hunting with hounds, formerly with the Home Office;
- The functions of the former MAFF, notably responsibilities for farming, fisheries and animal health.

4. It is increasingly recognised that environmental, rural, food, and farming issues are closely interrelated and in many cases interdependent. DEFRA was created to enable the Government to handle these issues more effectively within one Department. The formation of the new Department brings together those issues – sustainable development, the food and farming sectors, the environment and rural communities – which lie at the heart of the ERDP.

5. The table below sets out the measures in Regulation 1257/1999 which are implemented through the ERDP. The Programme includes both pre-existing schemes introduced under earlier Regulations (e.g. under Regulation 2078/92) and four schemes specifically developed for the ERDP – the Rural Enterprise Scheme, the Vocational Training Scheme, 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 Area (LFA) support, the Hill Livestock Compensatory Allowance.

Measures (with reference to the Regulation)	Schemes in England
Investment in agricultural holdings (Articles 4 -7)	Rural Enterprise Scheme Energy Crops Scheme (Miscanthus)
Training (Article 9)	Vocational Training Scheme
Less Favoured Areas (Articles 13-21)	Hill Farm Allowance (2001 – 2006)
Agri-environment (Articles 22-24)	Countryside Stewardship Scheme Environmentally Sensitive Areas Scheme Organic Farming Scheme
Processing and marketing of agricultural products (Articles 25 - 28)	Processing and Marketing Grant
Forestry - Afforestation of agricultural land (Article 31) - Other forestry measures (Article 30)	Farm Woodland Premium Scheme Woodland Grant Scheme Energy Crops Scheme (Short Rotation Coppice (SRC)) Woodland Grant Scheme Energy Crops Scheme (SRC and SRC producer groups)
<u>Article 33¹</u> - Setting-up of farm relief and farm management services - Marketing of quality agricultural products - Basic services for the rural economy and population - Diversification of agricultural activities etc - Agricultural water resources management - Development and improvement of infrastructure etc. - Encouragement for tourist and craft activities - Renovation and development of villages - Protection of the environment in connection with agriculture	Rural Enterprise Scheme

¹ Each of the indents of Article 33 is defined as a measure under the Regulation but they are implemented in England, in conjunction with diversification of farm activities under Article 4-7, under one scheme – the Rural Enterprise Scheme.

A) CHANGES TO CONDITIONS, TRENDS AND POLICIES

1. This section considers changes in the general situation affecting agriculture and the rural economy in the period since the ERDP was approved by the Commission, updating as appropriate the information contained in the ERDP Annual Report for 2000. To accord with the structure prescribed in Article 53, paragraph 1(a) of Regulation 445/2002, this section is divided into three parts:

i. Changes to conditions

- Foot and mouth disease
- Environment designations

ii. Changes in trends

- The agricultural sector
- Leisure and tourism
- Other socio-economic changes
- The rural environment

iii. Policy developments

- FMD recovery
- Establishment of the Policy Commission on the future of farming and food
- Other developments

2. Further information about changes to conditions, trends and policies as they affect each of the English Government Office regions involved in the implementation of the Programme is contained in Annex 2.

Changes to conditions

Foot and mouth disease

3. The epidemic of foot and mouth disease (FMD) across England in 2001 was a deeply scarring experience for many rural communities. Not only did the epidemic have a direct impact on farmers, both those who lost their animals and those affected by movement and other restrictions, and market impacts; but the measures taken to control the disease also had a substantial indirect impact on the rural economy as a whole – on business sectors linked to agriculture, on tourism, and on rural services generally. The estimated effect on overall UK GDP in 2001 – at less than 0.2% - is modest in relation to normal fluctuations. However, this national figure conceals the extent of the impact in some of the hardest hit rural areas and sectors of the economy. Much potential spending on countryside tourism was diverted to seaside resorts and urban leisure activities, or simply did not happen. Within rural areas, many districts worst affected by the disease – and therefore where rights of way remained closed for longest – were also those most dependent on countryside tourism.

4. Government estimates suggest that the economic costs to UK agriculture and the food chain due to FMD, including costs compensated for by the Exchequer, amount to some £3.1 billion. Of the £525 million direct costs to agriculture and the food chain that the Exchequer did not compensate, some 60% were estimated to fall on English businesses.

5. Hotels and other businesses catering mainly for tourists suffered most, but banks, shops and other parts of the rural service sector were also affected. It is estimated that, across the UK as a whole, the economic cost to those businesses directly affected by tourist expenditure was between £2.7 billion and £3.2 billion. However, these figures hide the distribution of impacts, with over 60% of aggregate losses being estimated to occur in rural areas.

Rural Environment

6. The number of Sites of Special Scientific Interest (SSSIs) has increased by 31 since the end of 1999, when the ERDP was prepared. In the same period the number of Candidate Special Areas of Conservation and Special Protection Areas under Natura 2000 increased from 224 to 307. Detailed figures for these and other designated areas are shown in table 1 below, whilst table 2 gives a breakdown of Natura 2000 sites by broad habitat type. Further information about the development of the Natura 2000 network is given in Section D, paragraphs 88 to 90.

Table 1: Number and extent of designated sites at end of 2001

Where figures differ from those in the ERDP, the earlier figures are shown in brackets for ERDP data.

Designation	Number	Area (000ha)	Percent of land area
Site of Special Scientific Interest	4,097 (4,066)	1,042 ^a (1,046)	8.0
Candidate Special Area of Conservation	219 (148)	869 (656)	5.0 ^b
Special Protection Area	88 (76)	682 (510)	3.9
Ramsar Site	79 (72)	377 (353)	2.7
National Nature Reserve	208 (203)	82 (81)	0.6

Table shows situation as recorded at end 2001

Note: The areas cannot be summed because they may overlap.

NB: Due to the small changes in area for SSSIs and NNRs the percent land area figures are unchanged

^a Land area outside England for cross-border sites now excluded from data, hence the reduced area.

^b Percent land area is unchanged as area designated figure includes marine cSACs

Table 2: Area of Natura 2000 sites in England: breakdown by broad habitat type¹

Habitat Type	Special areas of Conservation ² (SACs) (ha)				Special Protection Areas ² (SPAs) (ha)			
	England	England & Scotland ³	England & Wales ³	Total (ha)	England	England & Scotland ³	England & Wales ³	Total (ha)
Inland water bodies	10,285	2,494	1,191	13,970	10,050	436	0	10,486
Fen type habitats	127,604	52	747	128,403	116,139	0	0	116,139
Heath and Scrub	165,971	0	115	166,086	144,827	0	0	114,827
Semi-natural grassland	128,911	0	312	129,223	72,216	0	0	72,216
Improved grassland	2,968	327	258	3,552	8,290	0	247	8,537
Other arable land	52	0	0	52	5,421	0	0	5,421
Woodland	40,459	26	1,226	41,710	25,363	0	0	25,363
Total area (ha)	476,250	2,899	3,849	482,996	382,306	436	247	357,989

¹ Does not include marine or coastal areas

² Table shows SACs and SPAs as recorded at end 2001

³ Cross border sites

Changes in trends

Agricultural sector

7. Total Income From Farming (TIFF) rose slightly in 2001 from a level which was at the lowest point in real terms since the depression in the late 1930s. Although TIFF fluctuates considerably there was a general decline between 1973 and 1990 followed by a sharp rise up to 1995 but then a fall of some 70% to 2000. Local fluctuations are influenced by a range of factors, including weather conditions and world commodity prices but, since 1990, shifting exchange rates have also been a major factor.

8. The overall increase in 2001 masks variations across sectors as they faced differing circumstances, and comes despite the impact of foot and mouth disease and a poor cereals harvest. The value of output (including CAP subsidies directly related to products) was slightly higher, up 0.7%. This increase was due to improved prices leading to higher values of output for milk, potatoes and horticulture outweighing lower values of output for cereals and livestock.

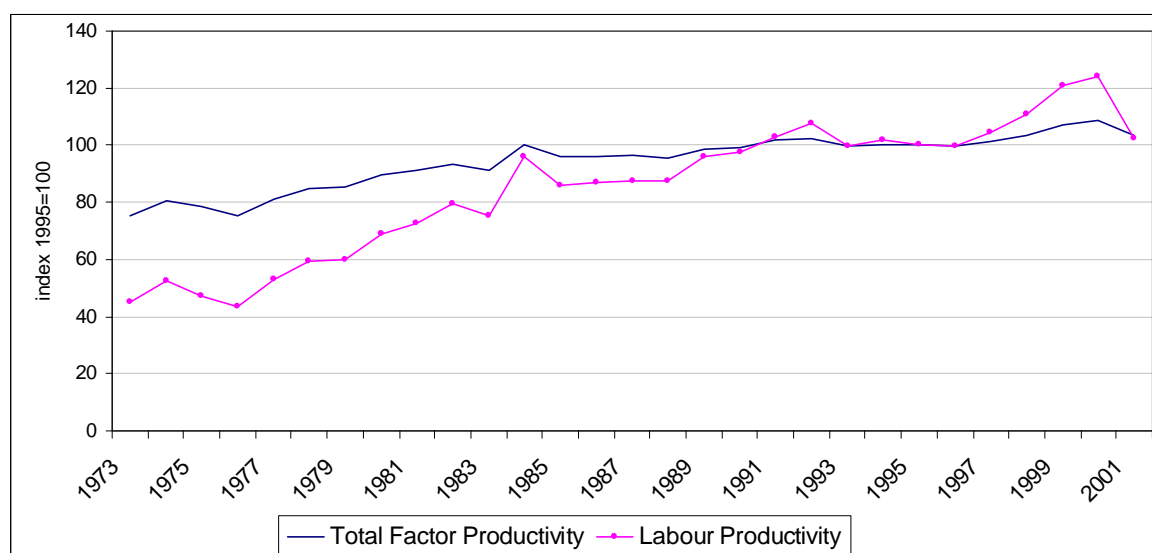
Chart 1: UK income trends in real terms at 2001 prices



Source: DEFRA Aggregate Agricultural Account

9. Since 1973, the productivity of the agricultural industry in the UK has increased by 37%. Increases in labour productivity have been the key factor driving this growth. Since 1973 labour productivity has more than doubled. However, in 2001 output decreased and inputs hardly changed compared to the previous year. Thus, labour productivity decreased by 17%, whilst total factor productivity decreased by 6.1%. The impact of foot and mouth disease and the measures taken to eradicate the disease reduced productivity in cattle and sheep production. Productivity in the arable sector also reduced due to poor yields and re-sowing.

Chart 2: Productivity of the UK agricultural industry since 1973



Source: DEFRA statistics

Note: 2001 figures are provisional

10. The agricultural labour force in England fell by 5,600 in 2001, to 368,300 labour units. Although this continued the decline experienced over a number of years,

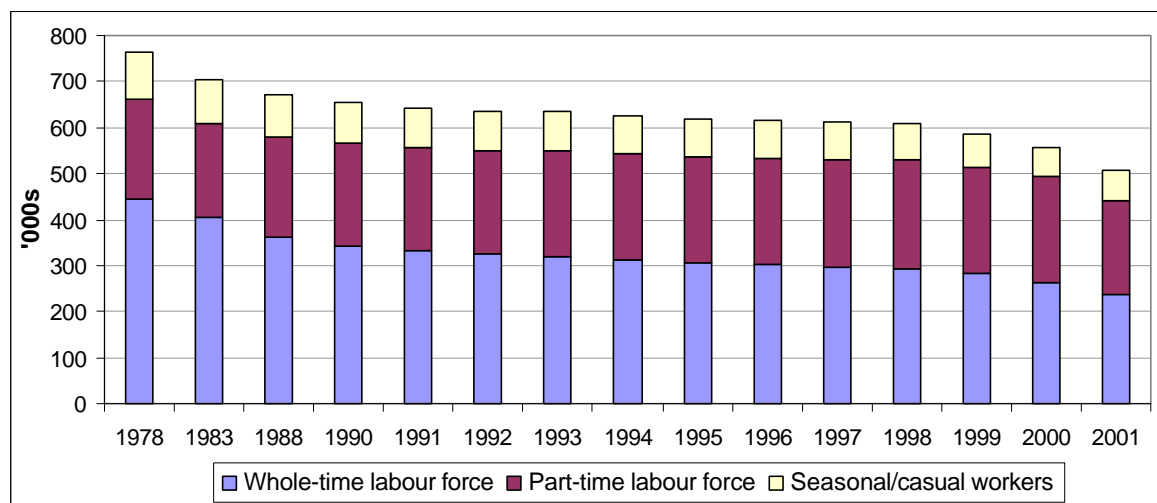
it was considerably less than the 24,000 labour units leaving agriculture in 2000. Farm workers accounted for some 80% of the decline.

Table 3: Agricultural labour in England, 2001

England	Farmers	Farm workers
2000	220,300	153,600
2001	219,200	149,100

Source: DEFRA June Agricultural and Horticultural Census

Chart 3: Trends in the Agricultural Labour Force in the UK

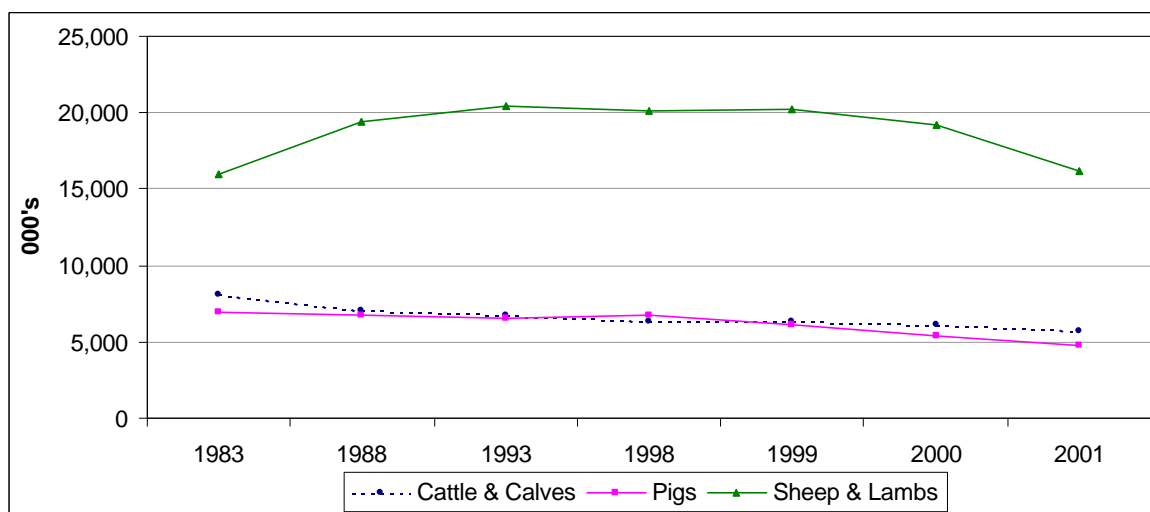


Source: DEFRA June Agricultural and Horticultural Census

Note: Results from 1998 onwards are not comparable with previous years, owing to changes in the labour questions on the June Census in England, Wales and Scotland.

11. The number of cattle, sheep and pigs in England was only 87% of the figure in 2000, with a particularly significant fall in the number of sheep and lambs. The decline in cattle, sheep and pig production was mainly due to foot and mouth disease. Chart shows the trend in cattle, sheep and pig numbers since 1983.

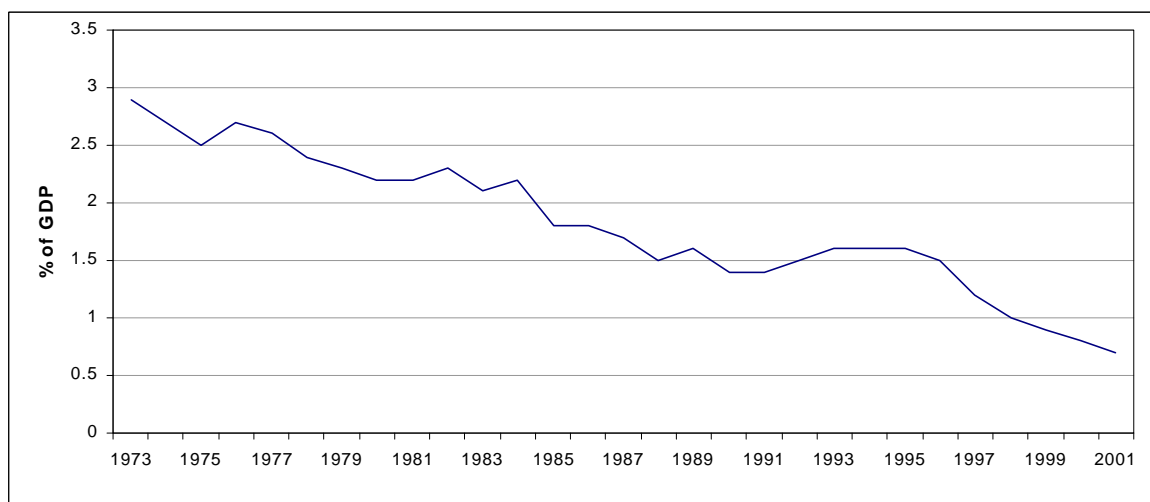
Chart 4: Livestock numbers in England



Source: DEFRA, June Agricultural and Horticultural Census

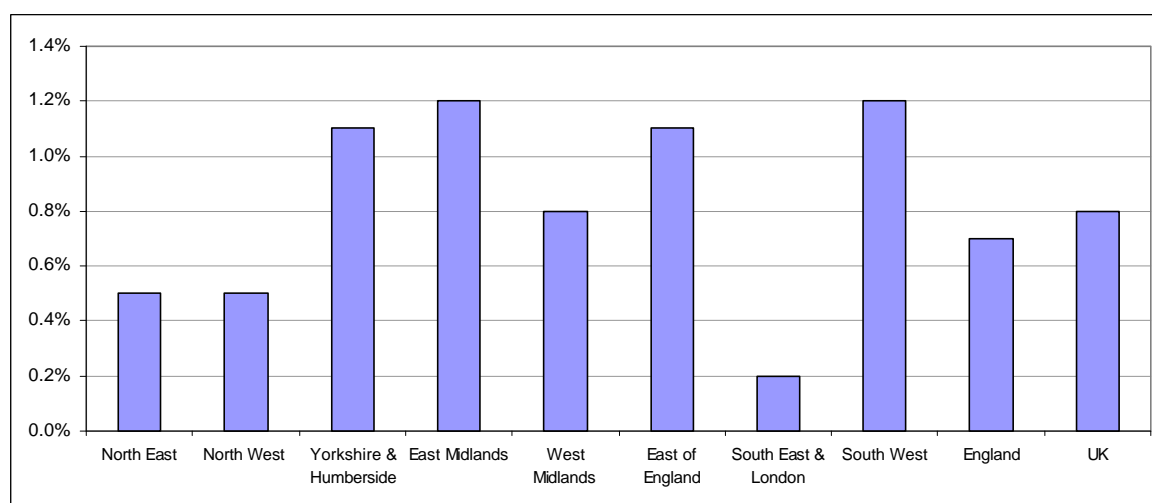
12. The agriculture sector's share of gross domestic product in the UK has continued to decline steadily from almost 3% in 1973 to 0.8 per cent in 2000 and 0.7% in 2001. Chart 5 shows the long term trend for the UK as a whole, whilst chart 6 shows the contribution of agriculture to the regional economies.

Chart 5: UK agriculture's percentage share of Gross Domestic Product at current basic prices



Source: DEFRA statistics

Chart 6: The contribution of agriculture to the regional economies



Source: DEFRA statistics

Leisure and tourism

13. As already noted, the FMD epidemic underlined the importance of tourism to rural areas and economies. The strategy for rural tourism, published in 2001 by the Countryside Agency and the English Tourism Council (*Working for the Countryside: A Strategy for Rural Tourism in England 2001-2005*), shows that in some rural areas, especially in more remote locations, tourism is the dominant economic activity. One quarter of all holiday stays by British people in England are in the countryside. The countryside contains 39% of the known accommodation capacity in England, provided by 25,000 establishments.

14. However, the overwhelming majority of visits to the countryside are made by day visitors and there is potential for expansion. 1.3 billion leisure day visits were made to the English countryside in 1998 (the most recent period for which figures are available) of which 439 million (35% of all visits) were primarily for walking, hill climbing or rambling. Other popular activities when visiting the countryside are: eating or drinking out (14%); visiting friends or relatives (13%); and outdoor sports (12%). Of the £12 billion spent by visitors to the countryside in 1998, 77% was spent by domestic day visitors, 17% by UK tourists and 6% by overseas tourists.

Other socio-economic changes

15. Since the ERDP was approved, new information has become available through the results of a Rural Services Survey and the development of indicators of rural disadvantage published by the Countryside Agency in 2001. Both of these will help to provide a baseline against which rural socio-economic trend data can be assessed in years to come.

16. Full Rural Services Survey results were published by the Countryside Agency in 2001 and were reported in last year's ERDP Annual Report (at paragraph 18 and

table B). Some essential information, such as household access to services in rural areas, is updated annually. The Agency hopes to update other information on a regular basis at least every three years. The most recent figures indicate a sharp rise in the availability of cashpoints, with almost 90% of rural households being within 4 km of a cashpoint machine. Other measures of the geographical availability of services in rural areas remain broadly consistent with previous data.

The rural environment

17. Data from the Breeding Bird Survey (BBS) shows population trends for a range of common and widespread birds in the UK. The Survey is funded by the British Trust for Ornithology, the Joint Nature Conservation Committee (on behalf of the statutory nature conservation agencies in the UK) and the Royal Society for the Protection of Birds. The most recent results from the survey suggest that a number of species characteristic of lowland farmland in England have declined quite significantly since 1994, indicating that work is needed to stabilise and then reverse these trends. As these species are widespread action will be required across a significant proportion of the farmed area in order to achieve this change.

Table 4. Population changes for farmland bird species that occurred in at least 30 squares in England over the period 1994 to 2000.

Species	Change 1994 - 2000	Species	Change 1994 - 2000
Kestrel	-15*	Jackdaw	27*
Grey partridge	-26*	Rook	-7
Lapwing	5	Starling	-21*
Stock dove	8	Tree sparrow	3
Wood Pigeon	5*	Greenfinch	34*
Turtle dove	-23*	Goldfinch	0
Skylark	-19*	Linnet	-19*
Yellow wagtail	-4	Yellowhammer	-13*
Whitethroat	25*	Reed bunting	-23*
Corn bunting	-38*		

Source: BBS, 2000.

The figures presented are the percentage changes in population levels for 1994 to 2000, marked with an asterisk where significant at 5% level.

18. Land management under the Countryside Stewardship Scheme is thought to have made a major contribution to reversing the decline of curlew and stone curlew, though foot and mouth disease restrictions on access have limited the extent to which survey data on these species could be undertaken in 2001.

Policy developments

FMD recovery

19. The Government recognised the wide impact that FMD and the measures which were taken to control it have had on the rural economy, including the impact on tourism and other non-farm businesses. As a result, it introduced a wide ranging package of assistance for affected businesses. This included:

- interest free deferral of tax, VAT and National Insurance payments for severely affected businesses;
- Extra support from central government for local authorities that opted to defer or waive business rates (property tax) for small businesses affected by FMD;
- helping businesses adjust to FMD impacts by making grants from the Regional Development Agencies' Business Recovery Fund (£80m) to fund business improvements, training and loan interest costs, together with local/regional tourism promotion and rural regeneration projects to help bring visitors back to rural areas more quickly;
- fast tracking other measures to speed up rural regeneration, for example mandatory rate relief for pubs, garages, and other food shops in small settlements and by extending the Market Towns programme to include towns badly affected by FMD;
- matching nearly £15m in public donations to charities to help relieve distress caused by FMD.

Policy Commission on the future of farming and food

20. On 9 August 2001 the Government announced the establishment of a Policy Commission on the future of farming and food. The purpose of the Policy Commission was to advise on how to create a sustainable, competitive and diverse farming and food sector within a thriving rural economy which advances environmental, health and animal welfare goals.

21. The Policy Commission published its report², which covers England only, in January 2002. A full Government response is due to be published in Autumn 2002.

Other policy developments

22. The Government remained committed to improving public enjoyment of the countryside by giving priority to introducing a new statutory right of access to open

² The Policy Commission's report is available at <http://www.cabinet-office.gov.uk/farming>.

country and registered common land and to improving the rights of way network through measures in the Countryside and Rights of Way Act 2000.

23. Work continued on a review to improve the management and protection of common land, and measures to improve the management and protection of Areas of Outstanding Natural Beauty were brought into effect.

24. In December 2001 the Government published a public consultation document on the implementation of the Nitrates Directive in England. Further details about this are given in Section D, paragraphs 91 to 93.

SECTION B: PROGRESS ON MEASURES AND PRIORITIES

Introduction

25. This section reports on:

- uptake of the measures implemented in the England Rural Development Programme;
- progress against the targets set out in Section 7 and Annex VII of the ERDP;
- progress against the European Commission's common monitoring indicators;
- modifications that were made to the Programme in 2001.

26. Four new schemes were launched under the ERDP: the Rural Enterprise Scheme (RES), the Processing and Marketing Grant (PMG), the Vocational Training Scheme (VTS) and the Energy Crops Scheme (ECS). The first agreements under these schemes got under way in the early part of 2001.

27. In addition, the Organic Farming Scheme, which was temporarily closed to new applicants during 2000, reopened on 2 January 2001, and in the same year the new area-based Hill Farm Allowance replaced the previous headage based scheme (the Hill Livestock Compensatory Allowance) to provide support for hill farming under Article 14 of Regulation 1257/1999.

Scheme uptake and approvals in 2001

Rural economy schemes

Rural Enterprise Scheme (RES), Processing and Marketing Grant (PMG) and Vocational Training Scheme (VTS)

28. Applications under these three schemes are in the main dealt with at regional level and considered by Regional Appraisal Panels (RAPs) following a detailed technical assessment in accordance with the approach described in Section 9 of the ERDP. National and cross-regional applications are dealt with by a nominated region and considered by an Inter-Regional Forum. Table 5 shows the number of applications received and decisions made in 2001.

Table 5: Applications and decisions by Regional Appraisal Panels (RAPs) to the end of December 2001

	RES	PMG	VTS
Number of eligible applications received	732	83	183
Applications <u>approved</u> :			
Number	207	27	94
Total grant (£m) ⁽¹⁾	12.066	5.980	2.560
Average grant (£)	58,290	221,481	27,526
Applications <u>rejected</u> :			
Number	184	21	27
Total applications considered by RAPs	391	48	121
Approvals as % of RAP decisions	53	56	78
Applications being processed / awaiting additional information	341	35	62

Note (1): Total grant includes both EU and UK Exchequer contributions.

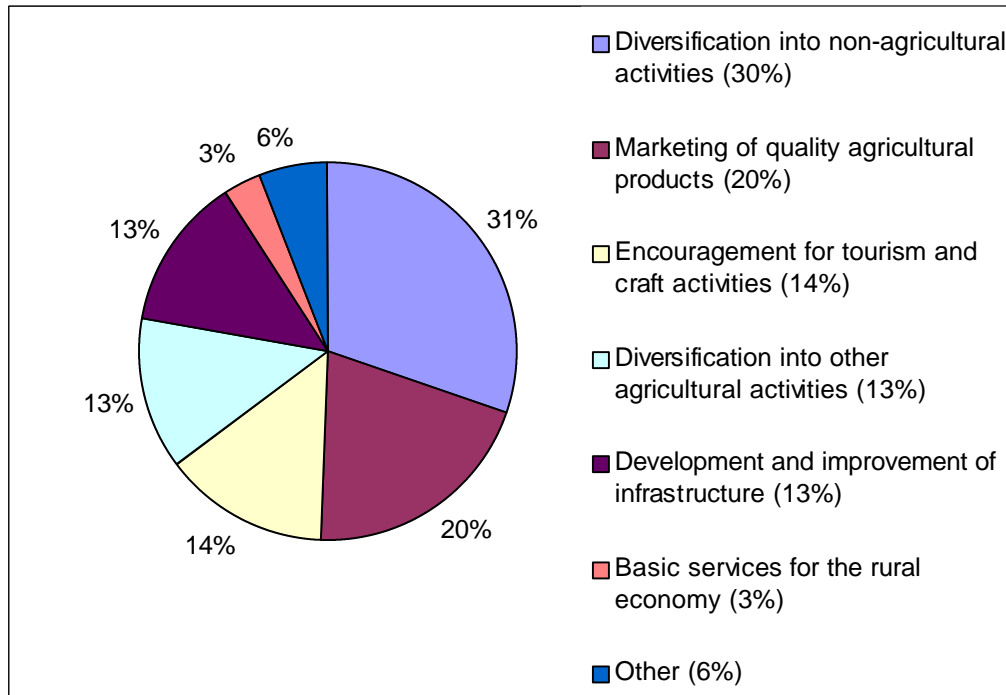
Rural Enterprise Scheme (RES)

29. This scheme implements nine of the measures under Article 33 of Regulation 1257/1999 and the provision for supporting diversification into alternative agricultural activities under Article 4 of the Regulation.

30. The diagram below shows the breakdown of expenditure on projects approved under the RES for each of the supported activities:

- 31% of expenditure assisted *diversification into non-agricultural activities*: many projects are re-using redundant farm buildings to create offices, tourist or equine facilities, or other examples of diversification;
- 20% of expenditure assisted *the marketing of quality agricultural products*;
- *diversification into agricultural activities* has included the production of lavender and essential oils, herbs, and goat farming.

Chart 7: The Rural Enterprise Scheme: Breakdown of approved projects by value of each measure



Note: “Other” includes protection of the environment, water resources management, farm relief and farm management services, and renovation and development of villages.

31. Future promotion and advisory effort will need to work towards increasing the number of RES applications received for non-farm related activities and non-food production. The scope for increasing the number of projects under the “protection of the environment” measure (Article 33 (xi)) will also be considered, whilst ensuring these are not more appropriately covered by agri-environment schemes.

Processing and Marketing Grant (PMG)

32. In total, 27 projects were approved in 2001 under this scheme, representing a total grant commitment of almost £6 million. The majority of PMG awards have been made in the horticulture (both root and salad crops) and redmeat processing sectors. However, cheese and cider makers, fruit and cut flower processors/packers and dried herb processors have also benefited from grant. Many PMG award holders are already selling into a range of markets, including the big supermarket chains, and are using the grant to expand their businesses. As a result, PMG is also benefiting farmers and growers from many different sectors by providing new and enhanced opportunities for them to supply produce to the direct beneficiaries of the PMG aid.

Vocational Training Scheme (VTS)

33. The level of uptake for VTS increased in the course of 2001, but fell short of the total sum of support available. The reasons for the lower than expected uptake include:

- the perceived complexity of the application and grant claiming processes,
- eligibility criteria which are considered to be too restrictive by some applicants, in particular individual trainees
- monitoring /reporting rules, which are considered onerous by potential applicants
- external factors such as FMD, which have caused many to postpone training activities.

34. A sample of approved projects (with a total grant value of £790,000) shows the following range of training activity has been supported:

Table 6: Vocational Training Scheme

Training topic (as defined in Guidance booklet)	Grant awarded	
	(£'000s)	%
Information and communications technology	347	44
Business skills	168	21
Technical skills (agriculture and horticulture)	126	16
Technical skills (forestry)	54	7
Managing yourself and your staff	45	6
Conservation management	18	2
Managing resources	18	2
Diversification	11	1
Marketing skills	3	–
Processing	0	–
New ways of working	0	–

Note: training topic designations are drawn from the working title of each project and might therefore not fully represent all subjects covered.

35. Whilst the percentage of VTS applications which are approved has been encouraging to date, opportunities to improve on this are being sought.

36. A review of the scheme rules has been undertaken which aimed, amongst other things, to target potential applicants such as individual trainees who have, to date, been less successful in applying for grants than training providers. The review

identified and proposed solutions to barriers to uptake. Key factors which have limited access to grants are the complexity of the application process, the lengthy timescale of appraisal, eligibility criteria which favour higher volume training organisers, and the onerous requirements for monitoring data from agreement holders. Various means of addressing these issues have been proposed for introduction during 2002.

Agri-environment schemes

Countryside Stewardship (CSS)

37. 3,698 new applications were received in 2001 covering an estimated 116,000 hectares, an increase of 6% over the level of applications received in 2000. Some 16% of these applications are renewals of earlier agreements.

38. The application window was extended nationally to the end of June 2001 to boost uptake which had reduced as a result of FMD. It was subsequently reopened until 31 October to farmers whose livestock had been culled due to FMD. This resulted in 139 additional applications (included in the above total of 3,698).

Environmentally Sensitive Areas (ESA)

39. 860 applications (including upgrades) covering 107,000 hectares were received in 2001, an increase of some 20% over the level of applications received in 2000. In addition, just over 1,800 applications to renew agreements in 2002 were received.

40. The application windows for ESAs were extended to the end of May 2001 to boost uptake, and were subsequently re-opened to farmers whose livestock had been culled due to FMD.

41. The purpose of CSS and ESA is to protect and enhance wildlife, landscape and historic features in the twenty two designated areas in England and in other ERDP regionally targeted areas. A range of land types is covered, e.g. coastal marsh, upland, lowland heath, downland and river valleys, each contributing to national and local biodiversity action plans, by supporting a diverse range of species. The historic element of the schemes includes protection or renovation of archaeological sites and traditional farm buildings.

Organic Farming Scheme

42. 800 applications covering 60,000 hectares were received during 2001 against targets of 650 new beneficiaries and 45,000 hectares.

43. Demand for conversion aid to organic farming under this scheme slowed in 2001. In part this was a consequence of FMD. But farmers considering conversion were also aware of problems of over-supply in the market for organic milk and signs of similar problems for some other organic products. Many will be looking to see

how these issues develop before deciding whether to convert. They will also be looking for the signals that emerge both from the Department and other players, particularly the larger retailers, in the context of the Organic Action Plan³.

Woodland and Energy Crops schemes

44. The Woodland Grant Scheme provides incentives for people to create new woodlands and to manage existing ones. The Farm Woodland Premium Scheme provides annual payments for up to 15 years to compensate farmers for income foregone following the conversion of agricultural land to woodland.

Woodland Grant Scheme

45. 2,485 approvals (covering 10,100 hectares) were made for woodland creation between January 2000 and the end of December 2001.

46. Currently, 260,000 hectares of privately owned woodland remain under a management agreement with the Forestry Commission, of which 2,976 agreements, covering 135,000 hectares, were approved under the ERDP between January 2000 and the end of December 2001.

Farm Woodland Premium Scheme

47. Some 900 approvals were issued between January and the end of December 2001, covering 4,458 hectares. This is 62% higher (and 83% in terms of area) than approvals issued during the year 2000.

Energy Crops Scheme

48. Energy crops contribute to the UK's renewable energy and climate change targets, support departmental policies on sustainable development and provide support for rural areas. The Energy Crops Scheme supports the establishment of short rotation coppice (SRC) under forestry measures, and of miscanthus under the investment in agricultural holdings measure. There is also support for the setting-up of producer groups of SRC growers under forestry measures.

49. 14 offers were made for the 2001/2 scheme year by the end of December 2001. This resulted in 204 ha of energy crops with a value of approx £200,000 approved for planting in spring 2002. One application to set up a SRC producer group was received – and subsequently approved - in the 2001 scheme year.

50. Uptake so far has been disappointing, caused by a lack of support for the development of markets for energy crops. £70m of additional Government funding to

³ In October 2001 Ministers announced the intention to draw up an Action Plan which would look at the strategy for the future direction of organic farming and assess potential growth for UK production and the market. Further information about the Action Plan is given in Section C of this report.

stimulate energy crop markets in the heat, combined heat and power, and power generation sectors has now been announced and co-firing of energy crops with fossil fuel will, within defined parameters, be permitted. It is expected that these developments will increase uptake in the scheme from the 2003 planting season.

Hill Farm Allowance (HFA)

51. HFA is an area based scheme, which was introduced in 2001 as part of the ERDP in accordance with Article 14 of Regulation 1257/1999. It replaced the Hill Livestock Compensatory Allowance (HLCA) which was based on livestock numbers (headage). Whereas the old headage payments provided an encouragement to heavy stocking, the new area payments are designed to counter that risk to the environment and are conditional on compliance with the code of Good Farming Practice.

52. 11,000 claims totalling £42.5 million were paid in Spring of 2001, the first year of the scheme. As expected, there was some redistribution of funding with claimants who stock relatively lightly benefiting from the change to area payments at the expense of those who did better under the previous system of headage payments. A safety net arrangement is cushioning the impact of redistribution. Broadly, this arrangement guarantees claimants at least 90% of their previous payments in 2001 and 80% in 2002.

53. One feature of the scheme which has proved to be a problem is the minimum stocking density rule of one sheep per hectare. This rule was introduced to limit the scheme to those who are genuinely providing the social and environmental benefits of extensive livestock grazing in the LFA. A small number of claimants have fallen foul of the rule and have argued that it is too crude a measure. The rule will be reviewed during the coming year but it is likely that any alternative would increase farmers' and officials' administrative burdens, whereas the current rule has the advantage of being able to be checked automatically.

Progress against ERDP targets

54. The tables illustrating progress of the schemes against the indicators and targets set out in Section 7 and Annex VII of the ERDP are at Annex 4.

55. For the rural economy schemes (RES, PMG and VTS) the tables give an estimate of future outputs arising from those projects which were approved during 2001. These estimates (which are based on projections made in the course of the technical assessment process described in paragraph 28) may need to be adjusted in coming years to reflect actual achievements.

Progress against Commission's common monitoring indicators.

56. The tables setting out progress against the Commission's common indicators are at Annex 5. The table below sets out the key data for each scheme and compares it with the corresponding data for 2000.

Table 7: Summary of Commission Monitoring Data ⁽¹⁾⁽²⁾

Scheme	Agreements made		Area covered ('000 ha)		Value (€m)		Value (£m)	
	2000	2001	2000	2001	2000	2001	2000	2001
Vocational Training Scheme	n/a	94	n/a	n/a	n/a	4.1	n/a	2.6
Hill Farm Allowance ⁽³⁾	12,345	10,944	1,400	1,368	72.0	68.5	44.0	42.5
Countryside Stewardship ⁽⁴⁾	2,072	1,585	80	57	22.8	12.6	13.9	7.8
ESAs ⁽⁴⁾	500	470	28	36	4.1	5.6	2.5	3.5
Organic Farming Scheme	0	763	0	56	0	3.6	0	2.2
Processing and Marketing Grant	n/a	27	n/a	n/a	n/a	9.6	n/a	6.0
Afforestation and other forestry schemes <i>of which:</i>	1,352	4,512	14,080	24,350	19.3	21.8	11.8	13.5
<i>Farm Woodland Premium Scheme</i>	555	937	2	5	1.0	2.0	0.63	1.2
<i>Energy Crops Scheme</i> ⁽⁵⁾	n/a	21	n/a	0.35	n/a	0.6	n/a	0.4
Rural Enterprise Scheme ⁽⁶⁾	n/a	207	n/a	n/a	n/a	19.5	n/a	12.1

Notes

(1): all data relates to agreements made in relation to the year shown, excluding previous commitments

(2): n/a means "not applicable".

(3): for Hill Farm Allowance data relates to claims rather than agreements. Year 2000 relates to Hill Livestock Compensation Allowance (HLCA).

(4): Figures are provisional as some agreements for the 2001 scheme year have not been finalised.

(5): Includes the establishment of miscanthus under Article 4 of Regulation 1257/1999.

(6): for the Rural Enterprise Scheme, the number of agreements will not equal the sum of individual RES measures agreed, as one project may cover several measures. Details of approvals and funding committed to each of the RES measures implemented in England are given in Annex 5.

57. As envisaged in the Programme, overall funding for the measures includes funds derived from modulation. This element of the funding package was used for the first time in 2001 with the EU receipts contributing a total of £3.34 million. This can be broken down as follows:

- ESAs - £0.45 million
- Countryside Stewardship - £0.16 million
- Organic Farming - £2.61 million
- Energy Crops - £0.12million

Overall this represents 8% of EAGGF expenditure under the relevant schemes in 2001. The percentage of expenditure paid for from modulation receipts will increase substantially in future years as the number of new and renewed agreements rises.

Modifications to the ERDP in 2001

58. In July 2001 a document seeking approval for modifications to the ERDP was submitted to the European Commission in accordance with Article 35 of Regulation 1750/1999 (as amended). Following submission to the November 2001 STAR Committee, the following modifications were approved in Commission Decision C (2001) 4760:

- i. The introduction of new arable options into the Countryside Stewardship Scheme (see paragraphs 68 and 69 for further details);
- ii. Amendments to ESA payment rates.

59. The modification document also notified or confirmed earlier notification of the following changes to the ERDP:

- i. As a temporary measure, allowing entry to the Hill Farm Allowance (HFA) to certain claimants who maintain extensively grazed suckler-cow beef herds or sheep breeding flocks on their eligible land and who wish to continue livestock production in the hills, but who are unable to meet the minimum stocking density because of the impact of FMD on their enterprise;
- ii. The decision, under HFA, not to use the forage area for 2001 to calculate the safety net for 2003 because it might be abnormally low as a result of FMD;
- iii. Under the Farm Woodland Premium Scheme (FWPS) removal, in certain cases, of the maximum area limits in relation to the cumulative effect per eligible beneficiary/farm;
- iv. As a temporary measure, variation of the terms of the Organic Farming Scheme (OFS) to allow farmers affected by movement restrictions imposed to contain the FMD outbreak to apply for conversion aid before they had completed registration with an organic inspection body. Registration is normally a precondition for OFS aid but the process of registration, which requires on-farm inspection, was hampered by the movement restrictions;
- v. The correction of an error in section 9.4.8 of the ERDP, concerning the possibility that in a minority of cases under OFS, top up state aid might be payable;
- vi. Under the Rural Enterprise Scheme (RES) to provide for costs incurred by public sector bodies for the provision of facilitation to be eligible for support,

in so far as those costs are additional to the core administrative costs of those bodies and are directly attributable to the delivery of RES outputs and objectives;

- vii. Changes to the financing plan for the ERDP, affecting funding for the Energy Crops Scheme under Article 4 and the Rural Enterprise Scheme under Article 33 of the Rural Development Regulation (1257/1999).

SECTION C: ACTION TAKEN TO ENSURE HIGH QUALITY AND EFFECTIVE IMPLEMENTATION

60. This section describes action taken by the management authority (DEFRA) to develop or enhance systems to support high quality and effective implementation of the ERDP during 2001.

General Background

61. A number of organisational changes were made in 2001 which contributed to the development of the administrative systems to support implementation of the ERDP. The changes included:

- The establishment, in April 2001, of the Rural Development Service (RDS). The RDS is the delivery arm of the ERDP, responsible for the promotion and management of ERDP schemes. RDS also carries out other services, such as dairy hygiene inspections and wildlife management, that were previously provided by the Farming and Rural Conservation Agency (FRCA) and by ex-MAFF Regional Service Centres.
- The launch, in October 2001, of the Rural Payments Agency (RPA) as an executive agency of DEFRA. The RPA is responsible for the CAP payment functions formerly delivered by the DEFRA Paying Agency and the Intervention Board Executive Agency. It is responsible for making all CAP payments in England and for providing information on CAP schemes.
- Continuing development of a new long-term IT system to support the complete range of functions needed to operate the ERDP schemes from receipt of claim through to authorisation of payment.

62. Further administrative systems supporting implementation are:

- Meetings of the National Strategy Group (NSG) and the sister Regional Programming Groups (RPGs) to take forward relevant implementation issues. RPGs meet at three monthly intervals.
- Meetings of the National Rural Development Forum (NRDF) and, at regional level, Regional Rural Development Coordination Groups (RRDCGs). These groups provide an important opportunity to seek views from key stakeholders both nationally and in the regions on implementation and further development of the ERDP. The NRDF met in May 2001 to consult land management, environmental and rural development organisations, as well as ERDP partners among Government Departments and statutory agencies, on possible responses to the foot and mouth disease epidemic. At the end of 2001 the NRDF was renamed the ERDP Consultation Group. The corresponding regional groups (formerly the

RRDCGs) were also renamed as ERDP Regional Consultation Groups. These groups meet within the same three monthly cycle as RPGs.

The impact of FMD on implementation of the ERDP

63. The FMD outbreak had a marked effect on ERDP delivery. At its height, 90% of RDS technical staff were diverted to FMD duties with consequent delays in processing applications across almost all schemes.

64. FMD also affected the ERDP in other ways. For much of 2001, it was not possible to carry out promotional activity on the schemes, and farm visits were also halted or severely restricted, particularly in the early part of the year. The epidemic also had a direct influence on the attitude of potential applicants: some were too distracted by the effect of FMD on their businesses to consider ERDP options, with others perhaps aware of the options but hesitant to implement them in the light of the uncertainty created by FMD.

65. As a result of FMD, some existing agreement holders found themselves unable to comply fully with all of their land management conditions under ERDP schemes. For agri-environment scheme holders who were unable to comply fully with their agreements because of FMD movement restrictions, temporary derogations were granted. These temporary derogations were removed upon the lifting of FMD movement restrictions.

66. As the effect of the epidemic receded, the pressure on RDS resources diminished and advisers were able to visit farms again. Substantial inroads into the backlog of applications, inspections and payment of claims had already been made by the end of 2001 and continued into 2002.

Horizontal requirements

67. Reciprocal arrangements for exchange of information on suspected or actual breaches of Good Farming Practice conditions were set up. The training of inspectors for on the spot checks of Good Farming Practice was interrupted by diversion of staff to FMD duties, but was completed in May 2002.

Issues affecting rolled forward schemes

Countryside Stewardship

68. A submission was made to the Commission in July 2001 (as part of the the annual modification to the ERDP) to incorporate the most successful options from the Arable Stewardship Scheme into Countryside Stewardship. Following Commission approval, the new arable options became available within Countryside Stewardship from January 2002. The Arable Stewardship Scheme will continue to operate as a closed scheme until all agreements have reached their conclusion in 2006.

69. The submission followed an assessment of evaluations⁴ which indicated that the Arable Stewardship pilot had been successful in terms of biodiversity benefits in the pilot arable areas. DEFRA, in collaboration with partner organisations, therefore concluded that it would be appropriate to roll out the most successful options nationwide.

Organic Farming

70. In October 2001 Ministers announced the intention to draw up an Action Plan which would look at the strategy for the future direction of organic farming and assess potential growth for UK production and the market. An initial meeting was held with stakeholders in December 2001. The intention is to finalise the Action Plan by the end of July 2002. The Plan will be based on an assessment of the potential growth both for UK organic production and for the overall organic market.

Woodland Grant Scheme and Farm Woodland Premium Scheme

71. An economic, social and environmental evaluation of woodland creation in England under the Woodland Grant Scheme and the Farm Woodland Premium Scheme was commissioned by DEFRA and the Forestry Commission in summer 2001. The report of this is expected by the summer.

Agri-environment scheme review

72. In December 1999, Ministers announced their intention to review the agri-environment schemes in England “with a view to reshaping and simplifying them in the medium term”. This review began in January 2002 and will be completed at the end of 2003. Its main focus will be on the Countryside Stewardship Scheme, Environmentally Sensitive Areas and the 'Broad and Shallow' entry level scheme recommended by the Policy Commission on the future of farming and food. The review will also consider how these schemes should link to the Farm Woodlands Premium Scheme, the Organic Farming Scheme and other related areas such as access. More broadly, the review will consider how agri-environment schemes should fit with other incentive schemes, with regulatory measures and with industry-led initiatives such as environmental assurance schemes.

⁴ *Publications*

- Ecological evaluation
ADAS (2001). *Ecological Evaluation of the Arable Stewardship Pilot Scheme 1998 – 2000, MAFF 2001*
(www.defra.gov.uk/erdp/schemes/landbased/old/arable.htm)
- Economic evaluation
CCRU/ADAS (2001). *Economic Evaluation of the Arable Stewardship Pilot Scheme, DEFRA 2001*
(www.defra.gov.uk/esg/economics/econeval/asps/index.htm)

Issues affecting new schemes

Promotion

73. Promotion of the ERDP was affected by severe flooding in autumn 2000 and the FMD outbreak in 2001. Virtually all national and local agricultural events, including the Royal Show, were cancelled, as were plans for local promotion of ERDP. The celebration of the Countryside Stewardship Scheme 10th anniversary and 10,000th agreement holder were the notable exceptions, and were used as an opportunity to demonstrate the achievements of the scheme and to encourage potential applicants.

74. Steps have been taken to raise the profile of the ERDP with a view to stimulating uptake and improving the quality of applications. Rural Development Service regional staff are developing and implementing promotion strategies and initiatives with regional partners. Some of these are described more fully in the regional section in Annex 2, but they include:

- holding regular discussions with National Farmers' Union (NFU) policy advisers to monitor progress on the rural economy schemes in the regions and to consider ways of making the application process easier for farmers to understand and work through;
- liaison with Directors of Rural Community Councils to increase the social component of applications under the rural economy schemes;
- working with the national park authorities to identify priorities for ERDP support and practical arrangements to assist with the development of business plans and applications for grant;
- arranging "clinics" and workshops for farmers so that the opportunities afforded by the schemes and the application process can be explained;
- encouraging partners to promote ERDP schemes through their own work (including local authorities who have responsibility for considering associated applications for planning permission);
- selective publicity for successful projects.

ERDP Scheme Literature review

75. Literature for the new schemes, put together very rapidly following delayed Commission approval of the Programme in autumn 2000, has been criticised as too long and complex, thus putting off potential applicants. This was in contrast to the earlier Objective 5b Scheme, where there was criticism that the scheme requirements were not fully explained. A full review of ERDP scheme literature has been put in hand, with the aim of re-launching in the latter half of 2002 both the ERDP and the

revised literature for the Rural Enterprise Scheme, Processing and Marketing Grant, Vocational Training Scheme and Energy Crops Scheme. The review is being conducted in full consultation with ERDP partner organisations and other key stakeholders e.g. the National Farmers Union and farmer focus groups.

Improving the quality of applications

76. The quality of some applications, particularly for the rural economy schemes, has been disappointing. Many farmers are unused to preparing applications for competitive schemes which require business plans or project proposals (although this is often no more than a bank would require for a business loan).

77. Potential applicants need more technical help at the project preparation and application stages. This will be delivered through promotion and better awareness of what the schemes have to offer and through road shows, seminars and “clinics” where one-to-one advice will be available from the Rural Development Service or other technical advisers. Partner organisations will be encouraged to participate in these events so that expert knowledge is on hand for the wider range of support and funding opportunities available. Many regions are working with partner organisations, notably the Rural Development Agencies (RDAs) and local authorities, but in some instances NFU and the Country Landowners and Business Association (CLA), to develop local facilitation services to help potential applicants.

78. Supplementary advisory material e.g. examples of business plans to accompany applications, has been prepared for general distribution to potential applicants and for use at advisory and promotional events.

79. In consultation with partners and stakeholders, regions are developing regional targeting statements for the rural economy schemes which will provide short succinct statements informing potential applicants of each region’s priorities for grant aid. The first drafts of these statements were prepared in December 2001, with final versions being rolled out from May 2002.

Achieving greater integration

80. Better integration of ERDP with the many other rural programmes and initiatives available is at the heart of making a real difference for those seeking aid in rural areas. Integration can include developing and sharing common objectives with partners, creating regional strategies which map out all the different types of support, piloting simpler more user-friendly delivery mechanisms and introducing ‘one start shops’ or single enquiry points for all the programmes.

81. In the short term, action has already been taken to ensure a better joined-up approach at the working level. DEFRA organised a workshop in November 2001 for Government Office Rural Directors, Rural Development Service Regional Managers and representatives of all the key partner organisations to look in detail at current

practice, exploring the scope for improvements. An action plan has been developed to develop the ideas and initiatives arising from the workshop. Pilot work such as the proposals for FMD recovery will also help to bring about new and more integrated ways of working.

82. For energy crops, DEFRA worked closely with the DTI and the New Opportunities Fund to establish the best way to administer the £70m of funding for market development announced in 2001. The funding is from several sources but there will be a single application point. There is also close co-ordination with related programmes such as the Countryside Agency's Community Renewables Initiative, the Community Energy Programme and the Carbon Trust's Low Carbon Innovation Programme.

Monitoring outputs

83. The simplified monitoring requirements introduced by the Commission after consultation with Member States in December 2001 will be easier both to fill in and to produce data that are more readily comparable across Member States and regions.

84. In addition to the information collected on the basis of the Commission's monitoring tables, output information has been monitored against the targets contained in Section 7 and Annex VII of the ERDP (see Annex 4).

Financial controls

85. An interim database has been developed to enable financial monitoring, on a monthly basis, for each of the four funding streams: Community (RDR) allocation, Exchequer co-financing, actions funded by modulation receipts and the matching Exchequer co-financing. The database allows accounting on the basis of EAGGF, national and calendar years, and distinguishes between national and regionally operated schemes. Work is continuing on the development of financial reporting requirements for the new long term ERDP IT system (Genesis). In the longer term, it is hoped that changes to the European legislation will simplify the requirements, allowing the money available to the ERDP to be treated as a single fund, regardless of the source of funding.

Evaluation

86. The strategy for the mid-term evaluation of the ERDP, guided by the Commission's working document VI/12004/00, was discussed with and approved in principle by the European Commission on 13th December, and is being amended to reflect their comments. The strategy is guided by the principles of proportionality to programme spend and of keeping administrative burdens to beneficiaries to a minimum.

87. The survey plan includes the use of existing scheme and non-scheme databases and ongoing national surveys as well as academic research. DEFRA's ongoing independent scheme evaluations and reviews will be used as well as specific surveys and case studies. A separate preparatory study for the mid-term evaluation is to be carried out to gather existing background data and data sources to use as a baseline to assess programming impact. Overall, this strategy will enable the majority of all Commission evaluation questions to be answered.

SECTION D: MEASURES TAKEN TO ENSURE COMPATIBILITY WITH COMMUNITY POLICIES

Natura 2000

88. Three further Special Protection Areas (SPAs) were classified during 2001, bringing an additional 3,848 hectares within the Natura 2000 network in England. The SPA network is now largely complete, and in September the JNCC published its UK SPA Review which confirms that the network is logically and scientifically derived, collectively robust and is meeting the objectives set by Article 4 of the EC Birds Directive. The review details the full list of SPAs identified using the existing data window. A Scientific Working Group has been established to assist Government and the statutory conservation agencies in continuing to review the development of the SPA network and to react to new survey data as it becomes available.

89. The network of Special Areas of Conservation (SAC) in England was further expanded with four tranches of sites being sent to the European Commission in 2001 as candidate SACs. 73 new English sites were added (including cross border sites) bringing an additional 130,000 hectares within the Natura 2000 network in England. By the end of 2001 the SAC list was substantially complete and the UK is awaiting its scrutiny at the EU Atlantic biogeographical moderation meeting scheduled for June 2002.

90. Measures necessary to ensure that ERDP programmes do not harm SPAs or proposed or candidate SACs have been maintained.

Nitrates Directive

91. Current Nitrate Vulnerable Zones (NVZs) cover around 8% of England's land area and were designated in 1996 to protect drinking water sources. In December 2000 the European Court of Justice ruled that the UK had failed to implement the Directive fully, stating that it applied to all ground and surface waters with the intention of reducing the risk of eutrophication (for example, excessive algae growth in lakes) as well as protect water sources. The UK is working to comply with this ruling as soon as is administratively possible.

92. Following public consultation, the Government announced on 27 June 2002 that new Nitrate Vulnerable Zones will be designated in England to cover a total of 55% of England's land area.

93. The designations will be made formally during summer 2002 and Action Programme measures to control nitrate losses from agricultural land will enter into force on 19 December 2002.

94. The new NVZ area can be viewed via www.defra.gov.uk/environment/water/quality/nitrate/maps.htm

Progress on Objective 1

95. Administration of the EAGGF programme for Objective 1 areas was delegated to the Government Offices for the respective regions (Southwest, Northwest, Yorkshire and Humber) in April 2001. This brought the operation of EAGGF Objective 1 into line with other Structural Fund Programmes.

96. By the end of 2001, 40 applications had been approved and offer letters sent out. Approximately £16 million of EAGGF funding and £16 million of DEFRA match-funding has been allocated to these projects.

Progress on Objective 2

97. There are nine English Objective 2 programmes, one in each English region, covering the period 2000-2006. They are aimed at supporting the economic and social conversion of industrial, rural, urban and fisheries areas facing structural difficulties. England has been allocated a total of £2.1 billion Objective 2 funding from the European Regional Development Fund and European Social Fund.

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

Complementarity between ERDP, Objective 1 and Objective 2

Objective 1

99. During the development of both the ERDP and the Structural Funds Single Programming Documents, joint meetings were held in order to co-ordinate processes and themes wherever possible to ensure complementarity. Monitoring Committees and Working Groups aim to ensure that there is no overlap of funding between Objective 1 and the ERDP. These bodies also ensure that cross-cutting and overarching themes common to all of these funding streams are taken into consideration when assessing project applications. DEFRA is represented at all of these meetings. Similar mechanisms have been set up for Objective 2 programmes.

100. The Scheme Implementation Plan covering operations under EAGGF Objective 1 also highlights the need to consider cross-cutting themes (under the Rural Development Regulation) when assessing projects. Complementarity is further supported by the involvement of the Rural Development Service in assessing and scoring of project applications for both ERDP and Objective 1 projects.

Objective 2

101. The nine Article 33 measures covered by the Rural Enterprise Scheme will be available throughout England except where the specific arrangements set out below for certain Objective 2 areas apply, and in Objective 1 regions.

102. In all Objective 2 regions, except the South East and Greater London, the funding for the nine measures in the Rural Enterprise Scheme under Article 33 of Regulation 1257/1999 is split between ERDF (through the relevant Objective 2 SPDs) and EAGGF (through the Programme), and is operated in the following way:

i) measures available only through the ERDP, which includes RES, and funded by EAGGF:

- setting-up of farm relief and farm management services;
- marketing of quality agricultural products;
- diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes;
- agricultural water resources management;
- development and improvement of infrastructure connected with the development of agriculture;
- protection of the environment in connection with agriculture, forestry and landscape conservation as well as with the improvement of animal welfare.

ii) measures available both in the ERDP and in SPDs, and funded by the EAGGF and ERDF respectively, using the following demarcation:

- renovation and development of villages and protection and conservation of the rural heritage:
 - *EAGGF to fund protection and conservation of the rural heritage with the objective of protecting and conserving built and manmade features to safeguard their historical value for future generations;*
 - *ERDF to fund renovation and development of villages with the objective of restoring the built and soft environment or providing new facilities to provide new social or economic uses for the benefit of the local community;*

- encouragement for tourist and craft activities :
 - *EAGGF to fund tourist and craft activities based in the countryside related to food and to farming, i.e. activity that would contribute to farm businesses or would involve products from farming;*
 - *ERDF to fund activities not covered by EAGGF, e.g. support for industrial heritage tourist sites, generic promotion (including area-specific promotion), significant infrastructure provision, including new visitor attractions.*
- iii) *measure available only in SPDs and funded by ERDF:*
- basic services for the rural economy and population.

103. ERDF may support the activities specified above only when they fall within the remit of the agreed strategy and priorities in each Objective 2 SPD.

104. Liaison arrangements have been put in place between the ERDP Regional Programming Groups (RPGs) and the corresponding bodies for Objective 2 areas to ensure appropriate integration of the Programme measures funded by EAGGF Guarantee with Objective 2 measures funded by ERDF, and to avoid duplication of funding. The RPG can be represented on Objective 2 PMCs, and representatives of Government Offices, responsible for implementation of Objective 2 programmes, can in turn be members of the RPGs.

LEADER+

105. The England LEADER+ Programme was approved by the European Commission on 9 August 2001. Twenty four local action groups have been chosen to receive funding following a competitive selection process.

106. LEADER+ and the ERDP share common objectives but take different approaches to achieving them. LEADER+ focuses on community led partnerships implementing innovative, sustainable development plans. One of the roles of the LEADER+ Programme is to test innovative approaches to rural development and influence future mainstream development programmes such as the ERDP.

107. The England LEADER+ Programme - at Section 4 and Annex 3, Section B - details the relationship between LEADER+ and the ERDP or other rural development funding streams. As part of their application for LEADER+ funding, local action groups were required to demonstrate how their activities would complement these other funding streams. Complementarity of LEADER+ activities with other rural

development programmes will continue to be monitored by the National and Regional Programme Monitoring Committees.

COMPLEMENTARY INITIATIVES AND SOURCES OF ASSISTANCE FOR RURAL AREAS.

ERDP is one source of assistance for change in rural areas. Throughout the year many other complementary initiatives were also operating, some of which are mentioned in the main part of this Report. The following list of those that operated in 2001 is included in this Report to help foster partnership and to help ERDP partners and stakeholders to identify the most appropriate initiative(s) in order to make effective use of both ERDP and other rural development funds. These range from large national to small locally based initiatives or schemes aimed at specifically designated areas. Initiatives are listed below, in alphabetical order, in the following four categories:

1. National or multi regional initiatives
2. Small scale discretionary grants / matched funding available through various bodies throughout England
3. Initiatives applicable in specific / designated areas only
4. Other Government support in rural areas

1. National or multi regional initiatives

Agriculture Development Scheme (DEFRA)

A competitive scheme to assist non-capital projects and designed to improve marketing performance and competitiveness. A fourth round of the scheme will be opened to applications later in 2002. In addition to general priorities established in the previous three bidding rounds, three recommendations from the Policy Commission on Food and Farming will also be addressed – collaboration among primary producers; bench marking and spread of best practice and assurance schemes.

Biodiversity Grant Scheme (English Nature)

Grants are available for research and practical projects to halt losses and decline in species and habitats which are currently under threat.

Buildings and Monuments Grant Scheme (English Heritage)

Conservation grants to assist with the repair only of grade I and II* historic buildings (not grade II) considered to be “at risk” and the management of scheduled ancient monuments (i.e. sites deemed to be nationally important). The grants are payable to local authorities, charities and private individuals.

Craft Training Programme (Countryside Agency)

The Craft Training Programme has two elements: the New Entrants Training Scheme and a range of short, more advanced Open Courses, both of which aim

to provide relevant and accessible training for small rural firms working in the crafts and rural trades.

(i) New Entrants Training Scheme (NETS)

Grants for training of over 150 apprentices (thatching, saddlery, wheelwrighting, woodworking, traditional upholstery, furniture making, forge work and agricultural engineering) through a traditional, work based apprenticeship scheme.

(ii) Open Courses

A range of short, more advanced courses based on the NETS disciplines for those already in the trade who need to top up or diversify their skills.

Development Fund (DTI & Small Business Service)

To encourage innovative ideas to promote and support enterprise in disadvantaged areas and in groups currently under-represented in terms of business ownership. Its purpose is to encourage experimentation, the evaluation of new ideas and the identification and spread of best practice in an area where there is currently too little knowledge.

Development Fund for Rural Renewal (DTI & Small Business Service)

This mitigates the effects of FMD by enabling more people to develop business ideas, start up and run new businesses, or grow existing ones. The aim is to encourage a variety of high quality projects that target particular areas and/or groups which have been affected by the FMD outbreak, particularly when there is or has been a reluctance to seek help for their businesses.

Doorstep Greens (Countryside Agency)

Designed to help people create a place to play and relax on their doorstep. Start up grants for local partnerships to create green spaces etc.

Eat the View (Countryside Agency)

Aims to help people make the link between the products they buy and the countryside they cherish. Improving the commercial viability of environmentally sound land management can both help support rural communities and maintain the traditional character of the English countryside. Eat the View, launched in July 2000, is a five year programme. Current projects include: regional food groups in partnership with Food From Britain; support for the National Association of Farmers Markets and Farm Retail Association; and studies to gather views of consumers and attitudes of tourists.

Enterprise Grant Scheme (DTI, GOs, RDAs, Business Links)

To help SMEs in certain areas of England to invest in projects that would otherwise not go ahead, in order to grow. Grant available is up to a maximum of £75,000 on projects with up to £500,000 capital investment. In general, high

growth businesses seeking to maximise value added projects with quality output are given preference.

Farm Business Advisory Scheme (DEFRA through Business Links)

Designed to provide free on-farm advice to farmers to help them decide on the direction in which to take their businesses and to signpost them to further advice and funding streams and thus enable them to carry out a farm business action plan.

Flood defence (Environment Agency)

Funding available to support flood defence projects, including environmental aspects.

Heritage Economic Regeneration Scheme (English Heritage)

Conservation grants targeted at areas of social deprivation (these have included a number of market and other small towns).

Industry Forum Adaptation (DTI)

Funds projects linked to the spread of best practice within particular sectors. Current projects include the “Red Meat Industry Forum Adaptation Initiative” which, for the red meat sector, aims to raise productivity, improve the sector’s supply chain and strengthen overall competitiveness.

Land and Property (RDAs)

Working in partnership with the private and public sector to secure the development of brownfield and strategically important sites. Supports rural and urban environment improvement, employment, business growth, business start ups, clusters and key sector growth. Targeted to priority geographic areas such as Rural Priority Areas and Objective 2 and 5b transitional areas.

Land Management Initiatives (Countryside Agency)

A series of nine geographically based projects which are testing and demonstrating how England's land management and farming systems can respond to the changing demands on agriculture in ways that will maintain a healthy, attractive environment and contribute to thriving rural economies and communities. Each project has been developed locally, in partnership with the farming community and other interest groups, and is guided by the objectives of the national programme.

LEADER+ (DEFRA & GOs)

This is a six year programme to assist rural communities. Partnerships of local organisations and people receive funds to identify development needs within their rural communities, which they set out in a development plan; and to develop and test small-scale, innovative pilot projects to meet those needs in a sustainable way.

Local Heritage Initiative (Countryside Agency)

A national grant scheme that helps local groups to investigate, explain and care for their local landmarks, landscape, traditions and culture.

Market Towns Initiative (Countryside Agency & RDAs)

To bring a new lease of life to market towns (& surrounding areas) so that they can provide convenient access to the services that surrounding rural communities depend on: retail and professional, training and jobs, leisure and cultural activities. Delegated grants through working groups involved in the healthcheck process. Targeted on 140 towns, but free advice/tool kit for others. Website: www.countryside.gov.uk/market-towns.

Objective 3 Structural Funds (DfES and GOs)

These support the adaptation and modernisation of policies and systems of education, training and employment

Organic Conversion Information Service (Elm Farm advisors on behalf of DEFRA)

The Service assists farmers to decide whether both they and their land are suitable for conversion to organic farming

Planning Consultancy for the Rural Enterprise Scheme (DEFRA)

This provides a free professional planning feasibility study for farmers who wish to pursue viable diversification projects under RES

Pig Industry Restructuring Scheme (DEFRA)

This Scheme operated during 2001 but is now closed to applications. There were two parts to the scheme: the 'Outgoers' part was aimed at reducing industry capacity, whilst the 'Ongoers' part was aimed at helping pig farmers restructure their businesses for the future.

Producer Organisation (Fresh Fruit and Vegetables) Aid Scheme (DEFRA & Rural Payments Agency)

The scheme provides financial support for recognised Producer Organisations who submit 3-5 year operational programmes aimed at encouraging the use of environmental techniques and improving the quality, marketing and end value of the product. The EU funds up to 50% of eligible costs of each programme, up to an overall set ceiling of 4.1% of the organisation's annual turnover.

Redundant Building Grant Scheme (RDAs)

A capital grant for the renovation of rural buildings no longer suitable for their original use. The traditional scheme was targeted on Rural Priority Areas, but a scheme specifically for farmers was introduced two years ago (only delivered by some RDAs), and is available over a much wider geographical area. Funding under both schemes is up to 25% of eligible costs, with a maximum of £62,000.

Rural Development Programme (RDAs)

The Programme promotes economic and social development in designated Rural Priority Areas, funding projects put forward by the local partnerships in each region.

Single Regeneration Budget (RDAs)

Provides resources to support regeneration of the physical and social environment in urban areas. Initiatives in England carried out by local regeneration partnerships. Its priority is to enhance the quality of life of local people in areas of need by reducing the gap between deprived and other areas, and between different groups. It supports initiatives that build on best practice and represent good value for money. There will be no further national round of the SRB funding, existing initiatives will proceed as agreed.

Vital Villages (Countryside Agency)

This is intended to help small rural communities to take stock of their village, to identify what they need to revitalize it, to ensure local people have a voice in their future and to provide support to enable each village to make its own decisions and to implement some of the improvements needed locally. Grants are available to anyone proposing to improve or establish a local service for a rural community, and include Parish Plans Grant, Community Services Grant, Parish Transport Grant and Rural Transport Partnership Scheme.

2. Small scale discretionary grants / matched funding available through various bodies throughout England

English Nature

Grants to enrich local biodiversity

Local Authorities

Adult and Community Education
Business support
County Farms and woodlands
Infrastructure - buildings, footpaths, cycleways
Tourism - promotion and marketing
Research, facilitation and local brokering
Integration into Community Planning Process
Social Inclusion, healthy eating, schools

Local Partners

Support for small businesses in Objective 2 areas
Support for rural tourism in Objective 2 areas
Support for rural communities and services in Objective 2 areas

Learning & Skills Councils

- Support to develop skills in Objective 2 areas
- Active labour market policies in Objective 3 areas
- Equal opportunities and social inclusion in Objective 3 areas
- Lifelong learning in Objective 3 areas
- Adaptability and entrepreneurship in Objective 3 areas
- Improving the participation of women in Objective 3 areas

3. Initiatives applicable in specific / designated areas only

Objective 1 Structural Funds (DEFRA & GOs)

Similar to rural development measures under ERDP, but with potentially higher grant rates. The Programme is delivered through the Government Offices in Cornwall, Merseyside and South Yorkshire. Supports rural diversification areas whose average income is less than 75% of the average.

Objective 2 Structural Funds (DTLR and GOs)

Supporting the economic and social conversion of areas facing structural difficulties. Some Rural Enterprise Scheme measures are not available in Objective 2 areas and should be funded by this programme.

Farm Waste Grant Scheme (DEFRA)

Grants to farmers to help them comply with waste storage regulations in designated Nitrate Vulnerable Zones

Land Purchase Grants (English Nature)

Grants to conservation organisations towards the cost of acquiring land - principally that which is notified as SSSI

Management Agreements (English Nature)

These are the main mechanisms available to English Nature to secure the positive management of Sites of Special Scientific Interest by owners and occupiers. Priority is given to those sites in unfavourable condition. Many agreements include a capital payment for habitat restoration, such as scrub clearance, in addition to annual payments.

National Parks Management Agreements (National Parks Authorities)

To encourage farmers/landholders to manage their land in such a way as to preserve and protect the countryside and the features (landscape and heritage) within it, in accordance with National Park purposes. Agreements are also set up by which landholders open up areas of their land to the public.

Areas of Outstanding Natural Beauty (Countryside Agency)

For the better management of all AONBs to help them make the most of these opportunities, in particular to establish dedicated teams of staff to carry out core functions. Includes grants to help implement new statutory management plans.

Reserves Enhancement Scheme (English Nature)

Grants to support management of National Nature Reserves by VCOs and for capital projects on the same sites. Support is provided to 32 County Wildlife Trusts in England, plus two specialist conservation bodies.

Section 35 National Nature Reserves Capital Grant Scheme (English Nature)

Grants are available to Approved Bodies under Section 35 (1) (c) of the Wildlife and Countryside Act 1981, where these Approved Bodies are not eligible for the Reserves Enhancement Scheme. These grants are for the capital costs of projects improving the management of the reserve.

Local Nature Reserves Grant Scheme (English Nature)

Funds are available to organisations involved or interested in managing and developing Local Nature Reserves such as local authorities, local councils, wildlife trusts and charitable groups, particularly in disadvantaged areas that lack access to natural open space. Local Nature Reserves are areas which have been formally declared by the Local Authority under Section 21 of the National Parks and Access to the Countryside Act.

4. Other Government support in rural areas

- Department for Trade and Industry loans for small businesses and business advice through the Small Business Service;
- Department for Transport, Local Government and the Regions has offered rate relief for rural businesses affected by foot and mouth disease;
- Department for Transport, Local Government and the Regions offers funding under the Rural Bus Challenge to encourage cost-effective innovation in the provision or promotion by local authorities of rural bus transport.
- Department for Education and Skills offers assistance with job searching and rural skills;
- Department of Culture, Media and Sport, as part of an FMD tourism recovery strategy, announced additional funding for tourism promotion;
- Benefits Agency offers a range of support including *Jobseeker's Allowance*, *Minimum Income Guarantee*, *Housing Benefit*, *Council Tax Benefit*, *Social Fund* and *The Working Families' Tax Credit*.

REGIONAL REPORTS

This annex provides a summary of the main developments affecting the English regions since the ERDP was approved in October 2000. It covers the following regions:

- A. North East
- B. North West
- C. Yorkshire and Humberside
- D. East Midlands
- E. West Midlands
- F. East of England
- G. South East
- H. South West

The annex updates the information contained in the regional chapters published in October 2000 as appendices to the ERDP. It describes the main *regional* factors affecting conditions in each region and, as such, complements the information provided for England as a whole in section A of this report (“Changes to Conditions, Trends and Policies”). To avoid duplication with the main body of the report, particular emphasis is given in this annex to specifically *regional* initiatives and developments.

Each section of the annex is laid out under the following headings:

Changes to conditions

- Foot and mouth disease*
- Other socio-economic changes*
- The rural environment.*

Changes in trends

- The agricultural sector.*
- Leisure and tourism*
- Other sectors*

Regional Initiatives and Developments

NORTH EAST REGION**Changes in conditions*****Foot and mouth disease***

The region's farming industry has been profoundly affected by its 191 FMD cases. In addition, the consequential impact on other areas of the rural economy has been severe. The first case in this region was identified on 23 February 2001 and the last was on 29 September 2001. Special biosecurity measures (blue box) were imposed in Northumberland and Durham on 26 August and were removed on 8 November.

A detailed report on the impact of FMD has been prepared by Newcastle University's Centre for Rural Economy. The study provides the first systematic analysis of the impact of the Foot and Mouth outbreak on small rural firms. It derives from a survey of 180 (non-farming) rural micro-businesses (those firms with fewer than 10 employees) and was conducted over the telephone. The sample was based on a database of 2000 micro-businesses in the North East of England.

The report indicates that the overall impact of the FMD outbreak on the North East can be summarised as follows:

Effect on firms

- 28% of firms, high impact (a loss of more than 10% of turnover)
- 12% of firms, medium impact (a significant adverse effect on the operation of the business, but where the loss of turnover has been less than 10%)
- 59% of firms, little or no impact.

Effect on rural employment

One in six of the affected firms have reduced their employment due to FMD. Most of the losses have been in the hospitality sector, but there have also been losses in recreation and land-based sectors. The overall effect on employment by rural micro-businesses is a reduction of 8% in full-time employment, 20% in part-time employment and 8% in casual employment.

Other socio-economic changes

Rural deprivation continues to be an issue that has a significant impact on communities in the North East. Issues such as declining rural services, skills shortages and poor housing provision are still as relevant as when the ERDP regional chapter was drawn up in 1999. ERDP must be seen as part of an integrated approach with other agencies and support bodies to tackling these problems.

Changes in trends

Agricultural Sector

Farm income levels continue to fall from the levels reported in the 1999 North East regional chapter. The Farm Business Survey “*Farming in Northern England 1999/00*”, produced by the University of Newcastle shows income trends in the North East (and Cumbria). The survey shows that Northern farms now have an average net farm income of £75/ha, which is an 8% increase on the previous year. This disguises the fact that on many farms, particularly upland rearing and lowland grazing units that account for a substantial number of holdings in the region, farm income is actually negative, despite some increases on the previous year.

Downward trends in net farm income in hill farms (e.g. Hill Rearing units) continue to be marked (56% between 1998/99 and 1999/00) and this has serious repercussions on the rural economy in more remote parts of the region, where hill livestock farming has also been severely affected by FMD.

Other sectors

Food sector supply chain development and the linkages between farming and the wider food sector continue to be weak in the North East. Research suggests that considerable effort needs to be made to ensure that benefits from food production and processing are maintained within the region for the benefit of the regional economy as a whole. In rural areas, greater emphasis must be placed on effective processing and marketing of agricultural produce to ensure sustainable returns in the primary production sector.

The rural environment

The first publication of the Regional Biodiversity Audit was circulated in 2002, providing an important resource for DEFRA and regional partners in assessing the environmental value of the region. The audit maps out the UK BAP priority species in the region. In addition to this, a feasibility study for a regional Environmental Information Centre has been put forward by the North East Biodiversity Forum.

The Durham Biodiversity Partnership has produced one of the first full sets of coastal and marine habitat and species action plans. Also, in the Tees Valley, an implementation officer has been appointed to take forward actions in the Tees Valley BAP.

RDS has worked in partnership with various organisations, including the Durham Biodiversity Partnership to produce data on tree bunting and corn sparrow. This has been used to target the new CSS arable options.

The RSPB Volunteer Farmer Alliance is offering free bird surveys to farmers in Northumberland. These are being used to help with CSS applications to DEFRA.

Regional Initiatives and Developments

FMD recovery activity

A series of measures was introduced by the Government to help businesses affected by FMD. RDS organised 4 seminars in Hexham, Morpeth, Bishop Auckland and Darlington and in all nearly 200 farmers attended these events. Farmers were offered advice on their future options and the way ahead in the light of the disease outbreak.

An RDS North East Contact Service was also established as a one stop business helpline for all farmers and a vehicle for facilitating group activity in collaboration with the Farm Business Advice Service and other stakeholders.

ONE NorthEast, the Regional Development Agency for the North East, received £7.5 million for FMD recovery and this has been allocated as follows:

- £ 600,000 Interest Relief Grant
- £ 1,300,000 Marketing Grant
- £ 450,000 Investment Support Grant
- £ 270,000 Business support
- £ 2,000,000 Tourism and promotion (25 separate projects some of which were delivered through the Tourist Board)
- £ 650,000 Community development work (20/25 projects).
- £ 1,300,000 New business improvement grant
- £ 100,000 Business link
- £ 200,000 Regional tourism and promotion
- £ 40,000 Rural ICT project linked to the Market Towns Initiative

Help is also available in the form of deferral/extended time to pay for VAT, tax payments and National Insurance contributions, and help with rates bills.

The Countryside Agency operated a fund until the end of March 2002 to promote rural recovery in the wake of FMD. Funds were made available for:

- Sprucing up recreational infrastructure (i.e. removal of old signage, updating information)
- Rights of Way. A subsidy for temporary fencing on landowners' property
- Access of recovery fund. Funding for new signs and waymarkers

English Nature have a pilot scheme based at "Hexham Skirt Moors" on a SSSI to encourage farms to decrease the rate at which they restock

Rural Action Plan

Government Office North East, One NorthEast, the Countryside Agency and the North East Regional Assembly have produced a draft Rural Action Plan, which aims to provide the focus for a coherent and co-ordinated approach for future rural

development within the region. The role of the North East Rural Action Plan will be vital in promoting sustainable development in the rural north east. It sets out ten priority action areas, which, it is hoped, will make the most difference to the region's rural areas over the next 3-5 years:

- The development and diversification of land-based businesses
- Influencing the reform of national and European Policy
- The development and promotion of rural tourism
- Developing a diversified rural economy
- Developing and enabling planning system that facilitates sustainable rural development
- Investing in market towns and local service centres
- Realising the opportunities offered by Information and Communications Technology
- Developing vibrant rural communities
- Developing integrated rural transport
- Developing new ways of working

The Land Management Recovery Group was set up in the light of the FMD outbreak and this group meets regularly to discuss current recovery activities and plan future actions in the region. The group has produced specific Local Area Plans (LAPs) for the parts of the North East that have been worst affected by FMD. There are currently four LAPs: the North Pennines, the Hadrian's Wall area, SE Northumberland and the A68 corridor in Durham. The LAPs set out the priorities for these areas in the light of the outbreak.

Cluster Analysis

One NorthEast has commissioned a study from Promar International – “*Mapping the North East Food and Drink Cluster*”. This looks at developing excellence around the food chain and adding value at every stage of the process.

The strategy points to the current strengths, weaknesses, opportunities and threats to the food sector in the North East. The conclusions of the study point to the need to build on key strengths in the region and develop the “pockets of dynamism” that currently exist. However, the linkages between different parts of the food chain are currently relatively weak and there is a clear rationale for public sector involvement in this sector to stimulate activity. It is clear that the ERDP has a key role to play in focusing activities in the producer part of the food sector.

Objective 2

The Objective 2 Programme runs from 2001 until 2006 and helps the region adjust to economic and social change. The Objective 2 areas are those which have been affected by the loss of employment and in this region over 87% of the population is designated for assistance under the Programme. The Programme is delivered through

a range of regional, sub-regional and local 'partnerships', which are made up of organisations from the public, private and voluntary sectors.

Objective 3

Objective 3 funding is allocated to the whole of the North East area and a system of open bidding is used. The North East of England Regional Development Plan (RDP) provides the framework for the delivery of the Programme in this region and it identifies the regional priorities for support.

Single Regeneration Budget (SRB)

The SRB draws together various Government Regeneration funding initiatives into a single package. It provides funding to support regeneration initiatives carried out by local partnerships. One NorthEast is responsible for the management and administration of SRB schemes in this region. There are currently 73 SRB schemes in operation in the North East involving £500 million in SRB funding. The schemes are delivered through partnerships that appraise and approve over 500 projects annually. Projects with a particular rural theme include:

- Hadrian's Wall Enrichment & Enterprise
- Redcar & Cleveland: Pathways To Inclusion
- Northumberland – The Can Do County

Land Management Initiative (LMI)

The Northumberland National Park (NNP) administers one of the Land Management Initiatives (LMI) (see annex 1) in this region. It aims to look beyond the current pre-occupations in land management and to identify the kind of countryside and land management that society might wish to see in, say, 20 years time.

During the summer of 2001 the NNP LMI has conducted focus group research with a range of people from both rural and urban backgrounds. One of the principal findings is that, to the people of the region, the tranquillity and remoteness of Northumberland is its prime asset. Further research is being undertaken.

The second LMI is administered by Great North Forest and their objective is to focus on the urban/rural interface. They aim to investigate how they might stimulate the development of a sustainably managed landscape which delivers compatible goods and services for which there is an identified demand. In particular, they are interested in identifying goods and services which the countryside around towns could deliver. This is in the early stages of development.

Eat the View

In this region the Countryside Agency and Newcastle University's Centre for Rural Economy are working together to produce a business plan indicating future activity.

Work so far has included research into the need and demand for farmers markets and food fairs.

Market Towns Initiative

Twelve North East market towns are designated under this initiative and will be eligible to receive grant aid and business support expertise. These towns are as follows: Alnwick, Barnard Castle, Berwick, Crook, Guisborough, Haltwhistle, Hexham, Middleton-in-Teesdale, Morpeth, Seahouses, Stanhope and Wooler.

RSPB Schemes

The Royal Society For The Protection Of Birds (RSPB) currently has a number of project officers who are working on specific agricultural projects in the North east region. The first of these is “Working with Waders”, which operates in the North Pennines area.

The RSPB Volunteer and farmer alliance is a scheme to help farmers increase their knowledge of the birds that may be on their farm. Farmers can receive a survey of birds on their farm and are offered further advice and guidance on how to implement management practices that are sympathetic to particular bird species.

NORTH WEST REGION**Changes to conditions*****Foot and mouth disease***

The North West was the most severely affected of any Region, with Cumbria being the worst hit county. Almost half of all Cumbria's farms lost livestock. Whilst the last confirmed case was 30 September 2001, many businesses continued to suffer beyond that date as a result of FMD restrictions. The full impact of the disease in economic, social and environmental terms cannot yet be fully established.

The impact of FMD on the North West economy is put at 0.4%-0.5% of GDP. This figure rises to 4% in Cumbria. But in economic terms there is also a range of other issues to address, some of which are driven by national and international events and strategies as much as by regional factors. Not least of these is the continued fall in farm incomes - some 25% between 1999 and 2000 - representing a cumulative reduction of 85% between 1995 and 2000.

Other changes in socio-economic conditions

There are fewer opportunities for those living in rural areas to find work in the traditionally land based sector. This results in out-migration. Many parts of the region are experiencing low levels of basic service provision, often due to low demand. In parts of the region, eg the Lake District, there is an in-migration of affluent people. The result can be hidden deprivation and poor access to housing and services for low waged rural people. Support for new enterprises which create rural jobs and the development of multi-functional facilities can help to reduce social exclusion.

The rural environment.

The region received a high number of Countryside Stewardship applications and this was further increased by the reopening of the window for applications from farmers who had lost stock as a result of FMD. In addition, and in recognition of those affected, a Special Project has been developed to help farmers with intensive grassland to enter the scheme. This project is designed to help certain bird species and will focus on the re-wetting of grassland.

FMD also had an impact on the high fells in Cumbria, where many hefted flocks were reduced in number. Many flocks were on common land which is designated SSSI and SAC. The management of this land is very sensitive and presents an opportunity to consider the use of agri-environment schemes as a way of enhancing the management and hence the environmental qualities of the area. An initiative is being developed in parallel with this work to address the shortage of skilled shepherds in the area.

Changes in trends

The agricultural sector

There is a continuing need for farmers in the region to explore alternative income sources and new and creative uses for rural buildings will be crucial to this. Farm buildings can be put to a wide range of uses, many of which can provide employment opportunities. Rural businesses play a vital role in sustaining and enhancing the environment. There are opportunities to examine energy use at a farm and community scale, and to explore ways in which a healthy environment can contribute to the overall business income. The management of riparian habitats can yield substantial benefits in terms of landscape, sporting and biodiversity impacts.

Leisure and tourism

Rural tourism is a key industry in the North West and many farm businesses, particularly in Cumbria, gain a significant portion of their income from tourism and recreation. In some areas, occupancy levels are low, whilst in others there is evidence of room for market growth. Demand is growing for eco-tourism and products, and farms and rural businesses are well placed to cater for this demand. There has been a growth in linear and themed trails in the region and rural businesses can respond to the needs of day and staying visitors alike. The provision of accommodation and services linked to sound environmental management is likely to be central to the development of the sector. Opportunities exist for wider recreation and local products, including those produced by craft activities. As traditional craft activities develop there will be a need for relevant and practical training in appropriate skills.

Regional Initiatives and Developments

Objective 1

Merseyside is the only Objective 1 area in the North West, and separate arrangements apply in this area for rural businesses. Project based schemes are not available in Merseyside, but alternative schemes are in operation.

Objective 2

Significant areas of Cumbria and Lancashire are covered by this designation. Some Rural Enterprise Scheme measures are not available in Objective 2 areas and should be funded by this programme (see Section D, paragraphs 100 to 103 of this report for details).

LEADER+

Local Action Groups have developed successful bids in three areas of the North West, covering the Central Lake District, the North Pennines and part of Cheshire.

Rural Development Programme (NWDA)

A Regional Rural Recovery Plan has been produced by the North West Development Agency (NWDA). This plan, called Rural Renaissance, provides a framework for regeneration post-FMD. Cumbria, Lancashire and Cheshire are producing county based plans within the framework of the regional Plan.

One of the most important aspects of the Plan is its commitment to join up initiatives to increase the value for money of projects supported under the various available funding streams. A number of partners in the region have contributed to a pilot facilitation scheme which will make it easier for applicants to access ERDP and other forms of grant aid. The partnership approach recognises the role of all agencies in the region in promoting an integrated system of support for rural enterprises and communities.

There are two Rural Priority Areas in the North West, covering parts of Cumbria and Lancashire. These were designated by the NWDA. Grants are available for local initiatives which enhance business and community development. The programme will in due course be subsumed into the Regional Rural Recovery Plan.

Business Recovery Fund

This has been set up to help small non-farming businesses. NWDA and Objective 2 have also contributed to providing support under this initiative.

YORKSHIRE AND HUMBERSIDE REGION**Changes to conditions*****Foot and mouth disease***

The foot and mouth outbreak of 2001 had a serious effect on most agricultural and rural businesses in the region. Although only 7% of the UK's confirmed cases were in the Yorkshire and Humber region, outbreaks continued over a six month period, leaving parts of the region under a range of restrictions for a substantial period of time.

Between 7 March and 18 August 2001 the region had 140 confirmed cases of foot and mouth disease, 134 of which were in North Yorkshire. Some 380,000 livestock were culled on 708 farms, and a further 1,950 farms in the region were served a Form D notice during the year, restricting the movement of livestock, fodder and even arable crops. Protection zones in the region continued until mid-November and were amongst the last 5% remaining in the country to be lifted.

East Yorkshire, a main pig breeding area, did not have any cases of foot and mouth but has felt the detrimental effects, as livestock movements over the county border were severely restricted. Agriculture dependant businesses also saw varying effects on levels of turnover, profitability and employment, depending on location and the type of business concerned.

The tourism sector within the region suffered an estimated loss in spend of £85m by day visitors and £35m by staying visitors with the closure of footpaths being the largest factor impacting on rural tourism. The North Yorkshire Moors and the Yorkshire Dales National Parks were both particularly badly affected as the majority of these areas were designated as infected areas for a long period of time. The North Yorkshire Moors experienced a fall in turnover of 50% between February and June and the Dales experienced a 45% decrease in visitors passing through the visitor centres during February to May.

The rural environment.

During the winter of 2001 and early spring period of 2002 regional RDS staff supplemented by temporary staff made a major effort to catch up on the FMD-induced backlog of agri-environment work, focussing on three main areas:

- Processing of delayed year 2001 Countryside Stewardship applications;
- Care and maintenance of existing Countryside Stewardship agreements;
- Processing of Pennine Dales ESA agreement renewals (over 50% of total ESA agreements in the region were due for renewal in 2001).

Changes in trends

The agricultural sector

Agricultural incomes in the region have fallen, in real terms, to about a third of their level 30 years ago. Many farmers have restructured their businesses by taking on additional parcels of land under a number of different arrangements, often scattered in a mosaic around the district, to maintain a 'viable' unit. For others, part time farming involving working off farm, diversification or semi-retirement has been necessary to maintain an adequate income. Nevertheless, the migration of staff from farming has accelerated over the last couple of years. While alternative employment may be found close to the urban centres there are fewer opportunities in those remote rural areas where agriculture accounts for 15% or more of employment. In addition, the agricultural industry supports many more jobs in ancillary activity and in some upland areas over 60% of employment is in agriculture, tourism and associated sectors.

Many employed in the farm and forestry industries in the region are poorly equipped to embrace the changing demands placed on the rural economy. Core farm and forestry business efficiency can often be improved and business performance varies widely across the region. Diversification brings particular marketing and service skills that have not been distributed widely through the industry in the past. In addition, there is a general lack of awareness of environmental management and the practical skills required to deliver the objectives of agri-environmental schemes. Stone walling projects, for example, have been limited by the availability of suitably skilled craftsmen to undertake the work.

Supply chains for a range of agricultural commodities are often long and the farmers receive only a small percentage of the value of the final retail sale. Collaboration in the industry tends to be ad hoc, lacking in scale, and often limited to purchasing inputs.

Leisure and tourism

Rural tourism is a very important feature because of the high environmental value of the countryside in the region. However, the tourism industry is very competitive and local businesses have to compete in a world market for holiday provision. The combination of foot and mouth disease and the events of 11 September 2001 had a severe impact on rural tourism businesses in Yorkshire and the Humber. Even in a more normal year many rural tourism businesses have a short season, because of the upland location and climate of part of the region. Occupancy can be poor, starving the business of funds for much needed re-investment. Successful rural tourism businesses in the region have expanded their customer base by seeking specialist markets. In addition, rural tourism facilities near to urban centres have often been successful in developing a different customer base.

Other sectors

In remote rural areas the loss of jobs in other industries, including forestry, minerals, manufacturing and defence related activity, has often significantly limited the opportunities of those entering the job market. For some, who are unable to drive or who wish to work part time because of other commitments, there may be little alternative employment available locally. In addition, alternative jobs that have been created in rural areas have often proved to be low skill, seasonal and low paid. It is in these remote areas that the consequences of foot and mouth disease were most serious.

Some remote areas of the region suffer from a lack of basic infrastructure, which limits opportunities to broaden the rural economy. However, in some sectors, such as ICT, it is the lack of skills that are the limiting factor rather than the hardware – technology will find solutions but the local population need to be able to use the resources available to them.

Regional Initiatives and Developments

Objective 1 - South Yorkshire Programme

The ERDP project based schemes do not apply within the South Yorkshire Objective 1 area. However, the South Yorkshire Programme Executive offers similar funding streams, together with a forestry measure.

Objective 2

Significant areas of the Yorkshire and Humberside region are covered by this designation. Objective 2 designation of a rural area can help ERDP applicants because there is an element of targeting of some measures in these areas. However, certain measures under Article 33 of the Rural Development Regulation cannot be funded under the ERDP in Objective 2 areas and this has led to administrative complexity and in some cases a failure to make best use of available funding streams in these areas.

LEADER +

LEADER+ will support innovative rural development programmes in East Yorkshire, Selby and Penistone Local Action Group area.

Yorkshire Forward

Under Yorkshire Forward (the Yorkshire and Humber Regional Development Agency), the following initiatives are being pursued:

- a *Foot and Mouth Disease Business Recovery Fund*: this offers support from immediate hardship payments to grants for longer term development and refocusing;
- a *regional Rural Development Programme*, supporting economic and community regeneration in Rural Priority Areas;
- *Sub Regional Action Plans*, which will be the main method of delivering the Regional Economic Strategy;
- the *Market Towns Initiative*, which is assisting 12 market towns in the region.

Support for those affected by foot and mouth disease has come from the rural community itself in the form of charities, such as the Craven Trust, ARC-Addington Fund, Royal Agricultural Benevolent Institution and the NFU *Supporting Farmers in Crisis Fund*.

North Yorkshire Moors Land Management Initiative

The North Yorkshire Moors Land Management Initiative (known locally as the Farm and Rural Community Scheme) is designed to explore ways in which regional, national and European policies can be strengthened to deliver social, economic and environmental objectives in upland England.

It is a partnership of local communities in the Upper Esk valley, the North Yorkshire Moors National Park Authority, the Countryside Agency and Yorkshire Forward. It has three main components: to research and survey, develop new approaches and mechanisms, and deliver local projects. Examples of work undertaken so far include a countryside character and environmental assessment of the project area, the development of an integrated farm appraisal package for the uplands, and grants for community-led projects. The LMI also played a central role in keeping Castleton open to tourists during the FMD outbreak by arranging temporary cattle grids to keep roaming sheep out of the village.

Humberhead Levels Land Management Initiative

The Countryside Agency's Humberhead Levels Land Management Initiative (known locally as "Value in Wetness") is addressing various water management issues through a programme of action to seek new, economically viable and environmentally sustainable approaches to land and water management. These issues include wetland heritage, abstraction and drainage. The project is involving a wide range of stakeholders including local farmers, drainage authorities, Environment Agency, English Nature and English Heritage. A set of initial integrated objectives have been defined and agreed by the key stakeholders.

Research is underway to define the true value of wetlands in the project area. The project will run a series of land use experiments to understand better the relationship between water management, economically viable land uses, social benefits and environmental conservation.

EAST MIDLANDS REGION

Changes to conditions***Foot and mouth disease***

The impact of FMD on rural tourism in the East Midlands has been severe. A report by DTZ Pidea Consulting 2002 highlights the following short-run effects and longer term implications that have affected the tourism industry in the East Midlands.

- Some critical aspects of the region's tourism sector suffered major losses due to a perception during the spring and early summer that the countryside was "closed for business." This was particularly damaging to areas like Derbyshire as a large proportion of tourism in these areas involves day trips to the countryside.
- There was some recovery in visitor numbers by the late summer but the overall cost due to FMD is estimated to be approximately £150m. However, some tourist destinations saw increases in visitor numbers as some rural tourism was displaced to urban and coastal areas.
- The longer term impact of the outbreak on the tourism sector remains uncertain. Wider world events and attitudes to the countryside may have changed, with the former in particular encouraging UK residents to take domestic rather than foreign holidays.
- The rural tourism sector in the East Midlands is perceived to suffer from particular weaknesses which, without significant marketing effort, make it difficult for them to bounce back as fast as urban areas. In particular, many businesses have insufficient cash reserves to successfully maintain investment in a quality tourist product.

Other changes in socio-economic conditions

Whilst the absence of basic services and infrastructure shows some variability across the region on a county basis, there is a significant lack of provision of key services in rural areas, in particular post offices, shops, health services, schools and public houses. The loss of services in small and medium sized market towns, particularly the loss of banks, hospitals and agricultural livestock markets, has also been significant .

Lack of access to training provision, particularly in the key area of information and communication technology (ICT), is a major concern and a barrier to the ability of rural areas to benefit from such developments. The majority of indigenous occupants of rural areas are in lower paid work and, on the whole, less well qualified and less likely to undertake training because of distance, transport, lack of childcare provision

(availability and cost) and low expectations and aspirations. Lack of competitiveness of a poorly developed tourism industry puts the region at a disadvantage.

Rural areas in the region are characterised by an ageing population, particularly amongst those employed in core agriculture. There is a net out-migration of young people through lack of resources, job opportunities and affordable housing. Whilst many rural areas in the East Midlands region have experienced population growth, this can be counter productive in terms of the maintenance of rural services. Incomers generally have a greater disposable income and because they commute to their places of work in nearby towns and cities, tend to spend their money in those areas, where they have ready access to supermarkets and other services.

Despite the relative strength of agricultural employment in some parts of the region, this has to be measured against a decline of some 15% in total agricultural employment and a drop of 19% in full time, predominantly male, agricultural employment over the past ten years. Many of the new food processing jobs are part time and are serviced by female workers. The regional weakness of underdeveloped management skills is a key issue.

The region also has an ageing agricultural workforce (22,331 people over 45 years old, 47.6% of the total workforce). This presents important issues and challenges for the economic, social and environmental sustainability of rural areas. In addition, a strong agricultural economy is an important generator of employment in the context of upstream and downstream industries, e.g. machinery dealers, fertiliser and agri-chemical suppliers, distribution and transport services etc.

The most important equal opportunities issues in rural areas are lack of childcare provision, part-time low paid jobs, access to transport, and access to the training required to build skills for the future.

The rural environment.

Many of the distinctive character areas and features of the region are under pressure from modern farming, development and in some areas visitor pressure, which is eroding the natural, historic and cultural heritage. Although the region retains some wildlife areas of international significance, biodiversity is declining and at a low level overall.

Many of the upland areas contain fragile habitats and areas of worked out mining and quarrying. In these areas, the economic resource is not available to protect these habitats because of the decline in agricultural incomes and the limitations on alternative farming systems.

Changes in trends

The agricultural sector.

Farm business income trends for “model/average” farms in the East Midlands show signs of stability and recovery in some sectors. Restructuring of farm businesses, radical cost cutting and a move to co-operation amongst farmers are likely to be key factors. However, income levels are unlikely to return to 1996/97 levels due to weak commodity prices and the strength of sterling. The National Trust has noticed a downturn in tenant’s capital, suggesting that their ability to fund further business expansion may be limited.

Other sectors

Key issues facing the food sector have been identified at meetings of regional stakeholders, including at a meeting to discuss the formation of an East Midlands Agri-food Alliance. Some of these issues are ones which the ERDP could help to address:

- the need to improve linkage between primary producers and the wider food chain – ensuring that support strategies are “joined up” in their thinking;
- the need for transparency throughout the food chain;
- the perception that many farmers lack a good understanding of the market place;
- the potential for identifying opportunities to sell more local produce.

Regional Initiatives and Developments

LEADER +

Local Action Groups have developed successful bids in Lincolnshire Fenland (South Lincolnshire), Peak, Dales and Moorlands (the Peak District), and Rockingham Forest (Northamptonshire).

Objective 2

The UK Government obtained Objective 2 status for parts of the East Midlands. A Single Programme Document (SPD), building on the East Midlands Development Agency’s Regional Economic Strategy, will deliver the objectives of the Programme.

The SPD contains a number of regeneration and community development measures that will apply in the rural parts of Derbyshire, Lincolnshire, Nottingham and Staffordshire covered by the Objective 2 programme.

The Rural Development Programmes

There are 5 Rural Priority Areas in the East Midlands based on a range of indicators of social and economic disadvantages. There is a close relationship between the Rural Priority Areas and those for the Objective 5b and LEADER II areas. The priority areas are also targeted on the former coalfields which have been the most severely affected by the sudden decline in mining employment.

The Rural Development Programmes all recognise the Region's environmental resources as important local and tourism resources. They also give priority to encouraging the use of information and communication technology (ICT). Examples of this are the development of Regional Access Centres, and the Virtual Village Project.

Each Rural Development Programme has placed a priority on community interaction and development. In particular funding is available for:

- developing strong and effective communities;
- eliminating rural disadvantage and discrimination;
- targeted technical support to communities to establish community enterprises;
- promotion of community facilities; and
- support for local people in identifying and addressing their own needs.

The Redundant Building and Farm Buildings Grant

These schemes are administered by the East Midlands Development Agency, and are designed to aid small rural businesses and farm diversification by maximising opportunities for redundant rural buildings across the region.

The Community Investment Fund

The East Midlands Development Agency provides support under the Community Investment Fund for capital projects submitted by voluntary groups based in and involving local communities. The purpose of the financial support is to improve land or buildings in order to bring social and economic benefits at community level.

The Land Reclamation Programme

The East Midlands Development Agency provides support to restore vacant and derelict land in Local Authority control or ownership for the benefit of the community. The funds are used to create public open space.

The Rural Transport Partnership

Under the Rural Transport Partnership (a Countryside Agency scheme) over £0.75 million is available in the East Midlands region each year for partnership projects which bring long-term improvements and promote social inclusion by enhancing transport services. There is a minimum grant of £25,000 per project for this scheme (capital or revenue), but smaller projects may be able to obtain support through the Rural Transport Development Fund.

Peak District Land Management Initiative

The Countryside Agency is developing a Land Management Initiative in the Peak District which is intended to help define and test policy framework and funding mechanisms which show how European and national programmes could be further reformed. The voluntary scheme would require farmers to forgo all existing subsidies to participate in a new scheme based on a broad range of social, economic and environmental objectives.

A feasibility study has been completed which sets out, in detail, how the scheme would operate. A State Aid submission is being developed to go to the European Commission and funding is being sought for the scheme (as CAP support not claimed by participants cannot be redirected into this scheme).

WEST MIDLANDS REGION

Changes to conditions

Foot and mouth disease

Although the West Midlands had fewer cases of FMD than the worst affected regions, the effect was still severe. 132 infected premises were confirmed within the region, which led to around 700 farms being directly affected by the disease. Over 260,000 livestock were slaughtered, representing around 5% of those slaughtered nationally.

Advantage West Midlands (AWM) commissioned a report from KPMG and Harper Adams University on the *Economic Impact of Foot and Mouth Disease in the West Midlands*. It concluded that for the region as a whole around 6,200 jobs had been lost and businesses had suffered a £2.1 billion reduction in turnover. It went on to identify the sectors that had suffered the greatest economic impact:

- food production;
- non-food production;
- freight and transport;
- trade and professional services;
- tourism;
- printing and packaging;
- farming-associated; and
- farming

The report noted that, in these vulnerable sectors, 17% of firms affected by FMD said that they would or might have to close because of the impact of the disease, demonstrating how important the agricultural and rural economy is to the whole region.

Other changes in socio-economic conditions

Agriculture is still responsible for the management of three quarters of the land area in the West Midlands, but the industry's contribution to the region's GDP has been in decline over a number of years. Even before the impact of BSE and FMD farm incomes in the West Midlands were dropping at a significant rate, particularly in the western part of the Region which is mainly livestock orientated.

There are a number of structural issues facing agriculture and the rural economy in the region. These include:

- The small size of some farms, most of which are family operated
- The reliance in the region on livestock production

- The ageing agricultural workforce
- The financial difficulties of most agricultural sectors
- The need for both on and off farm diversification

Such problems have contributed to the recent decline in the fortunes of the land-based sector. In addition, the *Rural Services in 2000 survey* (CA 2001) reveals that the region's rural parishes have fewer village halls, pubs and places of worship than the national average. There are also ramifications for the supply chain linkages, where there is often complex rural / urban interdependency.

The rural environment.

Parts of the West Midlands are highly rural, particularly in its western and northern periphery, where a combination of upland landscapes and livestock farming result in areas of high environmental quality. On the other hand, the central part of the region is dominated by urban and industrial development and the environment has, over a long period of time, become degraded and impoverished. Changes in agriculture have continued to lead to intensification of farming practices.

The West Midlands Environmental Statement (West Midlands Sustainable Development Technical Group – June 2000) identified a number of objectives that apply to rural areas. These include:

- To maximise the benefits from managed river basin systems, reduce the adverse environmental effects of flooding and minimise adverse effects of land uses on surface and ground water resources.
- To ensure a steady reduction in the amount of waste by encouraging reuse and recycling together with the highest standards of waste management and site restoration.
- To minimise the adverse environmental effects of businesses and foster the contribution of business to environmental enhancement.
- To increase areas of woodlands, managed woodland and access to woodland
- To encourage sustainable agricultural practices which maintain, restore, and enhance existing landscape character and biodiversity
- To maintain and enhance the biodiversity of the West Midlands with special attention to the objectives and targets in support of the UK biodiversity action plan
- To promote countryside character and natural areas as a basis for informing decisions about development and land use change in the West Midlands

Changes in trends

The social and cultural impact of FMD has exacerbated a number of issues that were already in existence, including:

- Increased feelings of isolation among and between communities

- Reduced ability to retain skilled workers
- Loss of skills
- A trend towards larger holdings with a significant increase in contract farming and an increase in people leaving agricultural work
- Continuing decline in rural services

Regional Initiatives and Developments

Rural Accord

Advantage West Midlands (AWM), Government Office West Midlands (GOWM), DEFRA, the Countryside Agency and the West Midlands Local Government Association are implementing a rural accord for the region.

The purpose is to work together on major rural policy developments and issues, co-operate to shape priorities, and respond in a co-ordinated way to rural concerns and customer needs. The Accord provides an opportunity to implement a co-ordinated approach to recovery from the impact of FMD and to bring about regeneration in the Region.

Agenda for Action Spring 2001

In the Agenda for Action Spring 2001, the Regional Development Agency (RDA) emphasised the links between urban and rural parts of the West Midlands.

They have identified a number of Regeneration Zones (RZ) in the region, encompassing concentrations of need. Of particular relevance is the rural RZ in the west of the Region, covering large parts of Shropshire, Herefordshire and parts of Worcestershire. This is an area for priority investment by AWM. Whilst partners recognise the importance and justification for designation of such zones they do not support the geographical targeting of ERDP project based funds at this stage of their development.

The Agenda identifies 10 target clusters that account for approximately one third of the region's employment base and around 40% of employment in rural RZs. Two of these clusters (food and drink; tourism and leisure) are particularly important to rural areas. They also act as a focus for other services and new business growth.

Objective 2

A large part of the rural west of the region is covered by this Programme, as are smaller parts of Staffordshire, Warwickshire and the urban West Midlands County.

LEADER +

Local Action Groups for the Herefordshire Rivers, The Northern Marches and The Peak Dales and Moorlands have now received approval for their projects, all of which impact to a greater or lesser extent on the West Midlands Region.

Business Recovery Fund

A business recovery fund (including contributions from AWM and Objective 2) has been set up to help small non-farming businesses.

Redundant Building Grant

The AWM offer grants for businesses seeking to develop new uses for buildings that are no longer suitable for their original use.

Severn Vyrnwy Land Management Initiative (LMI)

The Severn Vyrnwy project has been set up by the Countryside Agency to investigate how farming, particularly dairying, in floodplain areas can deliver a wider range of environmental, economic and social benefits. The results will be used to develop new ideas and approaches towards securing a broader range of public benefits from farming, in particular through revised agri-environment measures.

The project has developed an advisory service, “Farm Focus”, which draws together advice from different experts for individual holdings. The project officer has helped a small number of farmers make applications to the Countryside Stewardship scheme, and a number of potential demonstration sites have been identified. A partnership with British Waterways has led to a project to restore the nearby Montgomery Canal, which is looking at the potential to derive a broad range of benefits for the local countryside, businesses and communities.

EAST OF ENGLAND REGION**Changes to conditions*****Foot and mouth disease***

Although the Eastern counties were relatively untouched by the Foot and Mouth Disease outbreak, the crisis nevertheless had a significant impact on agricultural and non agricultural businesses throughout the region.

A total of 11 cases of FMD were confirmed in the Eastern Region – all within the county of Essex - with a total of 5,950 animals being slaughtered as a consequence. An additional 13 premises across the region (in Norfolk, Suffolk, Cambridgeshire and Essex) were classed as Dangerous Contacts, where a direct link has been traced between that premise and an infected premise. In total 24 premises in the region were placed under a direct restriction as a result of FMD control measures.

Every farm in the region felt some effect as a result of the FMD restrictions. There were various restrictions imposed throughout the controlled area, but by far the most significant of these was initially a complete ban on the movement of livestock. This clearly created a great number of animal welfare problems, and measures were quickly put in place to allow the controlled movement of livestock under licence.

Rural businesses have been severely affected by FMD. There was a significant drop in visitor numbers to the region during the tourist season. This had the most impact on smaller enterprises which often have very little financial security. Many other rural businesses, e.g. village shops, have been hit by the decline in visitor spending.

However, in spite of FMD, the Norfolk Broads had a good season. This can be attributed to two main factors: a restructuring in the boat hiring systems and minimal restrictions on access to the countryside..

Many of the regions county and rural shows were cancelled, seriously affecting small businesses that rely on these shows for sales and company awareness.

Other changes in socio-economic conditions

The regions housing market continued to grow above the national average, with the northern counties and so-called “honeypot” areas seeing highest rises in price. This has increased the problem of social exclusion for many rural people.

The rural environment

Agricultural production in the region, in particular the horticultural sector, is very reliant on irrigation, but has to compete for water resources with increasing demand from domestic and industrial sectors.

The region's grasslands have experienced degradation from under and overgrazing as a result of FMD restrictions. In addition, flooding and water logging over the winter of 2000/2001 resulted in erosion and compaction problems.

Changes in trends

The agricultural sector

Farm restructuring within the region has continued, leading to increased competition for rural employment.

Farms are increasingly looking at ways of adding value to their products so that they can increase the returns they receive. This has resulted in a good network of farmers' markets. This trend still, however, only benefits a small number of farmers. There are areas of the region that have experienced market satiation in some added value and diversification enterprises - for example, self catering holiday accommodation in tourist "honeypots", and farm shops.

Agricultural rents are starting to reduce as a result of the depressed state of the industry. This is helping tenant farmers to survive. Land prices are also weakening in response to low returns from agriculture, though to some extent they continue to be supported by residential and amenity demand.

FMD restrictions have inhibited the movement of livestock for grazing purposes, which is often an intrinsic management technique in agri-environment schemes. The region traditionally relies on animals from other areas of the country. Consequently areas have typically either been under-grazed, where it has not been possible to move livestock onto land, or else chronically over-grazed and poached where livestock has been stranded. Blanket derogations were put in place to allow for these eventualities, and in most cases the damage is reversible. However, there are likely to be some sites which will require considerable time and effort to restore to their original condition.

The food-processing sector

The regions food-processing sector is one of the largest in the UK, with the chilled food sector predominating. The food-processing sector directly employs 39,000 people across the region; a high number of jobs also indirectly rely upon this sector. These businesses cluster around the primary producers, particularly in the Fens. There is a regional trend for conglomeration of food processing and retail businesses.

Increasing demands have been placed on the whole food chain through distribution and handling systems. Retailers and processors are demanding more control over their suppliers and the systems they use. This in turn is increasing producer costs.

Regional Initiatives and Developments

Norfolk Arable Land Management Initiative (NALMI)

The Countryside Agency's NALMI is working with farmers and others to develop ways of improving the economic, environmental and social fabric of 13 rural parishes in mid-Norfolk. The ideas arising from the project will help form the basis of more sustainable land management practices and recommendations for developing policy recommendations.

The project has developed and implemented a whole farm plan package which brings together economic, environmental and social appraisals for each holding to examine ways for making businesses more sustainable in the future. The project has also set up a number of training and technology transfer events for local farmers. Another important element of the project involves working with local communities to establish the main social issues facing communities and determine roles for farmers to improve community well-being.

SOUTH EAST REGION

Changes to conditions

Foot and mouth disease

FMD resulted in a relatively small number of culled-out farms in the South East, but the wider impacts of FMD restrictions and loss of markets were felt across the region. Many farmers took advantage of the slaughter for welfare scheme and this has reduced the number of livestock in some areas, with implications for undergrazing.

The South East England Development Agency (SEEDA) and partners on the Regional Rapid Response Team (RRRT), set up to co-ordinate action on the economic recovery of the region following Foot and Mouth, developed a package of support. SEEDA set up an Economic Recovery Fund with £850,000, which had three elements:

- Support for a region wide tourism marketing campaign;
- Support for individual businesses affected by FMD through advice; and
- Support for the local produce sector, for which the major initiative was the development of a Livestock Action Plan to revive the regions livestock and associated meat sector.

In addition, SEEDA set up a Business Recovery Fund of £1.15 million. The fund gives grants to individual businesses affected by FMD, and is being delivered through contracts with Business Links.

The Government Office for the South East (GOSE) and DEFRA undertook a number of events to help signpost to recovery, and GOSE commissioned a study to assess the impact of FMD in the region across a range of business sectors in rural and urban areas.

Other changes in socio-economic conditions

The region is relatively affluent, although it is not uniformly prosperous and has areas of rural deprivation. Access to public transport and other services/amenities can be difficult in many rural areas in the South East. Recent updates to Indices of Local Deprivation suggest that areas of Kent and East Sussex, with Dover the worst affected district, have fared particularly poorly. An economic study of the region, published by Llewelyn-Davies in September 1997, identified three broad economic groupings - the advanced economies mainly to the west and south west of the region; the coastal belt comprising the areas bordering the channel and the Thames Estuary, with poorer access to London and declining tourism and traditional industries; and the restructuring industrial economies where

concentrations of older industries eg in defence or port functions, have been subject to decline.

The rural environment.

About two million people, almost a quarter of the population of the South East, live in the small towns, villages and countryside of the region. About a third of the region is classified as an Area of Outstanding Natural Beauty, double the average for England as a whole. Green belt surrounds London, stretching out to encompass towns like High Wycombe, Maidenhead and Guildford. Historic features cover a wide range of sites from archaeological remains to orchard and parkland landscapes. Approximately 7% of the region is designated as Sites of Special Scientific Interest (SSSI), including some of the richest wildlife sites in the UK; half of these sites by area are also protected under European law as internationally important wildlife sites. The region is particularly rich in terms of its ancient woodlands and semi-natural grasslands, heathlands and coastal habitats, and holds many of the finest chalk rivers in the UK. The region has 262,000 ha of woodland, much of it ancient and much of it on farms. Livestock farming systems are highly important in the maintenance of many of the important landscapes and AONBs.

The South East supports a rich biodiversity which, as well as its intrinsic importance, contributes significantly to the quality of life of its people. There are a number of Local Biodiversity Action Plans in the South East.

Changes in trends

The agricultural sector.

Lowland livestock farms and mixed farms, together with their associated rural businesses, are affected by declining incomes, made worse by restrictions on normal farming activities due to FMD. These farming systems play a pivotal role in maintaining landscapes and ecological interests and in supporting the local economy. They need help with providing the basic infrastructure for handling livestock products, and help in exploiting added-value opportunities.

Arable farming systems are struggling to adapt to world market prices, with consequent effects on rural businesses associated with this sector. To achieve sustainability they need to reduce costs of production, find ways to add value to arable products, and seek new enterprises. Horticultural units are working with volatile prices, domination of markets by a small number of buyers, and strong competition from overseas. They are also having increasing difficulty finding staff that are willing to undertake seasonal work, and this is becoming a limiting factor.

Stress is currently affecting many rural families, particularly those who are closely associated with farms. There are support agencies working in this area but in addition there would be benefit in identifying community led solutions to practical problems, for example, by finding ways in which resources can be shared in order to reduce costs or to provide support in times of crisis.

Rural communities in the South East have access to a wide range of off-farm job opportunities, but a lack of affordable childcare and flexible transport systems restricts uptake of these opportunities in some areas.

Leisure and tourism

The relative affluence of the South East economy, coupled with the high population density, the attractive landscape and good access routes from the continent, offers many business opportunities which are currently under-exploited in some areas of the region including retailing foods and production of speciality foods, sport and recreation, tourist accommodation (including facilities for business users) and visitor attractions. There is a need to realise the full social and economic value of the regions environmental assets by building links between rural/farm based businesses and tourism.

Other Sectors

Farmers markets and food groups are growing in the South East and they are making a substantial contribution to helping farmers diversify their businesses. However, there is a continuing need to improve products and services, particularly in retailing, processing and facilities for tourists. For these investments to be effective it is also essential to upgrade skills in marketing, business management and customer care in order to meet the rising standards and changing expectations of customers. This will improve competitiveness, performance and sustainability. Collaborative marketing activities with others in the region would be of great benefit to most of these businesses.

There are a number of agencies and National/Local Government departments working to improve the sustainability of rural businesses and communities. There is scope to improve the integration of their activities to ensure potential end users can access the most appropriate support from a range of agencies, as this will improve their prospects for success and will make better use of limited public funds.

Regional Initiatives and Developments

LEADER+

In the South East the following partnerships were successful:

Name	Description of activities
Isle of Wight Rural Action Zone	Developing tourism and economic activities based on the natural characteristics of the area. Promoting a sustainable landscape and identifying problems associated with living and working on the land slip.
Mid Kent	Creating a thriving and varied business base on and off farm through the promotion of local produce and the utilisation of rural resources. Promote sustainable environmental land management practices. Improve the provision of and access to local services.
New Forest Local Action Group	Bringing together traditionally separate sectors within the area through the promotion of locally branded products and the New Forest pony. Also sustainable land management practices.
The Wealden and Rother Rural Renewal LEADER+ Area of East Sussex	Local enterprise development through fostering traditional skills. Investing in local products and landscapes and maximising the human and cultural resources of the area.
West Oxfordshire Network	Improving access to health, welfare and rights. Community action to address the decline in rural services and improving the physical and social infrastructure for access to services.

Environmental Action Fund

The Environmental Action Fund (EAF) helps voluntary groups with funding for projects which promote Sustainable Living. It does not support work eligible for grant from other programmes. Nine projects were funded in 2001-2002 in the South East .

Regional Sustainable Development Framework

In the South East the framework has been developed by a partnership of the Regional Assembly (SEERA), the Regional Development Agency (SEEDA), the Government Office, Environment Agency, NHS and business sector. The Framework - "*A Better Quality of Life for the South East*" was published in July 2001. It sets out a vision for the Region and proposes regionally derived objectives, indicators and targets for the South

East which contain all of the themes of sustainable development. It provides a common reference point for sustainable development in the region, which will help guide the work of organisations, particularly those working at regional level, and ensure that sustainable development is at the heart of regional policy

Livestock Revival Action Plan

Livestock farming is essential to the maintenance of many of our quality landscapes and habitats. The livestock sector has been hit hard by FMD and SEEDA has chaired an industry led group to produce an Action Plan to help revive the livestock sector. This Action Plan builds on earlier work carried out by SEEDA.

The High Weald Land Management Initiative project

Land Management Initiatives are designed to test new ways of farming. The High Weald Land Management Initiative is in a lowland pastoral landscape, hosted by Wealden District Council with support from the High Weald Area of Outstanding Natural Beauty unit. Advice and guidance comes via a steering group of farmer, community and other stakeholders. One of the current areas of investigation is the development of the Integrated Farm Appraisal (IFA). The IFA is a mechanism for sustainable business development that brings with it support, advice and guidance from within the local farming and business community. At the same time the process gathers information to help inform local, regional and national policy and strategy. The IFA is currently funded jointly by DEFRA (CSS special project) and the Countryside Agency.

National Parks

There are two new National Parks under discussion in the South East, the South Downs and the New Forest.

SOUTH WEST REGION

Changes in conditions

Foot and mouth disease

The South West region's agricultural sector has been severely affected by the number of FMD cases. The subsequent effective closure of the countryside in the region has had a dramatic impact on other rural activity especially the tourism and leisure sectors; the region depends on a very high level of tourism activity underpinned by the high environmental quality of the region. The longer-term economic, social and environmental impact of FMD across the region is yet to be determined.

The number of farm businesses directly affected by FMD (approximately 6,000 farms were subject to Form D movement restrictions) far exceeded those 1,400 which actually had livestock culled out. The impact was greatest in Gloucestershire and particularly Devon where 1000 businesses had livestock culled. Statistics for the region indicate:

- a 5% drop in cattle numbers with a loss of 10% of Devon and Gloucestershire dairy herds (23,000 cows);
- a 9% reduction in the ewe flock;
- a 7% reduction in the pig herd.

By the end of July 2001 one third of all Form D movement restrictions were in the South West region

Other socio-economic changes

Parts of the region suffer from rural deprivation, a general decline in rural services, skills shortages in some areas and reduced employment opportunities in traditional land based sector activities. This results in migration of working age people and in particular the younger age groups to the major settlements in the region. This shift in population in the rural areas is further exacerbated by the high level of in-migrants to the region, either early retirees or second-home owners. The resultant rise in house prices means many small settlements no longer have any private sector housing within an affordable price range of young first time buyers. Opportunities exist through the ERDP for a collaborative approach with other agencies operating in the region to address some of these issues.

The IT revolution and wider use of 'e-technology' has caused an increase in home working and many new small businesses are locating in rural areas in the south west away from main transport links, primarily to benefit from the high environmental quality of the region.

Rural environment

Reduced livestock numbers as a result of the FMD outbreak has had a positive environmental effects in some areas, most notably in the uplands and commons. In other situations, however, livestock movement restrictions have led to overstocking. The environmental effects of FMD are likely to be short term.

Changes in trends

Agricultural Sector

Agriculture prior to FMD was in recession, with very low incomes in the livestock sector as a result of low beef and milk prices. Against this background, it is difficult to predict the long term effects of FMD in isolation. For some farmers it will facilitate re-structuring of their businesses; for others it will provide an opportunity to exit the industry. The long period before reopening of livestock markets has had an impact, although a return to some form of normality became evident in the later part of 2001, especially in counties like Dorset which remained untouched by the virus.

The return of the BSE control Over Thirty Month Scheme (OTMS) was welcomed, but capacity was limited and progress in removing the build up during FMD was slow, generating long waiting lists for the removal of cull cows and further pressure on livestock housing, feed supplies and bedding.

To date very few farmers have decided to exit the industry. The ones who have tend to be those with no successor. The majority of farmers are seeking to restock to numbers comparable to pre-FMD levels. Small dairy units (up to 80 cows) may see this as an opportunity to exit the industry, whilst larger units may see it as an opportunity to rationalise their businesses. Dairy farmers have shown little interest in agri-environment schemes because there are few options that fit comfortably with semi and intensive dairying. Otherwise, interest in the agri-environment schemes is high. The South West contains seven Environmentally Sensitive Areas (ESAs), and 9% of the area is under ESA agreement. A further 6% of the Region is under Countryside Stewardship (CSS) agreement, and uptake is increasing annually. There are currently over 9,250 agri-environment agreements in the region, valued at over £30m.

Every effort has been made to encourage farmers to work co-operatively and build on some of the good examples funded previously under the Objective 5b programme in Devon. This was one of the key issues to come out of the FMD recovery conferences held within the region. Although to date the response to group working has been disappointing there are a number of collaborative ventures coming forward and being assisted through ERDP funding under the Rural Enterprise Scheme.

Leisure and Tourism

The South West retains its position as a key tourist attraction and millions of visitors come for day or longer visits throughout the year. The region remains a key location for main summer breaks, although the industry is focusing much more on attracting groups such as ‘empty nesters’, couples with grown up children, and ‘stress buster’ weekends to lengthen the traditional holiday seasons. Diversification into tourist activities is high on the agenda for many farm businesses in the region either as a new non-agricultural activity or as an extension of existing tourism activity. The regional tourist authority advises that there is an over supply of ‘standard’ accommodation and that new ventures should concentrate on providing high quality accommodation which meets an identified niche market whilst not competing with existing coastal resort facilities.

Over 40% of the applications in the region under the project based Rural Enterprise Scheme fall within the tourism measure. The Regional Appraisal Panel is keen to see projects that deliver a quality product which also exploits the proximity of other visitor attractions and activities in the region.

Other sectors

Food

Opportunities exist for linking the local and regional food sector to tourist and recreational activity in the South West, particularly when the link can also be made to high environmental standards. A start has been made on developing these opportunities with the establishment of the South West Food and Drink Group.

Regional Initiatives and Developments

FMD recovery activity

The Rural Development Service in the South West region, together with the NFU, organised 3 FMD recovery conferences in the region (in Okehampton, Barnstaple and Gloucester). The conferences were very well supported by partner organisations and were attended by 350 farmers in total. Farmers were offered advice on future options open to them in the aftermath of the FMD outbreak.

The conferences were followed up with a series of targeted seminars covering issues such as business planning, woodlands, lamb and beef marketing, accessing ERDP grants etc. This activity was supported by a South West contact service telephone helpline. The team based at Taunton also produced a series of regional newsletters, providing farmers with information on the sale of surplus stock, livestock trading, the extension of Countryside Stewardship applications and the promotion of the enhanced FBAS 5 day service available to FMD culled out businesses.

LEADER +

In the South West eight bids from Local Action Groups were received. Of these, five were successful. Four of them (Blackdown Hills, Dorset Chalk & Cheese, North West Devon and Somerset Levels & Moors) have the main theme of “adding value to local products”. The fifth group (Sustain the Plain) focuses on “improving the quality of life and making best use of the natural and cultural resources”.

South West Land Management Initiative

The Countryside Agency’s South West Land Management Initiative (LMI) has focused on an area broadly consistent with the Culm Grassland character area in North and West Devon, and North Cornwall. The South West LMI has set out to identify the social structures and supports needed to secure the well-being of farming households in the SW area and investigate policies and delivery mechanisms which could support this.

Research into the effect of Agenda 2000 reforms, current products and markets and community values and linkages has already been completed. Currently research is underway to understand better the impact and response to the recent economic downturn on farm households and social networks.

CHECKLIST OF UPDATES TO ERDP CHARTS, TABLES AND MAPS

This Annex lists the charts, tables and maps contained in the ERDP Programming Document approved by the European Commission in October 2000, and shows where that data has been revised or updated in subsequent ERDP Annual Reports. Where information was updated in the Annual Report for 2000, published in June 2001, the final column of the table below indicates this by showing the last update as 2000. Where the most recent update is in the current edition of the Annual Report, the year shown in the final column is 2001.

The ERDP Programming Document and the Annual Report for 2000 can be viewed at the following web addresses:

Programming Document

<http://defraweb/erdp/docs/national/programmecontentsindex.htm>

Annual Report 2000

<http://defraweb/erdp/pdfs/programme/national/ERDPReport2000.pdf>

Table showing references to maps, charts and tables contained in ERDP 2000-2006 Programming Document (PB 5298)

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

Measure	Key Indicators	Targets	Achievements in 2001 ^(a)	Cumulative achievements ^(a)
Investment in Agricultural Holdings:				
i) Energy Crops (Miscanthus)	<ul style="list-style-type: none"> ▪ area (Ha.) under miscanthus ▪ tonnage of biomass produced ▪ carbon emissions saved (tC) • energy derived from miscanthus (mGJ) 	5,000 64,000 9,980 – 43,920 1.0	0 n/a n/a n/a	0 n/a n/a n/a
ii) Rural Enterprise Scheme – Agricultural Diversification	<ul style="list-style-type: none"> ▪ Number of projects assisted ▪ Number of FTE jobs created 	500 400	33 220	33 220
Training	<ul style="list-style-type: none"> ▪ number of training days ▪ number of training courses/workshops ▪ number of qualifications obtained 	48,000 2,400 5,000	21,150 1,157 1,582	21,150 1,157 1,582
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

Note (a): n/a means “not applicable”.

Measure	Key Indicators	Targets	Achievements in 2001	Cumulative achievements
(ii) Hill Farming Allowance Scheme (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 cattle and sheep farms in England was 46% of the average NFI for all farm types in 1999/2000 and is estimated to be 59% in 2000/01.	n/a
	<ul style="list-style-type: none"> ▪ Area (Ha.) attracting basic HFA payment 	No decrease in 1.4m ha. normally declared, relative to decrease in non-LFA UAA	Total area claimed as LFA forage in for HFA 2001 was 1.5m ha but a little less than 1.4m ha was paid HFA. Areas of less than 10ha and areas used for milk production were ineligible for HFA.	n/a
	<ul style="list-style-type: none"> ▪ Area (Ha.) attracting enhanced payments for sustainable management 	Year-on-year increase in area attracting enhanced payments	The area which received enhanced payments in 2001, the first year of HFA, was 1.2m ha.	n/a

Measure	Key Indicators	Targets	Achievements in 2001	Cumulative achievements
<p>Agri-Environment:</p> <p>(i) Countryside Stewardship Scheme</p>	<ul style="list-style-type: none"> ▪ area (Ha.) 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 ▪ Amount of new access provided 	<p>To increase the number of agreements and area under agreement annually.</p> <p>For each additional £1m: Additional 4,300 ha. under agreements;</p> <p>Additional 700 ha. arable field margins; Procure an additional 350 km hedges, stone walls etc.</p> <p>Successful implementation of regional targeting strategies</p>	<p>(provisional)</p> <p>1,585 new agreements covering 57,350 ha, total cost £7.8m</p> <p>For each additional £1m: 5,972 ha under agreement.</p> <p>1,109 ha arable field margin</p> <p>354 km hedges etc.</p> <p>n/a</p> <p>570 ha and 285 km.</p>	<p>(provisional)</p> <p>3,657 new agreements covering 137,113 ha; total cost £21.7m</p> <p>n/a</p> <p>n/a</p> <p>n/a</p> <p>Provided in 99 agreements</p>

Measure	Key Indicators	Targets	Achievements in 2001	Cumulative achievements
(ii) Environmentally Sensitive Areas Scheme (22 Schemes)	<ul style="list-style-type: none"> ▪ area (Ha.) and characteristics of land and features under agreement 	<p>To increase the number of agreements and area under agreement annually.</p> <p>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></p>	<p>470 new agreements covering 35,687 ha (provisional).</p> <p>To be reported as part of the 2003 mid term review of agri-environment schemes.</p>	<p>970 new agreements covering 63,929 ha (provisional).</p> <p>n/a</p>
(iii) Organic Farming Scheme	<ul style="list-style-type: none"> ▪ area (Ha.) converted and converting to organic production per year ▪ number of beneficiaries (per year) 	<p>45,000</p> <p>650</p>	<p>56,278</p> <p>763</p>	<p>56,278</p> <p>763</p>

Measure	Key Indicators	Targets	Achievements in 2001	Cumulative achievements
Processing and Marketing	▪ number of jobs created and safeguarded	2,200	1245	1245
	▪ number of projects assisted	370	27	27
	▪ number of collaborative marketing ventures supported	100	7	7
	▪ number of novel outlets created	45	0	0
	▪ number of projects involving increase in amount of locally produced/sourced raw material purchased	288	20	20
	▪ number of projects resulting in reduced pollution emissions, energy and water use, and waste production	20	8	8
	▪ number of new products brought to market	70	11	11
	▪ number of collaborative marketing groups helped to merge or form federal structures, resulting in improved marketing	7 - 14	1	1
	• number of assurance schemes assisted	7 - 14	0	0

Measure	Key Indicators	Targets	Achievements in 2001	Cumulative achievements
Forestry: (i) Woodland Grant Scheme	▪ area of new woodland (Ha.) planted with grant aid	30,000	4,470 ha (actually planted)	9,294 ha (actually planted)
	▪ area of new woodland (Ha.) under approved management schemes	300,000	48,840 ha	88,187 ha.
(ii) Farm Woodland Premium Scheme	<ul style="list-style-type: none"> ▪ area (Ha.) of new woodland planted ▪ arable land area (%) ▪ improved grassland (%) ▪ broad leaf planted area (Ha.) /conifer planted area (Ha.) 	<ul style="list-style-type: none"> 21,000 40% 50% 4:1 	<ul style="list-style-type: none"> 4,458 ha (approved for planting) 53% 43% 8:1 	<ul style="list-style-type: none"> 6,896 ha (approved for planting) n/a n/a n/a
(iii) Energy Crops – Short Rotation Coppice	<ul style="list-style-type: none"> ▪ area (Ha.) under short rotation coppice ▪ tonnage of biomass produced ▪ carbon emissions saved (tC) ▪ energy derived from short rotation coppice (mGJ) 	<ul style="list-style-type: none"> 16,700 215,000 33,420 - 147,040 3.3 	<ul style="list-style-type: none"> 234 n/a ^b n/a ^b n/a ^b 	<ul style="list-style-type: none"> 234 n/a n/a n/a

Note (b): the long establishment phase of short rotation coppice means that the tonnage, carbon and energy indicators will not significantly change until the later stages of the ERDP.

Measure	Key Indicators	Targets	Achievements in 2001	Cumulative achievements
Rural Enterprise Scheme:				
(iii) Setting up of farm relief and farm management services	<ul style="list-style-type: none"> ▪ number of businesses benefiting ▪ number of jobs created/sustained • rural area served by farm relief and other services (sq km) 	<p>701</p> <p>277</p> <p>202,714</p>	<p>1138</p> <p>21</p> <p>19,590</p>	<p>1138</p> <p>21</p> <p>19,590</p>
(iv) Marketing of quality agricultural products	<ul style="list-style-type: none"> ▪ number of businesses participating ▪ number of jobs created/sustained ▪ increase in annual value of marketed products (% or £) ▪ number of quality products marketed ▪ number of collaborative projects 	<p>2,037</p> <p>1,154</p> <p>5 - 10%</p> <p>1,485</p> <p>303</p>	<p>586</p> <p>251</p> <p>£2.7 million</p> <p>104</p> <p>80</p>	<p>586</p> <p>251</p> <p>£2.7 million</p> <p>104</p> <p>80</p>
(v) Basic services for the rural economy and population	<ul style="list-style-type: none"> ▪ number and type of beneficiaries ▪ number of services supported ▪ type of services supported ▪ number of ICT projects supported 	<p>126,857</p> <p>127</p> <p>13</p> <p>92</p>	<p>371</p> <p>4</p> <p>n/a</p> <p>1</p>	<p>371</p> <p>4</p> <p>n/a</p> <p>1</p>
(vi) Renovation and development of villages and protection and conservation of the rural heritage	<ul style="list-style-type: none"> ▪ number of beneficiaries ▪ number of village initiatives 	<p>146,178</p> <p>200</p>	<p>11,221</p> <p>48</p>	<p>11,221</p> <p>48</p>
(vii) Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes	<ul style="list-style-type: none"> ▪ number of new enterprises supported ▪ number of jobs created/sustained 	<p>1,247</p> <p>1,033</p>	<p>90</p> <p>1,325</p>	<p>90</p> <p>1,325</p>

Measure	Key Indicators	Targets	Achievements in 2001	Cumulative achievements
(viii) Agricultural water resources management	<ul style="list-style-type: none"> ▪ number of businesses supported ▪ area (Ha.) of land made irrigable ▪ environmental impact: contribution to increased summer water levels in rivers or aquifers (i.e. volume of abstracted water replaced) 	<p>176</p> <p>8,562</p> <p>13</p>	<p>4</p> <p>719</p> <p>n/a</p>	<p>4</p> <p>719</p> <p>n/a</p>
(ix) Development and improvement of infrastructure connected with the development of agriculture	<ul style="list-style-type: none"> ▪ number of businesses benefiting ▪ number of jobs created/sustained ▪ 	<p>405</p> <p>303</p>	<p>11</p> <p>48</p>	<p>11</p> <p>48</p>
(x) Encouragement for tourist and craft activities	<ul style="list-style-type: none"> ▪ tourism/craft enterprises supported ▪ number of jobs created/sustained ▪ number of (quality assured)farm/rural bed places created/improved ▪ number of tourist day-visits per annum ▪ number of new rural craft practitioners created ▪ number of projects to facilitate public access • number of visitor management plans 	<p>1,550</p> <p>1,044</p> <p>2,720</p> <p>861,000</p> <p>367</p> <p>338</p> <p>44</p>	<p>64</p> <p>141</p> <p>392</p> <p>380,000</p> <p>118</p> <p>50</p> <p>58</p>	<p>64</p> <p>141</p> <p>392</p> <p>380,000</p> <p>118</p> <p>50</p> <p>58</p>

Measure	Key Indicators	Targets	Achievements in 2001	Cumulative achievements
(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	5	5
	▪ area (Ha.) of land protected	13,053	2	2
	• number of projects benefiting animal welfare	91	0	0

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

<u>Objective</u>	<u>Impact Indicators</u>	<u>Impact Targets</u>	<u>Achievements in 2001</u> ^(a)	<u>Cumulative achievements</u> ^(a)
<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	<p>a) To increase farm revenues from diversified sources by 25% on full time farms in England by end 2006.</p> <p>b) To assist 6,000 – 7,000 projects under the Rural Enterprise Scheme by 2007.</p> <p>c) To assist 370 businesses with Processing and Marketing Grants by 2007.</p> <p>d) To assist 200 village initiatives through the Rural Enterprise Scheme by 2007.</p>	<p>Data not yet available</p> <p>207 projects assisted</p> <p>27 projects assisted</p> <p>48 assisted</p>	<p>n/a</p> <p>207 projects assisted</p> <p>27 projects assisted</p> <p>48 assisted</p>
	Number of FTE jobs created and sustained	<p>e) To create 4,000 – 6,000 Full Time Equivalent jobs through the Rural Enterprise Scheme.</p> <p>f) To create 2,200 Full Time Equivalent jobs through Processing and Marketing Grants by 2007.</p>	<p>729</p> <p>405</p>	<p>729</p> <p>405</p>
	Number of full-cost equivalent training days provided	<p>g) 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.</p>	<p>21,150</p>	<p>21,150</p>
	Number of hectares of agricultural land planted with trees	<p>h) To increase by 21,000 Hectares the area of agricultural land planted with trees by 2007.</p>	<p>4,458 ha approved</p>	<p>6,896 ha approved.</p>

Note (a): n/a means “not applicable”.

PRIORITY B Rural Environment Conservation and enhancement of the rural environment

<u>Objective</u>	<u>Impact Indicators</u>	<u>Impact Targets</u>	<u>Achievements in 2001</u> ^(a)	<u>Cumulative achievements</u> ^(a)
<p>To increase significantly the area covered by the schemes operated under the agri-environment measure;</p> <p>To maintain the sustainable management of an appropriate area of the Less Favoured Area</p>	Number of Biodiversity Action Plan Targets Achieved	a) To deliver by 2007 the 5-year 2010 Biodiversity Action Plan targets for creation of field margins through the Countryside Stewardship Scheme.	1,498 ha (provisional)	3,773 ha
	Number of hectares achieved / converted	b) To achieve an additional 525,000 hectares of land under Countryside Stewardship agreements by 2007.	57,348 (provisional)	137,113
		c) 430,000 hectares of land converted or converting to organic farming by 2007.	56,278	214,278
	Number of hectares maintained	d) To maintain at least the current areas of land under ESA agreements.	35,687 ha (provisional)	63,929 ha
		e) To maintain extensive grazing on 1.4m hectares in the Less Favoured Areas.	Total area claimed as LFA forage for HFA 2001 was 1.5m ha but a little less than 1.4m ha was paid HFA. Areas of less than 10ha and areas used for milk production were ineligible for HFA.	n/a
	Percentage increase in proportion of land in higher ESA tiers	f) To increase by 10% the proportion of land in higher ESA tiers by 2004.	n/a	n/a

Note (a): n/a means “not applicable”.

EUROPEAN COMMISSION COMMON INDICATORS FOR MONITORING RURAL DEVELOPMENT PROGRAMMING (2000-2006)

1. The tables in this annex provide the detailed monitoring information required by the European Commission for the England Rural Development Programme and other rural programming documents approved under Council Regulation 1257/1999.

2. The tables have been completed in accordance with the explanatory guidelines set out in Commission Working Document VI/43512/02 FINAL, dated 26 February 2002. The note below sets out additional information, including main sources for the data provided, values for converting £ sterling into euros and, where necessary, other assumptions and working methods used.

General

- Euro conversion rate used: 0.62 (except for T4 where 0.63 is used).

T1)

- Sources used: Office of National Statistics, Countryside Agency, DEFRA statistics.
- The "programme area" refers to England only.
- "Migratory balance" refers to the net population flow into or out of the area in question. The figure for "overall programme area" does not include asylum seekers, data for which are collected at the UK level.
- "Rural" is defined by the Countryside Agency and is calculated at the LAD level; population density is the primary criterion. "Urban" is considered to be all other areas.
- "Young" is defined as ages 16-24.
- The population figure for number of farmers comes from the June 2001 Agricultural Census and includes farmers, partners, directors and their spouses working on the holding.

T3)

- "Number of holdings", "Livestock units", and Utilized agricultural area" come from the June 2001 Agricultural Census.
- "Numbers of farmers" is from the Structure Survey 1997.
- The figure for total number of farmers includes sole holders only.

T4)

- "Investments in agricultural holdings" includes Rural Enterprise Scheme (diversification into alternative agriculture) and Energy Crops Scheme (Miscanthus).
- "Afforestation of agricultural land" includes Woodland Grant Scheme, Farm Woodland Premium Scheme and Energy Crops Scheme (short rotation coppicing).
- "Other forestry" includes data for Woodland Grant Scheme and Energy Crops Scheme (setting up of producer groups).

a1)

- Energy Crops Scheme (miscanthus) projects have been included under the "Other (non-classifiable)" type of production.

a2)

- Energy Crops Scheme (miscanthus) projects have been included under the "Other" type of investment.

f)

- Countryside Stewardship Scheme, Arable Stewardship Scheme (now closed but some agreements still running) and Environmentally Sensitive Areas Scheme are included in the "landscape/nature" action. Data for the organic Farming Scheme is entered in the "organic farming" action.
- Financial data refers to the amount of money being paid in 2001 from any projects running in that year (regardless of start year). This is then split into pre-RDR (old commitments) and RDR figures. The of "which new" columns show the figures for those projects that were agreed in 2001.
- The data for Environmentally Sensitive Areas does not include the capital component, which amounted to €1.3 million (£7 million) for the calendar year 2001. All this funding was state-aided.

h & i)

- Tables i.1 and i.2 show total expenditure committed for projects approved in 2001. Table h shows the annual share of the expenditure for any projects running in 2001 (therefore including projects that started before 2001).
- The "Old Commitments" figures include the Farm Woodland Scheme, which ran from 1988 to 1992.